RYMAN
HEALTHCARE

Results for announcement to the market		
Name of issuer	Ryman Healthcare Limited	
Reporting Period	Year to 31 March 2020	
Previous Reporting Period	Year to 31 March 2019	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$422,111,000	10.8%
Fair value movement of investment properties	$144,438,000	-50.7%
Total income	$568,321,000	-15.8%
Net profit/(loss) from continuing operations	$264,710,000	-18.8%
Total net profit/(loss)	$264,710,000	-18.8%
Underlying profit (non-GAAP) – see explanation below	$242,031,000	6.6%
Interim/Final Dividend		
Amount per Quoted Equity Security	12.7 cents	
Imputed amount per Quoted Equity Security	Not imputed	
Record Date	26 June 2020	
Dividend Payment Date	10 July 2020	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security (cents per share)	452.6	428.4
A brief explanation of any of the figures above necessary to enable the figures to be understood	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	

Authority for this announcement	
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Date of release through MAP	12 June 2020

Audited financial statements accompany this announcement.

MEDIA RELEASE June 12, 2020

Ryman reports audited full year underlying profit of $242 million, up 6.6%

Highlights:

- Audited underlying profit up 6.6% to $242 million in the year to March 31, 2020
- Audited reported (IFRS) profit, including unrealised valuation gains, down 19% to $265 million, due to changes in valuation assumptions impacted by COVID-19
- Final dividend of 12.7 cents, taking the full year dividend lifted to 24.2 cents per share, in line with growth in underlying profit
- Operating cash flows rose 12% to $449.8 million, cash receipts up 12% to $1.13 billion
- Significant investment in keeping residents and staff safe from COVID-19
- Record $711.4 million invested in portfolio, and construction under way on 12 new villages with 841 beds and units built in the year, up 11%
- Total assets of $7.68 billion, up 15%
- Continued strong demand for villages with only 1.7% of resale units unsold at year end, and 98% occupancy at established care centres
- New Takapuna site acquired, thirteenth site in Auckland – landbank at 6600 beds and units
- Seven new villages approved by councils; another seven new village applications lodged
- Named Most Trusted Brand in the NZ industry for sixth time, awarded the Dementia Friendly tick from Alzheimers NZ, staff and residents happier than ever
- Targeting having five villages open in Victoria by December 31, 2020

Ryman Healthcare's audited full year underlying profit rose 6.6% to $242 million thanks to strong demand at new villages and the company is in good shape to recover from the disruption caused by COVID-19.

Audited reported (IFRS) profit, which includes unrealised fair value gains on investment property, was $265 million, down 19%. The unrealised fair value movement was down $173 million in the year due to changes in valuation assumptions impacted by COVID-19.

This was partially offset by the reintroduction of tax depreciation by the New Zealand Government on commercial buildings which resulted in a deferred tax credit of $86 million.

Shareholders will receive an increased final dividend of 12.7 cents per share, taking the total dividend for the year to 24.2 cents per share, in line with the increase in underlying profit. The dividend will be paid on July 10, the record date for entitlements is June 26.

The growth in underlying profits was driven by strong development margins, particularly from Ryman's Melbourne and Auckland villages.

Cash generation was strong during the year with operating cashflows up 12% to $449.8 million. Total assets were $7.68 billion, up 15%, reflecting the value created by ongoing development and strong demand. Ryman invested $711.4 million during the year with construction across 12 sites and continued investment in innovation and its existing portfolio.

Chairman Dr David Kerr said it was a solid result given the disruption caused by COVID-19.

"The most important thing for us was to continue to keep COVID-19 out and to look after our 11,600 residents and 6,000 staff. We have been successful so far, but we take nothing for granted.

"We have had huge commitment from our team, and a massive amount of goodwill from our residents and their families throughout. I thank everyone who has played a part in this and continues to do so during the recovery."

The COVID challenge had proven the Ryman model of retirement living and care was more relevant to our residents and their families than ever, Dr Kerr said.

"We took some big decisions, including starting to ban visitors from countries with COVID-19 infections in January, locking down access to our villages in March, increasing pay at our villages during lockdown and stocking up on PPE to keep everyone safe. Our decisions mean we are in good shape for the recovery.

"We are a values-based company – people come first. With this approach we will weather the storm and enhance our reputation as a safe haven for people in retirement and a great place to work."

