

# Ryman Healthcare

HALF YEAR REPORT 2020



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Cover image features Priscilla Lowry, a resident photographed during our Pioneers brand campaign.

## Half-year key points

**\$88.4 million**

Unaudited underlying  
profit\* down 14.2%.

*\*See key statistics for definition.*

**\$212.4 million**

Reported (IFRS) profit up 12.8%.

**\$8.34 billion**

Total assets up 14.9% from  
September 2019.

**\$406.3 million**

We've invested \$406.3 million  
in new and existing villages.

**97%**

Mature care occupancy was  
97% at 30 September 2020.

**\$430.4 million**

\$430.4 million of committed  
new sale contracts at  
30 September 2020.

**12,000 residents**

Our villages are home to  
over 12,000 residents.

**6,100**

We employ 6,100 staff.

**6,171**

6,171 beds and units in  
our land bank.

**39 villages**

We own and operate 39 retirement  
villages in New Zealand  
and Australia and have 16  
new villages in the pipeline.

# RYMAN HEALTHCARE

## Key statistics

### FOR THE PERIOD ENDED 30 SEPTEMBER 2020

		30 Sept 2020 Six months	30 Sept 2019 Six months	31 March 2020 12 months
<b>Financial</b>				
Underlying profit (non-GAAP)	\$m	88.4	103.0	242.0
Reported net profit after tax	\$m	212.4	188.3	264.7
Net operating cash flows	\$m	96.4	256.1	449.8
Net assets	\$m	2,452.2	2,294.5	2,301.0
Total assets	\$m	8,337.1	7,255.8	7,677.2
Interest-bearing debt to interest-bearing debt plus equity ratio	%	46%	40%	42%
Dividend per share	cents	8.8	11.5	24.2
<b>Villages</b>				
New sales of occupation rights	no.	121	229	513
Resales of occupation rights	no.	456	454	923
Total sales of occupation rights	no.	577	683	1,436
Land bank (to be developed) <sup>1,2</sup>	no.	6,171	7,074	6,595
Portfolio:				
Aged-care beds	no.	3,951	3,660	3,911
Retirement-village units	no.	7,689	7,071	7,423
Total units and beds	no.	11,640	10,731	11,334

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

2 Of the 6,171 units and beds in the land bank, 2,363 are subject to resource consent.

## Key statistics

### FOR THE PERIOD ENDED 30 SEPTEMBER 2020

		30 Sept 2020 Six months	30 Sept 2019 Six months	31 March 2020 12 months
Underlying profit (non-GAAP)	\$m	88.4	103.0	242.0
Plus unrealised fair-value movement on retirement-village units	\$m	124.1	92.7	(70.9)
Less deferred tax movement	\$m	(0.1)	(7.4)	93.6
Reported net profit after tax	\$m	212.4	188.3	264.7

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 movement 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

We are pleased to report on good progress at Ryman Healthcare despite the impact of COVID-19.

Our first half unaudited underlying profit dropped by 14.2% to \$88.4 million, due to restrictions on sales and construction activity caused by the pandemic.

Unaudited reported (IFRS) profit, which includes unrealised fair value gains on investment property, increased 12.8% to \$212.4 million in the six months to 30 September.

Shareholders will receive an interim dividend of 8.8 cents per share in line with 50% of underlying profit. The record date for entitlements is 11 December, and the dividend will be paid on 18 December 2020.

We are very proud of our success at keeping COVID-19 at bay during the half – there is nothing more important than keeping our residents and our team safe.

That is down to some extraordinarily hard work by our Rymanians and some outstanding patience and goodwill from our residents and their families.

It has been a huge team effort and we cannot thank everyone enough for what has been achieved.

## People first

COVID-19 is a once-in-a-generation challenge and we bore the full brunt of it in the first half.

It was a difficult six months which is reflected in the results.

The pandemic increased costs and severely restricted sales and construction activity during extended lockdowns in our key markets in Auckland and Victoria.

We have spent roughly \$50 million since we first learned about the threat of COVID-19 in January on a range of responses as we put the protection of our people first.

This has ranged from buying large stocks of additional PPE and paying increased sick leave allowances through to providing additional services to look after residents' wellbeing during the lockdowns.

