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David Kerr: Mōrena. Tēnā koutou katoa. Good morning everyone. It's nice to be with you all again and welcome to Ryman Healthcare's results presentation for the six months to 30 September 2021.

My name is David Kerr and I'm the Chairman of Ryman Healthcare and here with me in Christchurch, I have Richard Umbers, our newly appointed Group Chief Executive Officer, and David Bennett, our Group Chief Financial Officer whom many of you will know.

On the line from Melbourne is Cameron Holland, the Chief Executive of our Australian business. In a second, I'll hand over to Richard to give an overview of the result. He will then hand over to David Bennett for further commentary.

Dave will pass you over then to Cameron for an update on our progress in Australia. We welcome questions at the end. You can ask questions either online or over the phone and of course, you can connect with us afterwards. Many of you have appointments made where we can have good one on one discussions. For those of you on the phone, our operator will advise when you're free to ask a question.

I'd like to start the morning by offering a warm welcome to Richard. We were very pleased to secure his services. His start date was 25 October and we've just finished a full week of Board and subcommittee meetings and he's really made a flying start.

The Board are delighted with his contribution. He's had the opportunity to visit several of our villages both in Australia and in New Zealand, meeting residents, and both operational and construction team members.

He's covered a lot of ground already. Richard will give you more detail in a minute but from my perspective, it's been a solid first half of the financial year for us despite some major restrictions in our two biggest markets caused by COVID lockdowns.

All our teams have continued to work extremely hard to keep everyone safe and we're well advanced planning for the months and years ahead in the expectation we will be living with COVID in the broader community.

I'd observe that we're now much more knowledgeable about how to manage this virus and that while the risks of infection continue, we're steadily making the transition from what might be described as a pandemic response to managing this as an endemic threat.

There's one particular part of this announcement that I wanted to draw your attention to. The board has adjusted the dividend policy from a 50% of underlying profit payout to a 30% to 50% range.

Clearly this will enable the retention of capital within the business as we move ahead. That in turn, will assist in funding our future growth. We have strong growth plans to deliver the Ryman experience to more communities and remain committed to our investment in critical care infrastructure.

As you're aware, we're a company that has, and will continue to, generate value over the longer term. There's been a major gain in the intrinsic value of our portfolio over the last year and the company is in a very good position currently in terms of that embedded value that Richard and David will expand on.

It's now my pleasure to hand over to and introduce you to Richard.

Richard Umbers: Thank you, David, and hello everyone. I look forward to meeting you all in person hopefully sooner rather than later. We've had a solid first half with a lift in underlying profits driven by continued strong demand for retirement living and aged care despite the challenges of COVID-19.

Our unaudited underlying profit rose 8.5% to $95.9 million. Reported IFRS profit increased 32.5% to $281.5 million. This, of course, includes investment property revaluations.

Shareholders will receive an interim dividend of $0.088 per share, unchanged from last year. Total assets rose to $9.85 billion, up 18.1% on September last year. Net assets increased to $3.03 billion, up $579.6 million from a year ago.

We had strong receipts of $680.5 million, up 40.9% on the corresponding period in the prior year. Total sales transacted rose 48% to $510 million in the first half. Only 1.2% of the Group's retirement village portfolio was available for resale as at 30 September.

When you consider the extent of the restrictions in our biggest markets, that's Auckland and Melbourne, our team has done an amazing job. Our potential residents are a particularly responsible group of citizens which makes it challenging for our sales and marketing team to engage effectively and showcase our villages.

The gradual easing of COVID-19 restrictions in Victoria, changes to migration settings in New Zealand, and high vaccination rates in both countries is welcome news. We've started work on three new sites during the half. At Takapuna in Auckland, at Highett, in Ringwood East in Melbourne, and this brings the total villages under construction to 15.

Another highlight is our recent consent at Park Terrace here in Christchurch. While all construction sites are progressing well, we are experiencing some disruption to supply chain and some upward pressure on construction costs.

Fortunately we have longstanding relationships with many of our contractors and suppliers. We invest for the long term and these sites will secure a recurring income long into the future. More importantly, they will provide critically needed health infrastructure, beautiful homes and security for thousands of people.

A few words about COVID. We're encouraged by the easing of restrictions in Victoria and in New Zealand. The New Zealand Government's decision to give many of our workers a pathway to residency was fantastic news. They've worked tirelessly with dedication and loyalty throughout the COVID crisis.

We were also delighted with the decision made by the governments on both sides of the Tasman to mandate vaccinations for healthcare workers. Vaccines are critical to protecting our residents and team.

