



Ryman Healthcare Annual Meeting July 26, 2018

Start of edited transcript

David Kerr: Tena koutou katoa everyone. Welcome to the nineteenth annual meeting of Ryman Healthcare as a listed company. My name is David Kerr and I am the Chair of your Board of Directors. Now I notice quite a few of you are sitting well back and I understand that that's what we often do in meetings, but I'd love you to feel free to come and join us closer if you've got the inclination so to do.

I'm delighted to see that we have a quorum present and it's great to see good numbers of people here today and a wonderful opportunity of course for us to meet up here at Possum Bourne Village in Pukekohe. So, a big welcome also to everyone who's watching us on the webcast. As is usual at an annual meeting we have a number of motions to approve today, so I wonder if I could ask shareholders please to give their names when they're moving or seconding a motion and in accordance with the Company's constitution the voting on resolutions will be carried out by way of a poll. The results of those polls will be announced on the NZX later today.

My fellow directors and I intend to vote all discretionary proxies that we've received in favour of the resolutions as set out in the Notice of Motion. You should all have an electronic voting card which was set up when you registered and so please put your hand up if you don't have a voting card and we'll get someone to help. No, everybody has got their card. Great. Voting on the resolutions will be on a poll as I say and each share held by a shareholder counts as one vote.

During the meeting there will of course be time for questions from you as shareholders. If you have a question, if you could hold up your attendance card, wave it so that I don't miss your request to ask us a question and then if you could wait until a member of the team brings a microphone around so that all of us in the room can hear you, but also so that those who are watching on the live stream can hear you.

If you are a member of the media or you are not a shareholder and you have a question we are really very happy to answer those after the meeting. We will be happy to answer any queries after the meeting with you.

I read recently that a lot of companies are rethinking their annual meetings because of dwindling attendance and I can give you an assurance today that we are not rethinking our meetings, we think it's important for you as shareholders to be able to watch us, to listen



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to us and relate to the directors if you wish. I had a shareholder who told me a few years ago, I like to see the whites of your eyes, so I could add you want to hear it from the horse's mouth but that would sound a bit odd if I say that as the horse. So, look, our meetings have been really well attended and its great today that this is no exception.

In addition to some delicious morning tea treats after the meeting we are offering you a chance to tour the village and unusually to get your blood pressure checked by the Stroke Foundation. So, the Foundation is our charity partner this year and we have supported them by sponsoring the brand new stroke van which you will have seen outside. It's going to be touring the country.

20% of people have high blood pressure and a third of those are absolutely unaware that they have high blood pressure. We think it's an invaluable way of getting the Stroke Foundation's message out there and making a tangible difference to many lives. They've set a target of carrying out 150,000 free blood pressure checks with our sponsored van this year. I'm sure that you don't get blood pressure checks at many annual meetings and I'll probably leave mine for an hour or so after the annual meeting.

Before we get into the formalities I would just like to take an opportunity to do a few introductions and I would like to introduce the directors. At the far end is Jo Appleyard. Jo is a partner with Chapman Tripp. She's a particularly skilled advocate and litigator who specialises in commercial employment and resource management law.

I can tell you that her skills are sought after by many of the larger corporates nationally and she's got extensive experience in civil disputes and so her experience is really wide and varied and she acts on all manner of commercial issues. Now, she joined the Board about nine years and while she doesn't provide any advice to the Company itself, her skills are really evident at the Board table. She's an active and valued contributor at the table. She's a member of our Audit, Finance and Risk Committee and also of our Governance, Remuneration and Nominations Committee.

Next is Warren Bell. Warren is an experienced public and private company director. He is currently chairman of Hallenstein Glassons who you will be aware operate both here in New Zealand and in Australia. He's also chair of St George's Hospital, which is the largest private hospital in the South Island and he's a director of a number of private companies. Warren joined the Board in 2011 and he is the Chairman of our Audit and Financial Risk Committee, along with being Deputy Chairman of the Board.



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George Savvides. George lives in Melbourne and we don't hold that against him. We like Australians in this Company. He has 20 years' experience in the Australian healthcare industry. He was for 14 years the Managing Director of Medibank, which is Australia's largest health insurer. That means he's got very wide knowledge of both the systems and the structures that underpin the Australian healthcare system and also extremely good connections with relevant people both at state and federal level. George is Chairman of the Kings Group, of the Macquarie University Hospital and Deputy Chair of the Australian broadcaster SBS. He is a fellow of the Australian Institute of Directors and he chairs our Clinical Governance Committee and he's made a huge contribution since joining us.

Now, where am I? Claire. At the far end, Claire. Claire Higgins is a professional director and consultant who has also got extensive board experience in both Australia and New Zealand. She has experience in senior management roles at BHP and OneSteel. Claire is also based in Melbourne and she is Chair of REI Superannuation and NorthWest Healthcare Property Management. She chairs our Health and Safety Committee and she has made a wonderful contribution in that area. Industry experience such as with BHP and OneSteel means that she's got a great feel for health and safety and all of its challenges.

Now, not with us, but the other director is Geoff Cumming. Now, Geoff has re-joined the Board following the retirement of Kevin Hickman, but owing to prior commitments he is not able to be physically present but he is with us on a phonenumber. He spent, to his everlasting credit, pretty much a full Board meeting on the end of a phonenumber yesterday and I can assure you it didn't in any way inhibit his contributing. If you could have seen some of us all with our ears to the telephone it was quite entertaining. Geoff has been a long-term supporter and shareholder of the Company. He's an economist by trade and he has had more than 30 years' experience as a chief executive, a director, an investor and he has served on I think around 25 corporate boards and companies. He is Canada based but he is a New Zealand citizen. While he couldn't make it here today he will of course be attending the overall majority of our meetings in person.

I also have Gordy MacLeod, our Chief Executive, right with us and you will hear from Gordy in a short time and Dave Bennett is our Chief Financial Officer as well. Maybe if I could just make a couple of welcomes. I see that Bruce Parkes from the New Zealand Shareholders Association, where's Bruce? Welcome Bruce. Good to have the Shareholders Association here with us. Also Bill Raynor sitting in the front here. Bill is the president of Grey Power North Shore and the Northern Region, I think I've got that right, Northern



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Zone and we have had some good constructive correspondence from Bill in the last few days and we have a longstanding constructive relationship with Grey Power which we value. So, those are our introductions.

The Notice of Meeting has been distributed and as is normal practice I am going to suggest it's accepted as read. Now, apologies. I have one apology that I would like to put before you and that's for Debbie McClure. Now, Debbie McClure might be well known to a good number of you. Debbie is our Chief Sales and Marketing Executive and Debbie has been with this Company well before it floated and has been a wonderful contributor. But in terms of this particular meeting she has never - this is the nineteenth annual general meeting that we have held and she has attended all 18 of them. The reason she is not here is that her daughter is about to have a baby and she is just about to be a grandmother and I think that that's really important that she's there rather than here.

Are there any other apologies that anyone would like to offer? No, in that case I move that the apologies are accepted. Do I have a seconder for the motion? Thank you very much Bruce.

I'll put the motion, all those in favour say aye.

Meeting: Aye.

David Kerr: Against?

I declare the motion carried.

In terms of proxies we have had over 347 million votes about the resolutions that have been circulated. If I just go to the Annual Report I'm going to move that the Annual Report and the auditor's Report be taken as read.

So could I have a seconder for that motion? Thank you very much Kerry.

I'm going to put the motion, all those in favour please say aye.

Meeting: Aye.

David Kerr: Against?