But with lockdowns coming off in Victoria and a buoyant housing market in New Zealand, we are expecting conditions to improve in the second half.

Ryman has a record number of new villages in the pipeline.

While there is likely to be some ongoing uncertainty due to the pandemic, there is clearly a lot of pent-up demand in the housing market.

We are anticipating cash collections of at least \$275 million in the second half from new sales.

With 12 villages under construction and more on the way, we have a strong platform for growth.

## Villages in demand

Ryman's integrated villages and high-quality care continued to be in strong demand in the first half, with care occupancy in established villages running at 97%. Only 1.9% of the retirement village portfolio was available for resale at 30 September.

The focus in the coming year will continue to be on keeping villages COVID-19 free, developing the team, innovating to improve the experience of living and working in a Ryman community, and delivering new villages to meet demand.

**“We are absolutely committed to forging on because of the demand we see ahead.”**

## Hitting a milestone in Victoria

The construction team continued to build throughout the COVID-19 emergency in Victoria and we are planning to have five villages open in the state by 31 December, although there is potential for this to be slightly delayed because of the pandemic.

Opening five villages by the end of 2020 was a stretch target when we set it five years ago, and it will be a significant achievement by the team.

We remain absolutely committed to Victoria.

We have built an outstanding record for care and reputation for quality in the state and we think this will serve us well in the recovery.

To take us forward from this great position, we have decided to recruit a chief executive of Ryman Australia as a new member of the senior executive team.

This reflects the growth opportunity in Victoria and beyond and would not have been possible without the significant achievements of our teams over recent years.

## Building despite COVID-19

Trading was severely restricted for almost all of the six-month period in Victoria and allowable levels of construction activity in metropolitan Melbourne fluctuated as the rules changed.

Our New Zealand construction sites were shut completely for more than five weeks in March and April.

We have learned that shutting down or reducing the activity levels on large construction sites is not easy and it took a lot of time to reopen safely under COVID-19 conditions and to get the flywheel moving again.

Despite this, we still managed to achieve some significant milestones.



We have officially opened our beautiful Murray Halberg Retirement Village in Lynfield, Auckland.

We have also opened our village and care centre at William Sanders in Devonport where we still have additional large stages completing in the second half.

Our first residents moved in at James Wattie in Havelock North and at Miriam Corban on Lincoln Road in West Auckland. Both are wonderful new villages with contemporary looks, and our first residents could not have been more positive.

Highton, our third village in Victoria, welcomed its first residents in August and the next two to open in Victoria will be Ocean Grove and John Flynn Retirement Village at Burwood East.

### A dozen on the go

COVID-19 struck just as we entered a phase of record construction investment.

We are absolutely committed to forging on because of the extraordinary demand we see ahead of us.

The 12 villages currently in progress are likely to generate \$2.7 billion in capital proceeds and recurring income of \$220 million on completion.

Collectively, those sites will recycle capital, which is always our objective.

We have a healthy forward order book to support our plans. Currently we have \$430 million of unconditional new sale contracts in place which will be collected in cash over the next 12 to 18 months.

Of the \$430 million, \$275 million of contracts is anticipated to be collected in the second half of this financial year.

### Committed to our model

The board has recently held deep dive strategy days with the senior executive team. The sort of areas we have been discussing are as diverse as what will our residents seek out in 10 years' time, and what challenges might we face with staff recruitment.

Everything was on the table – as it should be – and we believe Ryman's business model remains entirely sound.

That is not to say there are not things to work on, and places we can improve.

Our model is tried and tested, and our aim remains to deliver as many Ryman communities as possible in New Zealand and in Australia, wherever there is demand.

Our main conclusion from the days was that major transformation is not required but continued iterative change that we have undertaken over 30 years is appropriate.

And of course, we will continue to listen to our residents and their families, innovate, improve and make sure we are as relevant as possible to them.

We will continue to come up with different choices for our residents. An example is our decision to trial Refundable Accommodation Deposits (RADs) in New Zealand for the first time.

This gives residents a different option for paying care premiums, and we think they have good potential.

### Ambitions remain the same

We will continue to reinvest 50% of our underlying profits in expansion, and the other half will be returned to shareholders as dividends.

