

RYMAN HEALTHCARE

Half Year Report 2019



03	Half year highlights
04	Key statistics
07	Report to shareholders
12	Financial statements
26	Our villages
28	Directory

Half year highlights

1984

Ryman Healthcare
was founded in 1984.

5,700

We employ over
5,700 staff.

36 villages

We own and operate 36 retirement
villages in New Zealand and Australia
and have 18 new villages in the pipeline.

11,400
residents

Our villages are home to
over 11,400 residents.

\$103.0
million*

Unaudited underlying profit up 6.2%

*See key statistics for definition.

\$188.3
million

Reported (IFRS)
profit up 11.1%

\$256.1
million

Operating cash flows of
\$256.1 million, up 17.6%

\$7.26
billion

Total assets up 17.4% from
September 2018

\$359.7
million

We've invested \$359.7 million in
new and exsiting villages.

7,074

7,074 beds and units in
our land bank.

Key statistics

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

		30 Sept 2019 Six months	30 Sept 2018 Six months	31 March 2019 12 months
Financial				
Underlying profit (non-GAAP)	\$m	103.0	97.1	227.0
Reported net profit after tax	\$m	188.3	169.5	326.0
Net operating cash flows	\$m	256.1	217.8	401.4
Net assets	\$m	2,294.5	2,052.7	2,170.1
Total assets	\$m	7,255.8	6,180.2	6,651.5
Interest-bearing debt to interest-bearing debt plus equity ratio	%	40%	37%	38%
Dividend per share	cents	11.5	10.8	22.7
Villages				
New sales of occupation rights ¹	no.	229	168	414
Resales of occupation rights	no.	454	405	824
Total sales of occupation rights	no.	683	573	1,238
Land bank (to be developed) ^{2,3,4}	no.	7,074	6,078	6,593
Portfolio:				
Aged-care beds	no.	3,660	3,448	3,660
Retirement-village units	no.	7,071	6,613	6,878
Total units and beds	no.	10,731	10,061	10,538

1 229 new sales of occupation rights for September 2019 includes 47 units rebuilt at Malvina Major.

2 Includes retirement-village units and aged-care beds.

3 Included in the 7,074 beds and units is a site acquisition at Northwood (Christchurch) which is subject to Overseas Investment Office approval.

4 Of the 7,074 units and beds in the land bank, 3,428 are subject to resource and building consent.

Key statistics

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

		30 Sept 2019 Six months	30 Sept 2018 Six months	31 March 2019 12 months
Underlying profit (non-GAAP)	\$m	103.0	97.1	227.0
Plus unrealised gains on retirement-village units	\$m	92.7	72.8	102.4
Less deferred tax movement	\$m	(7.4)	(0.4)	(3.4)
Reported net profit after tax	\$m	188.3	169.5	326.0

Underlying profit is a non-GAAP* measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and so may not be comparable to similar financial information presented by other entities.

The Group uses underlying profit, with other measures, to measure performance. Underlying profit is a measure that the Group uses consistently across reporting periods.

Underlying profit excludes deferred taxation, taxation expense, and unrealised gains on investment properties because these items do not reflect the trading performance of the Company. Underlying profit determines the dividend payout to shareholders.

**Generally Accepted Accounting Principles*



Report to shareholders

The team at Ryman Healthcare has made good progress in the first half, and we have a great deal of momentum building to take us into the months and years ahead.

Our unaudited first half underlying profit rose 6.2 percent to \$103 million, driven by record resales volumes.

As previously signalled, the second half is expected to be stronger as the build programme lifts, and full year underlying profits are expected to range from \$250 million to \$265 million.

Reported (IFRS) profit, which includes unrealised fair value gains on investment property, increased 11.1 percent to \$188.3 million.

Shareholders will receive an increased interim dividend of 11.5 cents per share in line with the increase in underlying profit. The record date for entitlements is December 6, and the dividend will be paid on December 13.

Cash generation was strong in the half, with operating cashflows up 17.6 percent to \$256.1 million.

Our balance sheet strengthened further during the half, with total assets growing 17.4 percent from September 2018 to \$7.26 billion, reflecting the value created by ongoing development and strong demand.

Full year profits are expected to lift in line with growth in the build programme, and construction is targeted to be under way at 12 sites by March 2020, up from eight a year ago.

Our medium-term target remains to double our underlying profit every five years. This translates to increasing our underlying profit by approximately 15 percent each year. This target is unchanged, and is, we believe, achievable.

Demand grows in a tougher market

Our unique integrated villages and high-quality care continued to be in strong demand, with care occupancy in established villages running at 97 percent.

Only 1.6 percent of the retirement village portfolio was available for resale at September 30.

Resales volumes in New Zealand grew 11.3 percent, while volumes in the wider real estate market declined 15 percent, which demonstrated the continued appeal of Ryman villages.