I declare the motion carried.

So this is now a moment when I can relax and talk to you about the company a bit. So look, firstly I would like to thank the residents of Possum Bourne for welcoming us into their home. It's very generous of them.



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Philip Hanson, where's Philip? I just can't see Philip.

Unidentified Participant: Right down the back.

David Kerr: Oh, right down the back. Look, he's still working I think at making things right. Philip Hanson, our Village Manager, and the team have done a fantastic job with the village. Which has been a runaway success really since it first opened a couple of years ago.

We were really delighted to be able to name the village after one of Pukekohe's favourite sons, Possum Bourne. There was an opening night to remember in 2016 with a large number of rally cars making a lot of noise out in the courtyard there. It was really quite something.

Possum was a great leader. He was a ferociously competitive and determined man. He was a man who inspired people to go above the beyond. But he was also incredibly loyal to his home town of Pukekohe.

He was a man who had his foot the floor quite clearly, and this village has followed in his footsteps. Moving faster than we ever anticipated, to the point that we've had to extend it to keep pace with the demand.

As Philip once suggested to us, the townhouses and apartments sold faster than tickets to an Adele concert.

Philip, the village looks great. Its' a tough time of year for the gardens to be looking as good as they are. So, the team have done a great job.

Peggy Bourne and the wider Bourne family have been great supporters of the village. We've loved the opportunity to keep such an important legacy as Possum's legacy alive here.

Fortunately, our residents haven't taken up Possum's driving style to heart, and I'm reliably advised that mostly they adhere to the 10 kilometre an hour speed limit.

So, I'd like to start by drawing your attention to our Annual Report, which has been prepared using what's described as the integrated reporting framework. This is really designed to demonstrate to you how we operate, what our strategy is, and what basically drives this Company.



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It's no longer good enough for companies of our size to simply report on the numbers and what we did during the year. I suggest that what it does is it sets out our story, it explains exactly how our model works, how we intend to grow using our resources in a sustainable manner, and continuing to have care at the heart of everything that we do.

This is an important point. Over the years Ryman has often been confused for being a property company. Indeed, I often get asked, aren't we just simply a property developer? But you know we are fundamentally a care company. We care for older people. We have been a care company since we started, and nothing has changed since then. Apart from the size of the market in which we operate of course, and the level of sophistication that we're able to offer.

We know as a Board that if we look after our residents and our staff, everything else will follow. The care we provide must be, in the words of Kevin Hickman our co-founder, good enough for Mum. That's our core value, and I believe really that that is why we're successful.

Our aim with this integrated Annual Report was to set that value up very clearly. It also in the Annual Report describes how we use not just our financial capital but our human capital, our social capital, and our intellectual capital. So how we use all the capitals.

We hope it reads as a good introduction to new investors and to existing investors so that everyone can understand exactly what we do and why we do it, and why we insist on taking a long-term view. That's because the ideal Ryman investor is the long-term holder, not a day trader.

We've always taken a long-term view as a Company. That's because our promise to our residents is that we will care for them for as long as they are with us. We have to take a long-term view. No ifs, no buts.

We've had some incredibly positive feedback about the Annual Report. Including from some of our most number-oriented investors who enjoyed it, despite having to wait until Page 11 to read any numbers and having to wait till Page 94 to read the financials.

So what I really want you to understand is that Ryman is about more than just the underlying profit and financials. I think that that's evident in our Annual Report.

So if you haven't already give it a good read. We've got extra copies available at the back and we'd welcome some feedback on that.



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So we were pleased to be able to report another solid year when we released our results into the market in May. The underlying profit rose 14.2% to total \$203.5 million during the year to 31 March.

Valuation gains lifted the audited reported profit after tax, sometimes referred to as the IFRS profit, by 8.8% to \$388.2 million. The total assets grew to \$5.8 billion.

As shareholders you will have received a final dividend of \$0.109 a share, which takes the total dividend for the year to \$0.204. An increase in line with the increase in the underlying profit, which has always been our way.

Increased earnings at the existing villages drove the result in our unique villages and high quality care offering continued to be in very strong demand.

We were delighted to be voted the most trusted brand in New Zealand in aged care and retirement village sector for the fourth time this year. I think it recognises all the work that our staff have done, and continue to do, to improve the life of our residents.

That's why we have a big focus on improving the lives of our staff, because we are acutely aware that if we don't have happy staff we won't have happy residents.

So our thinking about a year ago was that the government's pay equity settlement had made a big difference for our caregivers. There's no doubt that it did, and it was well deserved of course.

In the last 12 months we have spent a lot of time talking with staff and listening to their views. More so than ever before. I am delighted to say that we have increased the remuneration for all our staff, and they have been overwhelmingly supportive of that.

Our more than 500 experienced nurses have had an average pay increase of 20% since last April. Other village staff have also enjoyed significant increases. Now this reset is likely to cost an additional \$5 million this financial year, and is over and above the 2% increase in government funding for aged care.

This is an investment in people that we're happy to make. We think the increases are necessary to reward everyone fairly, and to make sure that we remain competitive. The new rates of pay make us one of the highest payers in the industry.

The village staff have also benefited from a doubling in their sick leave allowance and the introduction of wellness days. Weekend allowances for nurses have also been doubled.

We place a lot of emphasis on having full rosters.

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Of course, remuneration is just one part of the equation for staff. We also need to make sure we offer a safe place to work, that staff get great training opportunities, and that they have clear career pathways. That Ryman is a great place to work at generally.

As a Company we think that the number one challenge that we face is finding the right people. As you can see we are right on the cusp of an enormous growth in the population aged over 75. Growth that's going to stretch out for some decades.

Whilst people are living longer, this longevity means that their health needs become more complicated. Diseases such as osteoarthritis, dementia, diabetes and macular degeneration all take their toll.

Social isolation and depression are big issues for older people. I was amazed recently to read that in the UK, for example, there are more than 1 million people over the age of 65 who do not see anyone outside of their home from month to month.

In fact, I read just recently of a study that the Harvard Medical School have undertaken. What they - they've got 750 individuals that they have followed now for 75 years. You'll excuse the diversion, I found it fascinating.

What they did was they, half the people were university graduate sort of people, and the other half of the people, 375, were people who were deemed disadvantaged. They've followed them every year for 75 years.

There's about 60 left and they're all in their 90s. They have followed them and closely interviewed them and spent a lot of time studying them. In terms of staying healthy and happy, apart from the genetic things that we all cannot change, the strongest correlation for staying healthy and happy is to have a strong relationship with another person or other people.

So isolation and loneliness are toxic to our health. Relationships are much better than pills. Talking is better than a TV screen.

So that's why I suggest that villages, like the one you're in today, are a success. We offer group exercise, communal eating, a wide range of social activities through our Engage programme.

So Possum Bourne and all of our villages offer that range of activities, with companionship and social activities that I think will support happiness and good health.



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I just wanted to take a moment of your time for a special acknowledgement today and that's - you will be aware that Kevin Hickman that co-founded Ryman Healthcare with John Ryder back in 1984 retired from the Board in June.

So we owe Kevin an enormous amount. I know he will be on the webcast. I'm not saying it because he's on the webcast. Ryman wouldn't be what it is today without his vision and his hard work over 34 years.

If you haven't done it already, I would suggest it's worthwhile reading the story in the Annual Report about Kevin's vision for Ryman and those early days. His insistence on our care being good enough for Mum that laid the foundations for this very special Company.

His standards, his management style, his ethical approach insisting always that the residents' needs be put first are part of the DNA of the Company.

