Start of Transcript

David Kerr: Kia ora tatou. Good morning, everyone. Welcome to Ryman Healthcare's annual shareholders' meeting. My name is David Kerr and I'm the Chair of Ryman's Board. Firstly, I'd like to say it's nice to be back in front of a real live audience and I'd like to welcome those of you who are online. You may recall that last year our AGM was an entirely virtual event, which felt somewhat sterile to those of us presenting.

In the past 18 months, we've been taught that we have to be nimble at all times and this hybrid meeting is designed to allow the best of both worlds. We'd normally hold the meeting in a village, but we decided that in a constantly changing landscape, it would be best to hedge our bets and have the meeting here and minimising the risk of any infection in our residents' villages. So we love showing our villages off to you and we will again soon. If anyone wants a tour of a Ryman village, we're already always keen to do that.

So a big welcome to our shareholders who are in the room and to those of you who are online through our virtual meeting platform, which is provided by our share market registrar, Link Market Services. Also in the room, there are quite a number of Senior Executives of Ryman Healthcare and a big welcome to them and they are the engine room; they are the powerhouse of this business. So lovely to have them in the room with us.

As with a normal annual meeting, anyone in the room or online is able to ask questions and vote and clearly we'd encourage you to do so. I'll provide you with further instructions as we go through the meeting, but it's - if you encounter any issues, please, if you're online, refer to the virtual annual meeting online portal guide or you can phone the helpline on 0800 200 220.

You can send through your questions at any time through the online portal by clicking the link shown here on the screen and I'd encourage you to do so as early as possible, because that allows us to answer the questions at the appropriate time in the meeting. The agenda for the morning [unclear] is a review from me and then I'll hand over to our Group Chief Executive, Gordy MacLeod, to give you an overview from his point of view. We'll then also hear from David Bennett, our Chief Financial Officer, and Cameron Holland, our Chief Executive of Ryman Australia. We'll then move to the formal business, which includes the resolutions that are before the meeting.

Voting on resolutions will be conducted by way of a poll and shareholders joining us here today, you would have been validated or have been given your shareholder voting card. If you're a shareholder and did not register on arrival, then please make your way to the registration desk outside the room again, please, and the staff from Link will assist you.

Shareholders who are joining online will be able to cast their vote using the electronic voting card they received when online registration is validated. To vote, you'll need to click Get Voting Card within the online meeting platform, which is shown here on the screen. You'll be asked to enter your shareholder or proxy number to validate. Please refer to the virtual meeting online portal guide or use the helpline if you require any assistance. Voting will remain open until five minutes after conclusion of the meeting.

So before we formally begin, I'd like to introduce you to my fellow Board members. I'll start with the Victorian-based Directors who are at home. Well, they're not with us, obviously, because of the recent lockdown. So, first of all, Clare Higgins, based in Victoria. Claire, if you just - great. That was a wave. So Claire's a Non-Executive Director with experience across a range of sectors in both Australia and New Zealand. She joined the Board in 2014. She's Chair of REI Superannuation Proprietary Limited and GMHBA Limited and she holds Director positions in the medical device and philanthropic sectors. Claire's the Chair of our Audit and Finance Risk Committee.

Secondly, Paula, if you could give us a wave, Paula, just so we - fabulous. Paula is a Melbourne-based human resources executive with experience across healthcare, finance and government sectors and deep expertise in workforce planning, organisational capability and executive coaching. In the early stages of her working life, Paula actually spent several years as a carer in the age and disability sector and she is currently the Chair of our People and Safety Committee.

George Savvides. George, a wave from you would just help everyone identify. Great. George lives in Melbourne and has 25 years' experience in the Australian healthcare industry. George was made a Member of the Order of Australia for his considerable contributions to community, charitable groups and business. George served as Managing Director of Medibank, Australia's largest health insurer, before moving to governance and he is Chairman of - sorry - he's Chairman of the Australian - no. He's Chairman of SBS, the Australian public broadcasting service. I apologise, George. He's a Fellow of the Australian Institute of Directors and George chairs our Clinical - that's where I was trying to get to - chairs our Clinical Governance Committee.

Geoff Cumming. Geoff, a wave from you would help. That's great. Thank you. Geoff's a New Zealand and Canadian citizen. He lives in Melbourne. He re-joined the Board in 2018 following retirement of Kevin Hickman and interestingly Geoff was inducted into the Alberta Business Hall of Fame for the following year and he's a significant international philanthropist. Geoff's been a long-term supporter and significant shareholder of Ryman. He has more than 30 years' experience as a Chairman, Chief Executive, Director and Investor. He's served on more than 25 corporate Boards in a range of industries and countries and he chairs our Governance, Nominations and Remunerations Committee.

Now, to our New Zealand-based Directors who are here with me. Immediately to my left, we have Jo, Jo Appleyard. Jo is a partner in Chapman Tripp and is an experienced advocate litigator. She specialises in commercial employment and resource management law. Her skills are sought after by larger corporates and Jo's experience in relation to civil disputes is particularly wide and varied. She acts in all manner of commercial issues. She's been a member of the New Zealand Markets Disciplinary Tribunal and is a member of our Health and Safety, Clinical Governance and Development and Construction Subcommittees.

Warren Bell is next along the line. Warren is an experienced public and private company Director. He's currently Chairman of Hallenstein Glasson, who operate both here and in Australia, and he's also Chair of St George's Hospital, which is the largest private hospital in the South Island. He's also a Director of a number of private companies.

Then we have Anthony Leighs. Anthony Leighs joined our Board in 2018 and Anthony is a Director of Leighs Construction, a business that he founded in 1995, which has become a leading commercial and construction business operating throughout New Zealand. Anthony is a former Chair of the New Zealand Registered Master Builders Association and he chairs our Development and Construction Committee.

Last, but no means least, I'd like to welcome Greg Campbell. Greg joined the Board in March following a long and distinguished career in executive roles and Board positions in Australasia across listed and privately-held organisations. Greg brings a deep operational understanding of businesses from more than 25 years as a CEO and he's got a strong interest in sustainability and climate change. Then there's the team.

Gordy MacLeod, whom I'm sure almost everyone will know. Gordy is our esteemed and extremely hardworking and highly-valued Chief Executive. So he's here and beyond him is Dave Bennett, our Chief Financial Officer, who also is highly regarded, esteemed and highly valued as the CFO and Company Secretary.

So the Company Secretary has confirmed to me that the Notice of Meeting has been sent to shareholders and any other persons entitled to receive it, and we have received apologies at this moment from John Boscawen. Are there any apologies from the floor? I take it there are none, so I move that we accept the apologies. All those - a seconder, please. Is there a seconder? Thank you, Mr Don Trow. You know, I should have really welcomed Don Trow. Don was one of the founding Directors of Ryman Healthcare and his stamp has been left on the Company over a long period of time and he has been absolutely invaluable whilst a Director and subsequently. So, Don, thank you for seconding and welcome to yourself and Diana.

So motion to be put, seconded and all those in favour, aye. Thank you. Now, the Company's constitution prescribes a quorum of shareholders. Based on the information that the registrars have provided, I can confirm that we have quorum present. Proxies have been appointed for the purposes of this meeting in respect of approximately 309 million shares, which represents over 61% of the total number of shares in the Company. I'd like to thank the shareholders for their level of participation in today's meeting, whether they're here or online.

My fellow Directors and I intend to vote all discretionary proxies as we have received in favour of the resolutions as set out in the Notice of Meeting. So our Annual Report for the year ended 31 March, including the Auditors Report, has been circulated to shareholders and we'll take that as read.

When I addressed the last AGM 12 months ago, we were in the midst of a hugely challenging period. A year later, we're definitely older, hopefully slightly wiser, but two things are immediately apparent to me. The first is that we've come a long way since then and we've learnt an awful lot about the COVID challenge, but I fear we're nowhere near the end of the pandemic yet. The second more positive thing is that we have tremendous cause for optimism thanks to the miracle of not just one, but a number of highly-effective vaccines.

In addition, I'd note the extraordinary resilience of both the housing markets that we operate in. It bears repeating that the way our teams have coped with the COVID challenge is an absolute credit to them. The team in Victoria, which has been through - I think this is its fifth lockdown - has never missed a beat and we're incredibly proud of them. Lockdowns for a village mean that all the staff are in PPE. You know, I recently flew to Melbourne for a brief visit to the teams over there and just wearing a mask for four hours was quite challenging, let alone eight hours a day every shift; sometimes with face shields added on. So it's an enormous credit to them.

The pandemic and the associated care and attention that our staff provide each and every minute means that true - what would I say - it means that the true impact is really very profound on our staff. But, importantly, it actually means that the value proposition of our villages is even greater to the residents and their families. The offering that we have is more relevant than ever and I suggest that the recent results which we're going to talk about shortly are good testament to that.

So if I just remind you quickly of our full year results, which have been announced, the audited underlying profit was $224.4 million, which is down 7.3%, which reflected the increased costs associated with COVID-19 and the impact of the lockdowns in both our markets. Construction and sales were obviously both affected and Victoria, as you know, is an area of growth for this Company. It was in various stages of lockdown for about six months of the last financial year. The reported or IFRS profit increased 59.8% to $423.1 million and this includes unrealised valuation gains. The total assets increased to $9.17 billion, up 19.5% and our balance sheet further strengthened, with net assets increasing 23% to $2.83 billion.

The full-year dividend was $0.242 per share and we've now paid out more than $1 billion to shareholders since we listed in 1999, which represents a pretty significant record of both creating value and sharing it with the shareholders.

I'm pleased to say that the Board has reviewed trading in the current year and we've had a record first quarter of total sales of occupation rights, which Gordy will touch on in just a moment. This follows on from our best ever January to March quarter, and so it's been an encouraging start to the calendar year. We'll update you, of course, again, at the first half results, which we would normally have in November.

Ryman Healthcare has always been a Company with two very important goals, since we were first founded 37 years ago. The first is to provide excellent care to the residents who put their trust in us as a Company. The second is to provide excellent financial results to our owners and this, of course, enables the excellent care provision that can then be provided. When I think about the first of these goals, I believe it means providing a safe environment or home and the best of care according to the need for our residents and also providing strong reassurance for their families that they are being cared for. In this manner, I believe that Ryman makes a distinctive contribution to society. In addition, each village we build releases existing homes into the residential real estate market and also includes providing critical healthcare infrastructure with our range of care beds, because care has always been a core part of what we do.

Over time, our villages then become an integral part of the healthcare system in the areas they operate in, as well as the community hubs and, of course, as we build and operate a village, we create entirely new employment opportunities along the way. Without these care beds that we provide, I shudder to think how the public hospital system would cope with our many frail, elderly residents. It amazes me that the New Zealand Government seems to value this care so poorly. As shareholders, you share in this purpose of providing critical healthcare infrastructure. Your investment in us therefore has a built-in social and ethical purpose.