Since April in fact, we've delivered over 38,000 vaccine doses to the Ryman community, including residents, team members, their families, and our contractors. We're delighted to have confirmation that we can now proceed with our booster programme here in New Zealand as well in Australia.

As David mentioned, I've spent my early weeks visiting villages and meeting with residents and team members. The first thing that struck me was the extraordinary commitment to care and the strong bond between our residents and our team members.

They're all part of the Ryman community and are strong advocates for what we do. I've been blown away by the professionalism of the teams and the extensive measures in place to keep everyone safe. I feel that we are well prepared for whatever COVID brings next.

So, in conclusion, we've had a solid half and we're cautiously optimistic about the months ahead. Before I hand over to our Group CFO, Dave Bennett, I'd like to say a quick thank you for the warm welcome that I've received.

I'm delighted to have the chance to lead this very special company and to build on the incredible legacy of the past 37 years. Thank you and over to you, Dave.

David Bennett: Thanks, Richard, and good morning everyone. Our reported IFRS profit, which includes unrealised fair value movements on investment property was $281.5 million, an increase of 32.5% in the same period last year.

This includes unrealised valuation gains of $178.7 million, an increase of 43.9% or $54.5 million in the same period last year. The lift in valuation reflected the inclusion of 187 new units in the valuation and new pricing assumptions reflecting recent sales and the strength of the wider housing market, particularly in New Zealand.

Our underlying profit of $95.9 million was up 8.5% on a year ago. Growth and underlying profit was driven by a 53.5% lift in resale earnings, reflecting increased pricing and higher volumes.

Demand for our villages is strong with only 101 units or 1.2% of our retirement village portfolio available for resale at the end of the half.

While our resale margins lifted to 25% in the half, rising construction costs and the fact that we presell units off plan has resulted in the lower development margin of 20.7%.

Total booked sales for the half of 703 units were up 21.8% in the same period last year. This was a great achievement given the restrictions in both Auckland and Victoria.

COVID remains a challenge and we've spent an additional $7.6 million on staffing, security, and resident welfare in the period.

Our cash receipts from residents were $680.5 million for the half, an increase of 40.9%. Operating cashflows were $301.1 million, an increase of 212% on the same period last year which was impacted by COVID.

We've invested $406 million into our portfolio over the half. This investing cashflow was spent as follows; $315 million was spent building new villages, $35 million was spent on land to replenish our landbank, $26 million was invested in upgrading our existing villages to further enhance the resident experience and the care we provide, and $30 million was invested in technology and systems.

This investment has seen our interest-bearing debt increase to $2.43 billion and our gearing ratio is stable at 44.5%. Our debt reflects the investment that we've been making over the last few years.

We're now building across 15 sites and have a further 11 sites in our landbank. The high value nature of our sites mean we anticipate generating $6 billion of capital proceeds from these sites on sell down.

We are in a healthy financial position with total assets of $9.85 billion. This is up 18.1% on a year ago. We have seen our net assets more than double over the last five years to over $3 billion. This shows the value we have created from building new villages and also the revaluation of our existing portfolio.

Alongside our net assets doubling over the last five years, our gross occupancy advances have grown from $2.2 billion to $4.4 billion, a compound average growth rate of 15%.

The resale bank on our portfolio is $1.67 billion. So these pent-up gains mean we can expect our resale earnings to keep on growing even if the housing market was flat from here for several years. This is because resale volumes will increase as our villages mature.

The embedded value, which includes the resale bank and accrued DMF is now $2.21 billion.

So thank you very much and over to you, Cam, in Melbourne.

Cameron Holland: Thanks, David and hello from Melbourne. I'd like to start by saying how much I've enjoyed my first eight months with Ryman. Getting to know the wider team, immersing myself in the culture and continuing our growth story here in Australia.

We're enjoying our new freedom. We are about to reach 90% vaccination rate over here and the last remaining restrictions are about to ease. In fact, we spent over 80 days in lockdown in metropolitan Melbourne during the half. Fortunately, we were able to broadly maintain our construction programme, albeit with restrictions and a two-week stoppage.

Like our operations team in New Zealand, our team here has worked incredibly hard to keep everyone safe.

We recently named our Aberfeldie village in honour of running great, Raelene Boyle. The village is a stunner. It will feature solar power generation and special rain gardens and the team has done a fantastic job.

We have made good progress at John Flynn in Burwood East and the village is on track to be complete mid next year. We are also onto building our next stage of independent departments at Nellie Melba.

We were delighted to announce recently we've bought additional land at Ocean Grove on the Bellarine Peninsula to cope with extra demand. The village has been named in honour of indigenous Australian leader and opera star, Deborah Cheetham. Down the road at Highton, our Charles Brownlow village has also been progressing well and is nearing completion with our care and village centres now open.