Ryman was able to reassign members of its construction team to help with security and grocery deliveries during the Level 4 lockdown and its marketing and sales staff worked in support roles, helping with welfare calls and communications, Dr Kerr said.

Chief Executive Gordon MacLeod said Ryman had been on track to finish the year strongly before the profound impact of COVID-19 began to be felt.

"We had our strongest February ever with record sales and we had built a lot of momentum for March, which is the end of the selling season for us and traditionally our biggest month," Mr MacLeod said.

"The decisions we took to close down our villages to visitors early had an impact on sales activity in March, and we had to shut our construction sites at short notice."

Ryman's villages and high-quality care offering continued to be in strong demand, with low resale stock. Care occupancy in established villages was at 98% at March 31.

"We are beginning to see sales activity ramp up, it is good to be building again, and our sales and construction teams are up for the challenge," Mr MacLeod said.

Ryman's balance sheet remains well placed to support the build programme, but all development decisions would be carefully considered as the New Zealand and Victorian economies recover from the impact of COVID-19.

Ryman has work under way on 12 sites in New Zealand and Victoria, and its strongest ever land bank with 60% of units and beds consented.

"We have had a busy 12 months with seven new villages approved by councils, and we have another seven new village applications lodged," Mr MacLeod said.

Ryman has purchased a new village site in Takapuna, which will become its thirteenth village in Auckland.

Mr MacLeod confirmed that Ryman is still targeting to have its fifth village open in Victoria by the end of the year.

During the year Ryman was voted the Most Trusted Brand in the New Zealand industry for the sixth time and was awarded Dementia Friendly status for all its villages by Alzheimers NZ.

Staff and residents were happier than ever, with significant lifts in survey results during the COVID emergency.

"We are incredibly grateful to our team for the care and support they provided for our residents over the past three months. We know our residents think the world of them, and so do I," Mr MacLeod said.

New villages currently under way	
Brandon Park, Melbourne (Nellie Melba)	Havelock North, Hawkes Bay
Lynfield, Auckland (Murray Halberg)	Hobsonville, Auckland
Devonport, Auckland (William Sanders)	Highton, Geelong
River Road, Hamilton (Linda Jones)	Aberfeldie, Melbourne
Burwood East, Melbourne (John Flynn)	Riccarton Park, Christchurch
Lincoln Road, Auckland	Ocean Grove, Victoria

New villages in planning and design phase	
Kohimarama, Auckland	Northwood, Christchurch
Highett, Melbourne	Mt Martha, Victoria
Bishopspark/Park Terrace, Christchurch	Karori, Wellington
Ringwood East, Melbourne	Coburg, Melbourne
Newtown, Wellington	Takapuna, Auckland
Mt Eliza, Victoria	

About Ryman: Ryman Healthcare was founded in Christchurch in 1984 and owns and operates 36 retirement villages in New Zealand and Australia. Ryman villages are home to 11,600 residents, and the company employs more than 6,000 staff.

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RYMAN HEALTHCARE LIMITED
KEY STATISTICS

		Mar 20 Full Year Audited	Mar 19 Full Year Audited
Underlying profit (non-GAAP)[1]	**$m**	**242.0**	**227.0**
Plus unrealised fair-value movement on retirement-village units	$m	(70.9)	102.4
Less deferred tax movement	$m	93.6	(3.4)
Reported net profit after tax	**$m**	**264.7**	**326.0**
Net operating cash flows	**$m**	**449.8**	**401.4**
Earnings per share - basic and diluted	cents	52.9	65.2
Dividend per share	cents	24.2	22.7
Net tangible assets - basic and diluted	cents	452.6	428.4
Sales of Occupation Right Agreements			
New sales of occupation rights[2]	no.	513	414
Resales of occupation rights	no.	923	824
Total sales of occupation rights	no.	1,436	1,238
New sales of occupation rights	$m	386.7	290.7
Resales of occupation rights	$m	483.2	417.4
Total sales of occupation rights	$m	869.9	708.1
Portfolio:			
Aged-care beds	no.	3,911	3,660
Retirement-village units	no.	7,423	6,878
Total units and beds	no.	11,334	10,538
Land bank (to be developed) [3]			
Aged-care beds	no.	1,891	2,062
Retirement-village units	no.	4,704	4,950
Total units and beds	no.	6,595	7,012

[1] 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 movements on investment properties because these items do not reflect the trading performance of the company. Underlying profit determines the dividend payout to shareholders.