Our half year underlying profit came in well below our medium-term growth target of 15% per year.

This target has been our holy grail for many years. If we achieve 15% annual growth it means we double profits every five years, which indeed we have for many years.

We are very conscious that we have not hit this target in recent years, and this is an area of significant focus for the board and management.

For the year ending 31 March 2020, we were indeed on target to hit 15% and then we were hit by COVID-19 which significantly impacted the last

couple of months of the financial year, which is always our biggest trading period.

In the first half of this year, we were expecting strong growth from Victoria, and this has been significantly impacted by COVID-19 right across all of our trading despite the team's best efforts.

And on top of this, New Zealand was of course significantly affected as well.

The plain fact is that COVID-19 has been a once-in-a-generation challenge and that is why we are not in a position to be providing guidance for our annual result at the half-way point.

But we have learned a lot about COVID-19 and about ourselves, and still managed to achieve an awful lot this year, which puts us in a good position to again meet that 15% target in the medium term.

### Staying relevant

COVID-19 has been a challenge like no other.

If we have learned one thing this year, it is that security and reassurance of living in a village community is more important than ever. We think this will result in even more demand for the quality of life that living in a Ryman village offers in the years ahead.

Our residents have told us that they love the comfort and security of living in a supportive community where there is plenty of help on hand to take care of every need. They find it reassuring that they can easily hunker down during the lockdown surrounded by caring and experienced health professionals who are there to help with anything that they might need. And their families love that we share the responsibility to keep their loved ones safe.

**“We will continue to listen, innovate, improve and make sure we are as relevant as possible.”**

We would just like to add one more vote of thanks to everyone in the Ryman family.

It has been a difficult year. COVID-19 vaccines offer a degree of hope, but are some way off, and it is our feeling that we are not quite out of the woods yet.

We are conscious that while 2020 has been difficult, it could have been much, much worse.

The extraordinary teamwork from our army of over 6,000 Rymanians and the goodwill of our 12,000 residents and their many thousands of family members have kept everyone safe.

Our investors, our banks and our thousands of business partners have also been supportive in our battle to keep everyone safe.

They have understood that we put people first, they have been flexible and willing to help, and all of this has been a huge support to us.

So too has the support of our many loyal shareholders – thank you all. Rest assured, we think there is huge potential in this special company, and much more progress to come.



A handwritten signature in black ink, appearing to read 'D. Kerr'.

**Dr David Kerr**  
CHAIR  
RYMAN HEALTHCARE



A handwritten signature in black ink, appearing to read 'Gordon MacLeod'.

**Gordon MacLeod**  
CHIEF EXECUTIVE  
RYMAN HEALTHCARE

# RYMAN HEALTHCARE

## Consolidated income statement

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	Six months ended 30 Sept 2020 unaudited	Six months ended 30 Sept 2019 unaudited	Year ended 31 March 2020 audited
		\$000	\$000	\$000
Care fees		175,774	163,093	333,398
Management fees		44,763	43,913	88,713
Interest received		92	230	547
Other income		1,492	515	1,225
<b>Total revenue</b>		<b>222,121</b>	<b>207,751</b>	<b>423,883</b>
Fair-value movement of investment properties	3	201,073	180,009	144,438
<b>Total income</b>		<b>423,194</b>	<b>387,760</b>	<b>568,321</b>
Operating expenses		(185,442)	(168,729)	(349,249)
Depreciation and amortisation expense		(15,660)	(13,751)	(28,616)
Finance costs		(9,590)	(9,557)	(19,309)
<b>Total expenses</b>		<b>(210,692)</b>	<b>(192,037)</b>	<b>(397,174)</b>
<b>Profit before income tax</b>		<b>212,502</b>	<b>195,723</b>	<b>171,147</b>
Income-tax (expense)/credit		(101)	(7,442)	93,563
<b>Profit for the period</b>		<b>212,401</b>	<b>188,281</b>	<b>264,710</b>
<b>Earnings per share</b>				
Basic and diluted (cents per share)		42.5	37.7	52.9

