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David Kerr: Morena. Tena koutou katoa. Good morning everyone and welcome to Ryman Healthcare's half year results presentation. My name is David Kerr. I'm Chairman of the Board of Ryman Healthcare. To my right I have well known Gordy MacLeod, our Chief Executive, and beyond him, of course, is David Bennett, our Chief Financial Officer. So thanks to everyone who has made it along this morning and welcome to everyone who is watching live.

This morning's format includes an overview of our progress from me, followed by presentations firstly by Gordy and then by David. Gordy will give you an operational review of the first six months and David will then give you some greater detail on our financial results.

At the end of the presentation we want to open the session up for questions from the floor and then following that we'll take questions of any callers who are on the conference call line. We'll bring a microphone around to those of you with a question in the room in order that you're easily heard. It's also important the people on the webcast can hear you clearly and so for those of you listening on the phone conference the operator will advise you when you can ask a question. We anticipate wrapping up around 9:45, but that obviously depends on the questions that you bring to the table.

So our results today reflect a good start to the year. We're pleased to see the amount of momentum building for the second half. The headline numbers were the unaudited underlying profit rose 13.9% to $97.1 million. The reported or IFRS profit, which includes the unrealised fair value gains on investment property, was $169.5 million, which is 16.3% down from last year and David will give you some more detail on that shortly.

Our underlying profit, however, which reflects our trading and is used to determine our dividend, showed a pleasing increase and we're expecting our full year underlying profit to be in the range of $223 million to $238 million.

The half year dividend has been lifted to 10.8 cents per share in line with the growth in the underlying profit with a payment on December 14 and a record date of December 7. The operating cash flows increased 24.4% to $217.8 million. We have 16 new villages in the pipeline; nine in New Zealand and seven in Victoria. We're in a strong financial position to support our care ambitions.

We passed a significant milestone in the first half with assets reaching $2.1 billion, up 13.7% on September 2017. There are two main themes that you will see run through our presentations today; firstly, the investment in the business we've undertaken over recent times and secondly, the momentum we have attained that will underpin our growth over future years.

In terms of investment, the fundamental passion we have as a company is to care for our residents as well as we possibly can. As I've said on previous occasions, this is at its heart a care provision company. We are acutely aware that our employee experience is absolutely critical to the delivery of high quality care. We have invested extensively in our staff over the last couple of years. Most recently it was the significant investment in our registered nurses remuneration at a cost of $5 million this year.

Across the aged care sector in New Zealand there are well over 500 vacancies for registered nurses. The Aged Care Association has said publicly that there is a torrent of registered nurses leaving the sector. This company has a total of five full-time vacancies for registered nurses and I suggest to you that this reflects the investment we have made not only with respect to remuneration but in the experience that our staff have in working for us.

In addition, despite the steady increase in demand for aged care services we're seeing many smaller operators being seriously challenged by the inadequate government funding model that exists for aged residential care and the recent introduction of the pay equity settlement has further challenged many. We have seen some well-respected operators closing purely for financial reasons recently.

In terms of the actual work experience of our staff, we're aware that the drivers of staff engagement, in addition to being paid fairly, relate to three discreet areas; purpose, mastery and autonomy. Staff are engaged when they have a purpose, they understand their role, they like it, they feel a sense of passion for it.

They also have to feel that they are acquiring mastery of the skills that they need for that purpose. They want to be the best at what they do, and finally they want autonomy. They want to be trusted in their role. Trust is essential in care and we have a huge amount of trust in what they do.

We know we have a highly engaged workforce with a passion for care. They love caring for our residents. We see that in every village every day. Our staff are wonderful and they honestly make us proud.

Our investment in tools such as myRyman platform, which is now fully operational in New Zealand, is proving to be very successful. This aims to assist with both mastery and autonomy and the residents' experience. I visit villages on a regular basis and I'm always keen to talk with the staff and the residents.

Without exception the staff tell me that the recent further increased levels of functionality that the platform is delivering has really changed their work experience. More time is made available to care because assessments and reports are largely done on the myRyman app with the resident in their room. The resident and the family then have greater awareness and greater engagement with the care that we're providing and they also can read the tablet in the family member's room.

Furthermore, the regular audits that are undertaken both by the Ryman internal audit team and the Ministry of Health external auditors have been further enabled to quite significant degree by the myRyman application. The auditors have been delighted at the comprehensiveness of the tool. I'm sure this is one of the factors in our achieving four-year certification, which is the gold standard in certification, for so many of our villages.

In July 2017 we had 15 villages with this level of certification and 14 with three-year certification. As of today, we have 23 villages with four years’ certification and seven with three years' certification. What a wonderful effort by all our care staff who've worked together so hard to achieve that result.

Investment in our leadership program across the whole Company has also been an area of significant focus, and this is a program that will clearly continue in perpetuity. That, of course, is focussed on the staff acquiring mastery and greater autonomy. We're committed to developing capable committed staff because we know that that will translate into a better experience for our residents.

The physical environment has also been a further area of investment. Gordy will talk to you about the new villages, but one needs to remember we are also undertaking a major refurbishment on at least two villages each year. This slide shows you the Rowena Jackson and Malvina Major villages which have both undergone major refurbishments in recent times.

This enables us to deliver on our desire to keep all the villages as contemporary as possible and ensure that the care facilities and the common areas such as the kitchens and the recreational areas are kept up to date and deliver on the expectations that our residents have now of the Ryman brand.

As a Company that provides care our learning orientation remains high. We are keen to continue to improve the care provision, and this is of course underpinned by both the combination of research and innovation. We recently commissioned the Stirling University from the United Kingdom to undertake an audit of the physical spaces and environment that we develop for our residents with dementia. They are the international authorities on care facilities for residents with dementia and cognitive impairment.

We held a two day summit with them, getting them together in one room with our builders, our nurses, our clinicians, architects, property team, as well as key contractors. From that engagement we've learned ways in which we can improve our design here further.

We've also engaged a medical practitioner who is a well-regarded researcher. Her skills, combined with the investment that we've made in business intelligence and data collection over recent years enable extensive comparisons between village operations, as diverse as the frequency of falls, the frequency of infections and the value proposition of some prescribing by my medical colleagues.

I can see some really exciting opportunities start to unfold with scope for not only improving what's being delivered now, but also some proactive observational research on such critical matters as our residents' quality of life while living in the different parts of the villages.

The village experience is important in many ways and we're acutely aware that social isolation and loneliness is a potent cause of poor health in our society. It's even been regarded as being as negative to your health status as an individual smoking 15 cigarettes per day.