We have also completed the purchase of an existing apartment block adjacent to our new Essendon village which will become our sixth operational village in Australia. This acquisition will improve the overall development plan for our Essendon village.

Following extensive consultation, we have resubmitted our plans for our Mount Eliza and Mount Martha villages. Construction has started at our Highett and Ringwood villages and we are working on concept plans for our newly purchased Mulgrave site, which we expect to submit for a planning amendment by the end of the year.

We continue to see further opportunities to buy suitable suites of land in Victoria that complement our current geographical spread of villages. Overall, the resilience of the team has been amazing over the recent months. I am proud of how the team has stood up and kept going so thank you and back to you, David.

David Kerr: Thanks, Cameron. As I mentioned, Richard made a flying start. You'll also be aware that I've decided that this is an appropriate time for me to step down as chair and hand over to my colleague, Greg Campbell. I've worked with Greg for a number of years and he has had a long association with Ryman Healthcare. I have great respect for his skills and experience.

I believe that as chair, he is very well equipped to assist the board and the management team. I believe that Greg and Richard's skills will be complementary and the timing of my decision will assist them in developing a strong relationship. I will be continuing as a director and I remain committed to serving the company so I'd also like to thank all of you for supporting Ryman over so many years.

I'd now like to open up to any questions and look, I know you're all busy and that many of you have scheduled one-on-one catch-ups with us so we're going to restrict this to something around a 20 minute slot. So could we maybe have the first caller?

Operator: Thank you. Your first question comes from Stephen Ridgewell of Craigs Investment Partners.

David Kerr: Good morning, Stephen.

Stephen Ridgewell: (Craigs Investment Partners) Good morning, first of all – yes good morning. Just wanted to firstly acknowledge David Kerr's significant contribution as Chair for a long period and the success that comes out of his stewardship. It's great you'll stay on the Board.

Just to Richard, just no formal guidance this morning but just wondering if you could give us a sense of whether you feel Ryman's position to match the second half result from last year? Particularly in the context of the greater level of restrictions you seem to be facing in the core New Zealand business in the second half?

Any kind of comments you could give us on the run rate of resales and new sales that you've been seeing over the last couple of months? Any kind of trends to call out there would be helpful.

David Kerr: Stephen, it's not a very good line and it's possibly hard so maybe Richard, if you repeat the question back but I think the first part of the question was ability to match the second half?

Richard Umbers: Yes.

David Kerr: Of last year, was it? Yes?

Richard Umbers: What I picked up there is, I think your question was, given how we've been tracking, obviously we haven't given guidance in our announcement today and you're asking how the second half is in practice going to pan out.

The first thing I would say in that, before I just invite Dave to give you some further details on that, is that these are difficult times. There is a certain unpredictability to the current COVID situation that we have to be mindful of.

Clearly, it's impacting the ability of our sales teams to showcase our villages and the premises that we have for sale. Having said that, the result that we delivered in the first half, I have to say, was quite extraordinary in my view given the COVID restrictions. So Dave, have you got anything you'd like to add?

David Bennett: Yes, I think just to add to that, Stephen, is we are in a slightly changing world, and that's why we haven't done the guidance with the changing in the COVID restrictions, but coming into the previous restrictions in Auckland, things were going very well and we gave that update at the AGM.

Obviously our build programme is weighted to the second half and we would expect that to deliver, and in line with what we achieved last year, but we are, I guess, cautiously optimistic. Just as we get used to these new settings and what they may mean to trading, particularly over the next month or two but I think longer term, yes, we are very optimistic about where things are tracking.

Richard Umbers: I think I'd add to that, that we're quite encouraged by the recent changes to the regulations that allow us to emerge from lockdown in both New Zealand and Australia. I think that's quite an encouraging signal and our vaccination programme, and in particular, the booster shots, maybe give some people more confidence perhaps to come out.

David Kerr: Maybe if I could just make a comment, that in discussion with our construction team, it's evident that when you lift a lockdown, everything doesn't return to 100% performance on a construction site. It takes quite a while to get it going again and to build momentum.

So there are some challenges. It's not a sort of an on-off experience for our construction teams. So yes, settings have changed and we have a bit more of an opportunity to complete our construction aspirations but it's not immediately occurring.

Stephen Ridgewell: (Craigs Investment Partners) Yes, thanks, David and sorry the lines not a great line but just to circle back on that, sorry, what I was really trying to get to is, last year you had a very strong second half weighted results and obviously you're getting these restrictions in the second half. What, I guess - how do you feel - are you still feeling it's going to be a second half weighted result for the full year?