He and John were ahead of the curve really when you think about it, in developing a sustainable and fair business model that provides security for residents and shareholders. They developed a continuum of care model that we think is second to none.

Since 1984 we reckon Ryman has cared for around 30,000 residents, provided work for around 21,000 staff. They put everything they had into that Company in the early days. They created a platform for a Company with a market cap now in excess of \$6 billion and assets of \$5.8 billion.

Over the years we've had around 30,000 different shareholders on our register. We have paid out \$690 million in dividends to shareholders, and they have enjoyed some pretty stellar capital returns.

If you only bought shares 12 months ago I think you'd be roughly 30% better off already today, which is pretty astonishing.

So I'd like to thank Kevin on behalf of you all. Kev, thank you for your vision. I'm assuming you're on the webcast. Thank you for your passion, and a happy retirement.

So look, just a final comment is that the Board has met over the last couple of days and been reviewing progress and having lots of good discussion with the leadership. That's the real engine power of this Company.

I can advise you that trading was satisfactory in the first quarter. The development program is weighted towards the second half of the financial year, as has occurred in recent years.



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So it's now my pleasure to hand over to Gordon MacLeod to talk to you about the year from his perspective. Thanks Gordy.

Gordon MacLeod: Hello everybody. It's quite interesting because there's a group at the front, and then there's empty chairs, and then there's another group at the back. Can you hear me okay at the back? Cool.

David introduced the Board. I thought I might just quickly, and I haven't told them this so they're going to hate this, introduce the Senior Executive Team of Ryman who are here, apart from Debbie.

So - and they're not going to be able to talk because one of our members, Tom, has completely lost his voice. But we'll start with Tom, Tom do you want to just stand up? Tom is our Chief Construction Officer. He's worked for us for about 13 years now, haven't you, Tom? All of the wonderful buildings that you see around the country, Tom and his team done a great job of building those, so well done, Tom.

Then we have Andrew Mitchell, who is our Chief Development Officer. Andrew and his team, they find our sites and they then go through the consenting process with councils and work in with our operations teams to make sure the villages that we're building meet the needs of our residents and our staff. Andrew's done a great job this year. Like all good property developers, if you see him out doing the job he's often got sun glasses on the top of his head. That seems to be a sign that he's feeling confident.

Nicole Forster, who is our Chief People and Technology Officer. Nicole looks after HR and technology, which is quite an unusual combination in a company. Most of the time they're separated. The reason why we do that is that so many - what we find are so many technology things ultimately are only successful if people use them well. That's why we combine the two. Well done, Nicole.

Then we have Barbara Reynen-Rose, who is our Chief Operations Officer. Barb has worked for Ryman for 25 years, so that's probably worth a round of applause on its own, isn't it? Barb heads up all of the operations for the Company, which means basically all of our 32 villages, how they're run, the property management of them, the care staff management, the training of nurses, the implementation of systems, the clinical quality, you name it. It's a very wide scope role and it requires having a mobile phone beside your bed 24/7, along with her other senior people that work with her, so it's a very big job in terms of



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responsibility, caring for a lot of vulnerable people. We should just acknowledge that. Thank you, Barb.

Of course, Debbie. She'll be watching down the webcast. She's worked for us for 27 years. She's Chief Sales and Marketing Officer, has just been an incredible icon, like Barb has been, for Ryman. Has seen us grow from a very small company to what we are today. I think that there'd be very few people in Australasia, or even globally, who understand the retirement living needs of older people. The way that she trains and mentors her team is wonderful. We should just acknowledge Debbie's work as well.

The other person in the team is Dave Bennett. He's our Chief Financial Officer. Dave has done a fantastic job stepping into that role. He's far better than the last CFO in my opinion, and he's really well respected by the senior executive team, provides each of them with great financial advice and input, has a really well functioning team that works for him. They were largely responsible for putting together that new annual report, which I can tell you was a lot of work, and just never puts a foot wrong. Well done, Dave.

David's mention of Kevin is a reminder that the legacy we have means that we've got pretty big shoes to fill here at Ryman when you've got someone like Kevin who founded the Company 34 years ago and has left such an amazing culture. It's our job as a team to maintain that culture forever.

I've really loved my first 12 months on the job. There's been no shortages of challenges, but it was pretty satisfying when we did turn in a reasonably good result when we reported in May. The highlight for me though definitely is the visits I have round the country, visiting our villages and our construction sites.

Kevin was a firm believer in management by walking the floor, and that's what I've been doing. It's really humbling to visit our villages and to meet the people that make such a massive difference to the lives of 10,800 residents who we've got around the country.

When I speak to our staff and I ask them what really does it for you in terms of working for us, and almost all the time I get an answer from different parts of the country that it's all about the residents, or we just love looking after the residents. That's just the natural instinctual answer from our staff. You can see the huge amount of commitment and effort that people put in to do that.



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The other thing that happens is that often when I leave a village people that have seen me round during the day - and I try and go a bit like *Undercover Boss* - the only person who knows I'm coming is the village manager. I don't make too big a deal of it. People will often wait at reception, so they don't miss me leaving because they are desperate to tell me about the commitment of some of the staff that have personally affected them. It's pretty humbling actually when you hear those stories.

In a nutshell, that's what makes our villages tick. It's just the same for the construction team. I was reading our Yammer, which our social media internally at Ryman, the other day, and a chap called Matt Hutchinson, who's a very senior construction manager with us, he posted a picture.

It was a really beautiful picture of Devonport of the sun coming up in the morning and seeing the kind of views that our residents will see. There's a shot of Devonport there. Interestingly, he didn't talk about the crane in the background - because sometimes we do get posts on cranes and this is how good this crane is and it's actually better than the one at the other site - but on this occasion he said isn't it amazing, to think that our residents will wake up to this view in about year's time.

That's all he said. You think to yourself that is why our construction team gets so fired up to do such a good job for people, because it's not just about building. It's about the fact that our construction team and Tom's team - they're very connected to the fact they're building communities for people. I think that's what makes our construction operation really different, is that people can see that there's a - that they're part of a team that is building something that they don't just walk away from, that it's part of the DNA of the Company.

When I look forward I don't actually think that our growth will be constrained by either access to land or capital. Now, both those two things always represent a strong day-to-day challenge, but I believe that we'll always be able to find good sites. Andrew and the development team are great at what they do, how they do that, but they do, of course, tell me it's nearly impossible for the last 12 years, very difficult, but they are always able to do it.

I actually think that the biggest constraint for our growth will be people because we're a people business and we're big on culture. We're big on the fact that working for Ryman means something very different to working for anyone else. Getting the right people on



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board would always be our biggest challenge, and keeping people safe is our number one priority. We had our first fatality in our history when we lost a young man - Graeme Rabbits - on one of our construction sites in January this year.

I've got two children, and I can only begin to imagine what Graeme's family have gone through, and continue to go through. I promised then that his death will not be in vain, and I'm in regular contact with Graeme's family, particularly Graeme's father, Selwyn. Despite the best efforts in the past and the things that we try and get right, when something like this happens you do have to take a good hard look at everything that you do. Believe me, an event like this makes you seriously determined just to do better.

As David mentioned, we've reset the pay of our staff and, in particular, the 517 nurses that work for us. We've also invested heavily in people development and 288 of our leaders have taken part in the new LEAP development program which we've put in place for the first time in the last 12 months.

We've also sent a number of senior leaders to the London School of Economics to study leadership, and 50 senior leaders are also receiving individualised leadership coaching from external specialists as well.