The first half result has been achieved against a background of tough market conditions in Melbourne and Auckland, so we are satisfied with the outcome.

Our focus continued to be on delivering new villages, innovating to improve the experience of living and working in a Ryman community, and making sure everyone got home safe each day.

Care at the heart of everything we do

Our fundamental purpose is to care for our residents as well as we possibly can.

To do this we must constantly innovate to improve the experience of our residents whether they are in care or living independently.

And we must work hard to ensure that the team who deliver the care have both the skills and resources they need to do a great job, and also that they love the experience of being part of the Ryman family.

“Our fundamental purpose is to care for our residents as well as we possibly can.”

Our focus on excellence in care continued in the half, and 84 percent of our New Zealand care centres now have four-year Ministry of Health accreditation, compared to an average of 47 percent among large operators in the sector.

An example of our commitment to investing in care is a program of work we have named *myRyman Life*.

The *myRyman Life* Model of Dementia Care programme is designed to challenge and change the perspectives on dementia commonly held by staff, families and residents.

Our aim is to build a supportive and understanding community network by demystifying dementia, which allows our residents to live life in the moment, feeling valued and understood, and to give them a sense of contentment.

We have more than 800 dementia care beds and another 685 beds planned, which is a huge commitment to dementia care.

Making sure our care and consideration of the needs of these people and their families is the best it can be is what *myRyman Life* is all about.

myRyman Life has brought together everyone from across Ryman – from architects and builders through to our clinicians and contractors – to reconsider how we improve dementia design and care.

The programme is being introduced through a range of education resources to educate all staff, residents and their families using up-to-date, research-based methods which centre around our core philosophy of kindness.

More than 1,400 staff and 500 residents and family supporters have already been trained in the principles of *myRyman Life*.

What has been striking is the level of support and interest from families in the project.

They have been coming along to the information sessions in large numbers, which reflects that we are all on the same team in working to provide the best caring environment we can.

It is a project we are enormously proud of.

In addition, we have signed up as Alzheimers New Zealand's lead partner for the next three years and more than 1,200 of our Ryman staff have signed up to become dementia friends.

We've also entered the Alzheimers New Zealand Dementia Friendly Programme.

We did all of this because we back the mission to combat stigma and to change hearts and minds about dementia.

Improving the resident experience

We continued to trial new ways to improve the experience of our residents who live independently with us.

Ryman *Delight* is aimed at providing additional activities which the

residents choose based on their interests, in addition to the wide range of activities we already provide.

The trial at each village is being run by a concierge who arranges trips to the theatre, concerts or sporting events etc as well as weekends away.

“We continued to trial new ways to improve the experience of our residents who live independently with us.”

In addition, we have introduced village hosts in the evenings at some of our larger villages.

The hosts provide bar snacks and arrange movies and other entertainment to make our village centres more of a destination for our residents and their friends and families in the evenings.

We have also introduced an ECab service for residents in four villages and the low emission cabs have been in demand, completing 500 trips with residents.

Investing in people

We continued to increase staff pay in the half, to innovate in the way we train, and to find ways to identify talent and the leaders of tomorrow and develop their careers.

We are about to send our first group of senior leaders to Melbourne Business School for the first of four leadership modules.

This new Ryman Advanced Leadership Programme has been specially designed around our culture and values, so that we get better at developing and leading more Rymanians.

Building to meet our growth ambitions

We have significantly lifted our land bank over the past three years to match our growth aspirations in New Zealand and Victoria.

We are now moving into our biggest ever build programme on stunning sites, which is exciting for the team and our next generation of residents.

We acquired two new sites – Highett in Victoria and Northwood* in Christchurch – during the first half taking the land bank to 7,074 units and beds.

The 22 sites in our land bank, 10 of which already have development under way, represent the equivalent of 66 percent of our existing portfolio. On development of the existing land bank over the coming years Ryman expects to be providing homes and care for more than 20,000 people.

We are targeting a build rate of 900 units and beds this year, up from 757 in the 2019 financial year.

A highlight of the half was the progress in Victoria.

Our team exchanged a record 260 new sales, resales and care contracts in the first half in Victoria. We are interacting with more people than ever and there is no doubt our brand awareness is growing.

We have recently submitted our tenth development application in Victoria. Five development approvals have been granted already and we continue to target having five villages open in Victoria by the end of the 2020 calendar year.

As well as a record amount of construction activity, we have a whole lot of innovations feeding through that will make life in a Ryman village better than ever for our residents.

We have had great feedback from our residents and their families in our recent surveys, and we continue to strive to get even better.

Board strengthened

Our board has been further strengthened with the appointment of Melbourne-based director Paula Jeffs. Paula is a human resources executive with experience across healthcare, finance and government sectors.

