Results for announcement to the market		
Name of issuer	Ryman Healthcare Limited	
Reporting Period	12 months to 31 March 2023	
Previous Reporting Period	12 months to 31 March 2022	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$570,977	12.2%
Total Revenue (see explanation below)	$1,002,480	-20.1%
Net profit/(loss) from continuing operations	$257,836	-62.8%
Total net profit/(loss)	$257,836	-62.8%
Interim/Final Dividend		
Amount per Quoted Equity Security	No final dividend is to be paid for the year ended 31 March 2023	
Imputed amount per Quoted Equity Security	Not applicable	
Record Date	Not applicable	
Dividend Payment Date	Not applicable	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security (cents per share)	658.1	669.6
A brief explanation of any of the figures above necessary to enable the figures to be understood	**Total revenue** The figure detailed as total revenue is total income per the financial statements of the group. Total income includes total revenue of the group plus the fair-value movements of investment property. **Underlying profit** Amount (000s): $301,892 Percentage change: 18.4%	

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rymanhealthcare.co.nz

	Underlying profit is a non-GAAP (Generally Accepted Accounting Principles) measure and differs from NZ IFRS profit for the year. 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 includes realised movement on investment property for units in which a right-to-occupy has been sold during the period and for which a legally binding contract is in place at the reporting date. The occupancy advance for these units may have been received or be included within the trade receivables balance at reporting date. Underlying profit excludes deferred taxation, taxation expense, unrealised movement on investment properties, impairment losses on non-trading assets and the cost of exiting USPP borrowings and swaps because these items do not reflect the trading performance of the Company.
Authority for this announcement	
Name of person authorised to make this announcement	Deborah Marris
Contact person for this announcement	Deborah Marris
Contact phone number	+64 3 366 4069
Contact email address	Deborah.Marris@rymanhealthcare.com
Date of release through MAP	19 May 2023

RYMAN HEALTHCARE

Consolidated financial statements

31 MARCH 2023

Consolidated income statement

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		$000	$000
Care and village fees		437,341	398,206
Management fees		122,769	105,552
Interest received		2,140	41
Other income		8,727	4,998
Total revenue	2	**570,977**	**508,797**
Fair-value movement of investment properties	10	431,503	745,885
Total income		**1,002,480**	**1,254,682**
Operating expenses	3	(533,279)	(466,238)
Depreciation and amortisation expense	4	(46,597)	(35,698)
Finance costs	5	(205,374)	(30,664)
Impairment loss	9	(11,034)	-
Total expenses		**(796,284)**	**(532,600)**
Profit before income tax		**206,196**	**722,082**
Income tax credit/(expense)	6	51,640	(29,209)
Profit for the year		**257,836**	**692,873**
Earnings per share (cents per share)			
Basic and diluted	12	49.9	138.6

The accompanying notes form part of these consolidated financial statements.

Deloitte. For Identification

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		$000	$000
Profit for the year		**257,836**	**692,873**
Items that will not be later reclassified to profit or loss			
Revaluation of property, plant and equipment (unrealised)	9,13a	156,773	-
		156,773	-
Items that may be later reclassified to profit or loss			
Fair-value movement and reclassification of cash flow hedge reserve	13b	21,470	38,410
Deferred tax movement recognised in cash flow hedge reserve	13b	(6,006)	(10,857)
Movement in cost of hedging reserve	13c	(1,554)	1,319
Reclassification adjustment to income statement	13c	(3,518)	-
Deferred tax movement in cost of hedging reserve	13c	1,420	(369)
Gain on hedge of foreign-owned subsidiary net assets	13d	670	690
Loss on translation of foreign operations	13d	(8,306)	(1,977)
		4,176	27,216
Other comprehensive income		**160,949**	**27,216**
Total comprehensive income		**418,785**	**720,089**

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 consolidated financial statements.

Deloitte. For Identification

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Foreign-currency translation reserve	Treasury stock	Retained earnings	Total equity
		$000	$000	$000	$000	$000	$000	$000	$000
2023									
Balance at 1 April 2022		**33,290**	**453,568**	**15,491**	**3,652**	**500**	**(38,174)**	**2,966,193**	**3,434,520**
Profit for the year	13	-	-	-	-	-	-	257,836	257,836
Other comprehensive income for the year	13	-	156,773	15,464	(3,652)	(7,636)	-	-	160,949
Total comprehensive income for the year	13	-	156,773	15,464	(3,652)	(7,636)	-	257,836	418,785
Issue of ordinary shares – dividend reinvestment plan	12	43,911	-	-	-	-	-	-	43,911
Issue of ordinary shares – equity raise	12	876,038	-	-	-	-	-	-	876,038
Treasury stock movement	13	-	-	-	-	-	3,445	-	3,445
Loss on treasury shares	13	-	-	-	-	-	-	(802)	(802)
Dividends paid to shareholders	13	-	-	-	-	-	-	(112,000)	(112,000)
Balance at 31 March 2023		**953,239**	**610,341**	**30,955**	**-**	**(7,136)**	**(34,729)**	**3,111,227**	**4,663,897**

The accompanying notes form part of these consolidated financial statements.

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Consolidated statement of changes in equity (continued)

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Foreign-currency translation reserve	Treasury stock	Retained earnings	Total equity
		$000	$000	$000	$000	$000	$000	$000	$000
2022									
Balance at 1 April 2021		**33,290**	**453,568**	**(12,062)**	**2,702**	**1,787**	**(35,389)**	**2,385,320**	**2,829,216**
Profit for the year	13	-	-	-	-	-	-	692,873	692,873
Other comprehensive income for the year	13	-	-	27,553	950	(1,287)	-	-	27,216
Total comprehensive income for the year	13	-	-	27,553	950	(1,287)	-	692,873	720,089
Treasury stock movement	13	-	-	-	-	-	(2,785)	-	(2,785)
Dividends paid to shareholders	13	-	-	-	-	-	-	(112,000)	(112,000)
Balance at 31 March 2022		**33,290**	**453,568**	**15,491**	**3,652**	**500**	**(38,174)**	**2,966,193**	**3,434,520**

The accompanying notes form part of these consolidated financial statements.

Deloitte. For Identification

Consolidated statement of financial position

AT 31 MARCH 2023

	Notes	2023	2022
		$000	$000
Assets			
Cash and cash equivalents	7	27,879	28,309
Trade and other receivables	8	719,121	671,463
Inventory		14,618	26,312
Advances to employees	25	14,217	15,415
Derivative financial instruments	18,21	36,474	19,574
Assets held for sale	9	31,379	-
Property, plant and equipment	9	2,205,428	2,091,001
Investment properties	10	9,322,902	8,027,267
Intangible assets	11	84,832	51,684
Deferred tax asset	6	53,774	35,057
Total assets		**12,510,624**	**10,966,082**
Equity			
Issued capital	12	953,239	33,290
Reserves	13	599,431	435,037
Retained earnings	13	3,111,227	2,966,193
Total equity		**4,663,897**	**3,434,520**
Liabilities			
Trade and other payables	14	205,784	264,254
Employee entitlements	15	49,773	39,812
Revenue in advance	2	99,271	81,251
Refundable accommodation deposits	16	300,314	199,783
Derivative financial instruments	18,21	5,988	27,291
Interest-bearing loans and borrowings	17	2,330,950	2,576,737
Occupancy advances (non-interest bearing)	19	4,826,182	4,286,459
Lease liabilities	20	13,787	13,494
Deferred tax liability	6	14,678	42,481
Total liabilities		**7,846,727**	**7,531,562**
Total equity and liabilities		**12,510,624**	**10,966,082**
Net tangible assets (cents per share) – 2022 restated	12	658.1	669.6

The accompanying notes form part of these consolidated financial statements.