David has run through the headline numbers, but I wanted to now take you through some highlights of the year, and then our expansion plan, so you can see the level of momentum that we've built up. We ended the year with less than 1% of the portfolio available for resale. Occupancy in our care centres was 97%. Now, you can compare that to an industry average of about 89%. In fact, right now it's about 88%.

We've made great progress in raising the standard of our care even higher. We achieved a real milestone actually a couple of weeks ago. We now have 20 of our New Zealand villages have four-year certification from the Ministry of Health, which really is the gold standard in care.

We've also recorded our best ever survey results across residents, their families and our staff. When your residents and staff are happier than ever, that's great, but we also get lots of good feedback during those surveys, so we know exactly what we need to do to also improve, which is so important.

At last year's AGM I mentioned that we were just about to start the roll-out of MyRyman care. Now, at that point in time we had a lot ahead of us to achieve that. It's worthy of



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celebration. I know Barb is really pleased about it and here team, and also Nicole's technology team - is that we've just celebrated the successful completion of the roll-out of MyRyman in New Zealand. I think that's worthy of a round of applause.

There's this great quote from Thomas Edison. You might have heard it: genius is 1% inspiration and 99% perspiration. We've been perspiring in the last 12 months quite a lot. It's gone incredibly well. We think that MyRyman is a game changer in care for both our residents and for our staff.

It was a nursing led project and delivered ahead of schedule for more than 3000 devices installed in residents' rooms throughout the country. Melbourne will obviously be next. It frees up paperwork and means that our staff can actually spend more time caring for residents. The team are excited about the potential for future innovations which we can use from what we've installed and what we've learned.

For those of us that read the business pages and read about technology projects, what do you normally read? Cost overrun there, failure, not delivered on time. Any more starters? People actually hate the system. This project has been delivered on time. People love it and it's working, and we've been able to do it across 3000 rooms by training over 3000 care givers and registered nurses.

That is a remarkable achievement to do that in 12 months across 31 villages. It's just worthy of noting. One thing to talk about something. Another thing to actually get it done. It's one of the biggest investments we've ever made, and it's a real testament to the whole skills of the team.

We've also put a lot of focus on building our teams as well as our management capabilities. We've put significant extra resources into every stage of our development, design, consenting and our community relation processes and teams because it's at that front end as we gear up in Melbourne that we need to get our resource in there earlier so that we can start the throughput.

You'll be aware we have an aspiration to have five villages opened in Victoria by the end of 2020. As you know, our first village has been open for some time now. There was a reasonable gap between the first and the second, but we're delighted to say that our first residents will move into our second village very, very soon. It's called Nellie Melba at Brandon Park. That's a picture of our fabulous Nellie Melba construction team, with Travis at the front there, who's the project manager. Just to his left is Marty Osborn, who is our



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Victorian Construction Manager. Marty's the perfect person to be helping us in Australia. He built two villages for us in New Zealand, he has done 20 years construction in Australia, so he knows both the local environment and he knows Ryman and is very dedicated to what we do.

We have development approval for our third village at Coburg and we hope to get construction underway by the end of this year. There is a picture of Coburg there. We actually haven't built it. It actually does look like we have, doesn't it, in that picture with the car there? Very clever these development guys with their pictures. That looks pretty cool actually.

We also reveal today some great news. We have just received development approval for our fourth village at Burwood East in Melbourne. Although we have got the development approval there is still building consent to complete for the whole site and this may take some months. One of the differences in Melbourne is that you have to get all of your building consents for the whole site at once, whereas in New Zealand you could get building consent say for those first stage of apartments there at the front and then get on with it, so that just takes a little bit more time. We are also working on getting development approval for what is likely to be our fifth village in Victoria at Geelong and we hope to be underway in the next six months or so.

In addition to that we have another three sites to develop. Two on the Mornington Peninsula, one in Mount Eliza and another at Mount Martha and the third is at Aberfeldie Melbourne which we announced in May. We are working on designs for all three now. So, in total we have seven new villages to build in Victoria and the development team is also searching for more sites and in fact we discussed a few with Andrew yesterday at the Board meeting, as well as new sites in New Zealand as well of course.

We have been just as busy in New Zealand. We added to the land bank with new sites at Karori in Wellington and also at Havelock North. In Auckland our Logan Campbell Village near One Tree Hill is selling fast. That's a stunning village with - I mean you can just see there can't you - fantastic views around Auckland. We actually had an open day recently on a Sunday in about mid-June. It was about a week before our Ryman conference. I remember seeing the sales advisors a few days later at the conference. We had over 700 people on that Sunday, on that one day. One of the people had just come from a competitor retirement village opened just a couple of kilometres down the road, they had



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three people there. So that's always good to hear. We're not competitive at all. Our first residents arrived in March and the care centre is now open and work is well underway on the final stage at the southern end of the site.

As you can see our Lynfield Village is taking shape quickly and our first stage is on track to open in November. Our Devonport Village is also well underway. The first two buildings are taking shape and the first residents should arrive in their new apartments by the end of the financial year.

Just down the road in Hamilton we have earthworks underway at our new village at River Road. Local iwi recently held a karakia with us at the site ahead of major earthworks. However, if you drive past that site today you won't see much activity and that's because we have recently discovered some pre-European remains on site and we are now working through the required archaeological protocols with Heritage New Zealand and also with local iwi and it's likely to take a couple of months to put those protocols in place and recommence significant earthworks. However, because this is happening during the winter it's not the same as having that sort of delay during the summer months which are much busier from a build point of view.

Next off the rank are likely to be our Lincoln Road and our Hobsonville Villages in Auckland. Lincoln Road we've actually just submitted for resource consent in full from council and Hobsonville we are busy designing that up to put that through the planning process as well.

So, as you can see the team has got a lot going on actually in terms of new build and sales and we have got a great runway ahead. We have invested heavily in our staff and in our leadership developing during the year and also in the care of our residents and we are looking forward to another very productive year ahead.

When I joined Ryman and the reason I stay is that it's a, you know, it's a real privilege actually when you go to villages and you see the care that we provide for people and the opportunities that we provide for people who work with us. It means that you are part of a company that both does good things for people and also is successful and it's actually quite rare to be at a company where you can enjoy those two things. I sort of think about the fact that we already positively influence the lives of thousands of people around the country, people that work with us and our residents and people who serve us in other ways. If I think about the next five or 10 years and the opportunities for us to positively



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influence thousands of more lives as we complete our development programs and continue with our expansion, I think we've got a very exciting future ahead. So, thank you.

David Kerr: Great presentation, thank you Gordy. Thank you very much. One of the few privileges that I have as Chairman is that we have a low dais because I'm so short. You will notice that poor old Gordy has to sort of look down like this but it's the only privilege they confer on me actually.

So look, this is now a moment for any discussion and questions about the Annual Report or about how the business is going. If you would just like to raise your card and we will get a microphone to you. As I mentioned earlier, we will be available for an informal discussion after the meeting but we invite any questions. Sir.

Bruce Parkes: (Shareholder) I'm Bruce Parkes and I'm a shareholder and I'm the proxy holder for the Shareholder Association. Could the Chair of the Audit and Risk Committee please advise us of major risks facing the Company at the moment?

Warren Bell: I think probably the areas that Gordy has touched on, health and safety is right up there. We have an awful lot of people working at a large number of sites and also in mature villages. You will be aware that we have also got a comprehensive refurbishment program of existing villages, so health and safety is right up there. I think the other underlying risks haven't changed too much. I think that, as you are aware, Ryman has been very successful and has grown in an orderly manner. I think we are very conscious of making sure that that consistent performance stays there and we don't try and do too much too fast and some of the wheels start falling off, so I guess its execution is a really key part for us.