*Subject to Overseas Investment Office approval.

We are a high growth business and we know that finding and developing the right sort of people is critical to our success.

Paula brings great insight into people and talent, and she will be a great contributor. We have got a wealth of talent and an excellent mix of skills and diverse views on the board which will see us into the future.

Thanks

We have a great team at Ryman.

The care, the kindness and the professionalism they bring to work each day is a credit to them.

Their dedication to the care and wellbeing of our 11,400 residents has allowed us to build a reputation that is second to none.

We also regard you, our shareholders, as part of our team.

We thank you for your support which has allowed us to achieve extraordinary things.

Since 1999 we have invested \$4 billion in building communities and returned \$860 million in

dividends. We have provided care, comfort and security for more than 30,000 people, and built an extraordinary platform for growth.

We are moving into a record expansion phase in the next 18 months, but it is not growth for growth's sake.

It reflects our mission to build as many communities as we can so that more people can benefit from the Ryman experience. We regard it as part of our social licence to do this.

We thank you for all your support and enthusiasm for this mission.

We look forward to reporting to you all in six months' time on more progress at Ryman.

“We thank you for all your support and enthusiasm for this mission.”



Dr David Kerr

CHAIR
RYMAN HEALTHCARE



Gordon MacLeod

CHIEF EXECUTIVE
RYMAN HEALTHCARE

Consolidated income statement

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Notes	Six months ended 30 Sept 2019 unaudited	Six months ended 30 Sept 2018 unaudited	Year ended 31 March 2019 audited
		\$000	\$000	\$000
Care fees		163,093	147,748	302,003
Management fees		43,913	38,840	78,944
Interest received		230	211	532
Other income		515	391	855
Total revenue		207,751	187,190	382,334
Fair-value movement of investment properties	3	180,009	155,438	292,910
Total income		387,760	342,628	675,244
Operating expenses		(168,729)	(152,528)	(303,745)
Depreciation and amortisation expense		(13,751)	(11,250)	(23,125)
Finance costs		(9,557)	(8,958)	(18,959)
Total expenses		(192,037)	(172,736)	(345,829)
Profit before income tax		195,723	169,892	329,415
Income-tax expense		(7,442)	(359)	(3,429)
Profit for the period		188,281	169,533	325,986
Earnings per share				
Basic and diluted (cents per share)		37.7	33.9	65.2

All profit and total comprehensive income is attributable to parent company shareholders and is derived from continuing operations.

The accompanying notes form part of these interim financial statements.

Consolidated statement of comprehensive income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Six months ended 30 Sept 2019 unaudited	Six months ended 30 Sept 2018 unaudited	Year ended 31 March 2019 audited
	\$000	\$000	\$000
Profit for the period	188,281	169,533	325,986
<i>Items that may be later reclassified to profit or loss</i>			
Fair-value movement and reclassification of interest-rate swaps	(7,479)	(753)	(5,181)
Deferred tax movement on interest-rate swap reserve	2,094	211	1,451
(Loss) / Gain on hedge of foreign-owned subsidiary net assets	(2,471)	(2,051)	1,333
Gain / (Loss) on translation of foreign operations	8,839	5,375	(4,966)
	983	2,782	(7,363)
<i>Items that may be later reclassified to profit or loss</i>			
Revaluation of property, plant and equipment (unrealised)	-	-	24,456
	-	-	24,456
Other comprehensive income	983	2,782	17,093
Total comprehensive income	189,264	172,315	343,079

All profit and total comprehensive income is attributable to parent company shareholders and is derived from continuing operations.

The accompanying notes form part of these interim financial statements.

Consolidated statement of changes in equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Issued capital	Asset revaluation reserve	Interest- rate swap reserve	Foreign- currency translation reserve	Treasury stock	Retained earnings	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Six months ended 30 Sept 2018 unaudited							
Opening balance	33,290	233,319	(5,913)	(2,243)	(22,497)	1,704,563	1,940,519
Profit and total comprehensive income for the period	-	-	(542)	3,324	-	169,533	172,315
Treasury stock movement	-	-	-	-	(5,611)	-	(5,611)
Dividends paid to shareholders	-	-	-	-	-	(54,500)	(54,500)
Closing balance at 30 Sept 2018	33,290	233,319	(6,455)	1,081	(28,108)	1,819,596	2,052,723
Year ended 31 March 2019 audited							
Opening balance	33,290	233,319	(5,913)	(2,243)	(22,497)	1,704,563	1,940,519
Profit and total comprehensive income for the year	-	24,456	(3,730)	(3,633)	-	325,986	343,079
Treasury stock movement	-	-	-	-	(4,968)	-	(4,968)
Dividends paid to shareholders	-	-	-	-	-	(108,500)	(108,500)
Closing balance at 31 March 2019	33,290	257,775	(9,643)	(5,876)	(27,465)	1,922,049	2,170,130
Six months ended 30 Sept 2019 unaudited							
Opening balance	33,290	257,775	(9,643)	(5,876)	(27,465)	1,922,049	2,170,130
Profit and total comprehensive income for the period	-	-	(5,385)	6,368	-	188,281	189,264
Treasury stock movement	-	-	-	-	(5,413)	-	(5,413)
Dividends paid to shareholders	-	-	-	-	-	(59,500)	(59,500)
Closing balance at 30 Sept 2019	33,290	257,775	(15,028)	492	(32,878)	2,050,830	2,294,481

The accompanying notes form part of these interim financial statements.