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 2020

	Six months ended 30 Sept 2020 unaudited	Six months ended 30 Sept 2019 unaudited	Year ended 31 March 2020 audited
	\$000	\$000	\$000
<b>Profit for the period</b>	<b>212,401</b>	<b>188,281</b>	<b>264,710</b>
<i>Items that may be later reclassified to profit or loss</i>			
Fair-value movement and reclassification of interest-rate swaps	(3,893)	(7,479)	(10,416)
Deferred tax movement on interest-rate swap reserve	1,090	2,094	2,916
(Loss) / Gain on hedge of foreign-owned subsidiary net assets	(3,961)	(2,471)	1,205
Gain / (Loss) on translation of foreign operations	14,501	8,839	(5,674)
	7,737	983	(11,969)
<i>Items that will not be later reclassified to profit or loss</i>			
Revaluation of property, plant and equipment (unrealised)	-	-	-
	-	-	-
<b>Other comprehensive income</b>	<b>7,737</b>	<b>983</b>	<b>(11,969)</b>
<b>Total comprehensive income</b>	<b>220,138</b>	<b>189,264</b>	<b>252,741</b>

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.

# RYMAN HEALTHCARE

## Consolidated statement of changes in equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	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
<b>Six months ended 30 Sept 2019 unaudited</b>							
<b>Opening balance</b>	<b>33,290</b>	<b>257,775</b>	<b>(9,643)</b>	<b>(5,876)</b>	<b>(27,465)</b>	<b>1,922,049</b>	<b>2,170,130</b>
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)
<b>Closing balance at 30 Sept 2019</b>	<b>33,290</b>	<b>257,775</b>	<b>(15,028)</b>	<b>492</b>	<b>(32,878)</b>	<b>2,050,830</b>	<b>2,294,481</b>
<b>Year ended 31 March 2020 audited</b>							
<b>Opening balance</b>	<b>33,290</b>	<b>257,775</b>	<b>(9,643)</b>	<b>(5,876)</b>	<b>(27,465)</b>	<b>1,922,049</b>	<b>2,170,130</b>
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)
<b>Closing balance at 31 March 2020</b>	<b>33,290</b>	<b>257,775</b>	<b>(17,143)</b>	<b>(10,345)</b>	<b>(32,359)</b>	<b>2,069,759</b>	<b>2,300,977</b>
<b>Six months ended 30 Sept 2020 unaudited</b>							
<b>Opening balance</b>	<b>33,290</b>	<b>257,775</b>	<b>(17,143)</b>	<b>(10,345)</b>	<b>(32,359)</b>	<b>2,069,759</b>	<b>2,300,977</b>
Profit and total comprehensive income for the period	-	-	(2,803)	10,540	-	212,401	220,138
Treasury stock movement	-	-	-	-	(3,463)	-	(3,463)
Dividends paid to shareholders	-	-	-	-	-	(63,500)	(63,500)
<b>Closing balance at 30 Sept 2020</b>	<b>33,290</b>	<b>257,775</b>	<b>(19,946)</b>	<b>195</b>	<b>(35,822)</b>	<b>2,218,660</b>	<b>2,454,152</b>

The accompanying notes form part of these interim financial statements.