[2] 513 new sales of occupation rights for March 2020 includes 47 units rebuilt at Malvina Major.

[3] The land bank is subject to resource and building consent and various regulatory approvals.

*Generally Accepted Accounting Principles

RYMAN HEALTHCARE

RYMAN HEALTHCARE LIMITED
Consolidated income statement
For the year ended 31 March 2020

	Notes	2020 $000	2019 $000	Variance %
Care fees		333,398	302,003	10.4%
Management fees		88,713	78,944	12.4%
Interest received		547	532	2.8%
Other income		1,225	855	43.3%
Total revenue		**423,883**	**382,334**	**10.9%**
Fair-value movement of investment properties	4	144,438	292,910	-50.7%
Total income		**568,321**	**675,244**	**-15.8%**
Operating expenses		(349,249)	(303,745)	15.0%
Depreciation and amortisation expense		(28,616)	(23,125)	23.7%
Finance costs		(19,309)	(18,959)	1.8%
Total expenses		**(397,174)**	**(345,829)**	**14.8%**
Profit before income tax		**171,147**	**329,415**	**-48.0%**
Income-tax credit/(expense)		93,563	(3,429)	-2828.6%
Profit for the year		**264,710**	**325,986**	**-18.8%**
Earnings per share				
Basic and diluted (cents per share)	7	52.9	65.2	-18.9%

Consolidated statement of comprehensive income
For the year ended 31 March 2020

	2020 $000	2019 $000
Profit for the year	**264,710**	**325,986**
Items that may be later reclassified to profit or loss		
Fair-value movement and reclassification of interest-rate swaps	(10,416)	(5,181)
Deferred tax movement on interest-rate swap reserve	2,916	1,451
Gain on hedge of foreign-owned subsidiary net assets	1,205	1,333
Loss on translation of foreign operations	(5,674)	(4,966)
	(11,969)	(7,363)
Items that will not be later reclassified to profit or loss		
Revaluation of property, plant and equipment (unrealised)	-	24,456
	-	24,456
Other comprehensive income	**(11,969)**	**17,093**
Total comprehensive income	**252,741**	**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 financial statements.

RYMAN HEALTHCARE LIMITED
Consolidated statement of changes in equity
For the year ended 31 March 2020

	Issued capital $000	Asset revaluation reserve $000	Interest-rate swap reserve $000	Foreign-currency translation reserve $000	Treasury stock $000	Retained earnings $000	Total equity $000
Balance at 1 April 2018	**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**
Balance at 1 April 2019	**33,290**	**257,775**	**(9,643)**	**(5,876)**	**(27,465)**	**1,922,049**	**2,170,130**
Profit and total comprehensive income for the year	-	-	(7,500)	(4,469)	-	264,710	252,741
Treasury stock movement	-	-	-	-	(4,894)	-	(4,894)
Dividends paid to shareholders	-	-	-	-	-	(117,000)	(117,000)
Closing balance at 31 March 2020	**33,290**	**257,775**	**(17,143)**	**(10,345)**	**(32,359)**	**2,069,759**	**2,300,977**

The accompanying notes form part of these financial statements.

RYMAN HEALTHCARE LIMITED
Consolidated balance sheet
At 31 March 2020

	Notes	2020 $000	2019 $000
Assets			
Cash and cash equivalents		34,374	-
Trade and other receivables		425,942	344,814
Advances to employees		10,224	8,152
Property, plant and equipment	3	1,386,072	1,188,940
Investment properties	4	5,760,060	5,081,607
Intangible assets		38,119	27,968
Deferred tax asset (net)		22,455	-
Total assets		**7,677,246**	**6,651,481**
Equity			
Issued capital	7	33,290	33,290
Asset revaluation reserve		257,775	257,775
Interest-rate swap reserve		(17,143)	(9,643)
Foreign-currency translation reserve		(10,345)	(5,876)
Treasury stock		(32,359)	(27,465)
Retained earnings		2,069,759	1,922,049
Total equity		**2,300,977**	**2,170,130**
Liabilities			
Trade and other payables	9	183,975	126,909
Employee entitlements		25,678	23,834
Revenue in advance		64,301	57,845
Interest-rate swaps		23,809	13,393
Refundable accommodation deposits		74,571	34,013
Bank loans (secured)		1,741,613	1,324,003
Occupancy advances (non-interest bearing)	5	3,247,177	2,827,690
Lease liabilities		15,145	-
Deferred tax liability (net)		-	73,664
Total liabilities		**5,376,269**	**4,481,351**
Total equity and liabilities		**7,677,246**	**6,651,481**
Net tangible assets			
Basic and diluted (cents per share)	7	452.6	428.4

The accompanying notes form part of these financial statements.