Consolidated balance sheet

AT 30 SEPTEMBER 2019

	Notes	30 Sept 2019 unaudited	30 Sept 2018 unaudited	31 March 2019 audited
		\$000	\$000	\$000
Assets				
Trade and other receivables		332,792	298,880	344,814
Advances to employees		10,996	8,524	8,152
Property, plant and equipment		1,456,181	1,093,717	1,188,940
Investment properties	3	5,423,813	4,754,479	5,081,607
Intangible assets		32,008	24,574	27,968
Total assets		7,255,790	6,180,174	6,651,481
Equity				
Issued capital	6	33,290	33,290	33,290
Asset revaluation reserve		257,775	233,319	257,775
Interest-rate swap reserve		(15,028)	(6,455)	(9,643)
Foreign-currency translation reserve		492	1,081	(5,876)
Treasury stock		(32,878)	(28,108)	(27,465)
Retained earnings		2,050,830	1,819,596	1,922,049
Total equity		2,294,481	2,052,723	2,170,130
Liabilities				
Trade and other payables	7	181,648	76,990	126,909
Employee entitlements		25,471	22,607	23,834
Revenue in advance		60,817	55,071	57,845
Interest-rate swaps		20,872	8,965	13,393
Refundable accommodation deposits		61,788	31,189	34,013
Bank loans (secured)		1,505,012	1,214,337	1,324,003
Occupancy advances (non-interest bearing)	4	3,015,635	2,646,458	2,827,690
Lease liabilities		11,297	-	-
Deferred tax liability (net)		78,769	71,834	73,664
Total liabilities		4,961,309	4,127,451	4,481,351
Total equity and liabilities		7,255,790	6,180,174	6,651,481
Net tangible assets				
Basic and diluted (cents per share)		452.5	405.6	428.4

The accompanying notes form part of these interim financial statements.

Consolidated statement of cash flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Notes	Six months ended 30 Sept 2019 unaudited	Six months ended 30 Sept 2018 unaudited	Year ended 31 March 2019 audited
		\$000	\$000	\$000
Operating activities				
Receipts from residents		582,834	518,267	1,009,496
Interest received		177	265	588
Payments to suppliers and employees		(166,583)	(149,785)	(306,234)
Payments to residents		(150,800)	(145,286)	(283,736)
Interest paid		(9,557)	(5,624)	(18,689)
Net operating cash flows	2	256,071	217,837	401,425
Investing activities				
Purchase of property, plant and equipment		(197,778)	(104,564)	(150,252)
Purchase of intangible assets		(3,819)	(3,060)	(6,918)
Purchase of investment properties		(140,922)	(181,546)	(364,186)
Capitalised interest paid		(17,230)	(14,775)	(31,003)
Advances to employees		(2,843)	(2,688)	(2,316)
Net investing cash flows		(362,592)	(306,633)	(554,675)
Financing activities				
Drawdown of bank loans (net)		172,268	148,907	266,718
Dividends paid		(59,500)	(54,500)	(108,500)
Purchase of treasury stock (net)		(5,414)	(5,611)	(4,968)
Repayment of lease liabilities		(833)	-	-
Net financing cash flows		106,521	88,796	153,250
Net increase in cash and cash equivalents		-	-	-
Cash and cash equivalents at the beginning of the period		-	-	-
Cash and cash equivalents at the end of the period		-	-	-

The accompanying notes form part of these interim financial statements.

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

STATEMENT OF COMPLIANCE

The financial statements presented are those of Ryman Healthcare Limited (the Company), and its subsidiaries (the Group). Ryman Healthcare Limited is a profit-oriented entity incorporated in New Zealand that develops, owns, and operates integrated retirement villages, resthomes, and hospitals for the elderly within New Zealand and Australia.

Ryman Healthcare Limited is a Financial Markets Conduct Act reporting entity under the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. Its financial statements comply with these Acts.

The unaudited condensed consolidated interim financial statements have been prepared in line with Generally Accepted Accounting Principles in New Zealand (NZ GAAP). The statements comply with New Zealand equivalents to International Accounting Standard 34 (NZ IAS 34) *Interim Financial Reporting* and International Accounting Standard 34 (IAS 34) *Interim Financial Reporting*.