## Consolidated balance sheet

AT 30 SEPTEMBER 2020

	Notes	30 Sept 2020 unaudited \$000	30 Sept 2019 unaudited \$000	31 March 2020 audited \$000
<b>Assets</b>				
Cash and cash equivalents		20,877	-	34,374
Trade and other receivables		452,729	332,792	425,942
Inventory		27,123	-	-
Advances to employees		13,502	10,996	10,224
Property, plant and equipment		1,476,788	1,456,181	1,386,072
Investment properties	3	6,277,068	5,423,813	5,760,060
Intangible assets		45,210	32,008	38,119
Deferred tax asset (net)		23,825	-	22,455
<b>Total assets</b>		<b>8,337,122</b>	<b>7,255,790</b>	<b>7,677,246</b>
<b>Equity</b>				
Issued capital	6	33,290	33,290	33,290
Asset revaluation reserve		257,775	257,775	257,775
Interest-rate swap reserve		(19,946)	(15,028)	(17,143)
Foreign-currency translation reserve		195	492	(10,345)
Treasury stock		(35,822)	(32,878)	(32,359)
Retained earnings		2,218,660	2,050,830	2,069,759
<b>Total equity</b>		<b>2,454,152</b>	<b>2,294,481</b>	<b>2,300,977</b>
<b>Liabilities</b>				
Trade and other payables	7	155,659	181,648	183,975
Employee entitlements		28,930	25,471	25,678
Revenue in advance		67,549	60,817	64,301
Interest-rate swaps		27,702	20,872	23,809
Refundable accommodation deposits		91,396	61,788	74,571
Bank loans (secured)		2,130,287	1,505,012	1,741,613
Occupancy advances (non-interest bearing)	4	3,367,876	3,015,635	3,247,177
Lease liabilities		13,571	11,297	15,145
Deferred tax liability (net)		-	78,769	-
<b>Total liabilities</b>		<b>5,882,970</b>	<b>4,961,309</b>	<b>5,376,269</b>
<b>Total equity and liabilities</b>		<b>8,337,122</b>	<b>7,255,790</b>	<b>7,677,246</b>
<b>Net tangible assets</b>				
Basic and diluted (cents per share)		481.8	452.5	452.6

The accompanying notes form part of these interim financial statements.

# RYMAN HEALTHCARE

## Consolidated statement of cash flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	Six months ended 30 Sept 2020 unaudited	Six months ended 30 Sept 2019 unaudited	Year ended 31 March 2020 audited
		\$000	\$000	\$000
<b>Operating activities</b>				
Receipts from residents		483,070	582,834	1,129,933
Interest received		178	177	573
Payments to suppliers and employees		(229,957)	(166,583)	(345,765)
Receipt from Government for wage subsidy		14,227	-	-
Payments to residents		(160,988)	(150,800)	(315,903)
Interest paid		(10,087)	(9,557)	(19,047)
<b>Net operating cash flows</b>	2	<b>96,443</b>	<b>256,071</b>	<b>449,791</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(112,080)	(197,778)	(265,177)
Purchase of intangible assets		(9,462)	(3,819)	(9,712)
Purchase of investment properties		(267,496)	(140,922)	(401,612)
Capitalised interest paid		(17,255)	(17,230)	(34,911)
Advances to employees		(3,278)	(2,843)	(2,071)
<b>Net investing cash flows</b>		<b>(409,571)</b>	<b>(362,592)</b>	<b>(713,483)</b>
<b>Financing activities</b>				
Drawdown of bank loans (net)		367,931	172,268	421,874
Dividends paid		(63,500)	(59,500)	(117,000)
Purchase of treasury stock (net)		(3,463)	(5,414)	(4,895)
Repayment of lease liabilities		(1,337)	(833)	(1,913)
<b>Net financing cash flows</b>		<b>299,631</b>	<b>106,521</b>	<b>298,066</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(13,497)</b>	<b>-</b>	<b>34,374</b>
Cash and cash equivalents at the beginning of the period		34,374	-	-
<b>Cash and cash equivalents at the end of the period</b>		<b>20,877</b>	<b>-</b>	<b>34,374</b>

The accompanying notes form part of these interim financial statements.



## Notes to the consolidated interim financial statements

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

#### 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 2020 and the comparative six months ended 30 September 2019 are unaudited.

These financial statements have been prepared under the same accounting policies and methods as the Company's Annual Report at 31 March 2020. 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 2020.

The financial statements were approved by the Board of Directors on 19 November 2020.

The information is presented in thousands of New Zealand dollars.

All references to AUD refer to Australian dollars.

# Notes to the consolidated interim financial statements

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

### 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 ongoing impact of the virus on market conditions in New Zealand and Australia. Victoria has been through two waves of infection and corresponding lockdowns, succeeding in reducing the spread of infection, and New Zealand has responded with localised increases in alert level to suppress transmission of the virus.

Throughout the pandemic the Group's primary focus has been to protect the safety of both residents and staff. When necessary access restrictions have been put in place at villages, additional personal protective equipment has been procured for staff, and other costs incurred in supporting residents and staff.

Under lockdown conditions the ability of new residents to enter villages is limited, meaning fewer sales can be settled, and the restrictions at development sites results in construction activity being reduced. The Group continues to adapt its policies and procedures to operate in the conditions created by COVID-19.