As a Board, we recognise that companies must operate these days in a much broader context, so there's appropriate attention to not only our purpose, but also to the planet, of our people and, of course, profit. You'll have seen our focus on these different areas in the annual report. The common purpose of excellent care provision unites us as a Board and village staff and management team.

COVID has been a massive challenge to our desire to ensure excellent care and COVID is indeed what you would call a black swan event and it's been a great test of our management and frontline staff's resilience. Both groups have excelled absolutely wonderfully and we are enormously grateful.

The Company's got a very talented, dedicated Senior Executive Team and many of them are here with us today. I can assure you that they work tirelessly to turn our visions of both value creation and high-quality care into a reality.

You'll recall I noted the second and equally important function of the Company is in providing excellent financial performance. We are, in essence, a growth Company. Growing is not always easy and growing financial results at a rate of 15% compound annual growth rate is even more challenging. It means we must be building and selling or occupying around 9% to 10% more units each year. Only three to four years ago, we were building at around four sites and today we're building at 13 sites.

There is an associated imperative to be acquiring sites at a steady rate and ensuring they move through the consenting and building phases smoothly. This has all been a major step up in activity for the Company and all our various teams and, as you'll appreciate, there are many construction challenges when working at more than 13 sites, with some sites being more complex, Local Government being risk averse around design and then some jurisdictions in Local Government being swamped with work and there's consequential delays in consenting.

Gordy will touch on our current construction workload in a moment, but needless to say it is substantial and it will remain so to meet the growth ambitions. To enable that growth, we've increased our debt as many of you will have noticed.

It is important to note that our bankers continue to be supportive. The debt is in a large part to enable the acquisition of land and the construction of these sites until such time as residents are able to occupy the villages.

The good news is that there's no shortage of demand for our villages currently, with having high occupancy across all sites. A recent in-depth analysis by JLL Property Analysts of the demographics in New Zealand show that the number of people over 75 will increase by 500,000 over the next 30 years and that will surely underpin demand. And of course the numbers in Australia will be significantly greater.

A core part of our measurement of our financial performance has been the aim to achieve our underlying profit of 15% annual growth. This hasn't been achieved for several years which is a fact that has not escaped us, I can assure you.

It's always been our medium-term target and as you know, it means that the Company's profits double every five years, providing what we believe is a good reward for shareholders. We were on target to achieve this in the full year '20 financial year. But life changed forever in January 2020, as you will all recall, when the pandemic hit.

The lockdowns in New Zealand and Victoria significantly impacted people's ability to move into retirement villages. Through this period, we invested in keeping our staff and residents safe and connected and the direct impact of that on our FY2021 result was around $20 million.

Our expenditure on PPE was very significant but given how things are going currently, I reckon that was a good investment. COVID is and remains a challenge. It's the new normal for us. However, we remain very focused on achieving a good financial result in the current year and there's very intense focus from all of those involved in the Company in this regard.

Despite the COVID challenges, we still see strong demand, we're still profitable, we're still expanding rapidly with both the occupancy advances and the NTA increasing by 15% compound annual growth rate over the last five years.

Our focus on underlying profit increasing has not diminished though. We're a talent-led organisation and we're constantly looking at adding to the team to enable this growth. But always making sure that the care culture remains in place.

It's fortunate we have a long serving team of leaders, and again, many of them are in the room with us today, with those values embedded in them. Gordy gave us an early signal of his intention to depart after 15 years at Ryman.

Fortunately, he's given us plenty of warning and time to look for a Group chief executive. He will be exceptionally difficult to replace. The Group chief executive is the lynchpin between both our human capital and our financial capital and it's his or her responsibility to use the brains, trust, and knowledge within the Company to effectively enable the two goals that I've described to you.

Value creation is mission critical as is delivery of best possible care and both of those goals are dependent on our having high quality talent in the organisation. So we're looking for someone with a very particular set of skills. We're partway through an international search for this critical person and we'll update you as soon as a replacement is found.

At a recent AGM we were asked about the risks we faced and I thought it was a very good question and I must say, there are no shortage of things that we're concerned with at this stage.

While the pandemic has been all consuming, we also have front of mind areas like cyber security, health and safety of staff and contractors at construction sites and in the villages, the construction challenges with procurement and access to good quality construction staff, as well as the maintenance of that excellent clinical care which is so dependent on millions of moments of personal interaction between our staff and our residents.

Of course there are other potential things such as legislative change, climate change, ESG issues but to name but a few. All are important. None are ignored, I can assure you. Cyber security has however been a significant focus for us. Dependency on IT in a company like this is steadily increasing and detection of incursions, along with education and constant testing, is critical.

Internationally, this nefarious activity of cyber attacks has grown by 150% in the last two years and is now worth $11 trillion annually. That is greater than the whole illicit drug trade in the world.

So it has to be seen as a major enterprise risk to all companies like ours. In the room with us is Rick, Rick Davies, who is our IT lead and you'd be welcome to chat with him about this challenge after the meeting.

So look, Ryman Healthcare is in very good heart thanks to our committed team and all parts of our business. Extremely supportive residents and their families who are the most powerful marketing tool I would suggest to you. And understandably our Board are extremely grateful to everyone in the Ryman family for your support.

So thank you very much and over to you, Gordy.

Gordon MacLeod: Good morning everybody. Morning. Righto. I better get my thing right here. Are we good to go? As David mentioned, we've had a record start to the year with cash receipts of $403 million in the first quarter, up 82% on the first quarter of last year. It's the best first quarter we've ever had, with strong sales volumes, record total sales of occupation right agreements, and the highest prices that we've seen.

When you consider that we had a record final quarter in the end of FY21, it adds up to a great six months for Ryman from 1 January to 30 June. It's the strongest first calendar six months of trading that I've seen in my career with the Company and it's a real credit to the sales team and everyone involved.

So we had a record first quarter for cash receipts from residents. And as you can see here, we've had a total sale of occupation right agreements transacted, which has been the highest value in the first quarter ever. Total volumes were also a record. So you can see that in the far right-hand bar on that chart.

So we're in the middle of winter. But occupancy at our established care centres has been excellent. We finished the first quarter at 97% which was up on the year before because we were unable to admit new residents during COVID.

Our resale stock remains low at 1.4% of the portfolio at the end of the first quarter, which is equalling the low level we had at the end of March '21. So record cash receipts, strong sales, high occupancy, and low levels of resale stock all show that there's excellent demand for what we do at Ryman.

What's also pleasing is that we're starting to see stronger pricing feeding through as well. This means that even if the housing market flatlines for a period of time, we still have the ability to lift our prices over say the next 18 to 24 months.

We're also delighted today to reveal that we have acquired a new site in Victoria at a place called Mulgrave which our Ryman Australia CEO, Cameron Holland, will talk about in a minute.

This comes on the back of three purchases we announced in May this year at Essendon in Melbourne, Karaka, and Cambridge in New Zealand. So those two sites in New Zealand particularly, and also Mulgrave, are sites where we can build significant amounts of townhouses or villas which obviously creates a lower working capital commitment.

My highlight of the past year has been how we, as a team, have kept everyone safe during COVID. The discretionary effort over the past year from our team of 6300 people has been extraordinary.

Our team in Victoria in particular has done an amazing job, coping with five lockdowns since early last year, and the ongoing professionalism and commitment they show is inspiring.

To put that into picture, during the recent lockdowns, our care staff have had to wear face masks and a plastic face shield while dealing with people with cognitive and hearing issues and that requires an enormous amount of effort and it's a great credit to them. And also obviously to our teams in New Zealand when they've had similar situations.

We're now well through our vaccination program. We geared up to vaccinate as many people as we could and we actually trained 50 Ryman vaccinators. Our vaccination team are so good that some DHBs in New Zealand have asked us to give them a hand. And our Ryman team has been administering vaccines in fact for other retirement village operators around New Zealand.

As of today, we've actually delivered 24,271 COVID-19 vaccine doses to residents and staff. I don't think there would be a non-government organisation that would be anywhere near that.

Again, the discretionary effort of our team has been incredible as we roll out our vaccination program. The logistics involved is very daunting though. The vaccine has to be carefully thawed and each dose has to be measured out. They don’t come sort of ready to go.

On our longest day of the campaign at Edmund Hillary in Auckland, the first team member arrived at 5:00 in the morning, the staff preparing the doses, and the team did a thousand vaccines in one day at one village, which is amazing. Our care residents and staff were mostly vaccinated some weeks ago now and we're providing as many vaccinations as we can across our independent residents as well.

We've also been busy looking at ways to improve the resident experience and we're in the midst of the Olympics at Ryman. Because you can't just sort of - we were conscious that COVID hasn’t been a lot of fun for people and we wanted to have a look at what we could do.

This project was dreamt up by our Head of Technology and Innovation, Rick, who is here today, and has involved more than 700 residents - volunteers and residents across 42 villages in both countries. We spun it up at short notice with an agile approach and we teamed up with both the New Zealand and Australian Olympic Committees as partners.

The main aim was to give residents a great experience. We've had a long haul with COVID and we wanted to do something that would light a competitive fire in our residents on both sides of the Tasman and believe me, it has.

The second aim of the Olympics at Ryman was to use the latest technology and push the boundaries of what's possible. We've been working with our technology partner, Aware Group, which is a Hamilton based artificial intelligence business on a raft of new technology ideas for the years ahead that will significantly help our residents in many potential ways. So just watch this space.

Our residents have been competing in cycling, swimming, relay walking, bowls, and an Olympic quiz which we're going to call the Quiznastics. That's coming up in a week or two. They've biked through the streets of Tokyo using augmented reality. They've climbed a virtual reality version of Mount Fuji in their relay half marathon wearing Fitbits and the events are all designed to test a range of abilities and get everyone involved.

And last weekend we held the world's first ever lawn bowls match at remote locations using artificial intelligence and HoloLens technology. Teams in Hamilton - so village teams of ours in Hamilton were competing with teams in Christchurch 951 kilometres apart in the same bowls match. And it worked. So it was amazing. There's plenty of other work going on to improve the resident experience, with a continued focus on our delight program for independent residents.

Right, I'd like to give you a quick fly through our construction and development program. The construction team is flat out in New Zealand and we achieved an important milestone last month when we welcomed our first residents at Keith Park in Hobsonville.

Hobsonville is a huge growth area and it's a stunning village and we're delighted with the way it has progressed. When I walked around that site two or three weeks ago, it just looked incredible. I'm really pleased with how the units are looking and residents I met were loving it.

Work is also well down the track at Miriam Corban in Henderson and James Wattie in Havelock North. The care centre is under way at Miriam Corban on Lincoln Road and we will start work at James Wattie's village centre in the spring.

Development of the later stages continues at William Sanders in Devonport, Murray Halberg at Lynfield, and Linda Jones in Hamilton. We've welcomed our first residents in at Kevin Hickman Retirement Village in Christchurch. It was a real pleasure and honour to name the village after our co-founder. Kev is an inspiration to us and we wouldn't be here if it weren't for him.