Deloitte. For Identification

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		$000	$000
Operating activities			
Receipts from residents		1,602,518	1,396,155
Interest received		2,198	266
Payments to suppliers and employees		(469,648)	(435,170)
Payments to residents		(437,375)	(346,030)
Interest paid		(46,864)	(29,243)
Net operating cash flows		**650,829**	**585,978**
Investing activities			
Purchase of property, plant and equipment		(304,100)	(284,288)
Purchase of intangible assets		(20,106)	(14,346)
Purchase of investment properties		(608,784)	(434,395)
Capitalised interest paid		(108,069)	(50,006)
Advances to employees		1,199	(4,275)
Net investing cash flows		**(1,039,860)**	**(787,310)**
Financing activities			
Proceeds from equity raise (net)	12	876,038	-
Drawdown of bank loans (net)		146,574	57,674
Proceeds from the Institutional Term Loan		-	269,243
Proceeds from issue of US Private Placement notes	17	290,149	-
Prepayment of US Private Placement notes	17	(748,924)	-
Prepayment of cross-currency interest rate swaps	18,21	(106,594)	-
Dividends paid and dividend reinvestment plan costs	12	(68,089)	(112,000)
Sale/(Purchase) of treasury stock (net)		2,643	(2,785)
Repayment of lease liabilities		(3,196)	(2,662)
Net financing cash flows		**388,601**	**209,470**
Net (decrease)/increase in cash and cash equivalents		**(430)**	**8,138**
Cash and cash equivalents at the beginning of the year		28,309	20,171
Cash and cash equivalents at the end of the year		**27,879**	**28,309**

The accompanying notes form part of these consolidated financial statements.

Deloitte. For Identification

Consolidated statement of cash flows (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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

	2023 $000	2022 $000
Net profit after tax	**257,836**	**692,873**
Adjusted for:		
Movements in statement of financial position items		
Occupancy advances	620,700	659,608
Accrued management fees	(91,850)	(73,827)
Refundable accommodation deposits	100,619	86,474
Revenue in advance	18,019	9,435
Trade and other payables	41,114	9,172
Trade and other receivables	(46,554)	(129,017)
Inventory	11,632	390
Employee entitlements	9,961	7,778
Non-cash items:		
Depreciation and amortisation	43,225	33,026
Depreciation of right-of-use assets	3,372	2,672
Impairment	11,034	-
Deferred tax	(51,640)	29,209
Unrealised foreign exchange (gain)/loss	(3,459)	4,070
Adjusted for:		
Fair-value movement of investment properties	(431,503)	(745,885)
Costs relating to USPP prepayment and swaps	158,323	-
Net operating cash flows	**650,829**	**585,978**

Net operating cash flows includes net occupancy advance receipts from retirement-village residents of $1,059.0 million (2022: $908.1 million).

Also included in operating cash flows are net receipts from refundable accommodation deposits of $100.5 million (2022: $87.4 million).

Net operating cash flows also include management fees collected of $62.4 million (2022: $50.2 million).

Accounting policy: Statement of cash flows

The statement of cash flows is prepared exclusive of Goods and Services Tax (GST). This is consistent with the method used in the income statement.

Operating activities represent all transactions and other events that are not investing or financing activities, and include receipts and repayments of occupancy advances.

Investing activities are those activities relating to the acquisition and disposal of investments and any other property, plant and equipment, or investment properties.

Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Company's equity capital.

 The accompanying notes form part of these consolidated financial statements.

Deloitte. For Identification

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

The notes to the consolidated financial statements include information that is considered relevant and material to assist the reader in understanding changes in the Group's financial position and performance. Information is considered relevant and material if:

- the amount is significant because of its size or nature
- it is important for understanding the results of the Group
- it helps explain changes in the Group's business
- it relates to an aspect of the Group's operations that is important to future performance.

1. GENERAL INFORMATION

Reporting entity

The consolidated 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. The Group develops, owns and operates integrated retirement villages, resthomes, and hospitals for the elderly within New Zealand and Australia.

All trading subsidiaries operate in the aged-care sector in New Zealand and Australia, are 100 percent owned and have balance dates of 31 March. The operating subsidiaries are listed below.

- Anthony Wilding Retirement Village Limited
- Bert Newton Retirement Village Pty Ltd
- Bert Sutcliffe Retirement Village Limited
- Bob Owens Retirement Village Limited
- Bob Scott Retirement Village Limited
- Bruce McLaren Retirement Village Limited
- Café Ryman Russley Road Limited
- Charles Brownlow Retirement Village Pty Ltd
- Charles Fleming Retirement Village Limited
- Charles Upham Retirement Village Limited
- Deborah Cheetham Retirement Village Pty Ltd
- Diana Isaac Retirement Village Limited
- Edmund Hillary Retirement Village Limited
- Ernest Rutherford Retirement Village Limited
- Essie Summers Retirement Village Limited
- Evelyn Page Retirement Village Limited
- Frances Hodgkins Retirement Village Limited
- Grace Joel Retirement Village Limited
- Hilda Ross Retirement Village Limited
- James Wattie Retirement Village Limited
- Jane Mander Retirement Village Limited
- Jane Winstone Retirement Village Limited
- Jean Sandel Retirement Village Limited
- John Flynn Retirement Village Pty Ltd
- Julia Wallace Retirement Village Limited
- Keith Park Retirement Village Limited
- Kevin Hickman Retirement Village Limited
- Kiri Te Kanawa Retirement Village Limited
- Linda Jones Retirement Village Limited
- Logan Campbell Retirement Village Limited
- Malvina Major Retirement Village Limited
- Margaret Stoddart Retirement Village Limited
- Miriam Corban Retirement Village Limited
- Murray Halberg Retirement Village Limited
- Nellie Melba Retirement Village Pty Ltd
- Ngaio Marsh Retirement Village Limited
- Possum Bourne Retirement Village Limited
- Raelene Boyle Retirement Village Pty Ltd
- Rita Angus Retirement Village Limited
- Rowena Jackson Retirement Village Limited
- Ryman Aged Care (Australia) Pty Ltd
- Ryman Cambridge Retirement Village Limited
- Ryman Construction Pty Ltd
- Ryman Healthcare (Australia) No. 11 Pty Ltd
- Ryman Healthcare (Australia) Pty Ltd
- Ryman Napier Limited
- Ryman Northwood Retirement Village Limited
- Shona McFarlane Retirement Village Limited
- Weary Dunlop Retirement Village Pty Ltd
- William Sanders Retirement Village Limited
- Yvette Williams Retirement Village Limited

Deloitte. For Identification

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

Statement of compliance

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

The consolidated 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 Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards.

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

Basis of preparation

Accounting policies are selected and applied in a way that ensures the resulting financial information satisfies the concepts of relevance and reliability, and the substance of the underlying transactions or other events is reported.