The final area of investment, which in some ways leads me to comment on the momentum of the Company, is in the formation of a specific development and construction subcommittee of the Board. This obviously has Board members contributing, but also external expert advice is being obtained. Anthony Leighs who recently joined the Board is the founder and Managing Director of the well-respected Christchurch commercial building company, Leighs Construction.

He's proven himself to be an excellent appointment. He has extensive experience in this arena and he's undertaken leadership of this subcommittee It's been really great to see the executive leaders of our areas in construction, design and development embrace the value proposition of such a committee as we look to double our build rate over the next few years.

If we just reflect for a moment Ryman in many ways has actually four quite significant companies under one umbrella. We are a care provision company. We're a property development and construction company, a property management company and a real estate sales company. The direction we're moving to as a Board is to ensure that these different areas receive greater focus by subcommittees of the Board, who obviously then would report to the Board, but this hopefully enables the Directors of the Company to keep their focus on deep dives into specific areas of challenge and keep themselves focussed on the medium and long term forward planning and value creation.

Coming back to the matter of momentum, I think it's probably worth noting that we aren't in pursuit of growth purely for growth's sake. The driver for us with respect to growth is to deliver what we believe is a high-quality experience in residential living and care to as many older citizens as possible. Our purpose is what drives us rather than the pure desire for growth.

As you'll see from our land bank across New Zealand and Australia, and particularly in Victoria, 50% of our planned build will continue to be care related. The momentum the Company has built up is very significant. We've talked previously about five villages opening by 2020 in Victoria, and this target continues to be realistic. We've recently acquired a further site in Victoria, taking the total sites we own in that state now to nine.

Suffice to say the demographics - which I'm sure you all understand well - will continue to deliver a strong flow of residents to the sector. The first slide shows you the current demographics which have driven our growth to date. This next slide shows you the growth opportunity that exists over the next 40 years.

These demographics and our unique village offering underpin our medium-term target, which remains to double our underlying profit every five years. That works out to be, on average, 15% growth per annum. Naturally, given there's always variability in the short term, and given the size of the developments that we undertake, this will vary from year to year.

It's now my pleasure to hand over to Gordy. Thank you for listening.

Gordon MacLeod: Thanks David. Good morning everyone. Thanks for joining us on the call today. As David said it's been another good six months. The two stand-outs for me really have been the progress that we've made on care which David has covered off really well, and also the level of momentum that we're achieving in the business.

First, I'd like to start off by talking about the safety of our people. In the month of September we closed 10 construction sites for the day and had representatives from all our offices, villages, for Safer Together, which was a one-day Ryman safety summit. It was the first time we've ever done something like this.

We got 350 people together in one room to talk about safety. This included leaders from our villages and construction sites in New Zealand and Australia, as well as subcontractors and people in roles such as gardening and maintenance. I think of it like you can send out all the safety memos that you like, but people need to hear safety messages, I think, from the horse's mouth, the people who lead the business.

I made it really clear that our staff have my express permission to stop what they are doing if they don’t feel safe doing it, to stop others doing unsafe things and to speak up if they weren't being supported to work safely. Everyone at Ryman should feel confident to do what they need to do to keep themselves and their people safe. We don’t want anyone working for Ryman or with Ryman who doesn’t take safety seriously. You may think that some of this should always be a given, but when you're dealing with the complexity of the human condition, I can tell you that it requires a lot of hard work actually.

We've had great feedback from the team and, as you can see from the slide, we set the day up so that it was interactive, not just a series of lectures. In fact, just a couple of images there at the top left-hand side. We set up some driving modules so that people could see what it's like to experience driving when they are tired and how much that impairs your performance.

On the bottom left hand side there, in the hoist, that’s Tom Brownrigg. He's our Chief Construction Officer. It's a real enlightening for him to be in a resident hoist. He said to us afterwards he was amazed how vulnerable he felt in that position. It all helps to understand the point of view and empathy for the resident as well.

We've also achieved a lot of momentum in our leadership development program. More than 280 leaders will have completed development sessions by the end of this year and our senior leaders have been actively participating in leadership coaching sessions. I've been getting great feedback on the investment that we're making in our leaders right across the business.

We've also stepped up our apprenticeship scheme which we are running in partnership with the building and construction ITO. It's no secret that New Zealand has not trained enough skilled builders for a long time. We now have 12 construction apprentices in training and we're constantly on the look-out for talented tradespeople to foster and develop into the Rymanians of tomorrow. There's a pic of Jamie and Rory who I met a few weeks ago. They're loving their job.

We opened a new office in central Melbourne, actually on St Kilda Road, and we've gone from three staff in Melbourne two years ago to 16 staff today. We have recruited right across the board from community relations, development, construction, marketing, through to operations and sales management. Our design and development teams have also grown in the first half, and the construction design team in our Auckland office is now well-established. I saw them yesterday and they had a ton of work up on their whiteboard, so that’s good.

Four years ago, Ryman had a total of 16 staff dedicated to development and design. Today we have a team of 60, including specialist teams concentrating on design concepts, construction design, visual design and a new team dedicated to interiors. Developing villages is a long-term game. It takes time to find the right site, complete concept design work, get consent and then complete all the detailed building design consent work and agree all the pre-start conditions with local councils. That’s just before construction even gets under way.

We've needed to make this up-front investment over the last couple of years because we're going to be doubling our build rate as we ramp up in Victoria. We need to build the teams now to be able to do that, and it takes time to get the output from more resource in this area, but I tell you we will reap the benefit over the next three to four years.

Momentum is really building now in Victoria. We've just bought our ninth site at Ocean Grove, which is a lovely seaside town about a 90-minute drive from Melbourne's CBD and 30 minutes from Geelong. The site already has development approval for a retirement village in aged care and it's in a great location. Ocean Grove is an established and thriving community with strong demand for retirement living options. There's a really nice retail precinct just down the road. The town centre is very nice actually, and the 3.7-hectare site will allow us to build a traditional townhouse style village in the area.

I was doing some highly technical market research last week by having a couple of flat whites in the centre of Ocean Grove, including at the Driftwood Café, which was very nice. I can tell you there were lots of very friendly locals and a lot of older people. It just had a great feel, so I think that’s going to go really well.

There's a beautiful four-hour drive from Ocean Grove taking in our sites in Melbourne and across to our new sites in Mount Eliza and down to Mount Martha. It might not look it, but in that distance is a population roughly the size of New Zealand. When I did it the other day it made me realise why Melbourne is noted as being one of the fastest growing cities in the developed world. It's also regarded as one of the world's most liveable cities.

If you have a look at the map you can see what a great spread of sites we have now, from Ocean Grove in Geelong, back through the centre of Melbourne, across through the south-eastern suburbs, and also down to the Mornington Peninsula. For true Rymanian fans it can be the new Melbourne drive perhaps.