So, more of the same and a focus to detail. I can testify that the executive team who have been introduced here are very hard working and very focused on the detail. We are very conscious that our brand, protecting our brand, is right up there. We jealously guard the brand that we have and are very conscious that we don't want to see it damaged in any shape or form. So, off the top of my head, does that answer your question?

Bruce Parkes: (Shareholder) Thank you.

Warren Bell: Thank you.

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Bruce Parkes: (Shareholder) Can I ask a second question please? On the radio this morning it's full of discussion about construction costs. Can you give us an indication to how the costs in New Zealand and Australia and how you are containing those?

David Kerr: Yes, look, I can make a start on that Bruce but it might well be better to have Gordy do that. Look, in New Zealand there has been some increase in construction costs and more particularly in Auckland where there's quite a lot of pressure on both the labour force and materials. Not as evident in Australia but just reading about the number of hotel beds, for example, that are going to be built in Auckland over the next few years I can see a steady increase in pressure on both costs of materials and labour costs.

One of the challenges we have is recruiting staff who will work at the standard that we expect in terms of the build, so that's a constant sort of pressure, but we have been very fortunate in that we have a loyal group of staff who follow us from village to village. One of the advantages of building a number of sites in one particular city like this or like Victoria is that they will often move from village to village, but yes, some pressures. Gordy, do you want to sort of add anything to that?

Gordy MacLeod: One of the things which - it's not just really a cost issue Bruce. Obviously, that's a major factor but perhaps underlying that is the fact that unfortunately in this country back in the nineties the apprenticeship schemes just fell away in construction. So, when you look at sites you don't necessarily see people who have got a really structured career coming through in construction.

One of the things that we are doing a lot of work on introducing is reinvigorating the apprenticeship training schemes for Ryman people. Tom could contribute to this answer but he actually can't talk can you? But you can nod. Yes, he can nod that that's right. So that's one of the real challenges because if you don't have appropriately qualified people on site just the numbers you need sometimes to get the same work done changes as well.

Over the last four years in Auckland there's been about 40% house price inflation. In the last 12 months that's been minus 5.6%, but nevertheless, even after that decline, it has more than offset the construction cost increases. So it hasn't harmed us in the here and now and I think - and my view is that we're probably fortunate, you know, we're a bit fortunate in that we have done a lot of work in Auckland in the last few years with Pukekohe, Birkenhead, Bruce McLaren, Logan Campbell and a number of other sites. We have got two on the go at the moment but our longer-term aspiration is to be opening one



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village a year in Auckland, one in New Zealand outside of Auckland and two a year in Melbourne. So the focus on Auckland is one part of, you know, it's a quarter of the construction risk if you like, so we are very comfortable in managing that.

We have seen some recent anecdotal evidence of some of the subtrades in places like Christchurch where activity is dialling down who are showing more interest in actually being active in the Auckland market. Those are actually starting to show some reasonably positive cost reductions. One of the ways to access things like that is to have great relationships with people and that's how our construction business runs, by looking after subtrades well. We always pay people on time, we run organised sites, so people want to work with us.

In Melbourne the construction costs at Nellie Melba are actually very similar to the construction costs we had at Weary Dunlop which is interesting because that was four years ago. So there hasn't been the sort of construction inflation in Melbourne as there has been in Auckland. One of the reasons for that is that there was an apartment oversupply in Melbourne and that actually kicked back a lot of - there's sort of over capacity there. It's not a bad time to be building in Melbourne but there is a lot of infrastructure work coming up in the area as well so we need to keep a close eye on that. Thanks Bruce.

David Kerr: Sir.

Richard Myers: (Shareholder) [Richard Myers], shareholder. Because of the desire to try and achieve the growth rates that the Company has achieved in the past and the size of the projects and the number of projects that have to be on board to achieve that, would it be possible in the future to consider more returns to shareholders instead of ploughing the Company funds into achieving that growth? I heard the words during one of the addresses that it was a reasonably good result. Yes, what did that mean?

David Kerr: Thank you Richard. Can you hear me? Yes. Thank you Richard. By reasonably good result I think probably we're transmitting that we believe that the circa 15% increase in underlying profit is a reasonably good result. It's actually not one that I can think of any other company that's managed to do that reliably as we have done. So, I would say reasonably is understating in my opinion.



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The first point you were making related to dividends and distribution of shareholders. The approach we've taken has always been to return 50% of the underlying profit to shareholders by way of dividend. The balance is of course retained to invest in new builds. If the dividend increases by 15% because the underlying profit increases by 15%, that is a steadily growing income stream. If we don't - if we distribute more than 50% it would mean that our bank debt would need to increase to continue to generate that 15% growth. So, it's that choice that we make and we believe the most prudent thing is to provide a reliable, consistent dividend stream and that's the 50% payout arrangement that we have. Look I like your question and I think it's reasonable and I think that our decision has been pretty much to be reliable and predictable and that's what we try to be as a Company.

[Jackson Roy]: (Shareholder) I think the previous one before that one asked the questions about construction costs. I heard this morning on National Radio a spokesman for Sudima Hotels. He was actually complaining that construction costs for hotels in New Zealand were about 40% more than in Australia. I just wonder if you could comment on that please in respect of your buildings in Melbourne versus New Zealand.

Gordon MacLeod: Yes, the costs per square metre is actually a wee bit higher in Auckland than in Melbourne but it's not of that sort of magnitude. So' they might have very specific things for hotel requirements which I'm not aware of which push that up.

The other thing that they may face is that they may well be using an external construction company. Now I believe that external construction companies now would be extremely reluctant to commit to any sort of commercial project after some of the high-profile issues last year.

Now the only way to do that would be to fix price a job and add a very significant contingency into it. That might be as much as 15% to 20% of that 40% because who should take the risk? The contractor would say that the person who wants to actually use the asset should take the risk and not the builder.

So I think you'll find that more and more in construction relationships and that's why I think it makes a lot of sense for us to build in-house because we don't get exposed to different contracting models like that.

Jackson Roy: (Shareholder) Thank you that's reassuring. I have a second question. Given that you're starting to have a footprint in Melbourne and you've explained your next six

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villages in Melbourne, is it the Company's intention to increase building in Melbourne in Australia more so than in New Zealand, and for what reason? Is it more for profitability reasons or perhaps if you could explain it?

David Kerr: Look I'll make a start on that. Thanks Jack, good question.

No, we don't see ourselves becoming over-weighted in Australia. We just felt that there was no similar offering to the residents in Victoria and Victoria's very similar to New Zealand. We found that their expectations of what they might have in a village are very similar to the New Zealand residents.

So look I think that we will - you have to recall that we have 28 or 30 villages already here in New Zealand. We will continue to grow in New Zealand because there's a continuing demand, but we saw an opportunity in Melbourne and I would see opportunity for a good many years in Victoria. I think the way in which the residents of Victoria have displayed interest in our offering would support that view.

Gordon MacLeod: I think it creates quite diversification for our future growth to have half coming out of a market which we are very, very strong and well-known in, and 50% from a market where we have a growing reputation and a very, very strong competitive advantage; arguably stronger than what we have in New Zealand around the Ryman offering that we have in the sort of terms that we can offer.

So we see it as making sense that roughly 50% of our growth will be in Melbourne and then if you take over the next two or three years beyond that, and the other 50% in New Zealand.