We've also just received a resource consent for the Bishopspark portion of our combined Bishopspark and Park Terrace development in the Christchurch CBD which is just an incredible location looking out over Hagley Park. We're working through the rest of the process for the second part of the project just right now with [council]. Resource consents are in place for our new villages in Takapuna and Kohimarama in Auckland and we're just getting established at Takapuna before starting to get going on work there too.

We announced the purchase of two New Zealand sites, Karaka and Cambridge in May this year and the team is working on plans for these already. They are both great sites with huge potential and when we walked around those sites – when was it, Jeremy, back in about March? They are beautiful. Of course I'm always biased but they are really beautiful.

Just a reminder of the prize we're looking at here. We're targeting that the 13 villages currently in progress will generate $3.1 billion in capital proceeds and recurring income of $240 million on completion. Collectively we anticipate that these sites will largely recycle capital which is always our objective. If you take into account our entire land bank, we have 26 villages in the pipeline including those 13 underway, which we anticipate will generate $5.5 billion of capital proceeds and generate recurring income in the region of

$420 million. The economic prize which we are chasing through our significant development program is very significant.

Our build program is now 97% consented in respect of resource consents and development approvals for both FY 22 and FY 23. Again, this is the strongest position I can recall in my time and reflects the huge amount of hard work by the design and development teams to get projects underway. The only fly in the ointment there could be some of the councils are pretty busy right now in the middle of the biggest building program in New Zealand I think, but we’re working very hard to get building consents through as well.

Before I had over to Dave Bennett, I’d just like to pass my utmost thanks to my team – our team of fellow Rymanians. The work they have put in over the last 18 months has been remarkable. I want to thank you shareholders for your support over the last 15 years. Thank you. Over to Dave.

David Bennett: Thanks Gordy and good morning everyone. As Gordy talked to us about all the investment that we’ve been making over the last few years, I think it is important for us to note that the lifting of the number of sites in our land bank, the lifting of the number of villages that we are building at and ensuring that we are well resourced for the future growth, means our debt has lifted to $2.25 billion. What is important to remember is that this debt is a function of our growth plans, so it relates to our future growth. This is why we view our debt as productive or working capital debt and this is how our funders view it.

If you think about debt of $2.25 billion we consider about $420 million of that to be core debt into our existing villages. The remainder of that debt relates to our land bank or our current work in progress. We use this debt to fund the development of our villages and by the time they are fully occupied and sold down, the proceeds are used to repay this debt and fund future villages. We are left with a portfolio of assets that will generate growing, recurring revenue streams.

We have seen our assets more than double over the last five years. From $1.3 billion to $2.8 billion. Net assets are net of bank debt and take into account the dividend payments we have made to shareholders. It shows the value we have created from building these new villages. Alongside our net assets doubling over the last five years, our gross occupancy advances have grown from $2.1 billion to $4.21 billion. A compound average growth rate of 15%. This doubling in value reflects that a number of the new villages we have building have been located in high value locations and also the wider real estate market as our units have resold.

Higher value locations require a greater amount of working capital and that is a function of what we are building. If you think about the higher value locations are typically apartment style developments that require significantly more capital up front than a townhouse style development. With that though in those high value locations, you do see higher sales prices coming through. If I compare our sales price since 2017, the average new sale price was $439,000. That's now in the last year was $785,000, so obviously it costs us more to build that, but the returns are higher when we sell that village down.

These gross occupancy advances or interest free capital sums are a key value creator of the business. As these occupancy advances are repriced as units resell and our 20% deferred management fee that we collect also increases as advances grow. The resale bank of gains still to come at our existing portfolio, currently stands at $1.37 billion. That's up from $1.15 billion at 31 March 2021. This movement reflects the increase in unit pricing that we have introduced in July this year following the increases in the wider property market.

However, it is important to note that we have not captured all this movement that we've seen in the broader market. In New Zealand we've seen a lift of over 29% in the broader real estate market. If the market continues to hold, we could expect to lift prices further over the next 18 to 24 months. You can see there's a lot of potential still to come and we're very excited about the opportunity ahead of us.

At this stage I'd like to hand over to Cameron Holland, the Chief Executive of Ryman Australia, to say hello and talk you through our plans over there.

Cameron Holland: Thank you David and hello everyone from Melbourne. I am pleased to take this opportunity to say hi to you all. I wish I could be there in person. We're just starting to come out of our fifth lockdown over here and all the team are taking it in our stride.

As David mentioned, the team has done an extraordinary job over the past 18 months. For me joining Ryman has been a real pleasure and I would not have come back to the industry for anyone else. I first became aware of Ryman about seven years ago [inaudible] being built. I remember then thinking here comes some real competition to Australia, and my respect for the model, the people and the ambition has only grown since starting here.

I've been pleased to see how focused the team is on providing quality care and great places to live that really do stand up to the good enough for mum ethos. I'm excited to be part of the next phase of growth for Ryman in Australia.

[Unclear] as Gordy mentioned, we're cracking on with development here and today I'm delighted to announce that we have purchased Ryman's 12th site in Victoria at Mulgrave. It's a large, undeveloped 4.6-hectare site in South East Melbourne which will allow us to build our first Melbourne metro villas alongside our apartments and care options. There is an existing planning permit in place for an integrated retirement village with homes and care for more than 350 places and we will modify that to our model.

The site has great views of the Dandenong Ranges in a well-established part of the city, so we're delighted with the purchase, and follows on from our recent Essendon purchase which we announced in May and means we will now have more than 2300 units and beds in our development pipeline over here.

In terms of other construction sites, our construction team is busy with work continuing at John Flynn, at Burwood East and at Aberfeldie in Melbourne. Also, down at Charles Brownlow and Deborah Cheetham on the Bellarine Peninsula. We have just started construction at our site in Highett this month and will soon be underway at Ringwood East. We continue to work on plans for our Mt Eliza and Mt Martha sites as well. We were recently unsuccessful with a VCAT application at Mt Eliza, but we were pleased to see that the ruling supported our proposed use to develop a retirement village with care beds.

The commissioners gave us detailed guidance on the heritage values of the site and how we might make it work, so we will continue to pursue it and we are working on a revised scheme for Mt Martha as well. Back to you David.

David Kerr: So many David's here I'm never sure who it's coming back to, not to mention the challenge that I have with being short and these two guys being long. I have to wear my glasses, or my brain doesn't engage. Look, I'd now like to give shareholders an opportunity to ask questions. Shareholders online can continue to provide questions through the portal, and we'll address them as they come, but first of all we'll take the questions from the room.

When I call for questions from shareholders if you could please wait until a microphone is handed to you, and then if you could state your name so we have a good record before asking the question. I'll take questions from those present in the meeting first before moving to questions from shareholders online. In the interest of fairness to all shareholders if you could be as concise as possible and considerate to other shareholders, that would be much appreciated.

Margaret Gilman (Shareholder): Right. My name is [Margaret Gilman] and we live at Shona McFarlane Retirement Village out in the Hutt Valley.

David Kerr: Welcome Margaret.

Margaret Gilman (Shareholder): Now you've discussed new construction. We're in the process being one of the older villages of a major revamp where the common rooms have been pulled down and they're going to be twice the size with a café and things like that. I was wondering what your statistics are on your rebuilds of the villages like ours.

David Kerr: That's a very good question, thank you Margaret. I can tell you that yesterday the Board had several hours on exactly this matter where we looked at our portfolio. We have a portfolio that – some of which is from 30 plus years ago through to today's portfolio. We have a regular program of refurbishment. We have to combine that sort of program of asset refurbishment with meeting expectations that change with our residents. For example, when a café is put into one village the next village is alongside that says well why can't we have a café.

We have to balance both the resident expectation and our program of refurbishment. It is a very active program led by a significant team under the operations guidance of Cheyne Chalmers who's here, and I can only tell you that we are constantly trying to balance the interruption to the resident's life in the village versus trying to get the construction completed. It is not easy, and I feel for you if it's disrupting the village but equally the end result, we hope will be worth it. Gordy might like to make some other comments.

Gordon MacLeod: Hi, it's good to see you. How is the team going with it? Bit messy.

Margaret Gilman (Shareholder): Well, it's been rough on the residents.

Gordon MacLeod: Yeah.

Margaret Gilman (Shareholder): It's going to get rougher when all the common rooms are closed off for several months and we have no access.

Gordon MacLeod: Yeah.

Gordon MacLeod: Oh, okay. Righto. In simple terms it's not the nicest experience for residents while it's on the go. Look, we're very conscious of that and that's why we're very careful as to when we start works and – but look it will be fantastic when it's done. The team are conscious of the timeframe that they need to work to for you. One of the things that we put in place four years ago was that our property team was probably – was pretty small, there was only a couple – really just a couple of people in it. We recruited someone who's very experienced looking after property portfolios and she's grown the team – Julie Ann has grown the team appropriately. That means that we can, as some of our villages get older, we can do a wonderful job of making sure we keep them looking great and make sure that our residents are happy with new amenities and that sort of thing.

Margaret Gilman (Shareholder): Thank you.

Gordon MacLeod: Yes, thank you.

David Kerr: Thank you for the question, yes. The microphone?

Kim Santer: (Shareholder) [Unclear], shareholder. Firstly, just want to thank Gordon for his service over the last 15 years and secondly, I want to acknowledge all the staff at the coalface over the last year. We've seen it ourselves when we've visited Jude's mum at Ed Hillary and in actual fact, we were there one of the days that they were doing the vaccines and I just couldn't believe how chirpy the staff were in dealing with a large number of people coming through that day.

David Kerr: Great to hear.

Kim Santer: (Shareholder) Now, just getting on to some of the annual report-type questions and I - to be fair, I haven't taken in everything in the press release this morning so that may cover it a little bit.

But just in terms of profitability, I'm wondering, you have touched on the fact that the 15% target has been missed over the last few years for various reasons. The question then becomes, is the model and the goal still compatible?

David Kerr: I believe it is, yes, I do. I believe that had we not had those particular impediments in the last two years, we would have achieved the 15% underlying profit growth.

You can't foresee what you can't foresee and I can only tell you that the Board, who met in the last two days, are as committed to achieving the 15% underlying profit growth as ever we have been but we can only cope with what we can cope with.

It is a challenging metric, that 15% underlying profit but we're up for the challenge and we believe it is an achievable goal.

Kim Santer: (Shareholder) Secondly…

David Kerr: Sorry?

Gordon MacLeod: Yes, then just - then one of the challenges we had, Kim, was back in March 2018, our build rates was lower. That hadn't happened for a while and that we - that really made us think about okay, in - like 2015, 2016 and so on, we needed to be doing more consenting and land acquisition work.