Apart from the new standards and interpretations adopted in the current period, the accounting policies set out below have been consistently applied in preparing the consolidated financial statements for the year ended 31 March 2023. These policies have also been applied to the comparative information presented for the year ended 31 March 2022. Some comparatives have been reclassified to align with current year presentation.

Functional and presentation currency

The information is presented in thousands of New Zealand dollars (NZD). Both the functional and the presentation currency of Ryman Healthcare Limited and its New Zealand subsidiaries are NZD.

The functional currency for its Australian subsidiaries is Australian dollars (AUD).

All reference to USD refers to US dollars.

Measurement base

The Group follows the accounting principles recognised as appropriate for measuring and reporting on financial performance and financial position on a historical cost basis, except when:

- certain property, plant and equipment is subject to revaluation (note 9)
- assets held for sale are measured at the lower of their carrying amounts and fair value less costs to sell (note 9)
- investment property is measured at fair value (note 10)
- certain financial assets and liabilities are measured at fair value (notes 18 and 21).

Critical judgements and accounting estimates in applying accounting policies

In applying the Group's accounting policies, management must make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from direct sources.

The estimates and associated assumptions are based on historical experience and various other factors that are reasonable under the circumstances. The results form the basis of making the judgements. Actual results may differ from these estimates.

Deloitte. For Identification

Notes to the consolidated financial statements
FOR THE YEAR ENDED 31 MARCH 2023

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised, if the revisions affect only those periods. Revisions to accounting estimates are recognised in the periods of the revisions and future periods, if the revisions affect both current and future periods.

The following accounting policies and notes contain information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements.

- Valuation of property, plant and equipment – note 9
- Valuation of investment property – note 10.

Adopting new and amended standards and interpretations

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

Implementation of the International Financial Reporting Interpretations Committee's (IFRIC's) April 2021 agenda decision in relation to software-as-a-service (SaaS) arrangements

The Group revised its accounting policy in relation to the upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these arrangements (refer note 11). The impact of this change is not material and the Group has applied the revised accounting policy from 1 April 2022.

Standards and interpretations on issue but not yet adopted

The Group is 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 2023.

Summary of significant accounting policies

The significant accounting policies that are pervasive throughout the consolidated financial statements are set out below. Significant accounting policies that are specific to certain balances or transactions are set out within the notes to which they relate.

Basis of consolidation – acquisition method

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company (the parent entity) and its subsidiaries as defined in NZ IFRS 10 – *Consolidated Financial Statements*.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All significant inter-company transactions and balances are eliminated in full on consolidation.

Income and expenses for each subsidiary whose functional currency is not NZD are translated at exchange rates that approximate the rates at the actual dates of the transactions. Assets and liabilities of such subsidiaries are translated at exchange rates at balance date.

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All resulting exchange differences are recognised in the foreign-currency translation reserve, which is a separate component of equity.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the reporting date.

All exchange differences relating to the following two items are recognised in other comprehensive income and accumulated in reserves.

- The effective portion of a hedge of a net investment in foreign operations
- Differences arising on translation of a foreign operation.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates on the date when the fair values were determined.

Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amounts of GST except when:

- the GST incurred on a purchase of goods and services is not recoverable from the taxation authority
- receivables and payables are stated with the amounts of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instruments.

Impairment of assets

At each interim and annual reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss.

Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values. The Group uses a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets, for which the estimates of future cash flows have not been adjusted.

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If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is immediately recognised as an expense unless the asset is carried at fair value. In this case, the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount. However, this is only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised as income, unless the asset is carried at fair value. In that case the reversal of the impairment loss would be treated as a revaluation increase.

2. REVENUE

Accounting policy: Revenue

The Group recognises revenue from the following major sources.

- Care and village fees
- Management fees
- Interest received.

Revenue is recognised as follows.

Care and village fees

Care-facility and retirement-village service fees are linked to providing services on specific days (service dates). Revenue from care-facility and retirement-village service fees is recognised on completion of the service dates.

Management fees

Residents of the Group's independent-living units and serviced apartments pay a management fee for the right to share in the use of the village centre and other common facilities. The management fee is calculated as a percentage of the occupation-right agreement amount. The fee accrues monthly, for a set period, based on the terms of individual contracts.

Management fees are recognised on a straight-line basis over the periods of service.

The period of service is determined as being the greater of the expected period of tenure and the contractual right to management fees.

The expected periods of tenure, based on historical experience across our villages, are estimated to be 7 years for independent units and 3 to 4 years for serviced units. The estimated expected periods of tenure are unchanged from last year.

The timing of when management fees are recognised is an accounting estimate. Historical experience across all villages is used in determining periods of tenure.

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Identification

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

2. REVENUE (CONTINUED)

Interest received

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Accounting policy: Revenue in advance

Revenue in advance represents those amounts by which the management fees over the contractual period exceed recognition of the management fees based on expected tenure.

3. OPERATING EXPENSES

	2023 $000	2022 $000
Employee costs (see below)	356,615	305,759
Property-related expenses	70,821	64,044
Other operating costs (see below)	105,843	96,435
Total operating expenses	**533,279**	**466,238**
Employee costs and other operating costs include:		
Post-employment benefits (KiwiSaver/Superannuation)	14,291	10,333
Auditor's remuneration to Deloitte Limited comprises:		
Audit of financial statements	563	452
Australia aged-care reporting	10	8
Directors' fees (note 24)	1,319	1,365
Donations^	347	517

^ No donations have been made to any political party (2022: $Nil).

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Notes to the consolidated financial statements
FOR THE YEAR ENDED 31 MARCH 2023

4. DEPRECIATION AND AMORTISATION EXPENSE

Accounting policy: Depreciation and amortisation

Property, plant and equipment

Depreciation is provided on all property, plant and equipment, other than freehold land, at straight-line (SL) rates calculated to allocate the asset's cost or valuation, less estimated residual value, over their estimated useful lives, starting from the time the assets are ready for use, as follows.

- Buildings — 2 percent SL
- Plant and equipment — 4-25 percent SL
- Furniture and fittings — 20 percent SL
- Motor vehicles — 20 percent SL
- Right of use assets — Term of lease SL.

Software

Amortisation is provided on internally generated software assets and acquired software assets as follows.

- Internally generated software — 10-20 percent SL
- Acquired software — 10-25 percent SL.

The estimated useful lives, residual value and depreciation / amortisation method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

	2023	2022
	$000	$000
Depreciation (note 9)		
Buildings	12,680	9,166
Plant and equipment	12,930	12,849
Furniture and fittings	4,261	4,475
Motor vehicles	1,612	1,440
Right-of-use assets	3,372	2,662
	34,855	30,592
Amortisation (note 11)		
Software	11,742	5,106
	11,742	5,106
Total	**46,597**	**35,698**

During the year, the Group reviewed the expected useful life of myRyman (internally generated software). The Group shortened the expected useful life of the asset, resulting in higher amortisation expense. The change in estimate is applied on a prospective basis and does not have a material impact on the current year results.

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

5. FINANCE COSTS

Accounting policy: Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that take a substantial period of time to get ready for their intended use) are added to the costs of those assets until the assets are substantially ready for use.

All other borrowing costs are recognised in profit or loss in the periods in which they are incurred.