Richard Umbers: Well, obviously, I mean we're not giving guidance, to re-state that but Dave? Did you want to add anything to that?

David Bennett: Yes, so we are expecting it to be a second half weighted result, Ridgey, and that's on the back of our development programme and the construction - the second half weighting of the build programme.

You can see the level of presales we have, so assuming no further big delays in our construction programme and everything else, then yes, we would expect a weighting towards the second half but we are just mindful of we are going through a bit of a change so we just need to be cautious about that.

Richard Umbers: Of course the second half historically has also been - the weighting has been towards the second half in recent years anyway. Any other questions?

Stephen Ridgewell: (Craigs Investment Partners) Sure, I understand and just one more – yeah sorry, just on - you called out cost pressures in construction. The company's had a longer term development margin guidance of 20% to 25%.

Should we be thinking that development margins are towards the low end of that range in the nearer term, just given those cost pressures? Or you're hopeful that you can offset those cost pressures with perhaps higher prices, given the relatively thin pricing environment?

Richard Umbers: Yes, perhaps Cam might be the best person to answer that in a second but what I would say is that there are opportunities, certainly, to increase prices. As indeed we've done so over the course of the past year. But this cost inflation environment that we're experiencing at the moment is something that is industry wide.

It's affecting the input costs, not just in terms of raw materials but also in terms of labour and it has an unpredictability to it, that at the moment, is causing a problem right across the industry. Cam?

Cameron Holland: Yes, thanks, Richard. Look, obviously cost pressures in construction supplies are evident across the whole industry. We are somewhat insulated through long term supply contracts and existing relationships.

I will say, however, that as you mentioned, there are cost pressures on the input side but we do have some mitigants around the ability to increase prices on the front end as well. So it's one of those things we'll have to continue to monitor and make sure we adjust our approach as we go.

Richard Umbers: Further question?

Stephen Ridgewell: (Craigs Investment Partners) Thanks, [unclear]. Thank you.

Richard Umbers: Thanks. Thanks, Stephen.

Operator: Your next question comes from Bianca Fledderus from UBS.

Richard Umbers: Hi, Bianca.

Bianca Fledderus: (UBS, Analyst) Yes, good morning, guys. Hi. So I guess I - so first of all, just briefly following up on cost pressures. Are you seeing similar sort of pressure in Melbourne compared to New Zealand, or is it more - yes, sort of more in New Zealand? Then I guess your net funding position in Australia as well, post standard development? Is that similar as well? Is it slightly better due to care RADs?

David Bennett: Yes, I'll jump in there, Bianca. So in terms of cost pressure, I think New Zealand probably has gone through a slightly steeper increase initially but I think Australia is following. I think it's - there's a lot of global pressure on supply chain which is driving a lot of that cost pressure.

So I do think both markets are going through that but I think it's important to remember both markets have been through house price inflation as well. Obviously New Zealand, I think is up sort of around that 30% mark over the last 12, 18 months. Australia and particularly Melbourne hasn't been through quite that at the same level yet but as restrictions ease there, we'll be watching their property market closely.

So we are mindful of construction and one of the challenges is also just maintaining that supply because there are shortages in products occurring. So we are looking out further with our ordering process to make sure that we manage that process. Cam touched on the long term relationships we have with suppliers being a huge advantage to us in that space.

In terms of the capital recycling model, we are obviously doing RADs in New Zealand as well now so our funding model in both New Zealand and Australia is very consistent.

Richard Umbers: Further question?

Bianca Fledderus: (UBS, Analyst) Okay, then again, on - sorry.

David Bennett: Any more questions?

Bianca Fledderus: (UBS, Analyst) Yes, so I guess just on the topic of the RADs. Yes, so could you just please give an update on the number of RADs you have in New Zealand and Australia at the moment and the average price?

David Bennett: Yes, so in New Zealand, we're probably averaging around the 400,000 mark and I think we're up to about $60 million with the RADs that we've collected from that. So it's been a good steady start, given it was something we introduced this time last year. We're really pleased with how that rollout's going and see it as a really exciting product and point of difference for us in the market going forward.

In Australia, the RADs, they're probably averaging around the $500,000 $550,000 mark and they will continue to lift because as we sell down our new villages and they're priced at the higher end of the range, I think our RADs at Nellie Melba are now $550,000, $650,000 and $750,000.

When we first sold down Weary Dunlop, they were $350,000, $450,000 and $545,000. So as those RADs come up in Australia and are repriced and resold, we would expect that average to increase there as well.

Richard Umbers: Further question?