BASIS OF PREPARATION

The financial statements for the six months ended 30 September 2019 and the comparative six months ended 30 September 2018 are unaudited.

Apart from the new standards adopted in the current period (see below), these financial statements have been prepared under the same accounting policies and methods as the Company's Annual Report at 31 March 2019. These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 31 March 2019.

The financial statements were approved by the Board of Directors on 20 November 2019.

The information is presented in thousands of New Zealand dollars.

All references to AUD refer to Australian dollars.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised standards and interpretations

In the current period the Group adopted all mandatory new and amended standards and interpretations.

During the period, NZ IFRS 16 Leases has been adopted with effect from 1 April 2019. The new standard introduces a single lessee accounting model that brings all leases on balance sheet except low-value or short-term leases (less than a year). Adopting the standard has not had a material impact on the financial statements.

The Group has chosen to adopt the modified retrospective approach to transition. Comparative periods presented have not been restated.

Operating leases that were previously off balance sheet are now included on the balance sheet under NZ IFRS 16 through the recognition of right-of-use assets and associated liabilities. Rental and operating lease expenses previously recognised within other operating expenses are now recognised as depreciation for right-of-use assets and finance costs for lease liabilities in the income statement. In the statement of cash flows, operating lease payments previously classified as cash flows from operating activities are now classified as cash flows from financing activities for principal repayments of the lease liability and cash flows from operating activities for the interest payments. There has been no impact on actual cash payments as a result of the adoption of NZ IFRS 16.

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The Group used a number of practical expedients when applying NZ IFRS 16 to leases previously classified as operating leases. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application
- did not recognise right-of-use assets and liabilities for leases of low-value assets (for example, IT equipment)
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application
- applied a single discount rate to portfolios of leases with similar characteristics
- used hindsight when determining the lease term

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Following the adoption of NZ IFRS 16 the group has presented right-of use assets within 'property, plant and equipment'.

The group leases office buildings, sales offices, office equipment (for example, photocopiers), and plant and equipment for the use in the construction of retirement-village units and aged-care beds. After using the available recognition exemptions allowed in NZ IFRS 16 for short-term leases and leases of low-value assets it is only the Group's lease of office premises, sales offices and tower cranes for which right of use assets and lease liabilities have been recognised under the new standard. The expenses incurred for short-term and low-value leases continue to be recognised on a straight-line basis in the income statement.

The Group recognises all long-term lease of land within property, plant and equipment and investment property. There has been no impact on how the leases have been accounted for under NZ IFRS 16 other than the recognition of any future lease payments required under the terms of the contract.

A lease contract may contain both lease and non-lease components. For construction leases (for example, scaffolding and tower cranes), the Group has elected not to separate non-lease components from lease components, and instead accounts for the whole contract as a lease.

As a result of adopting the new standard the Group recognised \$13.4 million of right-of-use assets and associated lease liability in the balance sheet at 1 April 2019.

At 30 September 2019, the right-of-use asset was \$11.1 million and the lease liability was \$11.3 million. The profit for the six months to 30 September 2019 is \$0.2 million lower than the profit that would have been reported had the standard not been in place. This comprises a decrease in operating expenses of \$0.8 million, an increase in depreciation expense of \$0.8 million and an increase in finance costs of \$0.2 million. Net operating cash flows have increased by \$0.8 million and net financing cash flows have decreased by \$0.8 million because of the adoption of the standard.

When measuring lease liabilities, the Group discounts lease payments using its incremental borrowing rate. This is calculated with reference to the external borrowing facilities available to the Group and the specific characteristics of the lease. The weighted average borrowing rate for the Group is 3.75%.

The depreciation and finance costs associated with the right-of-use asset and lease liability for tower cranes is capitalised as a cost of constructing the asset.

For leases where the Group is the lessor there has been no change to the recognition or measurement on adoption of NZ IFRS 16. There is no change in how occupation-right agreements and associated management fees are recognised. Management fees are recognised on a straight-line basis over the period of service. The period is determined as being the greater of the expected period of tenure, or the contractual right to management fees.