	Notes	2023	2022
		$000	$000
Total interest paid on loans and borrowings (including related fees)		119,884	59,945
Release of cash flow hedge reserve	13	35,049	20,523
Amount of interest capitalised	9,11	(108,069)	(50,006)
Net interest expense on borrowings		**46,864**	**30,462**
Interest on lease liabilities	20	187	202
Costs relating to US Private Placement (USPP) prepayment and swaps		158,323	-
Total finance costs		**205,374**	**30,664**
Costs relating to USPP prepayment and swaps are comprised of:			
Loss on USPP notes prepayment	17e	62,137	-
Foreign currency movement on USPP notes	17e	24,405	-
Loss on close-out of cross-currency interest rate swaps	18e	75,512	-
Reclassification adjustment - close-out of cross-currency interest rate swaps	13b,13c, 18e	(9,914)	-
Reclassification adjustment – modified interest rate swaps	13b,18f	(1,861)	-
Fair value changes on derivatives	18f	8,044	-
Total costs relating to USPP prepayment and swaps		**158,323**	-

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FOR THE YEAR ENDED 31 MARCH 2023

6. INCOME TAX

Accounting policy: Income tax

Income tax in the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except when it relates to items recognised in other comprehensive income or directly in equity. In this case, it is recognised in other comprehensive income or in equity.

Deferred tax

Deferred tax is provided for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation. Deferred tax is not provided for on:

- non-depreciating assets (land) included within property, plant and equipment, and investment properties
- temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit, and do not give rise to equal taxable and deductible temporary differences.

The amount of deferred tax provided is based on the way the carrying amount of assets and liabilities are expected to be realised and settled. The tax rates used are those expected to apply in the period of settlement, based on tax rates enacted or substantively enacted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax assets and liabilities on a net basis.

(a) Income tax recognised in income statement

	2023	2022
	$000	$000
Tax expense comprises:		
Current tax expense	-	-
Deferred tax (credit)/expense	(51,640)	29,209
Total income tax (credit)/expense	**(51,640)**	**29,209**

Reconciliation between prima facie taxation and tax expense

	2023	2023	2022	2022
	$000	%	$000	%
Profit before income tax	206,196		722,082	
Income tax expense calculated at 28%	57,735	28.0%	202,183	28.0%
Tax effects of:				
- non-taxable income	(123,496)	(59.9)%	(208,894)	(28.9)%
- property movements	41,382	20.1%	39,427	5.5%
- capitalised interest deducted for tax	(30,681)	(14.9)%	(13,759)	(1.9)%
- other	3,420	1.7%	10,252	1.3%
Total income tax (credit)/expense	**(51,640)**	**(25.0)%**	**29,209**	**4.0%**

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FOR THE YEAR ENDED 31 MARCH 2023

6. INCOME TAX (CONTINUED)

(a) Income tax recognised in income statement (continued)

The tax rate used in the above reconciliation is the corporate tax rate of 28 percent (2022: 28 percent) payable by New Zealand corporate entities on taxable profits under New Zealand tax law. The corporate tax rate in Australia is 30 percent (2022: 30 percent).

Non-taxable income arises principally from the fair value movement of investment property.

Total Group tax losses available in New Zealand and Australia amount to NZ$974.3 million (2022: NZ$567.6 million) and AU$235.0 million (2022: AU$156.0 million), respectively. Recognition of the deferred tax asset is based on expected taxable earnings in future periods. One of the key drivers for this will be the uplift in the taxable deferred management fees as new occupation rights are entered into at higher prices within the next fifteen years. There are no unrecognised tax losses in New Zealand (2022: NZ$Nil). In Australia, there are unrecognised tax losses of AU$17.1 million relating to capital losses (2022: AU$Nil).

(b) Deferred tax asset/liability

	Opening balance	Recognised in income	Recognised in equity	Closing balance
	$000	$000	$000	$000
2023				
Property, plant and equipment	(59,958)	(7,429)	54	(67,333)
Investment properties	(67,999)	(61,663)	(3)	(129,665)
Deferred management fee	(89,541)	(22,526)	246	(111,821)
Derivative financial instruments	(7,675)	-	(4,483)	(12,158)
Other	8,323	3,414	(20)	11,717
Tax loss carry-forwards recognised	209,426	139,844	(914)	348,356
Total deferred tax asset/(liability)	**(7,424)**	**51,640**	**(5,120)**	**39,096**

	Opening balance	Recognised in income	Recognised in equity	Closing balance
	$000	$000	$000	$000
2022				
Property, plant and equipment	(43,226)	(16,706)	(26)	(59,958)
Investment properties	(15,563)	(52,891)	455	(67,999)
Deferred management fee	(68,892)	(20,619)	(30)	(89,541)
Derivative financial instruments	3,640	-	(11,315)	(7,675)
Other	6,952	1,371	-	8,323
Tax loss carry-forwards recognised	149,545	59,636	245	209,426
Total deferred tax asset/(liability)	**32,456**	**(29,209)**	**(10,671)**	**(7,424)**

The net deferred tax asset of $39.1 million as at 31 March 2023 (2022: $7.4 million net deferred tax liability) is reflected in the statement of financial position as a deferred tax asset of $53.8 million (2022: $35.1 million) and a deferred tax liability of $14.7 million (2022: $42.5 million).

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6. INCOME TAX (CONTINUED)

(c) Imputation credit memorandum account

	2023	2022
	$000	$000
Closing balance	**105**	**874**
Imputation credits available directly and indirectly to shareholders of the parent company, through:		
- parent company	104	870
- subsidiaries	1	4
Closing balance	**105**	**874**

7. CASH AND CASH EQUIVALENTS

Accounting policy: Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and on-demand deposits, and other short-term, highly liquid investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. This includes all call borrowing, such as bank overdrafts, used by the Group as part of its day-to-day cash management.

The Group has an arrangement with ANZ that on a nightly basis a sweep is performed across all transactional bank accounts. This consolidates all transactional bank accounts into a single account.

There is a right to offset cash balances against bank debt documented in the Group's facility agreement.

The Group has access to an overdraft facility. The bank overdraft facility is secured by a general security agreement and mortgages over the freehold land and buildings of the Group in the same manner as the bank loans (note 17). Interest is payable at the 3-month BKBM rate, plus a specified margin. The interest rate on all overdraft facilities at 31 March 2023 was 13.45 percent (2022: 9.65 percent).

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8. TRADE AND OTHER RECEIVABLES

Accounting policy: Trade and other receivables

Trade receivables are held to collect contractual cash flows. The cash flows are the payment of principal and interest.

Trade receivables are measured at amortised cost, less any impairment. This is equivalent to fair value, being the receivable face (or nominal) value, less appropriate allowances for estimated irrecoverable amounts.

The allowance recognised is the lifetime expected credit losses based on an assessment of each individual debtor. It is estimated based on the Group's historical credit loss experience and general economic conditions. Expected credit loss represents the expected credit losses that will result from all possible default events in the expected life of a debtor.

Trade receivables are written off when there is no realistic chance of recovery.

	2023	2022
	$000	$000
Trade debtors	711,840	654,769
Other receivables	7,281	16,694
Total trade and other receivables	**719,121**	**671,463**

Debtors principally comprise amounts due for occupancy advances and care and village fees.

The receivable for an occupancy advance is recognised when a legally binding contract with the resident is in place and the unit is either complete or is considered to have met the threshold for inclusion in the investment property valuation (see note 10). At the same time as recognising the occupancy advance receivable the Group recognises the corresponding occupancy advance liability. Occupancy advances are cash settled by residents on occupation of a retirement-village unit.