So that's why in the last few years, we've acquired a large number of sites that we sort of - if we listed out all the ones that we bought. That's why we were so determined to increase the number of sites in progress from - we only had four sites in progress in September '18 and so, to feed that 15% growth, we knew we needed to increase the velocity and number of options that we've got.

That's why we went from four to 12 quite quickly. That obviously came with significant working capital demands because the first half of each site is just about all cash out the door with civil works, storm water, wastewater, establishing staff, establishing compounds for the build team and all that sort of thing.

So that's why you've seen a significant working capital build up during that time but we were very conscious that when you have those years, it looks like a one-off blip but those years mean you need to do a lot of work to get back to a more steady state build rate.

David Kerr: I think the other thing, if I could just add in, Gordy and Kim, is that the results we announced today are a function of decisions we took some years ago and so now we have a very strategic view of what our land bank should look like in terms of the portfolio sort of view.

Where they are, how complex they are, what the competition is. Much more detail goes into the feasibility because we know that the decisions we take today with Mulgrave, for example, that Cam has just showed you, that's what will determine some of our results in three to four years. That's the sort of timeframe we have to cope with.

Gordon MacLeod: Yes.

Kim Santer: (Shareholder) Thank you and secondly - and you've answered to some degree, the debt rate has climbed something like 10-fold in 10 years. The charts that are provided at the various presentations and reports don't really explain to the average shareholder like myself exactly what's going on to drive it.

Particularly when I link it to the build rate, which is actually been quite stagnant over that 10 years. It's averaged 745 beds and units over the 10-year period. It's been a bit up and a bit down but it's stayed the same, yet back 10 years ago, the debt was $213 million.

So it's very hard to understand, apart from the landbank, what's happening with the debt and, I suppose, the most concerning bit is that probably about $400 million for existing villages seems to be still sitting on the top end of that debt.

Gordon MacLeod: Yes, so look, a couple of things. I hear what you're saying and that's one of the metrics that we look at as well, Kim. A couple of things to think about is that we - there has been a working capital cost of launching into a new country.

So we didn't - we weren't experiencing that 10 years ago. So launching into the Victorian market, which has happened in the last five or six years, since that - since those metrics you've spoken about, has created obviously a significant drain on working capital in the short-term.

We were really happy to meet that five by 2020 milestone at the end of December last year, despite the build team working at 85% and 15% in Victoria, they did a great job. It was a big relief for me on 23 December to see the photos of people coming in.

The other thing is, just that increase in the number of sites so quickly in a short period of time has significantly increased the working capital requirements in those early phases for sure. Of course, now we're at 13 sites and we're about to be at 14 sites.

We have more than sufficient working capital available to us to meet our growth plans and the other factor to take into account is the much higher value of the sort of units that we're dealing with. That was shown, really in Dave Bennett's slide with the occupancy advances.

Five years ago - so what they represent is, they represent the capital sums from residents for serviced and independent living units. Our retirement village units. Over the whole life of Ryman, over 35 years, they were $2.1 billion five years ago. Now they're $4.2 billion, just in a five-year period. So they've doubled. They've grown 15% compound annual growth rate.

Of course, the deferred management fee of 20% is applied to $4.2 billion, not $2.1 billion. When you're building in much higher value locations like Auckland and also Melbourne, the working capital on the construction side is also commensurally [sic] much higher, too.

So there's just a number of reasons there to - perhaps gives you a bit more flavour to it and I think what I'm hearing from you, [Kim], is that you'd appreciate us explaining that better?

Kim Santer: (Shareholder) Yes.

Gordon MacLeod: Yes.

Kim Santer: (Shareholder) Finally, just two more questions. The first one relates to Mornington Peninsula sites. I've read those decision and it appears to me that we've got a hostile council. Even the appeal authority was suggesting in one part there that they didn't actually see a need for a village out there, then suggested that you chop it down. Will it still be economic if you meet those requirements?

David Kerr: It's interesting you challenge the council and suggest they might be hostile. I sort of thought it was worth doing a post-mortem on our original feasibility for Mount Eliza and dug out all the details. At that time, we had a very supportive council. We had extensive communication with them and it was supportive.

Then of course, there's an election and with an election, everything's thrown up in the air. So we do have challenges with the council but we also have very large numbers of local residents who want us to build a superb village and it is a superb site at Mount Eliza.

Gordon MacLeod: Yes and we've got 300 people on the database and growing. They are as keen as mustard to get in. It's going to be a beautiful site. We remain confident we're going to get across the line. We've got some difficult paths to follow down but Cameron was on earlier, he's very determined and his team are, to make it work. I think that village is going to be incredible.

It will need to have lower density than what we first put forward to VCAT a few months ago. The good thing about the ruling is that they've said, hey, look it's good purpose of the use of the site for a retirement village associated with a place of worship and aged care, which is great. They just felt it was - there were some buildings that could be reduced in size.

The great thing, the really great thing, is that they've given us extremely clear guidance on exactly what we need to do so the team are working hard on that. Will the economics stack up? Obviously we'll have less units. That might affect price, of course, because there'll be less availability, so I think it'll be something that we'll be pretty proud of in a few years' time. Yes.

Kim Santer: (Shareholder) Thank you and just finally, what's the average tenure of a resident in a village? Bearing in mind that many of them, pass through two or even three stages of a village. So you know, you publish the results for independent and then serviced, for instance.

Gordon MacLeod: Yes.

Kim Santer: (Shareholder) But a lot of people actually go right through that and into the care side of it so what would be the average tenure of a resident?

Gordon MacLeod: Yes, sure. So for independent living, the average age of entry is 78.6 years. The average tenure for residents is seven years. Now, obviously there's variability in that. Some people are shorter, some people are longer but that's the median.

For a - I feel a bit awkward talking in front of residents. For assisted living units, the average age of entry is 87 now and the average tenure is three years with obviously an older age of entry.

For aged care, Kim, oh gosh, it's a really wide variety. Sometimes when people have early onset dementia, it could be 70 but generally it's 80 and the tenure in an aged care facility can vary wildly from - depending if it's hospital level care or rest home but it could vary from as short as three months where it's more palliative type care through to a couple of years. Does that help?

Kim Santer: (Shareholder) Yes.

Gordon MacLeod: Yes, okay.

Alastair Duncan: (Shareholder) Alastair Duncan….

David Bennett: Welcome, Alistair.

Alastair Duncan: (Shareholder) …shareholder for E tū one of the unions that represents staff here. I firstly want to congratulate the Board on the work that they've done and the management team under Gordy.

There's a whole lot of people under Gordy that make the difference. Really strong result. It may even prompt me later in the day to vote for the Board increase.

I see on page 148 of our document that we employ 428 people in the organisation who earn more than $100,000. I'm sure they earn every penny. My question is, what about the people who earn less than the living wage of $22.75 an hour? I cannot believe that a Company of this standing, with this capital base, with this reputation, with this management team and with these Directors, does not pay all our staff at least the living wage.

Because the women - and they are predominantly women, who clean up and care and deliver, are our single best asset. They don't show on the balance sheet, although if we had ethical investment and reporting policies, they may well.

So please, tell us that this will be the last year that any of us need to sit here, knowing that under the extraordinary gains that our business is making, we finally get rid of this shameful spot. I'd appreciate feedback, thank you.

Just as I may have to slip away, I'd like to foreshadow a question for each of the candidates. The question will be, do they support statutory minimum staffing levels being reintroduced into the sector? But if I could have a response on the dark side of our fabulous business? Thank you.

David Kerr: Thank you, Alastair. We'll certainly make a point if you'd slipped away, of asking the directors around statutory minimum staffing levels. I think that probably the detail of our staff remuneration is better explained by Gordy. He will give you the details.

But before we actually get to the specific numbers, I think it's really important that we reflect upon the more global work experience that people have. The training opportunities that people have. The way in which we cared for our staff over the COVID time with wage increases with unlimited sick leave, with wellness days and all that.

So the employment experience is a package but you're quite right, money is critical. Gordy, can you maybe - we did have those numbers quite recently?

Gordon MacLeod: Yes, so the - for our registered nurses, we pay our, we decided in 2018 to lift without government funding to the DHB rates that were agreed at the time.

As you'll know, Alastair, during the - in terms of the aged care sector, that's been a big point of debate between government and the aged care sector, because probably half or

60% of the sector have - don't pay their registered nurses at District Health Board rates and it's causing a major issue in aged care in New Zealand.

There are 900 vacancies today for registered nurses in New Zealand. So that decision that we announced at the 2018 AGM where we would pay out DHB rates, I believe, made a massive difference over the last few years and obviously during COVID and we have very low vacancy rates with us, including the other aspects which our registered nurses have part of what they do with us.

In terms of caregivers, equal pay settlement, which many of us are familiar with, just went through. The last one went through recently. Someone who is on level 3/4 is on over $26 an hour and that's transformative compared to, if I think back to four years ago, I think generally caregivers were on about $16 an hour, I think it was roughly, in the sector. So the work that the unions did with government, together with operators as well, has transformed caregiver pay.

In terms of our starting pay for staff, we announced a couple of years ago, before the New Zealand minimum wage went up to $20, a Ryman minimum starting wage of $20 and we're actually very close now to the living wage for our lower-paid staff. Andrew, what was that?

[Andrew Crerar]: [Inaudible].

Gordon MacLeod: Yes. So I imagine it won't actually be too long.

Alastair Duncan: (Shareholder) Is that a commitment?

David Kerr: Well look we do have to look, unfortunately we do have to look at government funding as well, Alastair, because it's chronically – we have not received any funding for paying nurses at parity with District Health Boards for 3.5 years now.

Alastair Duncan: (Shareholder) My question focused on the household. Women who clean the faeces…

Gordon MacLeod: I understand what they do.

Marilyn Powell: (Shareholder) I'm Marilyn Powell, a shareholder. Unlike Alastair, I don't claim to represent the views of everybody here. I don't think that one person should stand up here and claim to represent everyone. So my questions are my questions. Now I've got two questions please. Ryman used to be the darling of the retirement care sector for share buying, but I notice now that there seems to be more recommendation to buy Summerset.

Summerset seems to be doing very well. Have you got any thoughts for why the balance has changed? That’s question one.

Question two, David Bennett was mentioning debt levels and bank debt levels, so with inflation and increased interest rates, how is that going to play out and you prefer bank debt to going to the shareholders? Because the shareholders have got all this money floating around, you don’t want to do more like the bond issue question? So that’s two questions and a comment that we shouldn’t, if we stand up, we shouldn’t say we represent everybody, thank you.

David Kerr: What a wonderful series of questions, Marilyn. Firstly, we used to be the darling and there is no doubt about that and you identify that one of our competitors is currently the darling. I was told many years ago that the responsibility of the Board is to focus on the Company’s performance and other people will determine the share price. It goes back to that, I think it was Benjamin Graham, who said that in the short term, the market is a voting machine. In other words, it determines who is popular and who is unpopular. But in the long term, it’s a weighing machine and it assesses substance and value.