Bianca Fledderus: (UBS, Analyst) Okay, thanks and last question - yes, just a last question from me. Could you just talk about the dividend payout cut and yes, what's the main reasons behind it? Is it for growth? If so, how much more growth should we expect?

David Kerr: Okay, well Bianca, we've given over a number of years, an aspiration to grow the underlying profit at 15% per annum and so there is still a desire to achieve that on a continuing basis but the board are very mindful of our gearing.

Noting that we are well within our bank covenants, we see our present capital management as being something that we review regularly and in addition to that, we're quite aware of the disparate views of some of our shareholders when we have one-on-one discussions with them.

So we believe that this change in the dividend policy will really support our growth plans and will reinforce to many of our shareholders that in fact we are a growth company and their view, the view of many shareholders, is that we are better able to manage that money than they are and that reinvesting it with us is a positive thing.

So it is a change in policy and - but you'll note that we continued with our dividend to date being $0.088. So that is a fairly small reduction in the actual dividend payout rate.

Richard Umbers: Further question?

Bianca Fledderus: (UBS, Analyst) Okay. Great, thanks very much for that. That's all for me.

David Bennett: Thanks, Bianca.

Operator: Your next question comes from Andrew Steele with Jarden.

Andrew Steele: (Jarden, Analyst) Good morning, everyone. The first one from me is just on the expectations for development deliveries. Clearly this is a COVID impacted year, so what's your expectation of the build rate up ends up for the full year? How does that impact the, I guess potential step-change in build rate into FY23? What sort of step-change might be reasonable considering the time it takes to get projects up to speed again?

Richard Umbers: Well the good news is that we are managing to maintain construction. As you know, in Victoria, although there was a shutdown, the actual closing of the industry actually is not something that took place particularly. So although we had significant delays in the build programme, we were able to continue building. Indeed, that's also been true in New Zealand, albeit with some delays.

In terms of the actual build rate, we believe that we can therefore maintain the rate that we've been tracking to in the past 12 months or so into the future but obviously there are certain uncertainties at the moment in the market. David, would you like to add something to that?

David Bennett: Yes, so I think in terms of the build for this year, I think we'd previously given the guidance to sort of 900 that you were probably alluding to. That is going to be a stretch. I think it's - we're going to be in and around similar to last year's Richard sort of touched on but we are - and that's just some of the projects didn't get underway quite as quickly as we would have liked due to the restrictions in place with COVID. So they've slid into next year.

It does mean we need to re-evaluate next year's build but I think that slippage will just sort of replace other things that may slide out of that year. But we'll give that sort of view maybe at the full year result when we have a bit more certainty around what the new COVID environment looks like.

But yes, we are still focussed on delivering the beds and units but I do think it's also worth reminding that beds and units is just one metric. It's actually around the value creation that is really important so what we've seen over the last few years is a shift to building in higher value locations and so they are generating higher value returns for us in terms of the sale proceeds that we get from those units.

So as much as we've always talked to beds and units, I do think it would be good to start thinking more around that value creation as a long term play for us as it better represents what we're actually doing as a company.

Richard Umbers: I think we should add as well, just the impressive performance in terms of the resales in the first half as well in that it is just interesting that I think there's a shift going on in the market between perhaps the units being sold off plan versus the resales that we're getting through the business at the moment and how that is adding to value and building intrinsic value in the overall balance sheet.

David Bennett: Yes, perfect.

Richard Umbers: Further question?

Andrew Steele: (Jarden, Analyst) Good, thank you. Just a follow up on the - your comment on the more focus on the value of what you're building. Does this mean that you are emphasising or pushing back the 1600 medium term build growth target?

David Bennett: No, we're not looking to push that back. I just think what we're saying is, that 1600 beds and units can look very different, depending on where they're built.

So the better long term view on us will be to start to move towards the value creation of that because building villages in Auckland, you don't need to build as many as you do in some other parts of the country to deliver the same value creation for the Company longer term. So that's where I guess we're trying to signal the move towards.

Richard Umbers: Further question?

Andrew Steele: (Jarden, Analyst) Okay great…

Richard Umbers: Sorry.

Andrew Steele: (Jarden, Analyst) …thanks, David. Just in terms of the impact of the difficult operating environment on your operating costs, is there anything in the OPEX for the period that you would highlight as being unusual and how do you think about OPEX seasonality in terms of between 1H and 2H this year?

Richard Umbers: I'm not sure I heard all of that question.

David Kerr: I think the balance between 1H and 2H was part of the question.

David Bennett: So in terms of the OPEX, Andrew, we talked about the additional $7.6 million of COVID costs. Obviously at some point we would like to think we won't be incurring those but I think it's probably optimistic to assume that we won't have additional costs in the second half, but longer term I would expect some of those to come out of the business. But we are incurring additional OPEX as a result of our response to COVID.