Care and village fees are received from residents (payable 4-weekly in advance) and various government agencies. Government-agency payment terms vary but the fees are typically paid fortnightly in arrears for care services provided to residents.

Debtors are non-interest bearing, although the Group has the right to charge interest on overdue settlements of occupancy advances or overdue care and village fees.

There is no significant concentration of credit risk as trade debtors are either individual residents or government agencies. No changes have been made in the techniques or significant assumptions used in determining expected credit losses during the reporting period.

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9. PROPERTY, PLANT AND EQUIPMENT

Accounting policy: Property, plant and equipment

Property, plant and equipment comprises completed care facilities, corporate assets and land (including long-term leases of land), care facilities under development, additions since last valuation and right-of-use assets. Refer to note 20 for the accounting policy in respect of right-of-use assets.

All property, plant and equipment is initially recorded at cost. Typically, these costs include the cost of land, materials, wages and interest incurred during the period required to complete and prepare an asset for its intended use.

Following initial recognition at cost, completed care-facility land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Independent valuations are performed with sufficient regularity (every 2 years) to ensure that an asset's carrying amount does not differ materially from its fair value at the reporting date.

Any revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve included in the equity section of the statement of financial position, unless it reverses a revaluation decrease of the same asset previously recognised in the income statement. In this case, the increase is credited to the income statement to the extent of the decrease previously charged.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve, in which case the revaluation deficit is recorded in other comprehensive income.

In addition, any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

On disposal, any revaluation reserve relating to a particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period in which the item is derecognised.

Accounting policy: Assets held for sale

Non-current assets are classified as assets held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses on their initial classification as assets held for sale and any subsequent gains and losses on remeasurement are recognised in profit or loss.

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land at valuation	Buildings at valuation	Property under development at cost	Plant and equipment at cost	Furniture and fittings at cost	Motor vehicles at cost	Right-of-use assets	Total
	$000	$000	$000	$000	$000	$000	$000	$000
2023								
Gross carrying amount								
Balance at 1 April 2022	565,318	502,910	922,349	144,460	62,394	16,800	36,427	2,250,658
Additions	1,625	7,355	204,869	11,998	1,281	762	11,640	239,530
Net foreign-currency exchange difference	(1,018)	(347)	(4,926)	(3)	13	-	(11)	(6,292)
Transfer from property under development	53,793	106,302	(158,693)	(7,695)	6,293	-	-	-
Transfer (to)/from investment property	(4,155)	(4,546)	(173,308)	-	-	-	-	(182,009)
Transfer (to)/from assets held for sale	-	-	(42,413)	-	-	-	-	(42,413)
Transfer (to)/from intangible assets	-	-	-	(15,710)	-	-	-	(15,710)
Disposals	-	-	-	-	-	-	(20,166)	(20,166)
Revaluation	156,773	(17,013)	-	-	-	-	-	139,760
Balance at 31 March 2023	**772,336**	**594,661**	**747,878**	**133,050**	**69,981**	**17,562**	**27,890**	**2,363,358**
Accumulated depreciation								
Balance at 1 April 2022	-	(10,245)	-	(62,929)	(52,101)	(11,154)	(23,228)	(159,657)
Depreciation	-	(12,680)	-	(12,930)	(4,261)	(1,612)	(3,372)	(34,855)
Depreciation capitalised to property under development	-	-	-	-	-	-	(7,279)	(7,279)
Transfer to/(from) intangible assets	-	-	-	7,720	-	-	-	7,720
Disposals	-	-	-	-	-	-	19,128	19,128
Revaluation	-	17,013	-	-	-	-	-	17,013
Balance at 31 March 2023	-	**(5,912)**	-	**(68,139)**	**(56,362)**	**(12,766)**	**(14,751)**	**(157,930)**
Total book value	**772,336**	**588,749**	**747,878**	**64,911**	**13,619**	**4,796**	**13,139**	**2,205,428**

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9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land at valuation	Buildings at valuation	Property under development at cost	Plant and equipment at cost	Furniture and fittings at cost	Motor vehicles at cost	Right-of-use assets	Total
	$000	$000	$000	$000	$000	$000	$000	$000
2022								
Gross carrying amount								
Balance at 1 April 2021	540,259	415,577	599,746	126,581	56,345	14,954	28,284	1,781,746
Additions	1,047	6,251	435,349	13,582	1,752	1,861	8,193	468,035
Net foreign-currency exchange difference	(938)	(390)	(2,445)	(56)	(45)	(15)	(50)	(3,939)
Transfer from property under development	24,950	81,472	(115,117)	4,353	4,342	-	-	-
Transfer (to)/from investment property	-	-	4,816	-	-	-	-	4,816
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Balance at 31 March 2022	**565,318**	**502,910**	**922,349**	**144,460**	**62,394**	**16,800**	**36,427**	**2,250,658**
Accumulated depreciation								
Balance at 1 April 2021	-	(1,079)	-	(50,080)	(47,626)	(9,714)	(14,664)	(123,163)
Depreciation	-	(9,166)	-	(12,849)	(4,475)	(1,440)	(2,662)	(30,592)
Depreciation capitalised to property under development	-	-	-	-	-	-	(5,902)	(5,902)
Revaluation	-	-	-	-	-	-	-	-
Balance at 31 March 2022	-	**(10,245)**	-	**(62,929)**	**(52,101)**	**(11,154)**	**(23,228)**	**(159,657)**
Total book value	**565,318**	**492,665**	**922,349**	**81,531**	**10,293**	**5,646**	**13,199**	**2,091,001**

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9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Freehold land and buildings at fair value

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 and CBRE Valuations Pty Limited, at 31 March 2023 in line with NZ IFRS 13 – *Fair Value Measurement*. These revaluations are undertaken every 2 years, unless there is sustained market evidence of a significant change in fair value, in which case an earlier valuation will be obtained.

The valuers used multiple valuation techniques to estimate and determine fair value. The valuers made key assumptions that included capitalisation of earnings (using capitalisation rates ranging from 10.25 percent to 13.75 percent), together with observed transactional evidence of the market value per care bed (ranging from $70,000 to $235,000 per care bed). The land and building valuation within property, plant and equipment contains an allowance for the value provided by the care facility to the Group's independent-living and serviced-apartment residents. The value of this allowance is determined based on a portion of the deferred management fees paid by the Group's independent-living and serviced apartment residents. This portion of deferred management fees is excluded from the investment property value. This approach has been consistently applied between periods.

As the fair value of land and buildings is determined using inputs that are unobservable, the Group has categorised property, plant and equipment as Level 3 under the fair-value hierarchy in line with NZ IFRS 13 – *Fair Value Measurement*. The significant unobservable inputs used in the fair-value measurement of the Group's freehold land and buildings are the capitalisation rate and the market value per care bed.

As the valuers used 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.

If freehold land and buildings were measured using the cost model, the carrying amounts would be as follows.

	Freehold land	Buildings	Total
	$000	$000	$000
Carrying amount (at cost)			
Carrying amount at 31 March 2023	179,034	577,195	**756,229**
Carrying amount (at cost)			
Carrying amount at 31 March 2022	128,789	491,357	**620,146**

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9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets at cost

Property under development includes land held pending the development of care centres and retirement villages amounting to $523.9 million (2022: $636.4 million) which is valued at cost.