So I think that our focus is – I’m a shareholder, like yourself, I would like to see a different value proposition being seen by the investing public, but just currently that’s not the case. I think the results that we’re describing to you, though, suggest that in fact it’s a very good buying opportunity. That’s all I’ll say on that. Gordon, do you want to make a comment on that?

Gordon MacLeod: Yes, look Summerset have done very well in recent times, so all credit to them, I would say. But in terms of key differences to think about, is that over the last period of time, our biggest growth market that we were planning on until the end of March 2021 and all of our internal business plans, was for our growth in underlying profit to be driven out of Melbourne. And Melbourne was shut, completely shut, for six months. During those times, it takes a long time to come out of lockdown too, because they were very high-risk periods.

Our building team had to reduce their rate to 85% and sometimes 15% and our New Zealand-listed peers, that the analysts compare us all together, never acknowledge what we do in Victoria. I don’t know why. We communicate it with them. But that’s a strategic decision we made to enter that market and it really affected us last year. We also chose to invest significantly more relatively in COVID protections, obviously with the Victorian exposure, but also here. And we have a significant presence in Auckland more so than others as well and Auckland was locked down for 20%.

I think the other thing just to think about is that some commentators in the market view different levels of debt and one of the things which we do differently is we build larger-scale care centres and village amenities. So when you're building predominantly villa-type developments with only 36 aged care beds, as opposed to, say, 120, the capital commitment is vastly different and obviously the village amenities therefore will be very different as well.

So I think that the lack of understanding of our Victorian plans in the short term and also the fact that we're building different type villages, have been a bit lost on people. But like David said, I think that news will be understood over time and Victoria will get back on track and already be cooking at that stage.

David Kerr: Yes and then Marilyn to the second part of your question, I think was around our debt levels and hazardous impact of inflation and interest rates, yes and why don't we raise capital from shareholders. Look, we haven't – the raising capital is a bit of a sacred cow and that sacred cow has quite a thick hide, as somebody said to me. So we tend not to want to dilute shareholders' value at all, so we haven't raised capital.

Dave Bennett and his team have done a great job with diversifying our debt across a number of banks, including the USPP and the tenure is pretty significant in the rates, I think, add up to around 3.1% with a tenure averaging seven?

David Bennett: The average tenure across our bank and non-bank debt funding now is about nine years, so it's a significant lift on previous years. We did also do a retail bond in the local market as well, so people could participate from a debt instrument perspective and we'll continue to look at diversification options in the future as well.

David Kerr: So we're coping with it by tenure and diversification at this stage. Thanks, Marilyn. Sir.

Martin Dowse: (Shareholder) Thank you, Martin Dowse, Shareholders' Association. We've just got one question and thank you, Gordon, for your 15 years of service. Your replacement, it says international search, are you looking at internal candidates as well?

David Kerr: Yes, that's a good question, isn't it? We would consider an internal candidate. You know, I think it's an axiom of business, isn't it, that internal succession planning is ideal. But at this moment we don't have an internal candidate and so I have to look on the positive about an external candidate. We have a very stable senior executive team. An external candidate won't change the culture in this Company. They might actually introduce a new way of thinking and remember, this is really a new role. So Gordy has been our Chief Executive, he also has the title of Group Chief Executive at the moment, but when we have, in the future, a New Zealand Chief Executive, an Australian Chief Executive, the Group role will be somewhat different.

So it is a different person from Gordy. How do you – if I could, I'd grab some DNA, but that won't work, I don't think. He has given us such wonderful service. If we'd had an internal candidate, we would have appointed them. We don't at this moment have one, but we are about mid-way through a search process.

Martin Dowse: (Shareholder) That would seem to be a failing of your systems. You were an internal appointment, Gordon and that's worked out well. It's quite a dangerous time for an organisation like yours when you bring an external person in. They may have different priorities.

David Kerr: And to be absolutely transparent, when John Ryder and Kevin Hickman went their separate ways, Kevin became a Managing Director, Simon Challies was appointed as Chief Financial Officer, became Chief Executive; Gordy was appointed as Chief Financial Officer, became Chief Executive. That is certainly the model that we would prefer. But I have a strong belief in the embedded culture in our senior management team and so is this Company going to suddenly take a different direction? Absolutely not. Are we going to be as committed as ever we were to care and excellence? Absolutely. So I can only answer that much, really. Thank you, Martin.

John O'Malley: (Shareholder) [John O'Malley], [share and re-trust] shareholder. Thank you very much, Gordon, for your good analysis you gave us. There's two parts to the question I have here. First is the cash from residents. If my memory serves me correctly, I didn't pick up a breakdown between Australia and New Zealand in that figure; which drove it the most? That's the first part. But a commendable result anyway, not to wish to detract from that.

The second factor is the issue of risks, particularly pertaining to Melbourne, which seems to have a never-ending love affair with COVID and clearly they are not on top of it. The risk is still there, to me. You may have a different view; I'd be interested to hear it. But also in New Zealand here, we have a chronic shortage of building supplies, skilled tradesmen and the building plans you have for growth, admirable as it is, the timing of when units come online for sale, I couldn't find any indication in the shareholders report on that. I wonder if you can assist in that because my logic is simply if they're not built, you've got nothing to sell.

A bit simplistic perhaps, but that has an impact upon profitability and your forecast that you're looking forward. That doesn't mean to say I don't mean that what you're doing is in fact admirable, I just think there are some terrible risks against you. Share price has already gone down from $16 to $13. I'm wondering are we going to plateau there, is it levelling out, or is in fact life going to be a bit more cruel to us. Hope you can help.

Gordon MacLeod: I'll let the GP talk about COVID.

David Kerr: About COVID, when we first decided to go to Melbourne, I suspect we would have stayed here in New Zealand. But like Melbourne, Victoria is really going to be potentially our big growth area and so the costs of going there, I believe, are warranted. COVID will be addressed, COVID will be solved, it's just not solved at the moment. Like the effectiveness of vaccines is really significant and the evidence around a third vaccination is a dramatic increase in effectiveness. So I believe it will be solved and I believe that whilst we have pain at the moment and angst at the moment about our Melbournians' ability to manage COVID, we will come out the other side.

You ask about the cash flow spit between Australia and New Zealand.

Gordon MacLeod: I'll pick up on a few of the other questions. So look, my take on Melbourne is that if you'd asked me that question a year ago, before we knew how the vaccines were working globally and before we had delivered 24,271 vaccines into our staff and residents, I'd be feeling very different. But there's an absolute way out of this now and it's coming fairly soon. I think that it is remarkable, and they'll probably need to make a movie about just how amazing the speed of those vaccine developments and the safety of them, without them being actual virus, is amazing.

So I think that we're probably in a five to six-month risk window I suppose by the projections from governments as to - but if you look at our care centres, for example, care centres, care staff, they're vaccinated in New Zealand and in both countries give or take a handful of people. So we're just reducing our risk every day.

You're probably vaccinating a few people today are you, Cheyne? Yeah, so in terms of building supplies, one of the - I'll come back to the $400 million - one of the issues we have is that we've always treasured long-term relationships at Ryman with building suppliers. What that means is that when times are bad, we hope and we see it coming through that they prioritise what we do because they can also see that we're building critical healthcare infrastructure which arguably is more important than a lot of other building projects.

So they tend to look after us really well. The quid pro quo is that we pay everybody on time, on the nose, every single month on the 20th and if we muck it up and we miss an invoice or something, we make sure it gets paid. We also work very strongly on enhancing the safety protocols of our sites so that they are good places for people to work and we've invested a lot in having much better café and rest facilities on our building sites. So in the building industry, we are really respected for our safety protocols, how we look after people, how we pay people and all of those things sort of add up to better relationships and long-term relationships where I guess they are most important right now.

That doesn't mean to say that we can't have an overseas supplier just pull the plug on some steel or something. So look, it is a risk, I can't deny that. But when I speak with the team, they're all over it. They've got a detailed schedule of every single thing coming in, where it's coming from, what they think the risk is and how they are managing it. I think that's about the best we can do.

In terms of the statement you made, if it's not built, you've got nothing to sell, we do actually sell off-plan, so we do build when there is physically nothing and we presell sometimes 12 months out. So we can still [box on] with pre-sales. It's obviously not ideal if there's a delay, but we communicate really well with residents if there is a delay either of our making or something else and we really look after people during that process.

In terms of the $400 million, $70 million came from Australia and $330 million came from New Zealand. So the lion's share from New Zealand. Thank you, Dave, for writing down for me and I think that was it? Does that cover it off?

David Kerr: I think so. John, that was it?

John O'Malley: (Shareholder) Timing?

Gordon MacLeod: Timing of - oh, the timing of when deliveries are.

David Kerr: Oh, building coming online.

Gordon MacLeod: Yeah, look, I guess we've always tended to provide higher level build type targets rather than individual stages, so we'll probably stick with that. I think we'll be

- otherwise, we will be re-explaining ourselves quite a bit because those do change a bit. But we know what our overall objectives are, John. Sir?

Unidentified Participant: (Shareholder) My name is Keith [unclear], I'm a long-term shareholder of Ryman's.

David Kerr: Welcome, Keith.

Unidentified Participant: (Shareholder) I'm very disappointed to hear that you're leaving, Gordon. Whenever a CEO leaves a company, the share price falls, so I think everyone should expect that will happen. My problem with the share prices, with all the accolades you've got - you've received, they're all well-deserved for you and your staff and no doubt about it, you're the best retirement company in New Zealand and in Australia, but the problem is, your share price has not recovered from pre-COVID-19. Pre-COVID-19, it was around $17, today it's around $12. No wonder the chairman doesn't want to issue shares to us because you have to give them to us at $10 [unclear].

However, he does miss the point, that's the chairman and his board with one or two exceptions over the years and this is my question, I'm talking about the interest rate at 3.1% on the debt, that debt has to be repaid if you buy it - if you get some shares from me, you pay me about 1.8% [unclear 4] you don't pay me back, that's it. I only get the return. So there's a heck of a big difference, man. If you can get it from your shareholders, your profit will go through the roof and the profit to shareholders is very low. You're paying I think 50% of the underlying profit, not the capital profit, underlying profit to shareholders.

That should go up by 10% as soon as possible to 60%. Now, that is my question; what are you going to do about these things and change the debt structure and that is for you Mr Chairman. I have been to many of the meetings and you say the same thing each time. You are consistent, I give you that, you've not - you have not changed your tune and I suggest you ask Professor Trow who was on your board and he would agree with me I suspect, not you on that basis. Thank you.

David Kerr: Look, yeah, thank you, Keith. Thank you for the endorsement of my consistency in approach. I guess I'd answer, Keith that we have divergent views from shareholders. Some shareholders assiduously seek no dilution of their shareholding. Other shareholders have a completely different view and that particular vexing challenge, I mean to be transparent, we discussed only in the last couple of days the dividend reinvestment program and these sorts of things, so we're sort of - we are constantly looking at the issue of capital raising, dividend payout, flexible dividends, dividend reinvestment program, we are doing that.