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

The Group made a claim under the New Zealand COVID-19 Wage Subsidy scheme. The claim was made on a subsidiary-by-subsidary basis with not all subsidiaries meeting the eligibility criteria of the scheme. As a result of the claim, the Group received a total subsidy of \$14.2 million. The income received under the scheme has been offset against operating expenses.

## 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.

### Standards and Interpretations on issue but not yet adopted

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 current period ending 30 September 2020.

## Notes to the consolidated interim financial statements

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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

	Six months ended 30 Sept 2020 unaudited	Six months ended 30 Sept 2020 unaudited	Year ended 31 March 2020 audited
	\$000	\$000	\$000
<b>Net profit after tax</b>	<b>212,401</b>	<b>188,281</b>	<b>264,710</b>
<b>Adjusted for:</b>			
<b>Movements in balance-sheet items</b>			
Occupancy advances	150,570	223,837	482,962
Accrued management fees	(28,665)	(35,271)	(64,051)
Refundable accommodation deposits	16,825	27,775	40,558
Revenue in advance	3,248	2,972	6,456
Trade and other payables	(4,548)	676	5,507
Trade and other receivables	(26,787)	12,022	(81,124)
Inventory	(27,123)	-	-
Employee entitlements	3,252	1,637	1,844
<b>Non-cash items:</b>			
Depreciation and amortisation	14,447	12,908	26,829
Depreciation of right-of-use assets	1,213	843	1,787
Deferred tax	101	7,442	(93,563)
Unrealised foreign-exchange (gain) / loss	(17,418)	(7,042)	2,314
<b>Adjusted for:</b>			
Fair-value movement of investment properties	(201,073)	(180,009)	(144,438)
<b>Net operating cash flows</b>	<b>96,443</b>	<b>256,071</b>	<b>449,791</b>

Net operating cash flows includes net occupancy advance receipts from retirement-village residents of \$291.0 million (six months ended 30 September 2019: \$393.5 million and year ended 31 March 2020: \$755.3 million).

Also included in operating cash flows are net receipts from refundable accommodation deposits of \$12.7 million (six months ended 30 September 2019: net receipts of \$26.6 million and year ended 31 March 2020: net receipts of \$41.1 million).

Net operating cash flows also include management fees collected of \$22.3 million (six months ended 30 September 2019: \$21.2 million and year ended 31 March 2020: \$44.6 million).

# Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

## 3. INVESTMENT PROPERTIES

	Six months ended 30 Sept 2020 unaudited	Six months ended 30 Sept 2019 unaudited	Year ended 31 March 2020 audited
	\$000	\$000	\$000
<b>At fair value</b>			
Balance at beginning of financial period	5,760,060	5,081,607	5,081,607
Additions	284,131	147,316	541,272
<b>Fair-value movement:</b>			
<i>Realised fair-value movement:</i>			
• new retirement-village units	26,143	31,835	105,757
• existing retirement-village units	50,815	55,493	109,565
	76,958	87,328	215,322
<i>Unrealised fair-value movement</i>	124,115	92,681	(70,884)
	201,073	180,009	144,438
Net foreign-currency exchange differences	31,804	14,881	(7,257)
Net movement for period	517,008	342,206	678,453
<b>Balance at end of financial period</b>	<b>6,277,068</b>	<b>5,423,813</b>	<b>5,760,060</b>

The realised fair-value movement arises from the sale and resale of rights to occupy 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 2020.

### Uncertainty due to COVID-19

The valuation of investment properties performed by CBRE Limited at 30 September 2020 is based on the information available to them at the time of the valuation and relies on several inputs.

Given the current situation with COVID-19 there is an increase in the estimation uncertainty in determining the fair value of investment property at 30 September 2020 compared to previous years. The material valuation uncertainty included within the New Zealand valuation at 31 March 2020 has been removed. This has been replaced with CBRE commenting on market uncertainty within their New Zealand valuation. The material valuation uncertainty included in the valuation of the villages located in Victoria at 31 March 2020 remains in the valuation at 30 September 2020.