The development team has done a really great job of strategically building clusters of sites. You can see the clusters of two or three in different areas. We can develop our brand in distinct markets and with different styles of villages. You can tell from the map that our construction team will be able to get a roll on with new sites in a much smaller geographic setting in a way that is quite different to how we've had to work in New Zealand over the last 34 years where we've had to go from Invercargill to Whangarei, Gisborne, Wanganui, you name it.

So just a quick reminder, we bought a site at Aberfeldie in July and you can see its proximity to central Melbourne. Development applications are due to be lodged in the next few months for this site and for Mount Martha and Mount Eliza.

We have received development approvals from Burwood East and also the Coburg sites in Melbourne and we're poised to start work as soon as we can once final prestart conditions are confirmed by the councils. There's actually quite a lot to do to get underway on sites in Melbourne.

We're also in advanced discussions with the city council about our new village at Geelong. We can see an artist impression there. I was at Geelong as well a couple of weeks ago and it's actually really beautiful for those of you who haven't been. Sort of lovely seaside sort of frontage. A lovely old-fashioned pier. Nice sort of central shopping. Yeah, it looks really nice there.

Our site is a great location as well. There was also a significant milestone in the first half to welcome our first residents at Nellie Melba which is our second village in Melbourne. As you can see from the picture, the village looks amazing.

I appreciate there's been a significant gap between finishing our first village in Melbourne and opening our second village. However, we have learnt a lot and we're still learning a lot. You know, we learn new stuff every month actually. So, it's really good.

So, we're really building momentum in Victoria. So, to sum up, we've got two villages open, two with work about to start, and we're about to submit another three development applications in the next two to three months.

We're also hoping for a positive outcome with Geelong maybe December/January. The feedback we get on the ground from residents and potential residents is that they love the Ryman difference. And it's becoming better known.

They like our fair terms. They like our lower DMF. They like our continuum of care. They like our fixed weekly fees. They like the way we do activities and they like the feel of the village. So we're starting to really develop that.

The fact that we can look after people for the rest of their days as their health needs change, I think is becoming increasingly important for the older cohort of people. So we're building the same sort of trust in our brand in Victoria that we've worked hard to develop in New Zealand over the last 34 years.

It's quite interesting, a lot of people in Melbourne, a lot of prospects. They do the due diligence and they do actually know people in New Zealand and they ask and they get good feedback from people who have been at or live at villages or work at villages. So that aspect is actually working quite well for us.

The 80 plus population of people in Victoria is going to grow to more than one million over the next 35 years or so. And so you can see why Victoria is an exciting opportunity where we can bring Ryman to more and more communities.

So we're just as busy in New Zealand. We've just received in the last - when was it? About two days ago. We've just received consent for our new Lincoln Road village in West Auckland. There she goes there. We haven't built it yet though, that's just a really good picture.

The first phase of the village will have 200 care beds and assisted living apartments and 130 independent living units. We're also pleased to be back under way at River Road in Hamilton. We attracted excellent interest at our public meetings in September.

You can just see sort of in the foreground there, in about the middle of that photo, the Waikato River and it runs back along sort of diagonally to the right there. So it's a really beautiful site.

We had a four-month delay though which unfortunately, which we advised shareholders of at our AGM. Because we had found pre-European bone artefacts. So, we've had to work with local iwi and Heritage New Zealand and in the last four months, we've been able to recommence work. So that's good.

Next week, we're going to welcome our first residents at - we still call it Tropicana but the official marketing name is Lynfield. Tropicana being Tropicana Drive on the way to the Bill Subritzky estate. We've had great interest from locals actually.

There was a really nice subdivision built there about 40/50 years ago and a lot of those residents are going to be moving into the village. We've had a lot of good stories about them. So, we're looking forward to that happening. You can see the sort of views actually. In the setting of that village, it's beautiful.

Our Devonport site is not far behind. And there is Hansel and Gretel, which is the name of the two cranes. Matt Hutchinson, our Project Manager, couldn’t resist naming them. They can lift six tonnes I'm told, at a diameter radius of 60 metres. Yeah, the construction team get pretty excited about those sort of statistics. So again, you can see the views are going to look over to central Auckland.

Consents are also due to be lodged in the next few months for Karori, Havelock North, and Hobsonville. So, we have a pipeline of nine villages in New Zealand, with work underway at three.

Overall, across Victoria and New Zealand, we have 16 new villages in the pipeline. Six of which are either underway or just about to get underway. The development team I can assure you, is always looking for new opportunities and we have a number of sites under due diligence as well which we haven't talked about today.

It's also important that we give back in ways that are meaningful. Our charity partner this year is the Stroke Foundation. The foundation wanted to put a special stroke van on the road so that it could extend its blood pressure check program.

So, we bought a van for them so that they could get going and the foundation is well on its way to completing an additional 50,000 blood pressure checks in its first year. Elevated blood pressure can have significant consequences and having identified and treated early on can help prevent strokes. The van is going to shopping malls, A&P shows, building sites, and is calling in at all of our villages. In fact, my brother sent me a text photo of it from the A&P show in Christchurch last week, when he was getting his done. We're delighted to be able to help improve the health of thousands of New Zealanders in this way.

In October, Prime Minister Jacinda Ardern presented Japanese inventor Takanori Shibata with the 2018 Ryman Prize. The prize is our annual award for the best work anywhere in the world, to enhance the life of older people. We're also really excited about partnering with the Antarctic Heritage Trust, and we're going to be taking people on a virtual reality tour of Sir Edmund Hillary's Scott Base Hut in the Ice around our villages, and also around airports and major features of New Zealand. So we're going to bring the Ice to a whole bunch of people, including me, who probably would never otherwise get there in their life.

In Melbourne, we've sponsored exhibitions of the art of Jack Chalker at the Caulfield RSL, and the Heidelberg Rehabilitation Hospital. His artwork was on the top right-hand side. Jack was a prisoner on the death railway with Sir Weary Dunlop during World War 2. He risked his life to record as a prisoner of war to record the work of Weary, that he did to keep men alive. His art amazingly was also used as evidence at the Tokyo War Crimes Tribunal.

In that painting you see Weary Dunlop on the far right, doing surgical work. So, it's wonderful to be able to support things like that, that pay tribute to people that we are privileged to use names of for our villages, including Edmund Hillary as well.

We're also delighted to be the principal sponsor of the Royal New Zealand Ballet season of the Nutcracker, which is on now. That is a stunning photo, isn't it? You might think it's unusual I guess for me to be talking about this sort of stuff at an interim results presentation, but we see it as a very important part of what we do. We actually put a lot of effort into these sort of activities, we like to contribute and give back to society, and it's a very important part of the company's DNA, going right back to the founders.