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

2. RECONCILIATION OF NET PROFIT AFTER TAX FOR THE PERIOD WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	Six months ended 30 Sept 2019 unaudited	Six months ended 30 Sept 2018 unaudited	Year ended 31 March 2019 audited
	\$000	\$000	\$000
Net profit after tax	188,281	169,533	325,986
Adjusted for:			
Movements in balance-sheet items			
Occupancy advances	223,837	157,615	367,538
Accrued management fees	(35,271)	(25,417)	(54,652)
Refundable accommodation deposits	27,775	432	3,256
Revenue in advance	2,972	3,116	5,890
Trade and other payables	676	(271)	2,165
Trade and other receivables	12,022	58,603	12,669
Employee entitlements	1,637	2,370	3,597
Non-cash items:			
Depreciation and amortisation	13,751	11,250	23,125
Deferred tax	7,442	359	3,429
Unrealised foreign-exchange loss	(7,042)	(4,315)	1,332
Adjusted for:			
Fair-value movement of investment properties	(180,009)	(155,438)	(292,910)
Net operating cash flows	256,071	217,837	401,425

Net operating cash flows include occupancy advance receipts from retirement village residents of \$393.5 million (six months ended 30 September 2018: \$370.6 million and year ended 31 March 2019: \$703.6 million).

Also included in operating cash flows are net receipts from refundable accommodation deposits of \$26.6 million (six months ended 30 September 2018: net payments of \$0.4 million and year ended 31 March 2019: net receipts of \$3.8 million).

Net operating cash flows also include management fees collected of \$21.2 million (six months ended 30 September 2018: \$20.2 million and year ended 31 March 2019: \$39.0 million).

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

3. INVESTMENT PROPERTIES

	Six months ended 30 Sept 2019 unaudited	Six months ended 30 Sept 2018 unaudited	Year ended 31 March 2019 audited
	\$000	\$000	\$000
At fair value			
Balance at beginning of financial period	5,081,607	4,398,304	4,398,304
Additions	147,316	192,213	395,931
Fair-value movement:			
<i>Realised fair-value movement:</i>			
• new retirement-village units	31,835	32,850	87,866
• existing retirement-village units	55,493	49,762	102,600
	87,328	82,612	190,466
<i>Unrealised fair-value movement</i>	92,681	72,826	102,444
	180,009	155,438	292,910
Net foreign-currency exchange differences	14,881	8,524	(5,538)
Net movement for period	342,206	356,175	683,303
Balance at end of financial period	5,423,813	4,754,479	5,081,607

The realised fair-value movement arises from the sale and resale of occupancy advances to residents. Investment properties are not depreciated and are fair valued.

The carrying value of completed investment property is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Limited, at 30 September 2019.

The valuer used significant assumptions that include long-term house-price inflation (ranging from 0 percent to 3.5 percent nominal) (30 September 2018 and 31 March 2019: 0.5 percent to 3.5 percent) and discount rate (ranging from 12 percent to 16 percent) (30 September 2018: 12 percent to 16.5 percent and 31 March 2019: 12 percent to 16 percent).

Investment property includes investment property work in progress of \$318.9 million (six months ended 30 September 2018: \$329.0 million and year ended 31 March 2019: \$325.1 million), which has been valued at cost.

The CBRE valuation for the six months ended 30 September 2018 included within its forecast cash flows the Group's expected costs relating to rebuild works at Malvina Major. The estimate of the gross cash outflows included for remediation works was \$10 million over a remaining 6-month period. (31 March 2019: \$6 million over a remaining 6-month period). The estimates were based on information available at the time. No costs have been included in the six months ended 30 September 2019.

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

4. OCCUPANCY ADVANCES (NON-INTEREST BEARING)

	Six months ended 30 Sept 2019 unaudited	Six months ended 30 Sept 2018 unaudited	Year ended 31 March 2019 audited
	\$000	\$000	\$000
Gross occupancy advances (see below)	3,427,688	2,993,929	3,203,851
Less management fees and resident loans	(412,053)	(347,471)	(376,161)
Closing balance	3,015,635	2,646,458	2,827,690
Movement in gross occupancy advances			
Opening balance	3,203,851	2,836,314	2,836,314
Plus net increases in occupancy advances:			
• new retirement-village units	160,726	120,447	290,701
• existing retirement-village units	55,493	49,762	102,600
Net foreign-currency exchange differences	8,766	5,245	(3,408)
Decrease in occupancy advance receivables	(1,148)	(17,839)	(22,356)
Closing balance	3,427,688	2,993,929	3,203,851

Gross occupancy advances are non-interest bearing.

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

5. DIVIDEND

On 21 November 2019 an interim dividend of 11.5 cents per share was declared and will be paid on 13 December 2019 (prior year: 10.8 cents per share). The record date for entitlements is 6 December 2019.

6. SHARE CAPITAL

Issued and paid-up capital consists of 500,000,000 fully paid ordinary shares (30 September 2018: 500,000,000 and 31 March 2019: 500,000,000). All shares rank equally in all respects.

Basic and diluted earnings and net tangible assets per share have been calculated on the basis of 500,000,000 ordinary shares (30 September 2018: 500,000,000 and 31 March 2019: 500,000,000 shares).

Shares purchased on market under the leadership share scheme are treated as treasury stock until vesting to the employee.