Interest for the Group of $106.5 million (2022: $49.0 million) was capitalised during the period of construction in the current year. The weighted-average capitalisation rate on funds borrowed is 5.66 percent per annum (2022: 3.45 percent per annum).

Right-of-use assets

Included within property, plant and equipment are the right-of-use assets relating to leases.

	Buildings	Plant and equipment	Total
	$000	$000	$000
Balance at 1 April 2022	8,309	4,890	13,199
Additions	7,531	4,109	11,640
Net foreign-currency exchange difference	(11)	-	(11)
Depreciation	(3,372)	-	(3,372)
Depreciation capitalised to property under development	(44)	(7,235)	(7,279)
Disposals	(864)	(174)	(1,038)
Balance at 31 March 2023	**11,549**	**1,590**	**13,139**
Balance at 1 April 2021	10,521	3,099	13,620
Additions	658	7,535	8,193
Net foreign-currency exchange difference	(50)	-	(50)
Depreciation	(2,662)	-	(2,662)
Depreciation capitalised to property under development	(158)	(5,744)	(5,902)
Balance at 31 March 2022	**8,309**	**4,890**	**13,199**

Asset held for sale

Following a review of the Group's land portfolio, the land at Mt Martha (Victoria, Australia) and Newtown (Wellington, New Zealand) is being held for sale. The sale of the Mt Martha land is now unconditional and settlement will occur in late 2023. The Newtown land is being actively marketed for sale and a sale is expected to take place within 12 months.

An impairment loss of $11.0 million has been included in the income statement, writing down the carrying value of the land at Mt Martha and Newtown to fair value less costs to sell.

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10. INVESTMENT PROPERTIES

Accounting policy: Investment properties

Investment properties include land and buildings (including long-term leases of land), equipment and furnishings relating to retirement-village units and community facilities, including units and facilities under development. They are intended to be held for the long term to earn rental income and for capital appreciation. Rental income from investment properties, being the management fee and retirement-village service fees, is accounted for in line with note 2.

Investment properties are not depreciated.

Retirement-village units and community facilities are revalued on a semi-annual basis and restated to fair value as determined by the Directors having taken into consideration the range of valuations produced by independent registered valuers and the requirement of NZ IFRS 13 – *Fair Value Measurement* to assume that market participants act in their economic best interests. Any change in fair value is taken to the income statement. The fair value is determined using discounted cash flow methodology.

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 Measurement*. NZ IFRS 13 requires that the inputs are consistent with the characteristics of the asset that a market participant would take into account in a transaction for the asset.

Valuation reports are produced by independent registered valuers, CBRE Limited, CBRE Valuations Pty Limited and Jones Lang LaSalle Limited, at the reporting date. These reports combine discounted future cash flows and occupancy advances received from residents for retirement-village units for which the Directors have determined that the fair value is able to be reliably measured. From time to time the Directors may obtain additional independent valuations for consideration in their determination of investment property carrying value.

The carrying value of completed investment property and investment property under development, where fair value is able to be reliably measured as determined by the Directors, is based on the independent valuers' reports and also includes occupancy advances received from residents, adjusted for accrued deferred management fees and revenue in advance.

A key judgement in determining the fair value of investment property is deciding which units to include in the valuation.

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10. INVESTMENT PROPERTIES (CONTINUED)

Determining whether fair value can be reliably measured

The table below details the considerations made in assessing whether the fair value of a unit can be reliably measured at reporting date and whether the unit should therefore be included in the valuation.

Considerations made in determining if fair value can be reliably measured		
	Units that are or can be occupied at reporting date	**Units that are under development at reporting date**
Agreement to occupy in place	The Directors have deemed that fair value can only be reliably measured if there is an agreement to occupy in place. The unit will not be subjected to valuation unless there is an agreement to occupy in place for the unit. Units without an agreement to occupy are carried at cost.	The Directors have deemed that fair value can only be reliably measured if there is an agreement to occupy in place. The unit will not be subjected to valuation unless there is an agreement to occupy in place for the unit. Units without an agreement to occupy are carried at cost.
Development progress		To determine the progress of the development, the stage and site costs incurred to date are considered with reference to the forecast total costs of the stage and site under development. The proportion of units from the site included in the valuation is compared to the costs incurred to date as a proportion of total costs. The number of units included in the valuation should not exceed the proportion of costs incurred to date. Units that are under development that cannot be reliably measured are carried at cost.
Resident move-in date		The date when a resident will be able to take possession of their unit is considered relative to the development timetable.

Units that are under development at reporting date and for which the Directors determine, after the considerations detailed above, that fair value cannot be reliably measured, are carried at cost.

Management and the Directors undertake regular physical inspections of villages under development to verify progress, particularly around reporting period ends, to help inform their judgements.

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10. INVESTMENT PROPERTIES (CONTINUED)

	2023	2022
	$000	$000
At fair value		
Balance at 1 April	8,027,267	6,837,278
Additions (including transfers from property, plant and equipment)	873,952	452,068
Realised fair-value movement:		
- new retirement-village units	122,941	110,681
- existing retirement-village units	234,901	168,071
	357,842	278,752
Unrealised fair-value movement	73,661	467,133
Fair-value movement	**431,503**	**745,885**
Net foreign-currency exchange differences	(9,820)	(7,964)
Net movement for the year	1,295,635	1,189,989
Balance at 31 March	**9,322,902**	**8,027,267**

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

At 31 March 2023, 8,666 units were included in the valuation (31 March 2022: 8,190 units).

	Year ended 31 March 2023	Year ended 31 March 2022
	No. of units	No. of units
Units included in the valuation		
Able to be occupied at reporting date and fair value is judged as being able to be reliably measured	8,499	7,968
Under development at reporting date and fair value is judged as being able to be reliably measured	167	222
Total units included in the valuation	**8,666**	**8,190**

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10. INVESTMENT PROPERTIES (CONTINUED)

Independent valuers' key assumptions

The valuers used significant assumptions that included growth rates (ranging from 0.00 percent to 4.70 percent nominal) (31 March 2022: 0.50 percent to 4.24 percent nominal) and discount rates (ranging from 11.75 percent to 16.50 percent) (31 March 2022: 12.00 percent to 16.00 percent).

The land and building valuation within property, plant and equipment contains an allowance for the value provided by a care facility to the Group's independent-living and serviced-apartment residents. The value of this allowance is determined based on a portion of the deferred management fees paid by the Group's independent-living and serviced-apartment residents. This portion of deferred management fees is excluded from the investment property value. This approach has been consistently applied between periods.

Sensitivity

A 0.5 percent decrease in the 5-year plus growth rate would result in an approximately $255.2 million lower fair-value measurement. Conversely, a 0.5 percent increase in the 5-year plus growth rate would result in an approximately $231.4 million higher fair-value measurement.

A 0.5 percent decrease in the discount rate would result in an approximately $130.4 million higher fair-value measurement. Conversely, a 0.5 percent increase in the discount rate would result in an approximately $121.2 million lower 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 periods. A significant increase in the average age of entry of residents or a decrease in the occupancy periods would result in a significantly higher fair-value measurement. Conversely, a significant decrease in the average age of entry of residents or increase in the occupancy periods would result in a significantly lower fair-value measurement.