So what's this all about really? Why do our staff go to such amazing lengths? Well a great example from my recent travels is a lady called Margaret Doerner, whose husband was in our dementia or special care unit at Essie Summers in Christchurch. Margaret is an artist, and she decided to help her husband, and the other residents suffering from dementia, by running art classes as a form of therapy. You can see Margaret in the picture with Rosemary Deane, who is the village manager, and me.

She's teamed up with Lavinia, the activities coordinator in the special care unit, who's top left-hand side there, and this year was their third year of running an exhibition of the residents' art within the dementia care unit. They run a special exhibition at night time on a Friday night, and residents and families and friends, they all come along, nicely dressed up like it's like a proper art exhibition, which it is, and residents just love the classes. Their families can't believe what they've achieved, it takes a huge amount of patience, and we've made their art into a calendar to raise money for the Stroke Foundation.

When you look at some of the artwork, most of that artwork is done within about one hour because people struggle to recall painting techniques for the next class, and you have to start again.

So when I think about what we do every day, and I think about the 24/7 nature of what we do in visiting villages, and that sort of thing, it makes me very proud to work for Ryman. It's the sort of thing that also makes me very determined to bring what we do to as many communities as we can in New Zealand and Victoria, and that's like what David said, it's not about growth for growth sake, it's because we want people to have the same sort of opportunities as they enjoy right now at our villages, and many other communities.

That's why I think you as shareholders can feel proud of your investment in Ryman. We're successful because we do good things for people. So that's all from me at the moment, we've had a good first half with a lot going on. We're seeing good momentum that will continue to grow in the second half, as we gear up for the years ahead, and I'm about to hand over to Dave Bennett, our CFO.

But just have a look at that picture there, Bert Sutcliffe at night. When I was there for the opening of our Crowe block, probably about two weeks ago, I spoke with Graham, and he'd supplied an amazing picture from his apartment, of Bert Sutcliffe at night. I just think it's one of those photos that's really cool, so I thought I'd leave that up there while Dave comes up. Thank you.

David Bennett: Thank you, Gordy. Good morning, everyone. So, it's time for a few numbers. Our underlying profit of $97.1 million is an increase of 13.9% on last year, with the big driver being new sale gains which were up 110%. Reported IFRS profit, which includes unrealised fair value gains on investment property, was $169.5 million, $33.1 million less than last year.

The reason for this drop was that last years' first-half result was boosted by changes to the independent valuation assumptions. As I explained this time last year, CBRE, who are our independent valuers, lifted our five-year-plus long-term growth rates from 2.8% to 3.4%, which is an increase of 0.6%. So when you think about it, with gross occupancy advances of close to $3 billion, and the compound impact of this change, this contributed approximately $70 million to the unrealised valuation uplift in the first half last year.

So it's important everyone realises that this was a one-off, and if you exclude this one-off change, our unrealised valuation gain has actually increased from $48 million last year, to $73 million this year. The valuation gain of $73 million this half was due to 168 new units, and also a 4% uplift in pricing, reflecting strong demand for our village offering.

Our operating cashflows were $218 million in the half, and that's up 24.4%, as we've benefited from cash collections at some very high-value sites over the last half. In fact, strong cashflows have continued into the second half, and we're actually expecting approximately $50 million of settlements over the next two weeks, so this shows the value of those sites completing, particularly stages at Lynfield and Nellie Melba. These strong operating cashflows have allowed us to invest a record $304.5 million in new villages and the Naki offering.

Investing cashflows were spent as follows. $208 million building new villages. $48 million on land, with the land bank of beds and units lifting 8%. $28 million was invested in upgrading existing villages, and $20 million on a range of projects, which included continued investment in our IT infrastructure, new care hubs and further development of myRyman.

With such major investment during the half, our working capital debt, or bank debt, has increased to $1.2 billion. We regard this as productive debt, as we invested the bulk of it in new villages, where we recycle capital in which establishes a growing tail of occurring cashflows. We have a very strong financial position, with total assets of $6.2 billion, and shareholder equity has lifted by 13.7% to $2.1 billion, compared to this time last year.

We continue to have very supportive banking partners, they understand our growth plans, and strongly support us. Our debt to debt plus equity ratio is 37%, up by 2% from March this year. We have also increased our bank facility to $1.5 billion, and over 80% of this has a tenor of over three or more years.

In the half our growth development margin was 27%, which is higher than our target range of 20% to 25%. This is a direct result of the Nellie Melba Village in Victoria, which is a very high-margin site for us. We expect our full-year margin to be back within our normal range of 20% to 25%.

The resale bank of gains still to come currently stands at $855 million. These pent-up gains mean we can expect our resale earnings to keep growing, even if the housing market was flat for several years, because volumes increase as villages mature. Deferred management fees also reset to new price levels with each resale, creating a compound effect.

In fact, when our current portfolio matures we would expect annualised resale volumes of approximately 1300 units, and margin of approximately $150 million, and the deferred management fees would life to about $135 million per year. So what this means is that we can expect our profits to lift by over approximately $100 million, based on what we have already built.

Demand remains strong for our offering as well, with only 78 units, or 1.2% of our portfolio available for resale at the end of September. So this represents basically one months' vacancies. We also have our highest ever value of presales, of $214 million in our new villages.

Our Care demand was also strong, as we averaged 97% for the half at our established villages, which is a great result. If you put that into perspective, that the age-care sector in general is averaging around 88%. So the team are doing a great job, and the demand is very strong.

Affordability of our units is also something that we monitor very closely. Our residents in Auckland and Melbourne free up significant amounts of capital when they move into a Ryman village, in fact, property prices in Auckland would have to drop 20% before the residents stop freeing up capital, and 34% in Melbourne.

We also have the largest service department portfolio in the sector, with approximately 30% of our retirement village unit portfolio, being service department, which are priced even lower, and are purely needs-based decisions.

So what triggers our ability to grow is simple, a model of recycling capital at each village. Since listing in 1999, and raising $25 million, we have now invested $3.4 billion in our portfolio, and paid out a growing dividend stream to shareholders of more than $740 million, but we've never had to raise any new capital.

So finally, as David said, the outlook for the full year has an underlying profit range of $223 million, to $238 million. This would be growth of between 10% and 17%. Our expectation on the full year have been impacted by the two things we told you about at our annual meeting in July. Firstly, we had the unexpected four-month delay at Hamilton, and of course pay increases for nurses, which will cost us $5 million this year.

We're expecting our build rate to be 800 beds and units for the year, which is about 50% up on last year. This 800 includes 300 age-care beds, and 50 apartments at Malvina Major, where we are rebuilding our Figaro apartment block. In terms of the full-year 2020, we expect the build rate to lift to over 900, subject to villages receiving the necessary consents.