7. TRADE AND OTHER PAYABLES

Trade payables are typically paid within 30 days of invoice date or the 20th of the month following the invoice date. Other payables at 30 September 2019 includes \$105.4 million (30 September 2018: \$19.6 million and 31 March 2019: \$68.1 million) for the purchase of land.

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

8. OPERATING SEGMENTS

The Ryman Group operates in one industry, being the provision of integrated retirement villages for older people in New Zealand and Australia. In presenting information on the basis of geographical areas, net profit, underlying profit, and revenue are based on the geographical location of operations. Assets are based on the geographical location of the assets.

	New Zealand	Australia	Group
	\$000	\$000	\$000
Six months ended 30 Sept 2019 unaudited			
Revenue	194,817	12,934	207,751
Underlying profit (non-GAAP)	92,812	10,230	103,042
less deferred tax expense	(19,804)	12,362	(7,442)
plus unrealised fair-value movement	79,352	13,329	92,681
Profit for the period	152,360	35,921	188,281
Non-current assets	6,016,085	895,917	6,912,002
Six months ended 30 Sept 2018 unaudited			
Revenue	176,872	10,318	187,190
Underlying profit (non-GAAP)	75,659	21,407	97,066
less deferred tax expense	(359)	-	(359)
plus unrealised fair-value movement	60,701	12,125	72,826
Profit for the period	136,001	33,532	169,533
Non-current assets	5,237,233	635,537	5,872,770

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

8. OPERATING SEGMENTS (CONTINUED)

	New Zealand	Australia	Group
	\$000	\$000	\$000
Year ended 31 March 2019 audited			
Revenue	358,524	23,810	382,334
Underlying profit (non-GAAP)	189,903	37,068	226,971
less deferred tax expense	(3,429)	-	(3,429)
plus unrealised fair-value movement	90,167	12,277	102,444
Profit for the year	276,641	49,345	325,986
Non-current assets	5,598,182	700,333	6,298,515

Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and so may not be comparable to similar financial information presented by other entities. The Group uses underlying profit, with other measures, to measure performance. Underlying profit is a measure that the Group uses consistently across reporting periods.

Underlying profit excludes deferred taxation, taxation expense, and unrealised gains on investment properties because these items do not reflect the trading performance of the Company. Underlying profit determines the dividend payout to shareholders.

9. COMMITMENTS

The Group had commitments relating to construction contracts amounting to \$147.4 million at 30 September 2019 (30 September 2018: \$129.9 million and 31 March 2019: \$127.3 million).

10. SUBSEQUENT EVENTS

Other than the dividends in note 5, there are no subsequent events.



RYMAN HEALTHCARE



Our villages in Victoria, Australia

- Aberfeldie
- Burwood East
- Coburg
- Highton
- Ocean Grove
- Mt Eliza
- Mt Martha
- Nellie Melba
- Ringwood East
- Weary Dunlop

- Ryman village
- Under construction
- Council approval
- Proposed village

Our villages in New Zealand

Whangarei

- Jane Mander

Auckland

- Bert Sutcliffe
- Bruce McLaren
- Edmund Hillary
- Evelyn Page
- Grace Joel
- Hobsonville
- Kohimarama
- Lincoln Road
- Logan Campbell
- Murray Halberg
- Possum Bourne
- William Sanders

Hamilton

- Hilda Ross
- Linda Jones

Tauranga

- Bob Owens

Gisborne

- Kiri Te Kanawa

New Plymouth

- Jean Sandel

Napier

- Princess Alexandra

Havelock North

- Te Aute Road

Whanganui

- Jane Winstone

Palmerston North

- Julia Wallace

Waikanae

- Charles Fleming

Wellington

- Bob Scott
- Karori
- Malvina Major
- Newtown
- Rita Angus
- Shona McFarlane

Nelson

- Ernest Rutherford

Rangiora

- Charles Upham

Christchurch

- Anthony Wilding
- Diana Isaac
- Essie Summers
- Margaret Stoddart
- Ngaio Marsh
- Northwood*
- Park Terrace
- Riccarton Park
- Woodcote

Dunedin

- Frances Hodgkins
- Yvette Williams

Invercargill

- Rowena Jackson

*Subject to Overseas Investment Office approval

Our villages



Directory

REGISTERED OFFICE

Airport Business Park
92 Russley Road, Christchurch
PO Box 771, Christchurch 8042
New Zealand

MELBOURNE OFFICE

Suite 10.03, Level 10
420 St Kilda Road, Melbourne
PO Box 33119
Melbourne VIC 3004, Australia