David Kerr: Jack, just by way of entertainment I suppose, about a year or so ago I conducted a tour of one of villages in Christchurch from the chief health minister from the Isle of Man and he was desperate that we go and build a village on the Isle of Man. We thought about it for about a nanosecond and decided against it.

So there is interest all over the place and I can say also that jurisdictions like Canada are very keen for us too - we're very studied and careful about our expansion rate and location. Not the Isle of Man.

[Lyn] your question.



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Lyn [Webber]: (Shareholder) Firstly I'm really, really pleased to hear staff are being paid more. I wouldn't mind if Ryman was regarded as the top payer. My mother was in Grace Joel and I actually bought into Ryman in 2004 so I'm one of the very happy shareholders.

Secondly, talking about the return to shareholders, the split between dividend and capital growth, really Ryman isn't a dividend share, it's a capital growth share, and if people want more just sell one of your shares.

That's probably - I think people don't in New Zealand see the way the American shares are; low dividend and in capital growth. Microsoft, for example, never paid dividends for many, many years and people got the return through selling them. So I think they're not unique items, you can sell some shares if you need funds.

Another way is now we're over the \$10 mark - and I appreciate there's no difference between a \$20 note and two \$10 notes - but have you thought again of a share split because that's a way of locking in value. So that's another point.

The last point is that when you're sighting the ledgers do you give a lot of thought to rises in sea level especially climate change and things like that, especially building near the coast which does have nice views but it does have sea? So those are my points.

David Kerr: Good series of questions, thank you Lyn.

To answer the last one first, we do think about rises in sea level and associated risks so it is something that is part of the consideration when Andrew's team are looking at land.

Delighted that you are as supportive of us increasing staff remuneration. This Company has always every single year increased staff remuneration since its inception, and I think the stats that I heard from the union were that - is it 50% of staff in New Zealand did not get a pay increase over a period of two years?

So large numbers of companies don't increase. We are committed to increasing. Our general feeling, Lyn, is that we want to be the upper-quartile payer. That's where we would like ourselves to be positioned.

Lyn Webber: (Shareholder) The share split.

David Kerr: Oh the share split, yes. Yes, so the reason to split the shares last time was because of the low level of liquidity in the shares in those days. The liquidity is pretty good these days and so there's not the same driver. One can't help but notice that the



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trading on the market is thinner just in this last wee while, but I think liquidity would be the only driver for a share split so that's not currently something we're discussing.

Yvette Taylor: (Shareholder) Good morning, my name's [Yvette Taylor]. I'm from E tū. We welcome the extra \$5 million that you've put into staff wages over the past year, but I just was wondering if you could be a bit more specific about the wage increases for your lowest paid staff, the cleaners, the catering staff here today and laundry staff.

Also just given your most recent comment to the last question about wanting to be in upper-quartile, would Ryman Healthcare support becoming a living wage employer?

David Kerr: Do you want to take the first one?

Gordon MacLeod: Yes. So when you look at the median wages across Ryman - so for those of you who didn't do school cert maths recently it's ranking everyone, so rather than taking averages as higher and lower - the median pay for our staff is actually \$22.50 across all of Ryman Villages. The living wage is \$20.55 so the median wage, the wage that the majority of staff enjoy at Ryman, is 9.5% above the living wage.

For people who very first join us in things like kitchen, laundry, housekeeping, the starting wage we've lifted significantly this time around. It's actually \$18 so the minimum wage in New Zealand by legislature is \$16.50 okay, so being \$1.50 above the minimum wage for people with no experience who first come and join us we saw that as a fairly significant lift and 9% above the living wage - sorry above the minimum wage.

So I think the combination of the fact that the majority of staff are above living wage, that we've lifted our starting wage significantly, and for people who do start on \$18 an hour they have a 10 year based guaranteed pay increase schedule, which takes them into the \$19 type territory over a two to three year period, and in addition to that we would also do general wage increases as well.

The other thing that we've done, Yvette, is that in the last 12 months we have doubled our sick leave entitlement for (full time) staff who have been with us for a couple of years. The feedback we got was that if you're a healthcare worker or working in a village we actually don't want people to come into work if they are sick, and obviously in the winter people get sick, and it makes it really, really difficult for people - the statutory allowance.

The statutory allowance is five days so what we did was we doubled that. We took it from five to 10. We actually made one of those extra five days what we call a wellness day

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where there's no requirement for the person to be sick if you like. It's a day for someone to look after themselves so that was a really significant change.

Also, for registered nurses their overtime loading has now doubled as a result of the review we've done as well. So, we've done work right across the board as well as our unit coordinators who are typically registered nurses - are all participating in that Ryman LEAP program so they're getting a lot of leadership development training as well.

David Kerr: You might want to mention rosters and full rosters, Gordy as another initiative.

Gordon MacLeod: Yes. Well part of the work experience for someone is not just their pay and you two would agree with that. It's also about your working conditions and your rosters, organisation of rosters - so we've done things like link our rosters to myRyman Care, so that it's all part of the myRyman system, so that people know and have great visibility on exactly when they're working. Very, very good tools to tell people about their shifts. We encourage and we set up systems where people know what hours they are working, it's not these zero hour things that you hear about. We try and give people permanent shifts, they have clarity. We are well-staffed.

When I walk the floor and I speak to people who have worked for competitors, big competitors, I can't help myself but ask them, what are we like? What are we like in comparison? What I hear in return is that they love working at a place where all the equipment they need is there, and we don't debate whether we need it or not. They love the fact that the rosters are full, and we want them to be full. We don't see it as a wage saving if someone doesn't turn up, we want it to be full all the time. They like the fact that people get access to training and good uniforms, and generally a good environment to work in, in addition to what we strive to do in pay as well.

David Kerr: Thank you for the question. Is there another question?

Bill Rayner: (Grey Power, Zone Director and President of Grey Power Northshore) Thank you. Bill Rayner's my name, as the chairman said, I am the Zone Director in Auckland for Grey Power, and also the President of Grey Power Northshore. Grey Power's always had a very good working relationship with Ryman, and it was a bit of a shock when the Northshore Association lodged an objection to the resource consent for the Devonport Ryman Village. You would have seen in the picture just how unique that particular site is, and it wasn't as though Grey Power didn't want a retirement village in Devonport, as

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critically needed, but the bulk and size was probably not in keeping with the general heritage and seaside elements of the community.

So coming out of that we had a meeting with I think it was Gordon and Debbie McClure, which established as I understand it a community relationship portfolio in Ryman, where certainly in Devonport, it's made a huge difference to the relationship with the community and the residence groups, and the people there are working extremely well. Not only just with the immediate construction site, but linking with the senior community, and the Devonport community in general. It's been very, very successful and we'd like to thank Debbie for that.

I'm just wondering, is that a unique thing, or is that extended through the whole Ryman structure now, that linkage with the community at the development stage is carried out? I appreciate once again that a lot of sites that probably wouldn't be the same issue it was in Devonport, but just wondering how far it's gone through the structure.

David Kerr: Great question, Bill. Look, we learnt a lot from the experience in Devonport, and we have now a formal part of reporting, and a formal part of the business is entirely focused on community relations. We understand the importance of being responsible citizens in the community, and so Debbie and Andrew worked together with every site that we acquire, to relate to the local community, to relate to the groups that operate in that community. So I can assure you that the learning experience in Devonport has been carried forward to every site that we've acquired since then, and it's been a really valuable transition for us. So yes, thanks. We could've done a lot better I think at Devonport if we had thought that through, so we learnt from it.