Work in progress

Investment property includes investment property work in progress of $786.9 million (31 March 2022: $494.7 million), which has been valued at cost. The Directors have determined that for work in progress, cost represents fair value. No independent valuation of investment property work in progress is obtained.

Operating expenses

Direct operating expenses arising from investment property that generated income from management fees during the period amounted to $53.2 million (31 March 2022: $47.3 million). All investment property generated income for the Group from management fees, except for investment property work in progress.

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10. INVESTMENT PROPERTIES (CONTINUED)

Security

Residents make interest-free advances (occupancy advances) to the retirement villages in exchange for the right to occupy retirement-village units. Under the terms of the New Zealand occupancy agreement, the occupancy advance is secured by a registered first mortgage granted to the Statutory Supervisor. For New Zealand occupancy advances relating to previous occupancy agreements that remain outstanding, the resident received a unit title for life and a first mortgage over the residual interest for security purposes. Residents in Victoria, Australia have the benefit of a charge over the title for the land under the Retirement Villages Act 1986.

11. INTANGIBLE ASSETS

Accounting policy: Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internally generated software assets

An internally generated intangible software asset arising from development (or from the development phase of an internal project) is only recognised if all the following criteria have been demonstrated.

- It is technically feasible to complete the intangible asset so that it is available for use or sale.
- The Group intends to complete the intangible asset and use or sell it.
- The intangible asset can be used or sold.
- Probable future economic benefits of the intangible asset can be generated.
- Adequate technical, financial, and other resources are available to complete the development and use or sell the intangible asset.
- The expenditure attributable to the intangible asset can be measured during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

After initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Acquired software assets

Acquired software assets are reported at cost less accumulated amortisation and any accumulated impairment losses.

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

11. INTANGIBLE ASSETS (CONTINUED)

Software-as-a-Service (SaaS)

SaaS arrangements are service contracts providing the Group with the right to access a cloud provider's application software over the contract period.

Costs incurred to configure or customise, and the ongoing fees to obtain access to a SaaS provider's application software, are recognised as operating expenses when the services are received.

However, where costs incurred are for the development of software code that enhances or modifies, or creates an additional capability for, existing software assets and meets the definition of and recognition criteria for an intangible asset, those costs are recognised as software assets and amortised over the useful life of the software on a straight-line basis.

	2023	2022
	$000	$000
Gross carrying amount		
Opening balance	69,664	55,318
Additions	36,900	14,346
Transfer from property, plant and equipment	15,710	-
Closing balance	**122,274**	**69,664**
Accumulated amortisation		
Opening balance	(17,980)	(12,874)
Transfer from property, plant and equipment	(7,720)	-
Amortisation (note 4)	(11,742)	(5,106)
Closing balance	**(37,442)**	**(17,980)**
Total book value	**84,832**	**51,684**

Intangible assets relate to internally generated and acquired software. During the year the Group reclassified acquired software from property, plant and equipment to intangible assets.

Interest for the Group of $1.6 million (2022: $1.0 million) has been capitalised to intangible assets during the current year. The weighted-average capitalisation rate on funds borrowed is 5.66 percent per annum (2022: 3.45 percent per annum).

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FOR THE YEAR ENDED 31 MARCH 2023

12. SHARE CAPITAL

Accounting policy: Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as deductions from equity.

Although the shares purchased for the leadership share scheme are treated as treasury stock under financial reporting standards, they are not of the type contemplated by section 67A of the Companies Act 1993. They carry the usual rights attaching to shares such as the right to receive dividends (albeit subject to contractual requirements under the share scheme to applying dividend payments to repay loans) and the right to participate in corporate actions. On this basis, the treasury stock has been included in the calculation of basic and diluted earnings per share.

Issued and paid-up capital consists of 687,641,738 fully paid ordinary shares (2022: 500,000,000 shares) less treasury stock of 2,494,282 shares (2022: 2,741,246 shares) (note 25). All shares rank equally in all respects.

Shares purchased on market under the leadership share scheme (note 25) are treated as treasury stock (note 13) until vesting to the employee.

	Fully paid ordinary shares		Weighted average number of ordinary shares	
	2023 '000	2022 '000	2023 '000	2022 '000
Total ordinary shares (including treasury stock) at 1 April	500,000	500,000	500,000	500,000
Ordinary shares issued:				
- Dividend reinvestment plan	7,166	-	2,081	-
- Equity raise	180,476	-	14,242	-
Total ordinary shares (including treasury stock) at 31 March	**687,642**	**500,000**	**516,323**	**500,000**

During the year, the Company issued new ordinary shares in respect of its dividend reinvestment plan (DRP) and equity raise. The increase in share capital of $919.9 million is net of directly attributable share issue costs of $26.4 million.

Dividend reinvestment plan (DRP)

In November 2022, the Company adopted a fully underwritten DRP that applied to the 2023 interim dividend. Under the DRP, shareholders can elect to reinvest all, part, or none of their net cash dividends payable in the Company's shares. Shares issued under the DRP in respect of the 2023 interim dividend were issued at $6.1405 per share, being at a 2.5 percent discount to the market price at the time entitlements were determined.

The Company issued 7,165,540 new ordinary shares in December 2022 under the DRP. 1,459,511 new shares were issued to shareholders who elected to participate in the DRP, and a further 5,706,029 new shares were issued to an underwriter.

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Notes to the consolidated financial statements
FOR THE YEAR ENDED 31 MARCH 2023

12. SHARE CAPITAL (CONTINUED)

Equity raise

In February 2023 the Company announced a $902 million equity raise through an underwritten 1-for-2.81 accelerated pro rata entitlement offer of new ordinary shares. Under the offer, eligible shareholders could subscribe for new ordinary shares at $5.00 per share if they chose to take up their entitlements. Shareholders also had the option of selling or transferring all or some of their entitlements.

The purpose of the offer was to reset the Group's capital structure, provide funds to strengthen its balance sheet through the repayment of debt and better enable the Group to execute its growth framework.

The Company issued 180,476,198 new ordinary shares in February to March 2023 in respect of the equity raise.

Basic and diluted earnings per share (EPS)

	2023	2022
Profit for the year ($000)	257,836	692,873
Weighted average number of shares (in '000)	516,323	500,000
Basic and diluted EPS (cents per share)	**49.9**	**138.6**

Net tangible asset (NTA) per share

	2023	2022 (restated)
NTA ($000)	4,525,291	3,347,779
Ordinary shares at 31 March (in '000)	687,642	500,000
NTA per share (cents per share)	**658.1**	**669.6**

NTA is calculated as total assets less intangible assets and deferred tax assets and less total liabilities.