Have we reached a decision? I'd have to tell you I'm sorry, we haven't.

Unidentified Participant: (Shareholder) I know you haven't.

David Kerr: I'd be announcing it here today if we had. Is it any consolation that we are closer to a decision? No. I'm sure - I understand.

Unidentified Participant: (Shareholder) No, I suspect if you stood down, your board will then bring it up.

David Kerr: Well, that would be interesting to ask the board, but I guess I could ask them alongside this whether they support statutory minimum staffing levels, whether they would support a capital raise. You did identify that Professor Don Trow might well support you and that would be a potent stimulus to me, the thing that Don says I would be listening to closely. But I am the Chairman, not the Board, and so I'm only able to represent the Board's collective views, but thank you for your question and prompt and reminder.

Look, are there any questions from shareholders in attendance online? I'm very mindful that we've been - there are. Right. Thank you.

David King: Right, first question online. What are your plans for extending land banking purchases to other states in Australia?

David Kerr: Right. Well, I can answer that by saying we don't have any plans at this moment to extend beyond Victoria. We think there's lots of opportunity in Victoria. The states are different, as we see, even with COVID and so - but I - clearly the Company at some stage will expand beyond Victoria, but that's not part of our current thinking. I hope that answers that question.

David King: Yes, thank you. That was from Brenda Brookie. The second question from [Neil Anderson]. Given the New Zealand labour market and, in particular, the care industry has been badly skewed by our reliance on migrant labour, now with COVID, the consequences are being felt throughout the economy. What positive actions are Ryman taking to help get this part of the local labour market back to a much more manageable situation?

David Kerr: Great question for Gordy, who's been actively involved in that.

Gordon MacLeod: Yes, so there's a number of things we're doing ranging from nurse-to-entry practice programs, where we are working with [unclear] and nursing graduates, so that we can encourage people to join us as graduate nurses. We have done things like implemented apprentice schemes for chefs, gardeners, construction workers. In fact, when I was watching the bowls on Saturday at Diana Isaac for the Olympics, one of our gardeners there, Logan, who works at Charles Upham, he was telling me about the apprenticeship-type training course that he's currently doing for gardening, which he was really, really enjoying.

So - and that scheme is something that we've put forward and promoted. We're also spending time at schools, high schools, trade shows. All that sort of thing. So we're very conscious that it's not either/or, it's and. We're very respectful and supportive and seeking for better treatment of our migrant staff, because I think the way that migrants are spoken about in the media and by government, I think, is disrespectful. We're also conscious that we need to grow our New Zealand pipeline of people in the construction industry and also in nursing, healthcare and throughout. By meeting people at villages, I can see that that's already happening.

David King: How are asset valuations calculated? By whom and how frequently? Do the Directors feel that the current valuations reflected in the accounts are conservative and realistic in light of the current Australasian housing markets and the economic backdrop. That's a question from Robert Haywood.

Gordon MacLeod: Do you want to do that, David? Yes.

David Bennett: Yes. Thank you, so in terms of the valuations, the retirement village part of the business, so our independent and serviced apartment units, they are revalued every six months. That's performed by CBRE in both New Zealand and Australia, so that's - yes, that's to be performed every six months and forms part of our IFRS profit we report on a six-monthly basis to the market. The aged care aspect of the business, so our rest home, hospital and dementia units, they'll be valued every two years and - but they sit as part of our property, plant and equipment. So the movements in that valuation don't go through IFRS profit. They go directly to the reserves. So, yes, again, they are performed by CBRE on both sides of the Tasman.

David Kerr: I would just add that CBRE, I think, are a very reputable company who are experienced in this particular sector and the Audit and Risk Committees sit and meet with them without Management on a regular basis to gain some assurance about the accuracy.

Is it fully valued? Undervalued? I think it's probably somewhere in the middle. Slightly conservative possibly, but then we don't want it going like this all the time, so next question. Thanks, Dave.

David King: A question from Yash Apella. What is the leadership team's strategy to differentiate Ryman Healthcare from your competitors, ie, Summerset, Oceania, et cetera?

David Kerr: Look, I think our strategy is significantly different. We have a very intense focus on care, which is a contrast to other parties in the sector and Gordy just gave you some numbers a moment ago. We have a Ryman guarantee or promise that we give people and that people are always paid out within six months, that the weekly fees stop immediately on vacating the unit. We have a DMF level that is significantly less than other operators. I don't necessarily want to compare to Summerset, but that's in the question. So our DMF levels are lower, so we're able to with that extra care availability in the village ensure that people can move through the village - to the question that was put earlier - and assure them that there is care. So, look, I think that's probably a fair answer. Thank you, [Alistair].

Gordon MacLeod: [I'm not dying to] …

David Kerr: Yes, I - but we have a saying with Gordy that he must take the high road. So as long as you take the high road…

Gordon MacLeod: Oh yes, I will.

David King: A question from…

David Kerr: No. He…

[Over speaking]

Gordon MacLeod: So I think from a resident point of view, if I was looking at a village, I would think about what's going to happen in the village and what are the terms I'm entering into? So our Ryman peace of mind differences are, as far as we can see, leading in the sector. So our deferred management fee is 20% and it doesn't restart when people move from one unit to another. Our weekly fees are fixed for life. No one has waited more than 6 months to be repaid having exited the village. Weekly fees stop at vacancy and we also give people a 90-day money back guarantee if they enter the village and choose not to - if they don't enjoy it.

So we provide the lowest deferred management fee that we're aware of in terms of the major players. Fixed weekly fees, we don't charge when people aren't in there. So it's a nice straightforward, very fair deal on the terms front.

Then in terms of what happens inside the village, that's where a lot of the magic happens. If you look at the things we do in the community centre through our activity coordinators, through things like the Olympics at Ryman, speaking with residents at Diana Isaac last Saturday during the day. They couldn't come up to me quickly enough to tell me about what we did for them during COVID lockdown and what they described to me that their friends at other villages received and it was very different. They were very proud of the fact of what they enjoyed at a Ryman village.

Also in terms of things like innovation, think about myRyman care, it's probably the leading aged care system in Australasia specifically made for aged care, where the roster is linked up with the care systems, so the primary care groups, who's allocated to residents and staff is clearly done and where people's needs and wants and [unclear] is all bespoke and where people have a [surface] device in every single room to make that happen.

So whether it's investing significantly in proprietary care systems, whether it's creating new, fun - new ideas for people, pushing the edge on things like remote bowls whether it's looking after people and going the extra mile for COVID, whether it's having the best terms and conditions, whether it's having great locations, great staff, I can probably end there, should I? But I think there's a difference, I think there's a difference.

David Kerr: We believe so, yeah.

Gordon MacLeod: We obsess about it all the time.

David King: Question from [Bruce Parks]. While debt can be productive, the gearing ratio is on an ever upward curve, what is the maximum debt ratio you will be comfortable with?

David Kerr: That's quite a hard question to answer, really. Look, I think probably the easiest way to answer that is that we forecast our debt to stay above where it is, we know that the net assets are going to steadily increase, so we don't work to a ratio but all our business planning would suggest that our debt - that's about where we're going to sit for at least several years.

Gordon MacLeod: I think I'll just add to that as well, David, we are mindful of managing [unclear] absolute debt number and you can see that with this rebalancing that we've talked about with the land bank as well. So with sites such as Karaka, Cambridge and

Mulgrave coming on, they are sites that will allow us to sort of make sure that we have that balance and that it's not all high intensity developments coming through, so we can manage our program accordingly.

The other thing is we've beefed up our construction team, we've got more investment in things like commercial managers, head of construction finance, more quantity surveyors in the field and that sort of thing. Because we're very conscious of managing our costs very carefully in our construction program because it is a big program of work.

I think what you could see is the gearing will just sort of come off quite nicely over the next two or three years because our balance sheet will grow, our earnings will grow and we've already gone through a fair bit of pain just to get us to the level of sort of - number of sciences about right, right now.

David King: Thank you, David, no more questions.

David Kerr: Okay look, ladies and gentlemen, thank you for those questions. We missed those in the last AGM and it's good to have the interaction and I do understand that this is your opportunity.

We now come to the formal part of the business and the matters requiring resolution which are outlined in the notice of meeting that you've received. So there'll be an opportunity for shareholders to ask questions on each matter that has been put to shareholders. So for the sake of good order, again, if you can just focus the questions and keep them reasonably concise.

A poll will be held on each resolution, so for those of you here today, you'll be voting using your voting card or smartphone, and if you require assistance then Link are outside to help. Using the voting card please mark your voting intention for each resolution and the voting cards will be collected at the conclusion of the meeting.

Shareholders voting with a smartphone can swipe left and follow and vote on resolutions. For those of you voting online you will need to click get the voting card within the online meeting platform. Mark your voting card in the way you wish to vote by clicking for or against, or abstain on the voting card. Once you've made your selection then click submit vote at the bottom of the card to lodge the vote.

Refer to the online portal guide that we identified earlier if you have any need for assistance. So, quick reminder, voting will remain open until five minutes after the conclusion of the meeting. Results of the vote will be announced via the NZX and each resolution is to be considered as an ordinary resolution and must be approved by a simple majority of the votes cast by shareholders entitled to vote and voting on the resolution. The outcome of proxy votes will also be displayed for your information after voting on each of the resolutions.

So resolution 2.1, in accordance with the company's constitution and the NZX main board listing rule, Gregory Campbell, having been appointed by the board, retires from office. He is eligible to seek election, Greg has offered himself for election and he'll introduce himself now, but I think it's appropriate to advise shareholders that at our board meeting yesterday the board unanimously elected Greg as the board deputy chair. In doing this, the board also expressed its real gratitude to Warren Bell, who so ably filled that post for a number of years. So, Greg, would you like to speak? Yeah, well possibly here, it'd be easier, I think a microphone might be better.

Gregory Campbell: Thank you, David, kia ora and good morning everybody. It's wonderful to be here and as David mentioned, my name is Greg Campbell and I recently went through the pleasure, or the pain, of being appointed by the board of Ryman as an independent director.

Ryman is a company that I have admired for many a year, its purpose, what it does, pioneering a new way of retirement village living and looking to improve the freedom and care for an older generation.

I'm also very, very keen on the fact that in the past it has delivered really, really strong returns to shareholders and to other stakeholders. So it's a real great marriage of the two and I think the model is a really outstanding model that we need to honour and enhance going forward, to maybe deal with some of those issues that some of the shareholders have raised today around the performance of the company.

Just a little bit about myself, I've been fortunate - I spent the last 25 years across Australia and New Zealand in many CEO roles, listed, privately held, cooperatives and also multinationals. [Unclear] has provided me with an opportunity to really understand the differences between the two countries that we now operate within and the legislative framework, the compliance and the like.