RYMAN HEALTHCARE

RYMAN HEALTHCARE LIMITED
Consolidated statement of cash flows
For the year ended 31 March 2020

	Notes	2020 $000	2019 $000
Operating activities			
Receipts from residents		1,129,933	1,009,496
Interest received		573	588
Payments to suppliers and employees		(345,765)	(306,234)
Payments to residents		(315,903)	(283,736)
Interest paid		(19,047)	(18,689)
Net operating cash flows	2	**449,791**	**401,425**
Investing activities			
Purchase of property, plant and equipment		(265,177)	(150,252)
Purchase of intangible assets		(9,712)	(6,918)
Purchase of investment properties		(401,612)	(364,186)
Capitalised interest paid		(34,911)	(31,003)
Advances to employees		(2,071)	(2,316)
Net investing cash flows		**(713,483)**	**(554,675)**
Financing activities			
Drawdown of bank loans (net)		421,874	266,718
Dividends paid		(117,000)	(108,500)
Purchase of treasury stock (net)		(4,895)	(4,968)
Repayment of lease liabilities		(1,913)	-
Net financing cash flows		**298,066**	**153,250**
Net increase in cash and cash equivalents		**34,374**	**-**
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		**34,374**	**-**

The accompanying notes form part of these financial statements.

1. Summary of Accounting Policies

Ryman Healthcare Limited is a profit-oriented entity incorporated in New Zealand and 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 company and its wholly-owned subsidiaries comprise the Ryman Group (the Group).

Basis of preparation

These financial statements for the year ended 31 March 2020 have been extracted from the audited annual Group financial statements for the year ended 31 March 2020 and have been prepared to satisfy the Group's NZX reporting obligations.

Apart from the new standards adopted in the current period (see below), the audited financial statements have been prepared under the same accounting policies and basis as those used in the prior year's interim and annual financial statements.

The financial statements were approved by the Board of Directors on 11 June 2020.

The information is presented in thousands of New Zealand dollars.

Uncertainty due to COVID-19

The outbreak of COVID-19, declared by the World Health Organization as a global pandemic on 11 March 2020, has resulted in an increase in uncertainty in both global and local markets.

Both New Zealand and Australia have responded well to the virus with strong public health measures and a range of economic stimulus packages. However, despite the response, there remains uncertainty as to the impact of the virus on market conditions in New Zealand and Australia.

The Group's primary focus in responding to the pandemic has been to protect the safety of both residents and staff. Access restrictions were put in place at villages, additional personal protective equipment was procured for staff, and other costs were incurred in supporting residents and staff.

Under the lockdown the ability of new residents to enter villages was limited, meaning few sales could be settled, and the restrictions at development sites resulted in construction activity being suspended.

The Group has assessed the impact of COVID-19 and has concluded that additional uncertainty regarding the valuation of property, plant and equipment (note 3) and valuation of investment properties (note 4) has resulted from the pandemic. Further disclosure as to the impact of COVID-19 is included in the relevant notes.

Adopting of new and amended standards and interpretations

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

NZ IFRS 16 *Leases* was effective for the Group from 1 April 2019. The new standard introduced 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.

1. Summary of Accounting Policies (continued)

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.

The Group used several 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 at the date of initial application were 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 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, and the related cash flows through operating activities in the cash flow statement.

The Group recognises all long-term leases of land within property, plant and equipment and investment property. NZ IFRS 16 has not impacted how these leases have been accounted for. Future lease payments required under the terms of the contract continue to be recognised as a liability.

A lease contract may contain both lease and non-lease components. For construction leases (for example, 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.

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 incremental borrowing rate for the Group on transition was 3.75 percent.

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.

1. Summary of Accounting Policies (continued)

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.