Richard Umbers: A further question?

Andrew Steele: (Jarden, Analyst) Just the second part to that, 1H/2H seasonality for OPEX; is there you would like to say on that?

David Bennett: The seasonality?

David Kerr: Yeah, between 1H and 2H.

David Bennett: There's not a huge amount of seasonality in our OPEX between halves. Our staffing levels remain the same throughout. So COVID is the biggest impact on that.

David Kerr: But it's difficult to imagine that the COVID OPEX will increase in H2. It's more likely to decrease than increase.

Andrew Steele: (Jarden, Analyst) That's very clear. Thank you. The last one from me, in terms of the reduction dividend payout, it's noted that the board is mindful of where gearing is and - for what it’s worth I think it’s a sensible move in terms of dividend payout - when you think about the future growth runway [unclear] business and the actions you’ve announced today, where do you see a comfortable level of gearing or targeted gearing that allows you to execute on the medium term growth trajectory?

David Kerr: Well, I believe that the change in dividend policy that we've announced today actually will enable us to continue our current planned growth with let's suggest, in the medium to long term, a 9% or 10% increased build rate each year and a 15% underlying profit increase. So the adjustment we have made at the present looks to be sufficient. Does that answer your question, Andrew?

Andrew Steele: (Jarden, Analyst) Yes, it does largely. Just to be clear though, you don't operate to a target gearing spend at Board level you don’t have anything around that?

David Kerr: Yeah, we do. We do have a target and we have a capital management plan that it's not appropriate to share with you. But we are conscious that our gearing is higher than other parties in the sector and we're also conscious that we see a very large growth opportunity ahead of us. So that has really driven us to make this change in the dividend policy.

David Bennett: I think, Andrew, just with that too though it's really important to remember our debt is a function of our growth plans. It is productive working capital debt. So when you're doing a straight gearing – like our landbank, for example, is obviously debt but there's no representation of that in our NTA and it is there for future growth. So we do monitor our gearing ratio, but more particularly we look at the composition of our debt.

I think when you look at the debt and the landbank we have, the sites currently under construction, the proceeds that we expect them to generate and then you put that on top of our current resale bank and embedded value including the DMF of $2.2 billion, we're in a very strong position from a cash generation perspective right now. So that's how we also look at our debt, it’s forward looking, what cash are we going to generate as a business.

Andrew Steele: (Jarden, Analyst) That's all for me. Thank you very much.

David Bennett: Thank you.

Operator: Your next question comes from Jason Familton with ACC.

Jason Familton: (ACC, Analyst) Good morning, guys. First of all, David, like Stephen said earlier, congratulations on your tenure. I'm just a little bit surprised at the timing of the announcement. Obviously with Gordy also leaving last month can you talk to the timing of why now is the right time to step down as chair. It's a little bit unusual for the CEO and chair to go within a month of each other.

David Kerr: I appreciate that, Jason. So I guess that succession planning is a constant debate at the board table for directors and with the appointment of Greg and his pre-existing knowledge of the company and relationship with the company and his very quickly coming up to speed, that was a factor.

Then obviously we've welcomed Richard on board and there's no doubt that the relationship between the group chief executive and the chair of the board is very important and it just didn't seem particularly useful for me to develop a strong ongoing relationship with Richard when I had already advised the board that I felt that I had nearly done my dash, and I think that no one would dispute I have done my dash.

So it's a combination of a desire to assist a good relationship developing between Richard and Greg as our new chair and there is nothing lost in that I will continue in the role as a Director.

So I acknowledge it's a little unusual to have so much transition in such a short time but the transition is not as great as it might seem and that I am continuing to fulfil my role as a Director and I have a deep emotional relationship with this Company so you can be confident that I'll be displaying my interest on a continuing basis as a Director. Does that answer your question, Jason?

Jason Familton: (ACC, Analyst) The second one, I'll just focus – yeah, it does. Can I ask, obviously a lot is focused on value invested rather than the number of units. I think that's pretty crucial for this business versus others in the sector. Just on that sort of sentiment can you talk about what CapEx is going to be in the second half; is it going to be pretty similar to what you've invested in the first half the $400 million or so obviously perhaps plus the Coburg sale? Or give us a range of CapEx in the second half?

Richard Umbers: Is your question about capital investment or - and build programme?

Jason Familton: (ACC, Analyst) Just capital investment, just the dollars you’re going to invest in the second half.