So thank you very much, and I'll now hand back over to David. Thank you.

David Kerr: Look, thank you, Gordy and Dave, those are great presentations. The observant amongst you will have noticed that the slide showing the operation cashflow, those lovely meaty operating cashflows, out to the side was some steak. You'll also notice that the underlying profit growth slide, out to the side was some dessert, some sweet fruits. So those are examples of the sorts of meals that our residents are now having.

So look, I'd like to open the session up for questions from the floor, and then following that we'll take questions from any callers who are on the conference line. We'll bring a microphone around to you with those with a question in the room so that you're heard, as I said at the beginning, and so that people on the webcast can hear you clearly. For those of you listening on the phone conference the operator will advise you when you can ask a question. So let's have some questions please.

Stephen Ridgewell: Thanks. Just the first one on the aged care business, if I may. At the AGM you flagged an increase in nurse wages, and no doubt well deserved. Just interested in your thoughts though on - if you can provide some comments on the profitability of the aged care business and whether these large-scale facilities that Ryman had been building, 120-unit facilities, are still warranted given the funding environment in New Zealand, particularly compared to what you can return in Australia?

Gordon MacLeod: We're very committed to them, Stephen, because in our opinion a 120 care bed facility is very appropriate for a village where there might be, say, 200 or more independent living residents and in addition to that we're also committed to our service department and assisted living offering as well where we would typically be looking to build anywhere from 60 to 80 of those at a village in a typical sort of configuration.

So we still very much are absolutely focused on doing approximately about 50% of our build as care related and 50% as independent related, and the reason for that is that although people are living longer they are also living frailer and we're seeing medically more - it's called a great compression of some of the co-morbidities towards the end of people's lives. So it's absolutely vital at that time when people really do need quite intensive assistance with their life and medications everything that villages are able to cater for that and deliver on the promise of a continuum of care.

So when we look at the profitability of the care business it's obviously enhanced for us because we do run at 97% occupancy and it's also enhanced by the fact that we receive room premiums for the majority of our rooms. We do have people come in and don't pay a room premium, so that's okay. But we tend to target getting a room premium for all the rooms that we build. So that actually means that our care business is profitable.

If it purely stood on its own you would maybe look at it and wonder about the return on equity, so I'm not going to go into the numbers on that. But I and the board actually don't do that for a really simple reason, that if you think about the villages you have visited, Stephen, there's no segregation, there's no Berlin Wall between one part and another.

The villages truly are a seamless integrated being and community and I see that the care business drives as much the retirement village earnings as vice versa. I cannot in my mind separate them and that is why we don't do segment reporting under international standards because we genuinely don't look at the business that way. That's why we're focused on an overall underlying profit because all parts contribute.

Stephen Ridgewell: Thanks. Then just maybe one on the guidance range 223 to 238, are you able to give us a bit of a flavour as to what would need to happen to get to the top end of the range and perhaps also the bottom and any comments you can make on allowance within that range for performance in Melbourne, which has been quite topical (given the housing market is under pressure) under pressure, particularly in the last quarter. So any comments on that would be helpful, thanks.

Gordon MacLeod: So it's more around the sales, the new sales and resales of retirement village units. It's not really around any care sensitivity, if you like, nor DMF. So when we look at it we take a view that we get about 80 units come up for resale a month, but if you had two or three months where it was a lot less than that or a lot more than that, that actually could materially - you could have millions one way or the other given the margin associated with each unit now. So that adds a degree of variability, Steven.

The other thing is that we could sell more actually at some of our villages between now and the end of March than what we're planning. It's possible and its what sales are targeting. So that reflects the higher end of the range and the lower end of the range probably just reflects probably more of a disappointment of how many vacancies we get on resales, which we don't know about yet, and perhaps any softer sales at any of our villages we were able to book.

Stephen Ridgewell: Thanks for that, Gordy, and just one last one from me. Are you able to provide any approximate indications of where net debt might end up at the end of the year given your visibility on the investment plans and unexpected cash flow recycling? Thank you.

Gordon MacLeod: We just don't tend to forecast debt, but I guess the helpful comment from Dave earlier on was that we've got $50 million coming in the next two weeks and we will continue to be cashing up sites quite well I think over the next few months.

Stephen, one of the things about the first half result which I thought was really good when I went through it with the team one afternoon a couple of weeks ago was the operating cash flow increase actually. Seeing that come in at over 24% on the back of a really strong last month - last couple of months sales-wise, so they were obviously always going to be debtors, it was great to see that strong operating cash flow performance.

If you coupled that with the record amount of presales of $214 million when I was looking at our historical statistics yesterday actually, in the 2016 financial year in the whole of 2016 our new sale value was $222 million. So it's amazing how time moves on that we're sitting here where presales would have represented an entire year's activities only two years ago.

David Kerr: I think it's worth repeating also that our bank debt, 80% of that is purely designated for the development that we're undertaking at the moment. What happens to the bank debt will be determined by what development we're undertaking. The actual core debt is actually relatively small for a company of this size with a balance sheet such as we have.

Gordon MacLeod: Which does give me the opportunity to give another statistic which I was hoping to give out, which is we hit over 10,000 beds and units in our portfolio in September. We got to just over 10,000 so it was quite a milestone for the Company, actually, and our land bank at 6000 too. When you think about the fact the land bank has to be funded and a lot of it is also in progress and it's taken us 34 years to get to our land bank of 6000, you can see why there's some debt to fund that.

David Kerr: We didn't script that answer, Steven.

Gordon Macleod: I've just been dying to – as soon as I saw it hit 10,000. I just missed it.

Arie Dekker: I'll kick off on debt too. Good morning. I think, David, you mentioned the facility has been increased to $1.5 billion, which I guess gives you almost $300 million headroom again. I guess just in terms of – the syndicate is five; as the debt keeps getting bigger given your growth and visions, what's your approach going to be to diversity of funding and I guess potentially duration as well?

Just one other thing on debt. I think at the full year you were around 11% or 12% interest rate hedging, which has obviously been very beneficial for you over the last few years at that low hedging position. Can you just comment on where you are at the half year and what the outlook is for interest rate cover for the business, if you are increasing it?

Gordon Macleod: I guess in terms of the five banks – as I mentioned, we've got five very supportive banks that were all willing to participate in the increase.

David Kerr: In fact, they oversubscribed.

Gordon Macleod: Yes, oversubscribed on that. There are other parties we talked to and we do talk to but there's also the option of the retail bond that we will consider potential in due course. At the moment, we are very happy with the banking partners we have and the relationship we have them and the support they've given us.

Arie: What was the total oversubscription?

Gordon Macleod: There's about another $125 million, I think it was.

Arie: Plus the other bank.