## Notes to the consolidated interim financial statements

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

#### 3. INVESTMENT PROPERTIES (CONTINUED)

Given the heightened uncertainty and unknown impact that COVID-19 may have on real estate markets in the future, a higher degree of caution should be exercised when relying upon the valuation. Values and incomes may change more rapidly and significantly than during standard market conditions.

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

To reflect this uncertainty CBRE Limited adjusted their assumptions on recycle frequencies for independent units at mature villages, near-term house price inflation for independent units, and discount rates in their valuation at 31 March 2020. As the level of uncertainty has decreased and markets have become more accustomed to operating under COVID-19 conditions, CBRE have reversed some of the adjustments in determining the valuation at 30 September 2020. Near-term growth-rate assumptions remain reduced when compared to valuations performed pre-Pandemic.

#### Key assumptions

The valuer used significant assumptions that include long-term house-price inflation (ranging from 0 percent to 4.05 percent nominal) (30 September 2019: 0.5 percent to 3.5 percent and 31 March 2020: -2.0 percent to 3.5 percent) and discount rate (ranging from 12 percent to 16 percent) (30 September 2019: 12 percent to 16 percent and 31 March 2020: 12.25 percent to 16.25 percent).

#### Work in progress

Investment property includes investment property work in progress of \$645.6 million (six months ended 30 September 2019: \$318.9 million and year ended 31 March 2020: \$508.2 million), which has been valued at cost.

# Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

## 4. OCCUPANCY ADVANCES (NON-INTEREST BEARING)

	Six months ended 30 Sept 2020 unaudited	Six months ended 30 Sept 2019 unaudited	Year ended 31 March 2020 audited
	\$000	\$000	\$000
Gross occupancy advances (see below)	3,837,383	3,427,688	3,686,813
Less management fees and resident loans	(469,507)	(412,053)	(439,636)
<b>Closing balance</b>	<b>3,367,876</b>	<b>3,015,635</b>	<b>3,247,177</b>
<b>Movement in gross occupancy advances</b>			
Opening balance	3,686,813	3,203,851	3,203,851
Plus net increases in occupancy advances:			
• new retirement-village units	90,052	160,726	386,673
• existing retirement-village units	50,815	55,493	109,566
Net foreign-currency exchange differences	19,568	8,766	(4,276)
Decrease in occupancy advance receivables	(9,865)	(1,148)	(9,001)
<b>Closing balance</b>	<b>3,837,383</b>	<b>3,427,688</b>	<b>3,686,813</b>

Gross occupancy advances are non-interest bearing.

## 5. DIVIDEND

On 20 November 2020 an interim dividend of 8.8 cents per share was declared and will be paid on 18 December 2020 (prior year: 11.5 cents per share). The record date for entitlements is 11 December 2020.

## 6. SHARE CAPITAL

Issued and paid-up capital consists of 500,000,000 fully paid ordinary shares (30 September 2019: 500,000,000 and 31 March 2020: 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 2019: 500,000,000 and 31 March 2020: 500,000,000 shares).

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

# Notes to the consolidated interim financial statements

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

### 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 2020 includes \$69.3 million (30 September 2019: \$105.4 million and 31 March 2020: \$102.4 million) for the purchase of land.

### 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 based on 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
<b>Six months ended 30 Sept 2020 unaudited</b>			
Revenue	197,789	24,332	222,121
Underlying profit/(loss) (non-GAAP)	88,661	(274)	88,387
less deferred tax expense	(5,889)	5,788	(101)
plus unrealised fair-value movement	121,880	2,235	124,115
<b>Profit for the period</b>	<b>204,652</b>	<b>7,749</b>	<b>212,401</b>
Non-current assets	6,694,217	1,128,674	7,822,891
<b>Six months ended 30 Sept 2019 unaudited</b>			
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
<b>Profit for the period</b>	<b>152,360</b>	<b>35,921</b>	<b>188,281</b>
Non-current assets	6,016,085	895,917	6,912,002

# Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

## 8. OPERATING SEGMENTS (CONTINUED)

	New Zealand	Australia	Group
	\$000	\$000	\$000
<b>Year ended 31 March 2020 audited</b>			
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	(44,092)	(26,792)	(70,884)
<b>Profit for the year</b>	<b>241,927</b>	<b>22,783</b>	<b>264,710</b>
Non-current assets	6,260,370	946,336	7,206,706

Underlying profit is a non-GAAP (Generally Accepted Accounting Principles) 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 movement on investment properties because these items do not reflect the trading performance of the Company. Underlying profit determines the dividend pay-out to shareholders.