Richard Umbers: We have 15 projects in flight at the moment and we started on site on a further three during the half just gone. So there's a very strong emphasis on building for the long term future for the business and building the instruments, if you like, that will allow us to generate the embedded value in the business in the years to come. We are absolutely focused on maintaining a build programme to deliver on that for the long term.

The challenge that we've got is the short term one of managing through the COVID crisis and the very real impacts that has both on our ability to sell but also the construction programme as well. So we're not flagging that we're in any way not committed to what we're delivering. We're just simply flagging that there's some uncertainty over the course of the coming six months or in the coming year.

David Bennett: In terms of the capital expenditure, with the number of sites we're working on, Jason, I think it's a safe assumption to say that our investments will be at similar levels as to what they have been over the last few halves, obviously assuming we can keep building.

Jason Familton: (ACC, Analyst) Clearly resale results are pretty strong. Sorry I'm interrupting. Resale results are pretty strong. Can you talk to what price increases you're putting through in units at individual village level because clearly the broader housing market has been incredibly strong but I'm fairly sure you won't be anywhere near that at all.

Richard Umbers: I think that's probably one of the most encouraging things, that through COVID and through the first half we were very encouraged by the level of resales that we were able to achieve for the business and while our building programme was impacted it was a real strength in the business that we were able to generate a return out of the resales and maybe there is some shift in the balance emerging in the way that we're creating value for the long term.

But I just seek to emphasise that ultimately we want to build the embedded value in the business and therefore it's a combination of our ability to deliver not just the individual units but the right kind of buildings in the right place and also to keep the fly wheel turning, if you like, as we also are then able to onsell and resell those units many times over the full life span. Dave, do you want to add anything?

David Bennett: Yeah. So I think in terms of pricing increases, Jason, we signalled at the AGM, we did one in April, we did another one in June and we have just recently completed another review in October. Overall they are probably in the 15% to 17% range in New

Zealand. We've been more cautious I guess in Melbourne just with the additional restrictions they've had there and just waiting to see that their property holds.

But if you look at appendix 13 in our results pack it still shows that we're very affordable in all markets that we are selling in. We have followed the market, albeit slowly or with a bit of a lag, but we still see there's a buffer there. For me, I guess one of the really key indicators for us is that we're still selling incredibly strongly, and that has shown through the level of resale stock we have available at 30 September.

Richard Umbers: Further question?

Jason Familton: (ACC, Analyst) No, that's all from me.

David Kerr: Thanks, Jason.

Operator: Your next question comes from Aaron Ibbotson with Forsyth Barr.

Richard Umbers: Hi, Aaron.

Aaron Ibbotson: (Forsyth Barr, Analyst) Hi there. Good morning, team. So I just would like one clarification, if I may, and then two questions. Firstly, just on the build rate guidance that I think you mentioned, David, on 9% to 10% build rate growth, is that from a reset rate that you're guiding or indicating towards, sort of, flat year on year or is it from the previous 900 to 1000 that I believe you guided to for the full year. Just wanted clarification on how we should broadly think about that by '23/'24 or how you're thinking about it.

David Kerr: I think the question is really off what base; is that what it is?

Aaron Ibbotson: (Forsyth Barr, Analyst) Yes.

David Bennett: So I think, Aaron, the key with that is the 9% to 10% is our medium to long term view. Obviously we are mindful of lifting our build rates over the last – and particularly over the next couple of years but we will just do that on a - we'll be constantly reviewing that in light of the restrictions and how sales are going but we are still committed to lifting that.

But the 9% to 10% is a more medium to long term view. That's what we think we need to continue to do long term to continue to deliver a 15% growth in underlying profit. So short term, we'll just assess the market.

I guess the benefit we have at the moment is the particularly strong resales bank we have, and the expected lift in resale volumes we anticipate getting as well as our villages mature

- over half of our units are less than seven years old - so they haven't even hit maturity yet. So that will underpin a lot of our growth as well in the next few years.

Aaron Ibbotson: (Forsyth Barr, Analyst) Thank you. Is there any chance you can give some indication, particularly I guess in light of what I assume has been slightly higher construction costs driven by COVID as you've built out in Australia.

Where are you seeing new sales margins coming in Australia or expectations around that, relative to your experience in New Zealand? Any chance you can give some early indications and expectations around that?

Richard Umbers: Yeah, I'll perhaps hand that to Cam to comment on the expansion in Australia. Cam?

Cameron Holland: Yeah. Overall I've been really pleased with the progress over the last six months. The lockdowns have been quite severe in Australia, obviously, and that's definitely impacted ability to sell. Particularly with the high emotional purchase of real estate, getting people in to see the product to actually effect a sale can be a challenge when they can't get out of their homes.