We are not aware of any NZ IFRS Standards or Interpretations that have recently been issued or amended that have not yet been adopted by the Group that would materially impact the Group for the annual report period ending 31 March 2020.

2. Reconciliation of net profit after tax with net cash flow from operating activities

	2020 $000	2019 $000
Net profit after tax	**264,710**	**325,986**
Adjusted for:		
Movements in balance sheet items		
Occupancy advances	482,962	367,538
Accrued management fees	(64,051)	(54,652)
Refundable accommodation deposits	40,558	3,256
Revenue in advance	6,456	5,890
Trade and other payables	5,507	2,165
Trade and other receivables	(81,124)	12,669
Employee entitlements	1,844	3,597
Non-cash items:		
Depreciation and amortisation	26,829	23,125
Depreciation of right-of-use assets	1,787	-
Deferred tax	(93,563)	3,429
Unrealised foreign-exchange loss	2,314	1,332
Adjusted for:		
Fair-value movement of investment properties	(144,438)	(292,910)
Net operating cash flows	**449,791**	**401,425**

Net operating cash flows includes net occupancy advance receipts from retirement-village residents of $755.3 million (2019: $703.6 million).

Also included in operating cash flows are net receipts from refundable accommodation deposits of $41.1 million (2019: $3.8 million).

Net operating cash flows also include management fees collected of $44.6 million (2019: $39.0 million).

3. Property, plant and equipment

All completed resthomes and hospitals included within the definition of freehold land and buildings were revalued to fair value based on an independent valuation report prepared by registered valuers, CBRE Limited, at 31 March 2019, in line with NZ IFRS 13. These revaluations are undertaken every 2 years, unless there is sustained market evidence of a significant change in fair value.

The valuers used multiple valuation techniques to estimate and determine fair value. The valuer made key assumptions that include capitalisation of earnings (using capitalisation rates ranging from 11 percent to 15 percent), together with observed transactional evidence of the market value per care bed (ranging from $60,000 to $150,000 per care bed).

As the valuer uses several valuation techniques a significant decrease in the capitalisation rate could but may not necessarily result in a significantly higher fair-value measurement. Conversely, a significant increase in the capitalisation rate could but may not necessarily result in a significantly lower fair-value measurement.

A significant increase in the market value per care bed could but may not necessarily result in a significantly higher fair-value measurement. Conversely, a significant decrease in the market value per care bed could but may not necessarily result in a significantly lower fair-value measurement.

The completed resthomes and hospitals were last valued at 31 March 2019. The Group has considered the fair value of these assets and determined that there is no indication that the carrying value of the assets is materially different to fair value at 31 March 2020.

In reaching this conclusion the Group has considered the impact of COVID-19, the response of the aged-care sector to the pandemic and the positive response to the virus in both Australia and New Zealand. Consideration was given to the earnings per bed, market evidence of comparable sales, and the fact that the need for aged care has not reduced as a result of the pandemic.

Occupancy in the Group's mature aged-care facilities has not been impacted by COVID-19.

4. Investment properties

	2020 $000	2019 $000
At fair value		
Balance at beginning of financial year	5,081,607	4,398,304
Additions	541,272	395,931
Fair-value movement:		
Realised fair-value movement:		
• new retirement village units	105,757	87,866
• existing retirement village units	109,565	102,600
	215,322	190,466
Unrealised fair-value movement	(70,884)	102,444
	144,438	292,910
Net foreign-currency exchange differences	(7,257)	(5,538)
Net movement for the year	678,453	683,303
Balance at end of financial year	**5,760,060**	**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. As the fair value of investment property is determined using inputs that are unobservable, the Group has categorised investment property as Level 3 under the fair-value hierarchy in line with NZ IFRS 13 *Fair Value Measurements*.

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 31 March 2020. This report combines discounted future cash flows and occupancy advances received from residents for retirement-village units that are complete or nearing completion, for which there is an unconditional agreement to occupy.

Uncertainty due to COVID-19

The valuation of investment properties performed by CBRE Limited at 31 March 2020 is based on the information available to them at the time of the valuation and relies on several inputs, as outlined below.

Given the current situation with COVID-19 there is an increase in the estimation uncertainty in determining the fair value of investment property at 31 March 2020 compared to previous years.

CBRE have noted that it is difficult to determine the effect that COVID-19 will have on the retirement sector. The impact will depend on the scale and length of the outbreak and the impact on the economy.