With that, I've really been focusing heavily on the leadership and cultures within organisations and how they respond to the ever-growing risks that I think one of the shareholders raised earlier today. It is absolutely important that we have the best team available to us to deliver on that.

I have a passion for driving, unashamedly, top tier returns with strong value creation. Making a great profit and appropriate returns, creating value is absolutely what we're here for. Unashamedly, I say that. What I love about this model [is] we do it with care and I think that's really, really important.

I also have a passion for making sure we do that in a way that is sustainable, we leave this planet for the next generation that comes after us in a better place. There's no doubt about it, whether you agree on climate change or otherwise, these things are coming upon us and we need to respond to that and the growing demand on boards around ESG is alive and well.

I really very much look forward to working with the board, the [executives], our key stakeholders, and moving the organisation forward. It's a great organisation, you know that, you've been investors for some period of time and so I think there is an opportunity to continue to enhance that and ensure that we improve on what's happened for the last 37 years, recognising the heritage, but also being agile and responsive to the changing needs of future generations, communities, and stakeholders.

I very much look forward to meeting many, many of the investors, some I have. I had the fortunate viewpoint a number of years ago where I was the CEO of a company called Ngāi Tahu who was, at that point in time was a very large investor. I often sat where you sit now. So I have a line of sight about what shareholders are looking for from an organisation such as Ryman.

I'm very much looking forward, hopefully to your support for my election today, it's in your hands. I would obviously encourage you to assist me with that and I look forward to, really, taking this fantastic, great company forward even more so. On that basis, David, I won't take any more time, kia ora, thank you, and I wish you all the very best.

David Kerr: Thank you, Greg, are there any questions for Greg or the board considering the resolution from shareholders in attendance online? No? So I now propose that Greg Campbell be elected a Director of the company. Do I have a seconder for that motion? Thank you sir. Please mark your voting cards in the way you wish to vote by ticking for, against or abstain in the appropriate place on the voting card. I'm sorry to be repeating this but I'm required to be particular about this.

We now will turn to those directors seeking re-election. In accordance with the company's constitution and the NZX main board listing rule 2.7.1, Geoff Cumming having held office for three years, retires from office. He is eligible to seek re-election. Geoff has offered himself for re-election and he will introduce himself now. Geoff.

Geoffrey Cumming: Thank you very much, David. I would just like to start by saying I deeply admire Ryman Healthcare. I was appointed to the Board of Directors three years ago, following the retirement of Kevin Hickman. Kevin is a man who I also deeply admired. Kevin established his two cherished goals for the company. The first being a community, a village, for the elders in our society so that they could live in a way that was good enough for our mum and our dad. We need to respect and we need to cherish the elders.

To do this at Ryman we design, construct and operate villages which are wonderful expressions of Kevin's goals for our mums and our dads. Equally, his other core goal was an excellent return for the owners of Ryman, you, the shareholders. You own this company, we the Directors are your custodians, of your investment. We continue to be deeply committed to, and strive to achieve Kevin's two core objectives. Our Chairman, David Kerr at the beginning of this expressed those objectives in greater detail and he outlined it beautifully and I share and echo his comments and the way he articulated those goals of this company.

I've been Chief Executive in companies both in Canada and in New Zealand and have served on over 25 Boards of Directors in numerous industries and countries. My background is more heavily weighted towards economics, investment management and strategic planning. My objective as a Director is to represent you, the owners of this Company, as we try to fulfil our founder's twin core objectives. Achievement of these objectives is a wonderful journey for you, as shareholders, for our residents, for our executives and our staff, and more importantly, the society we live and operate in.

And we're proud of this fact. And I'm very proud that we do things that are a service to society. I ask you for your support of my candidacy as a Director of Ryman. Thank you.

David Kerr: Thank you Geoff. Is the mic on? Thank you Geoff. Are there any questions for Geoff or the Board on this resolution? Marilyn. Could we just get a microphone for Marilyn. Geoff, you're still there I suspect? Thank you, yes.

Marilyn Powell: (Shareholder) Yes, it's Marilyn again. The Chairman, David Kerr, said that Greg's nomination was unanimously supported by the Board. When it comes to these votings for election of directors, it's a bit like the local body elections. You don't really know how each person is performing.

So it would be good, if it's allowable, if David Kerr tells us whether each of these following three Directors seeking re-election, whether the Board is unanimous about them all rather than just hearing what they think about themselves. Thank you.

David Kerr: Thank you Marilyn. I can tell you that the Board is unanimous about supporting each of these nominations. I can further advise you that the Board is, as you've sort of picked up, quite different and diverse in terms of backgrounds and that makes for significant discussions around every topic, such as the quality of the care we're offering and the profitability of the Company and what levers can we pull.

And we have good strong debate. So the last two days have been solid board meetings for all of the Directors. I prefer it enormously when we're all in the same room but we have to cope with Zoom for the Australian Directors currently.

But I can tell you that we have robust discussion. We enjoy each other's company and we are unanimous in our support of each of the Directors. So I'm now going to propose that Geoffrey Cumming be a re-elected Director of the Company and do I have a seconder? Thank you [Cam].

Please mark your voting cards in the way you wish to vote, by ticking for, against, or abstain in the appropriate place on the voting card. Now, in accordance with the Company's constitution and the NZX main board listing rule 2.7.1, Warren Bell, having held office for three years retires from office.

He is eligible to seek re-election. Warren has offered himself for re-election and he will introduce himself now.

Warren Bell: Good morning everybody. As you've heard from Geoff and some of the other Directors, I'd just like to emphasise, and it's sort of really following on from the question around Gordy's departure, around the strength of the founder's DNA.

You can clearly hear from the comments of the various Directors that that DNA and those targets are clearly written on the foreheads of nearly all the Directors. So I think the question around the risk of Gordy's departure and the new CEO, I'd just like to emphasise that I too know the founders of Ryman very well and clearly that DNA is ingrained in not only Gordy but the rest of the very experienced and much admired executive team.

I certainly support the DNA and those very simple targets that we talk about in terms of the financial targets and the care goals of being good enough for mum or dad. I have, as no doubt a lot of you have also, had family members in Ryman villages. Particularly Anthony Wilding in Christchurch and I never cease to be amazed by the quality and passion of the care and nursing that our family/whanau receive.

It's absolutely outstanding when you're on the other side as a family member doing the visiting and actually feeling day in and day out what our amazing team do. And I think that I never cease to be amazed as a family member visiting our villages, of that input. And that really, I think, is a really key difference about one of the key aspects of Ryman. Our people are really great. Having been on the other side of the fence.

Just to touch on a couple of other areas that I'm involved in. David mentioned that I have been, and still am the chairman of St George's Hospital in Christchurch. It's the largest private hospital in the South Island.

There's a lot of parallels between the sort of areas and concerns in the way private surgical hospitals are run compared to retirement villages that St George's hospital has a wide variety of service lines it provides to patients. From heart surgery to cancer care, orthopaedic surgery, eye surgery, ear surgery, maternity.

So there's a lot of parallels in terms of patient care and the way that St George's and Ryman villages look after their residents and patients. So I find it's quite - a very good benchmark for me in terms of just seeing what the focus is and what journeys that private hospital is going. These would be some of the things that Ryman are also looking at in their villages.

I'm also involved, as David mentioned, as the chair of Hallenstein Glasson. So that means that I do have quite high exposure to trans-Tasman business and issues. That group has 37 retail stores down the east coast of Australia and have done for some time. And there are 13 of those spread right through Melbourne.

So that gives me an understanding of some of the issues around doing business in Melbourne from a retail perspective [unclear] Ryman's and also quite a good understanding of the demographics of some of those key areas in terms of what the dynamics and the population and housing prices and the like might be.

So that's also, I find, a helpful benchmark for me in terms of sort of benchmarking and looking at sites. It's not like I don't have any knowledge. I don’t have as much knowledge sometimes as my obvious Australian - Melbourne based colleagues who live there, but I do have my little own smell test which I find useful.

So just a couple of comments around that. So once again, it has been an absolute pleasure to have served you as Ryman shareholders as a Director of Ryman. And the journey is not over. This is a great Company and has huge opportunities in front of it. I think that our DNA is really clearly embedded and I certainly support that.

And I think we have a great opportunity, as you've heard from David and the executive team about execution of that journey going forward. So if you deem it appropriate, I would obviously like to encourage you to support my continuing. Thank you.

David Kerr: Thank you Warren. I am somewhat relieved we're not involved in maternity care in Ryman Healthcare. That would be a step too far I suspect. Look, are there any questions in the room for Warren or the Board on this particular resolution?

Unidentified Participant: (Shareholder) Just a quick question Mr Chairman. I see in the annual report that Mr Bell only owns 1500 shares in the Company and wondered whether this was an indication to his faith in its future?

Warren Bell: No.

David Kerr: I think the answer from Mr Bell was no, that's not an indication of his faith in the future.

Unidentified Participant: (Shareholder) It seems a very low number of shares to hold.

David Kerr: Yes. When we come to the Director's remuneration, you'll see that there is a package around Director's fees, incorporating distribution of fees in the form of shares. So that possibly will allay your concerns.

So I now propose that Warren Bell be re-elected a Director of the Company. Do I have a seconder for the motion? Thank you sir. Please mark your voting cards in the way you wish to vote by ticking for, against, or abstain in the appropriate place on the voting card.

Resolution 2.4. Jo Appleyard. In accordance with the Company's constitution and the NZX main board listing rule 2.7.1, Jo Appleyard, having held office for three years retires from office. She is eligible to seek re-election and she's offered herself for re-election and she'll now introduce herself to you.

Jo Appleyard: Thank you David and good afternoon everyone. I'd just like to start with saying how privileged I feel to be able to stand here again today, before you, the owners of this Company, seeking re-election to the Board once again.

In coming here, I've reflected on where Ryman was when I first joined in 2009 and where it is now. I feel really proud of the parts that I believe I have contributed to that overall success story. I have reflected carefully on what my specific contribution has actually been.

Now, as many of you will be aware, my background is as a lawyer and I'm a partner in the national law firm of Chapman Tripp. While I do not myself provide any legal advice to Ryman, my background as a lawyer raises the obvious question of what it is that a lawyer and sometimes accountant - sorry, not me - and accountants can add to a board that a company can't get from simply picking up the phone, contacting the law firm, and asking for some legal advice.

So, to answer that question, I need a little bit of licence to explain what I actually do in my day-to-day job and practice and what I do outside the law to explain what I believe I contribute to a Board discussion.

Today, investors are increasingly looking at ESG criteria and deciding how to evaluate a company's performance. And I want to focus on the E and the S. The E is for environmental and is how a company's activities impact the planet. The S is for social and that concerns issues such as how an employer treats its staff and how a company like Ryman has a social licence to operate, including in our case, in the communities in which we choose to introduce our new villages.