Gordon Macleod: Plus the other bank who was willing to come in, so about $250 million odd we could have – above, yes. The reason for that, [Arie] is that when banks look at us from a funding point of view, they can see that we've got an enormous health care business supporting a highly-specialised asset class driven by need and which has got the fundamentals of residential housing behind it with basically like a 50% deposit underpinning it too.

If they think about repayment, the majority of debt is working capital debt. It's the land bank and it's the work-in-progress at places like the slides you saw at Narrowneck and Tropicana and when people move in that will be paid for. They can see that that part of the – if that's the total debt, that part of the debt will just go like that if we were to stop development.

So that's repayment for banks, which are low, and then there might be say $100 million or $150 million of core debt where we've done stuff at villages to keep them refurbished and what have you, and given our significant earnings, the ability to service any level of debt, even the full debt is very straightforward, even just with our recurring income. Even if we made no development earnings at all, our covenants would still cover us just purely on a recurring income basis. So, serviceability is comfortably covered in sales repayment.

Gordon MacLeod: Plus we've got the retail bank of $855 million and accrued DMF of about $350 million so there's another $1.2 million [that ends up cash] in the established part of the business as well. We're obsessed about recycling capital, don't get me wrong, but that is the business model of Ryman and we just have to have times where if we're building up the land bank, say in Melbourne, we've had to accept the fact I guess that we'll just have slightly higher debt while we're doing that.

And on the hedging, we're at similar levels to what we were at year end; we haven't changed our approach to that in the half. We'll continue to monitor that, but as you say we've benefited from that. It just annoys me that they're always out on the money. There's still a fair value loss on the face of our balance sheet for about the last five years, all because of swaps.

Arie: They can change quickly when they do.

Gordon MacLeod: Well, I know.

Arie: I guess moving to the other bit that interested me and was the theme of a couple of questions I had. David, I guess like you and the business, I'm trying to look at it from the four segments I guess you mentioned: care provision, property development, property maintenance and a real estate business, but it's not always easy to from a forecasting perspective put all that together.

I won't go over care again, because Stephen has already had a go at that, but just in terms of I guess the real estate sales business, you guys touched on it a lot through the presentation and it's a huge part of what you guys are. Sales and marketing expenses in terms of both over the resales engine and then what you do on the development side and all the work you do on the brand and that sort of stuff, what sort of orders of magnitude are you investing in the sales engine and the brand in this business and how much of it is catalysed and how much of it's expensed?

Gordon Macleod: None of it is capitalised. We don't really run around disclosing it, to be honest, because I wouldn't want to provide a benchmark for competitors, but it's millions.

Unidentified Company Representative: Yes, I'm sure it is. Tens, probably.

Gordon Macleod: No, it's tens of millions.

Arie: Okay. Then just in terms of the resale margin, which you disclose as gross, obviously. I think your portfolio has significant differences to some of the operators in composition, including met. In terms of the amount you spend on refurbishment, some of the investment you do around the villages which you do on a rolling basis, as I think you referred to there, what sort of percentage of resales turnover of revenue is that each year off the gross margin?

David Kerr: I don't know that we calculate it in that way. In fact, at the back of your information pack, it identifies line by line the refurb costs and what we invest in refurbs. We don't really see it in that line. As I said in the presentation, it's much more about meeting the expectation of the resident and the promise that Ryman has, so we'll do whatever is required. In fact, at Malvina Major, it was quite a major refurbishment, partly because of the earthquakes but partly also that it just really didn't match the promise that we make to people.

Gordon Macleod: You're probably looking at about for an individual village it could be in the region of $4 million to $5 million to do a 15-year refurb of the common facilities and the community centre, the kitchen, that sort of thing. Then for a serviced apartment each time as a resident moves, between each time, it really depends on the tenure but on a typical basis first time around there might be things like new drapes, Arie, but it might be some time actually before things like kitchens need to be replaced, so that might not be for 10, 15 years. The same for independent living units.

Because we do all of our construction in-house, all of our buying in-house, I think when I looked at it last a while ago, for an independent unit you might be looking at $5000 to $10,000 the first time around and maybe second time around anywhere from $15,000 to $25,000 depending on what work needs to be done for the kitchen and the bathrooms, and new drapes and carpet at 15 as well, 15 years.

Arie: Sure. then just closing out on this. The village CapEx that you disclosed separate to the project or the care systems, that would comprise maybe $10 million a year on upgrade, if you're doing a couple of villages a year, and then there would be the refurbishment in there as well. What would be the split between investing back in the care, which is PP&E investment I guess, and the IP investment with the refurbs?

Gordon Macleod: [Unclear].

David Kerr: Yes, probably, but I think [Dave] could probably come back to you and work it out.

Gordon Macleod: Yep, work it out.

Arie: Okay, cool. Thanks. That's all from me.

Jeremy Simpson: (Forsyth Barr, Analyst) Jeremy Simpson at Forsyth Barr. Well done on a good result, guys and great to see the momentum continuing across all parts of the business.

I'm interested in the high-level feedback you got from Sterling and what they think of what we're doing regardless of the concerns around looking after people with dementia in New Zealand?

Then just a bit on – in terms of the pipeline, I'm interested in some thoughts on – what your thoughts are around Karori given the size of the opportunity there. You had a bit of unfunded private debt [book] for a while and whether there's learnings from there and what you can say around that.

Gordon MacLeod: Perhaps David, as someone who's actually got medical knowledge, could answer the Sterling question.

David Kerr: Sterling obviously had not met with us before and they were not familiar with the fully integrated village that we run. Their experience was much more with special care units or dementia care facilities. They were fascinated at how we manage to provide the full continuum of care. I think it's fair to say that they were impressed at what we offer but they had lots of really great little ideas about how to improve.

I would say the small detail that to us is a small detail but to a person with dementia or cognitive impairment is important. At the safety day, one of the things we did was we had a virtual reality headset that you put on which gave you the impression of being cognitively impaired, and such simple things as the clear definition of colour between the carpet and the wall so that a person could sense when they were near the edge of the room and stuff like that. All of that really brought to life to me some of those critical sort of things. It's at that level that they were able to make really constructive comments.

Gordon MacLeod: And Karori. I've known the Karori suburb for probably – I'm based in Christchurch but my dad grew up in Wellington and as my dad's brother Ken and his wife Judy, they lived in Karori for about 45 years, so I've been to Karori a lot so I know it's a very special place. The difficulty has been that a lot of locals weren't happy about the fact that the university sold that site to us, but obviously that's got nothing to do with us, that's just a – I guess it's more of a political thing. Anyway, that's happened now, and we move on.