The fact that we've had sales in the last six months has been remarkable, frankly. I think looking forward, I'm cautiously optimistic that once the restrictions are starting to ease this week, that that sales process will be somewhat improved and that we'll see some interest regained in that area and that overall those margins will continue to reflect both the increasing property market overall and our ability to actually transact.

I'm cautiously optimistic that the next few months will definitely put us in a better position than we've been in the last six, for sure.

Richard Umbers: I think we have to see this in the context of a lockdown which has been in place in Victoria for an awfully long time. In fact, it's a large proportion of the last half as well. Some of this is all about the unpredictable human reaction to those restrictions being eased. Are people going to re-engage with normal life? Are they still going to be cautious? What is their spending going to be like?

Is this a time when they're going to make life-changing decisions in terms of where they're going to live and the lifestyle that they're going to take on? We're optimistic, based on the pattern that we're saying, cautiously. But I have to say, it's an uncertain time and we haven't seen a situation like this before, of course.

David Bennett: Just to re-touch on that too, around the new sale price and there's been a bit of a dip in the pricing we have achieved at a Group level. But that's more of a representation of the geographical mix of our units. Obviously with the restrictions that have been in place in Auckland and Melbourne, we are seeing a large proportion of our sales in the wider New Zealand market. That represents that dip in pricing, as opposed to anything else that we've been able to achieve.

Richard Umbers: Aaron?

Aaron Ibbotson: (Forsyth Barr, Analyst) Okay, thank you and a final question to I believe you, David Bennett. It's just on the $360 million of CapEx that's been allocated to new village CapEx, excluding land. I was just wondering, if I look at your work in progress investment properties at $45 million or so and your new sales cash flow, which I believe was $213 million with 20% or so margin.

I wanted to know if there's any chance you have a number around how much of that has been allocated to, or will later be, independent living units with [unclear]? I get around 55% to 60% or so. Is that about right? Thank you.

David Bennett: I think that would be about right but it would be useful, just a little bit later, if I can just quickly check your calculation, Aaron. Because it's just a little bit hard to follow that on the phone.

David Kerr: Yeah. It's not proving particularly good, the audio. You'll forgive us if we are looking at each other trying to get to the nub of the questions that are being asked. Look, maybe if we take one more question and then we wrap up. I do that acknowledging that we will be, over the next five or seven days, having lots of one on one discussions with you individually. Maybe one more question?

Operator: Your next question comes from Alex Prineas with Morningstar.

Richard Umbers: Good morning.

Alex Prineas: (Morningstar, Analyst) Good morning. Thanks, most of my questions have been answered. Just one question on the dividends. You say there's a new range around the dividends. Should we be assuming, for a second half dividend, that it would be the same in terms of the percentage of underlying profit as it was in the first half? Or more along the lines of the same in terms of the absolute amount? Can you give us some indication...

David Kerr: Not really.

Alex Prineas: (Morningstar, Analyst) …on how you think about that?

David Kerr: Yeah, I understand the question but, no, we can't really give you an indication. We don't give a forecast on dividend. But I think that the dividend will be determined by what the board feel the company's shape is and how our debt and gearing is at 31 March. So, no. I think what we're just signalling today is that the Board seek flexibility and that's what we're keen to have the change interpreted as.

Alex Prineas: (Morningstar, Analyst) Yeah. I guess maybe if I could just rephrase that in terms of how you came to the percentage proportion that you decided on for the first half? What were the key drivers in that?

David Kerr: Yeah, I do understand the question. But, no, I'm not in a position to determine what the payout ratio will be in the second half. I don't think that would be helpful.

Alex Prineas: (Morningstar, Analyst) Okay. All right, thank you.

David Kerr: No trouble. Look, there are a number of questions online but we'd happily take those subsequent to this meeting. I'd like to thank you for your attention. When I look back on the six months, it's been another tough six months hasn't it. We've got continued demand for what we do. That's quite evident. We've seen continued growth, although it's been stymied to some extent by the lockdowns.

We've got residents for whom we've been able to absolutely demonstrate that being in a Ryman Community is actually a safe haven and that they'll be well supported and their quality of life will be attended to. During that time period of such turbulence, we've continued to see an increase in the intrinsic value of the portfolio and a continued strong culture that Richard has evidence by coming in with fresh eyes and going to villages.

I feel very positive about the six months and it's just that we do have a level of caution. We, a couple of years ago, would never have imagined this particular pandemic would have come upon us. I feel very positive about how the company has done in this challenging six months and I am optimistic about the next. With those closing comments I would like to thank you very much for joining us and we'll look forward to catching up with you one on one over the next week. Thank you very much.

End of Transcript