Graeme Lord: (Shareholder) Graeme Lord, Shareholder. Congratulations on another great year. Two questions, the first one really is around staff engagement and turnover, so it's great to hear all the things you're doing around remuneration, leadership development and other things. How's that panning out for you in terms of actual staff turnover and staff engagement, any light you can shed on that versus competitors? So that be the first question.

The second question is you had a remarkable history of producing 15%-plus growth, and underlying earnings, and if we had a period of say five to 10 years of no property price appreciation in New Zealand, and Australia for that matter, how might that affect that on a



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going-forward basis? Would you see a lower potential increase in your underlying earnings going forward, as opposed to the 15% that everyone's been enjoying to date?

Gordon MacLeod: Thanks very much for those questions. I've written them all down, I think I got them. So staff engagement, what we use is a concept called net promotor score, for staff engagement, so we ask people the question from zero to 10, how likely is it that you would recommend working for either the village or Ryman Healthcare to a friend or close family member. Because that's really the ultimate question, isn't it, you're in a job and would you recommend it to a friend.

Now, the way that the net promotor score works is that if people score a nine or a 10, these are the people that are going to be your fans, and at a barbeque on a Saturday they'll be saying, I work for Ryman and I love it, and almost trying to convince people to come along. The sevens and eights maybe have a couple of wee grizzles, but generally positive. They're viewed as being neutral, they're not really fans. Then people who are six and below are typically people that are actually quite disgruntled about a few things.

So we record that data across our staff, and we actually had the highest turn out for our staff survey this year that we've ever had. The respondents increased by 2000 people, which is really good. That in itself shows that people are more engaged because they feel they want to complete something and they'll be listened to. Now, we keep it in the company what the scores are, but we actually had a really significant increase in staff engagement this year. That was down to a whole range of factors I think, ranging from leadership development, pay, to perhaps listening a bit better to what our staff were telling us.

For example, the two pay reviews that we've done this year, one in November, one in July, rather than us telling our staff, this is how we think it should be, we actually had a combination of our HR teams and our regional operations teams going to each and every village and creating a whole day opportunity for people to privately feedback concerns and issues. So I think we've gotten a lot better at listening to people, and listening to concerns.

Staff turnover has declined markedly actually over the last 12 months. Again, we really regard that as reasonably sensitive data, but I think it's a combination of people just enjoying the work experience more, better pay conditions. We do find that people in their first six to nine months in the job are the more likely people to leave quickly, and I don't really see that change happening. Sometimes being a caregiver just isn't for

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someone, and a very demanding job, but once someone has worked for us for a year or so, staff turnover is actually very low.

If you look at the - I'm just trying to write my scribbled notes here - oh yes, five to 10 years of house price inflation going nowhere, so if we take the five-year example, we actually had that happen from 2009 to 2013, property prices dipped 10% and it came up, but overall they went nowhere for five years. We were able to produce good profit growth during that time, and I believe we would be able to again for a couple of reasons. One is that we have a very significant resale bank of embedded capital gains, which is well over \$700 million, and as our villages mature we'll see the number of units that are available for resale increasing.

So we'll have our resale gains, we'll just steadily increase as we have more units become available for resale. Most of our portfolio is actually quite young, it's been built in the last five or six years. We'll continue to be able to produce a good development margins during those conditions, what you tend to find is that construction costs go nowhere either, if house price inflation goes nowhere for five years. They're very closely related. So we believe we'd still be able to get a good development margin on what we're building new.

The care business of course is totally unrelated to the property market, and the deferred management stream is really a function of the entire existing portfolio in any case, and doesn't vary as a result of price. So over a 10-year period that will put a little bit more pressure on the extent of the resale bank expansion obviously, so towards the back of that 10-year period you probably could expect profits to be reduced a little bit, but equally, development margins would be growing as we lift our build rate.

David Kerr: Very good. Thank you for those questions, that's been really good, I'm very grateful of it. So if I could just move to election of directors. So in accordance with the company's constitution and the NZX main board listing rule 3.3.6, Geoff Cumming, who has been appointed by the Board, retires from office. He's eligible to seek election, and Geoff has offered himself for election, and with my heart and my mouth I'm going to see whether Geoff is on the line. Geoff, are you there?

Geoff Cumming: Yes, I am. Thank you very much David. Did you want to say anything further?



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David Kerr: Would you like to introduce yourself, Geoff? We have a wonderful photo of you here in your visitor role, but maybe if you could introduce yourself to the shareholders, that'd be great.

Geoff Cumming: (Ryman, Director) Sure okay, thank you very much, David. I'm a significant and long-term shareholder of Ryman Healthcare, and have been involved with the company now for some two decades. Ryman, in my view, is one of the world's finest companies. Why do I say that? I say it for several reasons.

First, because of its superb care and a wonderful village setting for elderly persons, some of who can be quite vulnerable in their later years. It makes those later years healthier, and does so for thousands and thousands of elderly New Zealanders and Australians. Secondly, it reduces the need for the government to fund and care for the elderly in hospitals. Thirdly, it provides excellent jobs for thousands of dedicated employees. Fourthly, it is a highly-respected honest company, and is a key partner with hundreds of other companies.

Historically, it has also been a wonderful investment for shareholders, with both steadily-rising dividends, and superb long-term share price performance. It [has] been I believe the best-performing company in the 21st century on the New Zealand stock exchange, and is one of the finest and steadiest performing companies in the world over the past two decades. It is an ethical, balanced, soundly-managed and admirable company, for all of these reasons, I admire the company.

As a director, I bring a multi-decade, multi-continent CEO background, and extensive Board experience to Ryman. I try to bring an international orientation, and also long experience as an economist and professional investor to the Board room. It's for these reasons that I'm very proud to be associated with Ryman, and would be honoured to continue as a Director of Ryman Healthcare.

David Kerr: Thank you very much, Geoff. Thank you for those words. So look, it's my pleasure to move that Geoff Cumming be elected a director of the company. Do I have a seconder to that motion? Thank you, John. So, can you please mark your voting cards in the way in which you wish to vote, by ticking either for, against or abstain in the appropriate place on the voting card? Thank you.



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Now in accordance with the Company's constitution, Warren Bell and Jo Appleyard retire by rotation at today's meeting. Warren and Jo have both offered themselves for re-election. Warren, would you like to introduce yourself?

Warren Bell: Good morning everybody. As David said, I'm Warren Bell. I joined the Ryman Board in 2011 and have been the Chair of the Audit and Risk Committee. By background I'm a chartered accountant and in an earlier life was a partner with Deloitte's, out of the Christchurch office.

As David mentioned, I have a couple of other roles which help some of the background perhaps I get for the industry that Ryman's operate in. I am the Chairman of a private hospital in Christchurch called St George's Hospital, which, as David said, is the South Island's largest private hospital.

It's a bit like your MercyAscot Hospital here in Auckland. It's very similar and because we don't compete with one another we actually talk to MercyAscot a lot and their team. The hospital has all the normal things you'd expect in that hospital - a cancer care unit, a heart unit, orthopaedic general surgeons, eye surgeons, a maternity unit.

So there's quite a lot of similar issues in terms of what we see at St George's Hospital that also we see at Ryman's. All the issues around clinical governance, nursing staff, making sure that there's no brand damage. A private hospital as a brand is equally important, very similar to Ryman's.

So there's quite a lot of rub-off in terms of how those organisations work. I see a lot of similarities there.