What we've done is we've had lots of drop-in days with the community. There's a number of interest groups there, Jeremy, who have given us their full and frank views on a whole bunch of stuff around how they'd like to see it developed, things that they are concerned about, and so what we do is we just take all of those into account and we have to sit down and think about how can we make it work.

One thing that we will be – well, we are doing is we're working with a heritage architect because there is potential at that site to retain some of the older buildings where there's real historic and cultural significance to events that happened there and with some of the brutalist architecture, where some of the site may be able to be integrated in with the village. What we need to do is we will be talking through more detailed plans with people like the Historic Places Trust (Heritage New Zealand) in the community over the next couple of months as well. They're never easy; you've got to work with the community hard. But look, we want to build a village that just looks great. And there's real interesting architectural opportunities there.

And I know from my family connections that it's an excellent site for the village and it will be in very, very strong demand there because there is very limited offering, and that is a very large suburb. So we will end up with a very successful village in Karori.

David Kerr: There's a definite shortage of retirement units and care beds in that area. But I think one of the challenges has been that the community has used the facility itself. And so we are keen to try and continue that opportunity for the community.

So that's where we're sort of listening acutely to see how we can help make that happen.

Jeremy Simpson: Is that in regard to like the sports venues?

Gordon MacLeod: Yeah, things like dance halls and performance halls, netball courts. Like there's a whole tonne of stuff.

David Kerr: Market days.

Gordon MacLeod: But you have to stand back and look at what you can work onsite, maybe what you can do offsite. So we're really committed to try and make it work. Because we want it to be something that people feel good about.

Jeremy Simpson: Just lastly from me, resales pricing is a little softer than I was expecting. Can you give some feedback on what's happening on pricing generally for like for like if you like, and on village by village basis?

David Bennett: So like for like, the pricing hasn't changed. It's actually probably gone up since the end of the year. What you're seeing though is just a bit of a mix of what has actually come up.

So the units coming up have been I guess at our more regional sites and villages. So that's pulled the pricing back. So that's why it's hard to just look at it at that granular level.

Gordon MacLeod: Yeah, pricing is up.

Yeah, but the mix can be quite significant. Because you get some our very - well, some of the high end villages and it can affect the weighted average price quite a lot. Yeah.

Jeremy Simpson: Great. That's all from me. Thanks.

Marcus Curley: Three questions from me. I just wondered if you could talk a little bit about the competitive dynamic in New Zealand at the moment. I suppose some of your peers are talking about higher inventory levels, some of their villages are [held] to sell.

I suppose the other thing I note is your comments around care profitability. You know, smaller players going out of the market. Obviously different messages from different people. I just wondered if you could give some views on how you see the market at the moment in New Zealand?

Gordon MacLeod: Okay, so from a peer point of view, we just absolutely don't comment on competitors. We're very respectful of what people do. From our perspective, what are we seeing? I guess the best summary of it is in the actual results really, which is we have got incredibly high pre-sales.

We've got resale stock at the same level we've had for the last five years at 1.2% which has been our average for the last five years. Of the portfolio care occupancies, 97%. We've had strong operating cashflows.

So the basic metrics that we look at to see whether we're performing in the market are healthy and good. Look, I don't actually follow too much what competitors' view on those sort of things is. I did read one in Australia last week which talked about sales being off.

It sounded pretty significant actually, like 38% or something. That may be a legacy issue they have with some of the media commentary they had a year before that.

David Kerr: I'd just add, Marcus, that in terms of the care, one has to remember that we've been in this business for 30 years and invested very heavily in acquiring the IP. You can see, from the presentations, that we continue to invest in both skill and quality of care provision.

That's not easy to duplicate. So it's not an easy market to be in and peoples' expectations increase year on year. It is challenging for other operators.

Gordon MacLeod: I spend a lot of - I probably would go to a village every week. One of the things I do is always have lunch with our serviced apartment residents or afternoon tea with independent residents and stuff like that. Obviously have a bit of a social chit chat. But I really like to find out why they bought, particularly people that have bought in the last 12 months.

The things that are really important for people are the full continuity of care. I have met a number of people, at every single village, where either the husband or someone's wife unfortunately is in the dementia unit.

Okay? So it's - and people - our average age of entry for independent is 78.5 years old. I just find people are more - I guess some people, you can be quite pragmatic at that stage of your life, that there may be health changes ahead for you.

So that full continuum of care is hugely important for people. You know that our villages are 50% care related and that's a big deal. The other thing that people I think are, and society is becoming more conscious of fairness.

So the Ryman difference, which is the lowest DMF in the sector at 20%, fixed weekly fee for life, don't charge any fees when you vacate the unit and all that sort of stuff, is more widely known than maybe even we think when we speak to people.

It's a very important part of the bargain of trust that we form. So perhaps that's the context for the fact that the overall metrics we've talked about today are in reasonable shape.

Marcus Curley: Secondly, can you talk a little bit about why you're so confident in five villages in Australia? Clearly the progress has been slower than you would have thought. What gives you the confidence? You know, five by 2020 just seems a long way away from just opening the second in the end of 2018.

Gordon MacLeod: That's fair enough, Marcus. So we probably should clarify, 2020, I would regard that as New Year's Eve on 2020.

[Laughter]

John Boscawen: Not New Year's Day?

Gordon MacLeod: Not New Year's Day, no. Maybe one resident, you know? Sleeping in a…

[Over speaking]

Gordon MacLeod: I'll be the village manager. So look, yeah, it was a big time between the first and second village, Marcus, and that was frustrating for us, and I know it was frustrating for shareholders. I think that what we do is we learn a lot during those - they're the times that you learn the most probably. When you get frustrated and you think, oh we should have resourced up a bit more, or maybe we should have tackled that issue in a different way.

But Brandon Park is a very large-scale village, and it was a tremendous achievement to get that approved, and now to get that open. I think that if we've got two villages - so if you think about it, well how do you get five sites opened? First of all, you've got to buy them, so now we've got nine, and they're great.

You can see from the map of Melbourne, they've quite cleverly, all around the border of Melbourne, and different clusters. They're not all big, metro, big intensive apartments, or villages, there's a mix. So you've got to buy the land. Then you've got to get them consented. So we've had two consented now - oh four - four consented now. Burwood, Coburg, Weary Dunlop and Brandon Park. So we need one more to get our fifth. We were hoping that we would've heard from Geelong this month actually, but the meeting with council's been deferred to 18 December.

Ocean Grove, though, already has a development approval for a retirement village and age-care facility, so we'll hopefully move quickly on that. And our preliminary discussions with local council about Aberfeldie have been really positive.

So just to give you a bit of a flavour, we've got some good development approval progress happening, with three being submitted. Then you've got to start building them, so one built, one open. Coburg and Burwood East, I hope that we're building there in the next two to three months. There are various prestart conditions of councils that just take time, so we've been doing things with Burwood, for example, where we've been discussing some refinements, the urban design, look and feel of the village. That's good because it will actually give it a better long-term outcome.