## 9. COMMITMENTS

The Group had commitments relating to construction contracts amounting to \$211.9 million at 30 September 2020 (30 September 2019: \$147.4 million and 31 March 2020: \$200.9 million).

The Group has an ongoing commitment for maintaining the land and buildings of the integrated retirement villages, resthomes, and hospitals.

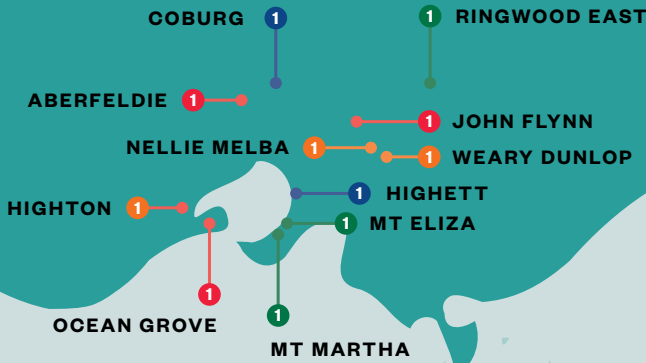
## 10. SUBSEQUENT EVENTS

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





# Our village locations



## Our villages in Victoria, Australia

- Aberfeldie
- Coburg
- Highett
- Highton
- John Flynn
- Mt Eliza
- Mt Martha
- Nellie Melba
- Ocean Grove
- 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
- Logan Campbell
- Miriam Corban
- Murray Halberg
- Possum Bourne
- Takapuna
- William Sanders

### HAMILTON

- Hilda Ross
- Linda Jones

### TAURANGA

- Bob Owens

### GISBORNE

- Kiri Te Kanawa

### NEW PLYMOUTH

- Jean Sandel

### NAPIER

- Princess Alexandra

### HAVELOCK NORTH

- James Wattie

### WHANGANUI

- Jane Winstone

### PALMERSTON NORTH

- Julia Wallace



### WAIKANAЕ

- 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

# 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 Rangatira 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

### **Highton**

157 South Valley Road, Highton, Victoria

### **Hilda Ross Retirement Village**

30 Ruakura Road, Hamilton

### **James Wattie Retirement Village**

122 Te Aute Road, Havelock North

### **Jane Mander Retirement Village**

262 Fairway Drive, Kamo, Whangarei

### **Jane Winstone Retirement Village**

49 Oakland Avenue, St Johns Hill,  
Whanganui

## 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](mailto:enquiries@linkmarketservices.com)

### **Jean Sandel Retirement Village**

71 Barrett Road, New Plymouth

### **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

### **Miriam Corban Retirement Village**

229 Lincoln Road, Henderson, Auckland

### **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 Ngataringa 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

**Coburg**

81a Bell Street, Coburg, Melbourne

**Highett**

32-40 Graham Road, Highett, Melbourne

**John Flynn Retirement Village**

45 Burwood Highway, Burwood East,  
Melbourne

**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

**Hobsonville**

3 Scott Road, Hobsonville, Auckland

**Karori**

26 Donald Street, Karori, Wellington

**Kohimarama**

223 Kohimarama Road, Kohimarama,  
Auckland

**Newtown**

192 Adelaide Road, Newtown, Wellington

**Northwood**

20 Radcliffe Road, Northwood, Christchurch

**Park Terrace**

78 & 100 Park Terrace, Christchurch

**Riccarton Park**

25 Steadman Road, Christchurch

**Takapuna**

41-45 Killarney Street, Takapuna, Auckland

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

**(New Zealand) 0800 588 222**

[rymanhealthcare.co.nz](http://rymanhealthcare.co.nz)

**(Australia) 1800 922 988**

[rymanhealthcare.com.au](http://rymanhealthcare.com.au)



[rymanhealthcare.co.nz](http://rymanhealthcare.co.nz)  
[rymanhealthcare.com.au](http://rymanhealthcare.com.au)