As David mentioned, I am also the Chairman of Hallenstein Glasson, which is an apparel group, which is a bit further away from the retirement village industry. But I think what's interesting for me there is that Glassons now have over 35 shops down the East Coast of Australia. Mainly in Sydney and Melbourne.

So I spend quite a bit of time over that part of the Tasman and some of the landscape issues that are popping up in the retail industry group will also rub off into the retirement sector that we have in Melbourne.

So I find there's some learnings there for me. Both ways, from both crossover of both industries. So I think that for me is helpful. So I am involved, as David said, in a number

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of other mainly private companies. So, I think there's some good crossover in some of those areas.

On a more personal note, I've had family members - my wife's mother has been in Ryman's Anthony Wilding Village for five or six years. Unfortunately, she passed away so she's not there now. But I was a frequent visitor to her through the various aspects of that village journey that we're all familiar with. From the apartments, serviced apartments and later on the hospital.

I have been a Mystery Shopper is the wrong word, but I have been in the family visiting team for a number of years. I found that that experience was very humble and very amazing really. The people in our villages and what they do for our residents and the patients, I found absolutely amazing.

I can assure you that the culture that's, and the core values that are mentioned in the latest version of the Annual Report about being good enough for Mum or Dad is really evident when you're doing the visiting cycle.

So I think that hasn't (changed) - I think that's been quite helpful to me to be in and out of those villages, and interfacing with other families who are doing the same thing. My wife was very impressed with the entertainment program they had there. They all got dressed up for St Patrick's Day, the Canterbury Racing Week down in Christchurch. It's a bit like one big party for a whole week.

It's amazing the experiences that our team put on for the people who have made their villages their home. So it's been very humbling as I say.

As a number of people have said, Ryman's is a really great Company and is a leader in the sector we're in. Everybody is really focused on making sure that that stays exactly where it is now.

As you've seen from the presentations from David and Gordy, it's been an amazing journey. But when you see what's in front of them, both in terms of the road map forward both in Australia and New Zealand, there's an awful lot to be done. But it's a very exciting journey.

I have enjoyed contributing to that journey so far. I would be very honoured to continue that involvement if that's what shareholders saw fit, so thank you.

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David Kerr: Thank you Warren. It's a pleasure for me actually to also move that Warren Bell be re-elected a Director of the Company. Do I have a seconder for that motion? Thank you very much.

Again, if you could just mark your voting cards either for, against or abstain that would be much appreciated. We would then - Jo, would you like to introduce yourself?

Jo Appleyard: Good morning everybody. I thought perhaps that one of the qualities of a Director might be my own health. I took the opportunity, because the Stroke Foundation were here, to have my blood pressure tested this morning.

I think it should have been compulsory for all of us standing for re-election. I would encourage you to do the same. I'm pleased to say that my blood pressure this morning is 122 over 82.

David Kerr: Oh, very good.

Jo Appleyard: So I think the GP would tell me that I will be around for this cycle of election anyway. So the - I'm a Christchurch-based Director. If I have the privilege of being re-elected by you this will be my ninth year.

Now in some companies nine years might superficially seem like a very long time to be a Director, and there are arguments for refreshment of Directors. But Ryman is not like other companies.

Ryman is a Company that is in the business of providing healthcare that is good enough for Mum for many decades to come. That will be well beyond my lifetime. We don't sit down each year and say, let's build another four villages that look like the four before and increase our growth 15%.

We say that we are on a journey of evolution. I actually still think that we're in the very early stages of that journey. I think we're probably not toddlers, but I don't think we're out of the teenage stage yet.

On the issue of skills that I can bring to the Board table, I have two other roles. I am a partner in the litigation department in the national law firm Chapman Trip. In that I specialise in resource management, which is the consenting of very big infrastructure projects. Also in employment relations and general risk. So I see where these things go wrong, and including in health and safety.



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I also sit on the New Zealand Markets Disciplinary Panel, so I see when things go wrong with listed companies. In my job at Chapman Tripp I unfortunately get to see where things go wrong. I think I can bring those learnings in those areas of my expertise to Ryman.

Now having been around for nine years I have seen paradigm shifts in Ryman's thinking over those nine years in the areas that I have expertise in. In terms of consenting and obtaining resource consents, which is what I do for my day job, the sites are now very big. The consenting is complex and there's a heightened risk of neighbour opposition.

I loved your question about Devonport. Ryman now takes the view that in the communities where we arrive, and we arrive late, that the people that already live there will be our neighbours and possibly our residents for many decades to come. We now put consultation before we even start putting lines on pieces of paper at the forefront of our processes. That's new.

In the area of employment relations, when I arrived at Ryman we were locked in various battles with the unions. Which signifies problems in relationships with employees. People and culture and a trusting and collaborative relationship with our staff, and encouraging leadership, is now infused in every decision we make around the Board table.

Staff today are very clear of the Ryman culture and understand clearly what it is to be a Rymanian.

Last but not least is our journey on health and safety. That is one where we've had a confronting year and one in which we are still learning. The Board met yesterday, and I think we probably spent about a third of that meeting dedicated to the issue of health and safety. What we need to do to make sure that everybody's Mum and Dad gets home safely every night to their families.

That is a primary focus for the Board. That also infuses every decision we make. We will build slower and at more cost if that means we can do it safely.

So I still had the same passion that I had nine years ago. I would be delighted if you would re-elect me, thank you.

David Kerr: Thank you Jo. I now move that Jo Appleyard be re-elected a Director of the Company. Do I have a seconder? It's hard to know where to take the hand. I'll take Lyn from the very front row, thank you.



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So please could you mark the voting cards in the way in which you wish to vote, by marking either for, against or abstain as previously.

So the next item on our agenda is the auditors. I now move that the Directors be authorised to fix the auditor's remuneration for the ensuing year. Do I have a seconder for that motion? Thank you Kim.

Again for, against or abstain on your voting card please.

I now move to the issue of Director's remuneration. In talking about that I would acknowledge that the pre-reading material we provided you with was maybe not as comprehensive as it might have been and may have led to some confusion.

But the motion is that the maximum aggregate amount of Director remuneration, or the fee pool, that could be paid to the Directors of Ryman be increased from \$910,000 to \$985,000. So that's a proposed increase of 8% overall.

The reason for this is fundamentally that it reflects the growth in the size of the business, the increased complexity that comes with operating across two different jurisdictions. The fees were last increased in 2016, and we've put on an overhead there the exact fees that are paid.

It's important just to note that the total pool was allocated for seven Directors, but we have actually been six Directors and so the pool hasn't been utilised for that reason.

At this moment we are actively in the process of seeking an additional Director with a specific skillset that we think is really important. That would take our numbers up to seven and that would utilise the pool. So the actual amount that was paid last year was \$827,000, not the \$910,000. So do I have a seconder for that motion? Thank you [John Boscawen].

Is there any discussion on the motion? Thank you. Look, if you could please mark the voting cards in the way that you wish to vote by for, against or abstain I would be grateful.

Look, before I declare the meeting closed I would like to thank you for your support and for attending this meeting either in person or virtually. It has been a longer meeting than usual, and for that I apologise. But I really appreciate the interaction that we have had.

We've always had a very supportive and loyal family of shareholders and we appreciate your support.



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We will be arranging tours of the village for those of you who would like to have a look around the village. You can have your free blood pressure check as you leave. If you are going to have a tour if you just gather at the reception desk.

Finally, just a thanks again to Philip and the team for hosting us, and thank you also to the residents of Possum Bourne. This is your home and you've loaned it to us for an hour-and-a-half so thank you.

I now declare the meeting closed. Thank you.

End of edited transcript