Comparable transactions and market evidence has been limited during the pandemic and CBRE have placed less reliance on previous market evidence for comparison purposes.

The valuer has reported on the basis of 'material valuation uncertainty' and therefore less certainty and a higher degree of caution is attached to the valuation than would normally be the case.

To reflect this uncertainty CBRE Limited have adjusted their assumptions on recycle frequencies for independent units at mature villages, near-term house price inflation for independent units, and discount rates.

5. Investment properties (continued)

Key assumptions

The valuer used significant assumptions that include house-price inflation (ranging from -2.0 percent to 3.5 percent nominal) (2019: 0.5 percent to 3.5 percent) and discount rate (ranging from 12.25 percent to 16.25 percent) (2019: 12 percent to 16 percent).

Sensitivity

A 0.5 percent decrease in the discount rate would result in a $75.6 million higher fair-value measurement. Conversely, a 0.5 percent increase in the discount rate would result in a $71.8 million lower fair-value measurement.

A 0.5 percent decrease in the 5-year plus growth rate would result in a $118.4 million lower fair-value measurement. Conversely, a 0.5 percent increase in the 5-year plus growth rate would result in a $134.8 million higher fair-value measurement.

Other inputs used in the fair-value measurement of the Group's investment property portfolio include the average age of residents and the occupancy period.

A significant increase in the average age of entry of residents or the long-term nominal house-price inflation rate would result in a significantly higher fair-value measurement. Conversely, a significant decrease in the average age of entry of residents or the long-term nominal house-price inflation rate would result in a significantly lower fair-value measurement.

Work in progress

Investment property includes investment property work in progress of $508.2 million (2019: $325.1 million), which has been valued at cost. For work in progress cost represents fair value.

The CBRE valuation for the year ended 31 March 2019 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 $6 million over a remaining 6-month period. The estimates were based on information available at the time. This remediation work has been completed and no costs have been included in the year ended 31 March 2020.

6. Occupancy advances (non-interest bearing)

	2020 $000	2019 $000
Gross occupancy advances (see below)	3,686,813	3,203,851
Less management fees and resident loans	(439,636)	(376,161)
Closing balance	**3,247,177**	**2,827,690**
Movement in gross occupancy advances		
Opening balance	3,203,851	2,836,314
Plus net increases in occupancy advances:		
• new retirement village units	386,673	290,701
• existing retirement village units.	109,566	102,600
Net foreign-currency exchange differences	(4,276)	(3,408)
Decrease in occupancy advance receivables	(9,001)	(22,356)
Closing balance	**3,686,813**	**3,203,851**

Gross occupancy advances are non-interest bearing.

7. Dividend

On 11 June 2020 a final dividend of 12.70 cents per share was declared and will be paid on 10 July 2020. The record date for entitlements is 26 June 2020.

8. Share capital

Issued and paid-up capital consists of 500,000,000 fully paid ordinary shares (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 (2019: 500,000,000 shares).

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

9. Commitments

The Group had commitments relating to construction contracts amounting to $200.9 million at 31 March 2020 (2019: $127.3 million).

10. Trade and other payables

Trade payables are typically paid within 30 days of the invoice date or on the 20th of the month following the invoice date. Other payables at 31 March 2020 includes $102.4 million (2019: $68.1 million) for the purchase of land.

11. Operating Segments

The Ryman Group operates in one industry, being the provision of integrated retirement villages for older people in New Zealand and Australia. The service provision process for each of the villages is similar, and the class of customer and methods of distribution and regulatory environment is consistent across all the villages.

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 $000	Australia $000	Group $000
Year ended 31 March 2020			
Revenue	383,117	40,766	423,883
Underlying profit (non-GAAP)	199,877	42,154	242,031
plus deferred tax credit	86,142	7,421	93,563
plus unrealised fair-value movement (note 4)	(44,092)	(26,792)	(70,884)
Profit for the year	241,927	22,783	264,710
Non-current assets	6,260,370	946,336	7,206,706

	New Zealand $000	Australia $000	Group $000
Year ended 31 March 2019			
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 (note 4)	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

12. Subsequent events

The directors resolved to pay a final dividend of 12.70 cents per share or $63.5 million, with no imputation credits attached, to be paid on 10 July 2020.