Retirement villages

Anthony Wilding Retirement Village

5 Corbett Crescent, Aidanfield,
Christchurch

Bert Sutcliffe Retirement Village

2 Rangitira Road, Birkenhead, Auckland

Bob Owens Retirement Village

112 Carmichael Road, Bethlehem, Tauranga

Bob Scott Retirement Village

25 Graham Street, Petone, Lower Hutt

Bruce McLaren Retirement Village

795 Chapel Road, Howick, Auckland

Charles Fleming Retirement Village

112 Parata Street, Waikanae

Charles Upham Retirement Village

24 Charles Upham Drive, Rangiora

Diana Isaac Retirement Village

1 Lady Isaac Way, Mairehau, Christchurch

Edmund Hillary Retirement Village

221 Abbotts Way, Remuera, Auckland

Ernest Rutherford Retirement Village

49 Covent Drive, Stoke, Nelson

Essie Summers Retirement Village

222 Colombo Street, Beckenham,
Christchurch

Evelyn Page Retirement Village

30 Ambassador Glade, Orewa, Auckland

Frances Hodgkins Retirement Village

40 Fenton Crescent, St Clair, Dunedin

Grace Joel Retirement Village

184 St Heliers Bay Road, St Heliers,
Auckland

Hilda Ross Retirement Village

30 Ruakura Road, Hamilton

Jane Mander Retirement Village

262 Fairway Drive, Kamo, Whangarei

Jane Winstone Retirement Village

49 Oakland Avenue, St Johns Hill,
Whanganui

Jean Sandel Retirement Village

71 Barrett Road, New Plymouth

AUCKLAND OFFICE

93 Ascot Avenue, Remuera
Auckland 1051, New Zealand

SHARE REGISTRAR

Link Market Services
PO Box 91976, Auckland 1142
New Zealand
P: +64 9 375 5998
E: enquiries@linkmarketservices.com

Julia Wallace Retirement Village

28 Dogwood Way, Clearview Park,
Palmerston North

Kiri Te Kanawa Retirement Village

12 Gwyneth Place, Lytton West, Gisborne

Linda Jones Retirement Village

1775 River Road, Hamilton

Logan Campbell Retirement Village

187 Campbell Road, Greenlane, Auckland

Malvina Major Retirement Village

134 Burma Road, Khandallah, Wellington

Margaret Stoddart Retirement Village

23 Bartlett Street, Riccarton, Christchurch

Murray Halberg Retirement Village

11 Commodore Drive, Lynfield, Auckland

Nellie Melba Retirement Village

2 Collegium Avenue, Wheelers Hill,
Melbourne

Ngaio Marsh Retirement Village

95 Grants Road, Papanui, Christchurch

Possum Bourne Retirement Village

5 Lisle Farm Drive, Pukekohe

Princess Alexandra Retirement Village

145 Battery Road, Napier

Rita Angus Retirement Village

66 Coutts Street, Kilbirnie, Wellington

Rowena Jackson Retirement Village

40 O'Byrne Street North, Waikiwi,
Invercargill

Shona McFarlane Retirement Village

66 Mabey Road, Lower Hutt

Weary Dunlop Retirement Village

242 Jells Road, Wheelers Hill, Melbourne

William Sanders Retirement Village

7 Ngataranga Road, Devonport, Auckland

Woodcote Retirement Village

29 Woodcote Avenue, Hornby, Christchurch

Yvette Williams Retirement Village

383 Highgate, Roslyn, Dunedin

Directory

New villages in the pipeline

Victoria

Aberfeldie

2 Vida Street, Aberfeldie, Melbourne

Burwood East

65 Old Burwood Road, Burwood East, Melbourne

Coburg

81a Bell Street, Coburg, Melbourne

Highett

32-40 Graham Road, Highett, Melbourne

Highton

157 South Valley Road, Highton, Victoria

Mt Eliza

70 Kunyung Road, Mt Eliza, Melbourne

Mt Martha

180 Bentons Road, Mt Martha, Melbourne

Ocean Grove

181 -199 Shell Road, Ocean Grove, Victoria

Ringwood East

2-16 Mt Dangdenong Road, Ringwood East, Melbourne

New Zealand

Havelock North

122 Te Aute Road, Havelock North

Hobsonville

3 Scott Road, Hobsonville, Auckland

Karori

26 Donald Street, Karori, Wellington

Kohimarama

223 Kohimarama Road, Kohimarama, Auckland

Lincoln Road

211 Lincoln Road, Henderson, Auckland

Newtown

192-206 Adelaide Road, Newtown, Wellington

Northwood

486 Main North Road, Northwood, Christchurch

Park Terrace

78 & 100 Park Terrace, Christchurch

Riccarton Park

1 Steadman Road, Christchurch

For more information on any of Ryman Healthcare's retirement villages:

(New Zealand) 0800 588 222

rymanhealthcare.co.nz

(Australia) 1800 922 988

rymanhealthcare.com.au



rymanhealthcare.co.nz

rymanhealthcare.com.au