So by the end of March, hopefully we'll be building at three sites. Then ideally, in the next - by say this time next year, we might be building at Geelong as well. We might be building at Ocean Grove. We might be starting to look at Aberfeldie.

So there are just a number of points of momentum where if I would go back - and I remember sitting on these meetings two or three years ago, it was all just a question about where's Brandon Park at?

What you're hearing is we've got a lot more irons in the fire now, and that's what gives us confidence about that.

For me, at a certain point in time, we'll be looking well beyond 2020. We're committed to the Victoria market, we want to get a roll on there, we want to match the New Zealand build rate there, and to think to have developed a really wonderful portfolio of sites there, we're on the way.

David Kerr: I think, Marcus, that the impatience was shared at the board level as well. We were very aware of that gap. But one has to remember that the Brandon Park one, Dame Nellie Melba Village, is actually the size of Edmund Hillary, it is a really big village. I think that we learnt a lot from the first village, and we then have had to spend some time building some strength.

You heard Gordy talk about the increase in the number of people in design, and that takes time to get the right people. We've been building in New Zealand, we built Weary Dunlop largely out of New Zealand, now we're actually building our team in Australia, which will enable us to go with much greater speed.

So I feel confident. They keep telling us we're going to have five by 2020. We promised five by 2020, so we will do it, but I think Gordy's point that we do actually have a much longer-term horizon that we're aiming at, for that particular number.

Marcus Curley: Then just finally, with the residential house turning down in Australia, can you talk a little bit about - and I know you're obviously just selling one village at the moment, so the experience around selling that relative to a housing downturn may be pretty limited, but on the flipside it's an opening opportunity to be more aggressive on land purchases at their prices.

Gordon MacLeod: Yes, to the second question. So we'll be our usual fussy selves though. They have to be great locations. In relation to - if you want to bring up the slide, slide people, on the median house price one - it's got the two nice ladies with the golf clubs, looking at it - anyway, while they bring that up, the most important thing I think, Marcus, in a market where there is price risk, is it there's great affordability for people, and that the shape of the village that you're building is driven strongly of needs.

If we were building a lifestyle village, I believe that they may struggle because you may decide if you're sitting on the paper, reading the paper every day, every day incredibly is another story - basically a photocopy of the last story the previous day, which is the housing market's got a problem. That can put people off, and if they actually fit in well, and they don't need to move, what happens is they don't move.

What we found during the GFC, which was where housing transactions in New Zealand dropped by two-thirds, prices dropped by 10%, days to sell doubled from 30 to 60, and that all happened in six months, was that the stuff of life continued. So people who are needing to come into care, people needing to come into service departments, who are typically about 86 or 87, and you can see from that graph, incredibly affordable in any sort of market, that stuff happens.

So you're left just really talking about what's the risk with independent? So independent are about 50% of our portfolio, and the average age of entry is 78.5. So it's the older elderly. When you speak to people about their story of why they came to the village, one on one, it's usually some sort of life event, or health-related story, to be honest. Even in a market like Melbourne, David Bennett mentioned that the house prices would have to drop 34% before someone wasn't freeing up additional capital.

It will still be affordable, ironically, and in Auckland, 20%. So we like the fact there's good head room, there's plenty of affordability, and these are a compelling offering for people, with really fair terms, and good service.

David Kerr: As you said earlier, it's a needs-based decision. It's not a lifestyle decision. So the last few dollars in the house price are not what's critical to the person selling their home.

Marcus Curley: On that slide, the lower price point will cost for you in Melbourne versus Auckland, does that continue as the villages roll out?

Gordon MacLeod: It may not. No, it may not. Auckland's got a number of key villages in there, which some of them are quite high. Some are a bit higher priced.

David Bennett: Yes, and as a village matures we get closer to the local median house price. But on the first sell down we are typically selling at a bit more of a discount, and so that chart reflects that in Auckland there are a lot more mature villages than there are in Melbourne. It's a great time to buy in Melbourne, if you're a resident. If you thought the prices were coming down, now is good.

David Kerr: Any other questions in the room? Are there any questions from people calling in?

Operator: Thank you. If you wish to ask a question, please press star one on your telephone, and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the handset to ask your question. Your first question comes from Jason Familton, from Accident Compensation Corporation. Please go ahead.

Jason Familton: Good morning, guys.

David Kerr: Hi Jason.

Gordon MacLeod: It's nice and clear. Hello.

Jason Familton: I've got three. The first one's a comment. As a Karori resident, I'm pretty interested in what you're going to do with the village.

Gordon MacLeod: Another interest group!

Secondly, just a question, can you just give some CapEx guidance for the full year?

Gordon MacLeod: We actually haven't tended to it, I have to say, Jason.

Jason Familton: Why is that?

David Bennett: We've given profit guidance and build guidance.

[Over speaking]

Jason Familton: Do you know how much you're going to spend on [unclear]?

Gordon MacLeod: We just haven't given CapEx guidance in the past because I think that the overall parameters we give guidance on, people tended to be able to work with those parameters for a long time.

Jason Familton: Okay. Just this massive area of variance out there in the analyst community around what you might spend on CapEx, so it'd be good to get some guidance. Secondly, can you just talk to how many sales and resales that you've actually settled in the first half?

Gordon MacLeod: Not off the top of our heads. No. We don't actually give that - we've never actually disclosed that data. The data we have disclosed is the build rate and the sales rate, so probably the closest proxy to perhaps what you're thinking about, Jason, is that when I looked at it yesterday, in the last 18 months we've built 650 beds and retirement village units, so let's forget about the beds, and in that same period, we've done sales of I think 626, so they're pretty much matched.

There's obviously some stock, as there usually is, around completed serviced apartments, where they can take about 18 months to sell down after completion, simply because you're dealing with 86-, 87-year-olds, and there are only a certain amount of people with that need in the community at any one time.

Jason Familton: Okay. Can I ask the question a slightly different way? Can you talk to the receivable balance, and I guess how many units are related to as at 31 March, and how many units were related to as at 30 September?

Gordon MacLeod: No. Honestly Jason, we just don't track it like that. We've obviously got detailed cashflow stuff that we manage the business on, but I don't look at the number of units in our debtors at March and September.

Jason Familton: Okay.

Operator: Thank you. Once again, if you wish to ask a question, please press star one on your telephone, and wait for you name to be announced.

David Kerr: Take that as no. Great, look thank you to everyone for coming and joining us. As you've identified, we've had a very good first half, great momentum, and great progress in the way we deliver care. So now we can just have some informal discussions. So thank you very much.

End of Transcript