Now in my day job, even though I'm described as a lawyer, I'm not a general practitioner. I specialise in environmental law and that is the E in ESG. I also specialise in employment law and have a specialised employment practice which is a big part of the S, the social in ESG.

On the environmental side, I act for New Zealand's largest infrastructure and developers and I've been at the cutting edge of very large projects which impact very sensitive environments.

I am not purely a lawyer. I take project lead roles. I have, at the other end of the spectrum, taken on totally or partly pro bono roles in establishing youth mental health facilities, to get the lights up at Hagley Oval, and I sit on a trust which protects Central Otago's waterways.

Outside law, I have sat on other boards which have managed huge rebuilds in the wake of the Christchurch earthquakes. That includes the University of Canterbury.

In my employment practice, I deal with a plethora of issues around fairness to employees. I've sat at union negotiation tables and on boards which are making crucial decisions around the replacement and appointment of CEOs.

On this issue, I've sat on committees which employ CEOs, including those which have involved international searches and as we move to the task of finding that unicorn to replace Gordy MacLeod, I believe I have the skills to contribute and want to play a part in what will probably be one of the most important decisions that this Board will be making in the short- to medium-term.

Lastly, I'm conscious that I am one of those with the longest tenure on the Board, second only to David. I do remain as one of those infused with the Ryman DNA as Warren referred to, in purpose, by sitting around the table with one of our founders, Kevin Hickman.

I have one role in constantly reminding us at the Board of our heritage and our purpose. I feel that Kevin sits on my shoulder like Jiminy Cricket and I'm often asking the question, what would Kev say? I feel I can take this question on in every decision we make and ask, is this good enough for Mum or Dad? So I'd be really grateful for your continuing support. Thank you.

David Kerr: Thank you, Jo. Are there any questions for Jo or the Board from shareholders in attendance online or in the room? Sir?

John O'Malley: (Shareholder) John O'Malley [unclear]. Certainly admirable criteria you put up there but for me, Directors need to have an understanding of the business where the rubber hits the road and from business operational management experience, I didn't hear a great deal. Perhaps you could enlighten me?

Jo Appleyard: The only matters that I can raise in relation to that are my personal ones. My partner, my family, has extensive commercial property portfolio. A large number of employees.

We also, as a firm, have 500-odd staff. I have been on the board of my own firm for quite a few years. I'm trying to remember how long. I'm not on the board at the moment but I did spend about six or seven years in that role in my own firm. We are a large employer.

David Kerr: Thank you. Are there any other questions? No? So I now propose that Jo Appleyard be re-elected a Director of the Company. Do I have a seconder for the motion? Thank you, very much. Please mark your voting cards in the way you wish to vote by ticking for, against or abstain in the appropriate place on the voting card.

Now, resolution 3 concerns the authorisation of the Board to fix the auditor's remuneration. Deloitte is automatically reappointed as the auditor of Ryman Healthcare under section 207T of the *Companies Act 1993*. Are there any questions for the Board concerning the resolution from shareholders in attendance or online?

I now propose that the Board are authorised to fix the auditor's remuneration. Do I have a seconder for that motion? Thanks, sir. Please mark your voting cards in the way you wish to vote by ticking for, against or abstain in the appropriate place on the voting card.

The next resolution, resolution 4, seeks shareholder approval to increase the maximum aggregate amount of Director remuneration that may be paid each year to the Directors of Ryman for their services.

The Board seeks approval to increase the fee pool to $1,500,000 per annum based on nine Directors. I'll now hand over to Geoffrey Cumming, the Chair of our Governance, Nomination and Remuneration Committee to provide some background on that resolution. Geoff?

Have we got a connection? Right, that's an interesting scenario, isn't it? Yes, I think I'll - I think we'll just manage without Geoff's input. So I could just take questions. I think that on the other hand, it sounds so self-serving when you stand up talking on behalf of your own remuneration.

The complexity of this Company is significant in that we run a large care business which you've - we've all talked about and quite extensively. We run a large construction business. Probably the biggest home builder in New Zealand and we run a large development Company and of course there's all the real estate activities.

So we have quite a number of different disciplines - oh, okay, look, welcome, Geoff.

Geoffrey Cumming: Sorry. Sorry, there was some - is this on? Can you hear me?

David Kerr: Yes. We can hear you, Geoff and I just started by stating the obvious, which is the complexity of the different parts of the Company but I'd defer to your skill in this.

Geoffrey Cumming: Thank you, very much, David. If I could just probably go through the issues here? So we are trying to choose compensation, appropriate compensation, for Directors and that's not easy for Directors to do.

We're trying to find a balance between being lean and proper compensation but also being able to secure the very best Directors we can. The best professional Directors.

So the last increase for Directors in this Company was three years ago. At the time, the Board was eight people, it's now nine and it was at one stage, seven. So it mostly is about 6.7% compounded increase and, of course, there's other factors here.

As you may know, Director's fees in Australia are considerably higher than in New Zealand and we're trying to find the right balance, what I would call a trans-Tasman balance to that.

The Board decided to engage Ernst & Young, who have extensive experience in this, to prepare a report. That report has been on the website for several months now.

It goes through, as David was just outlining, it goes through the different situations that the complexity of the business, the two countries, the commercial aspects are very complex. Safety issues, government relations, competitive environment. COVID has been an enormous issue for us.

I can say, I've sat on over 25 boards and only one of those boards was more complex and challenging than this Board is and that was during the global financial crisis. I might also use the analogy, when you're flying through a thunderstorm, it's a little bit too late to ask about have I paid the pilots the right amount.

We want to pay the pilots the right amount but the real observation is, thank goodness we tried hard to find the best possible pilots. It's a little like that when you're going through the global financial crisis and it's a little like that when you're going through COVID.

We have an outstanding management team who dealt with that and the Board dealt with COVID, I think, in a superb way. So - and you will notice, we have tried to address a [unclear] one or two questions here about this. We have tried to also align the Board with the shareholders and we haven't really done that quite as well as we might have in previous years.

So under this proposal, 35% of all fees paid to Directors would be allocated under a fixed trading plan. So the Director has no control over that. It's a mechanical purchase of shares. They can't opt in or out, it's a purely mechanical third party [unclear].

Why did we bring this policy in? We thought, as custodians of your investment that it was very important that you be aligned properly with [unclear]. How do we choose that? So what we basically did is said, of the Director's fees, one-third - approximately one-third of it'll be paid in stock.

Two-thirds will be paid in cash but of the two-thirds paid in cash, you've got to pay taxes on the whole amount. So effectively of the total fees, one-third's going to stock, one-third's coming to cash to the director and one-third goes to tax.

So that's the proposal before us. There have been a couple of issues that were raised before the meeting and I'd like to address a couple of those. One was a question of the size of the Board. We've been as low as seven, we're currently at nine. The Board fluctuates up and down a little bit, depending on retirements and so forth.

In terms of guidance to shareholders, we do not see the Board ever being larger than nine and we do not see the Board ever being less than seven but there could be - it might be at some point in time.

I would say that you do need a fair number of Directors. We have five committees. It is very complex work that these committees are engaged in. It requires a lot of skills across - skills and breadth and experience.

The second question was asked was, is the Chair paid committee fees and our policy is the Chair is not paid committee fees. David has not received it - committee fees. He's paid a Chair fee. The other Directors are paid the Director's fee plus committee fees.

There was a third question asked about leaving gifts. Has there been any leaving gifts or is that the policy of the Board with respect to Directors when they go. The practice in this Company and the policy is, when Directors leave, there is no leaving gift. That's been the practice in the past and I would imagine that'll be the practice for the foreseeable future.

So I think that summarises it and maybe we - if there's any discussion, we could entertain questions.

David Kerr: Thank you, Geoff. So questions for Geoff? Thank you, Kim.

Unidentified Participant: (Shareholder) Yes, in terms of the various committees, the shareholders have no visibility of what those committees are actually doing in the engine room. In future reports, can we get a couple of paragraphs from each Chair as to what the key issues are for that particular year?

David Kerr: Yes, great idea. Great idea, thank you.

Geoffrey Cumming: Excellent idea and we will do that. Thank you for that suggestion.

David Kerr: No other questions? So look, I now propose that the Director's fee pool be increased to $1,500,000 per annum and do I have a seconder for that motion? Thank you, [unclear]. Please mark your voting cards in the way you wish to vote by ticking for, against or abstain in the appropriate place on the voting card.

So that concludes the formal part of the meeting. Voting cards will be collected by our registry, Link Market Services, who will now move through the room to collect your voting cards. For those shareholders who are online, you can now submit your vote. Voting will be open until the close of the meeting.

Look, I thank you everyone for your attention, for your questions. It's been a challenging year. We know there's a lot ahead of us. We're in the middle of a global pandemic and as Chair of the Company, I have to say, it's confirmed to me what I've known for a long time, that Ryman is really a pretty special Company with enormous potential and we're at a point of change.

I'd like to thank Gordy for his contribution over 15 years and his ongoing commitment to us until a successor is found. Gordy is a 200% man. You know, he gives everything to the role he is occupying and he has a fierce beating heart that drives absolute determination to see that the care is there. He has an extraordinary ability to gather people around him and form a team who are cohesive. He will be sorely missed.

Nevertheless, I respect his decision to exit and wish him very well. You won't see him at another AGM but look, there'll be other opportunities, no doubt, to thank him. But look, I'd also like to thank my fellow Directors for their support and wisdom and particular thanks to the 6,300 staff and our marvellous 12,750 - I think, residents and their families.

A big thank you to you, our shareholders, for all your support. You are the owners and we appreciate your support.

You're long-term thinkers, I suggest and we'll always face these short-term challenges that we've discussed a bit today but we know that the long-term mission is here and we're here for the long haul.

So we're excited still, as a Board, about the future of Ryman and we intend to build as many Ryman communities as we can. So we look forward to catching up again in 12 months.

Now, we're going to have a cup of tea or something similar, I'm hoping, but before I do, I just wanted to name the senior execs in the room and if they could wave their hands so that any of you shareholders present had a chance, maybe to chat to them individually.

So I can see Mary-Anne Stone. Mary-Anne Stone has been our Chief Marketing and Sales Officer and transitioned just recently from that into our Innovation and Strategy Lead. Absolutely critical person.

I can see then, Cheyne Chalmers. Cheyne leads our Operations, which is all the care provision and has been a wonderful asset to the team.

As I go around, I see Rick Davies, who I introduced you to before, who leads our IT. Jeremy Moore does our Development activities. Am I missing anybody?

Unidentified Company Representative: There's Andrew.

David Kerr: Where is Andrew? Andrew. I'm sorry, Andrew, I apologise. Andrew who leads all our People and Culture activities. So look, feel free to go up to them and chat and thank you again for your time. I'll join you for a cup of tea.

End of Transcript