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

13. RESERVES

	Notes	2023	2022
		$000	$000
Reserves			
Asset revaluation reserve	13a	610,341	453,568
Cash flow hedge reserve	13b	30,955	15,491
Cost of hedging reserve	13c	-	3,652
Foreign-currency translation reserve	13d	(7,136)	500
Treasury stock	13e,25	(34,729)	(38,174)
		599,431	**435,037**
(a) Asset revaluation reserve			
Opening balance		453,568	453,568
Revaluation		156,773	-
Closing balance		**610,341**	**453,568**
(b) Cash flow hedge reserve			
Opening balance		15,491	(12,062)
Valuation of interest rate derivatives		28,121	31,894
Valuation of cross-currency interest rate swap		(33,443)	(14,007)
Released to income statement		35,049	20,523
Reclassification adjustment to income statement – close-out of cross-currency interest rate swaps	18	(6,396)	-
Reclassification adjustment to income statement – modified interest rate swaps	18	(1,861)	-
Deferred tax movement on cash flow hedge reserve		(6,006)	(10,857)
Closing balance		**30,955**	**15,491**
(c) Cost of hedging reserve			
Opening balance		3,652	2,702
Valuation of cross-currency interest rate swap		(1,554)	1,319
Released to income statement		-	-
Reclassification adjustment to income statement	18	(3,518)	-
Deferred tax movement on cost of hedging reserve		1,420	(369)
Closing balance		**-**	**3,652**
(d) Foreign-currency translation reserve			
Opening balance		500	1,787
Gain on hedge of foreign-owned subsidiary net assets		670	690
Loss on translation of foreign operations		(8,306)	(1,977)
Closing balance		**(7,136)**	**500**

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

13. RESERVES (CONTINUED)

	2023	2022
	$000	$000
(e) Treasury stock (note 25)		
Opening balance	(38,174)	(35,389)
Acquisitions	-	(15,625)
Vesting/Forfeiture of shares	3,445	12,840
Closing balance	**(34,729)**	**(38,174)**
(f) Retained earnings		
Opening balance	2,966,193	2,385,320
Net profit attributable to shareholders	257,836	692,873
Loss on disposal of treasury stock	(802)	-
Dividends paid	(112,000)	(112,000)
Closing balance	**3,111,227**	**2,966,193**

Dividends paid

	2023	2023	2022	2022
	Cents per share	$000	Cents per share	$000
Recognised amounts				
Final dividend paid – prior year	13.60	68,000	13.60	68,000
Interim dividend paid – current year	8.80	44,000	8.80	44,000
		112,000		112,000
Unrecognised amounts				
Final dividend – current year	-	-	13.60	68,000
Full-year dividend – current year	8.80	44,000	22.40	112,000

All dividends were paid based on 500,000,000 shares on issue.

The Company adopted a DRP that applied to the 2023 interim dividend (refer note 12).

The Directors have determined that no final dividend will be paid in respect of the 2023 financial year.

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FOR THE YEAR ENDED 31 MARCH 2023

14. TRADE AND OTHER PAYABLES

Accounting policy: Trade and other payables

Trade and other payables are measured at amortised cost. This is equivalent to the face (or nominal) value of payables, which is assumed to approximate their fair value.

	2023	2022
	$000	$000
Trade payables	108,371	78,946
Other payables	97,413	185,308
Total trade and other payables	**205,784**	**264,254**

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 2023 include $71.8 million for the purchase of land (2022: $174.4 million).

15. EMPLOYEE ENTITLEMENTS

Accounting policy: Employee entitlements

A liability for benefits accruing to employees for wages and salaries, annual leave and long-service leave is accrued and recognised in the statement of financial position when it is probable that settlement will be required and the liabilities are capable of being measured reliably. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

16. REFUNDABLE ACCOMMODATION DEPOSITS

Accounting policy: Refundable accommodation deposits

Refundable accommodation deposits relate to deposits held on behalf of residents who reside in rooms in the care centres in Australia and New Zealand. Refundable accommodation deposits confer to residents the right of occupancy of the rooms for life, or until the residents terminate the agreements.

Amounts payable under refundable accommodation deposits are non-interest bearing and recorded as a liability in the statement of financial position.

As a resident may terminate their occupancy with limited notice, and the refundable accommodation deposit is non-interest bearing, the refundable accommodation deposit has demand features so is carried at face value, which is the original deposit received.

The deposit is repayable following the termination of the right to occupy.

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Notes to the consolidated financial statements
FOR THE YEAR ENDED 31 MARCH 2023

17. INTEREST-BEARING LOANS AND BORROWINGS

Accounting policy: Interest-bearing loans and borrowings

Bank loans and borrowings are initially recorded at fair value, less directly attributable transaction costs. After initial recognition, loans and borrowings are measured at amortised cost. Any differences between the initial amounts recognised and the redemption values are recognised in profit and loss using the effective interest rate method.

Accounting policy: Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in two ways. Gains or losses relating to the effective portion of a hedge are recognised in other comprehensive income. Any gains or losses relating to the ineffective portion of the hedge are recognised in profit or loss.

Interest-bearing loans and borrowings at 31 March 2023 include secured bank loans, an institutional term loan and unsubordinated fixed-rate retail bonds (2022: secured bank loans, an institutional term loan, unsubordinated fixed-rate retail bonds and USPP notes).

	Notes	2023	2022
		$000	$000
Bank loans	17a	1,922,769	1,780,619
Institutional term loan	17b	267,265	269,658
Retail bonds – RYM010	17c	150,000	150,000
USPP notes - using contracted fixed USD foreign exchange rate	17d	-	416,557
		2,340,034	**2,616,834**
Foreign exchange movement of USD USPP notes	17d	-	14,615
Total loans and borrowings at face value		**2,340,034**	**2,631,449**
Issue costs for the institutional term loan capitalised	17b	(726)	(876)
Issue costs for the retail bond capitalised	17c	(2,109)	(2,605)
Issue costs for the USPP capitalised	17d	-	(2,170)
Total loans and borrowings at amortised cost		**2,337,199**	**2,625,798**
Revaluation of institutional term loan debt in fair-value hedge relationship	17b	(6,249)	(5,690)
Revaluation of USPP debt in fair-value hedge relationship	17d	-	(43,371)
Total loans and borrowings		**2,330,950**	**2,576,737**

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(a) Bank loans (secured)

The bank loan facilities have varying maturity dates through to May 2027 (2022: May 2027) and are subject to floating interest rates. The average interest rates disclosed below exclude the impact of interest rate swap agreements described in note 18.

	2023 $000	2022 $000
Bank loans (secured) – NZD	1,277,590	1,274,740
Bank loans (secured) – AUD in NZD	645,179	505,879
Total bank loans (secured)	**1,922,769**	**1,780,619**
Less cash and cash equivalents (note 7)	(27,879)	(28,309)
Net bank loans	**1,894,890**	**1,752,310**
Less than 1 year	117,597	-
Within 1–5 years	1,805,172	1,780,619
Total bank loans (secured)	**1,922,769**	**1,780,619**
Average interest rates for bank loans – NZD	7.41%	3.94%
Average interest rates for bank loans – AUD	5.24%	2.37%

(b) Institutional term loan (secured)

The Group entered into an AU$250.0 million 7-year institutional term loan in May 2021, which matures in May 2028. A portion of the loan (AU$153.85 million) is subject to a fixed interest rate. The remaining portion of the loan (AU$96.15 million) is subject to floating interest rates.

The average interest rate for the loan is 5.14 percent (2022: 3.84 percent).

	2023 $000	2022 $000
Institutional term loan	267,265	269,658
Total institutional term loan at face value	**267,265**	**269,658**
Issue costs for the institutional term loan capitalised		
Opening balance	(876)	-
Capitalised during the year	-	(1,000)
Amortised during the year	150	124
	(726)	**(876)**
Total institutional term loan at amortised cost	**266,539**	**268,782**
Revaluation of debt in fair-value hedge relationship	(6,249)	(5,690)
Total institutional term loan	**260,290**	**263,092**

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17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(c) Retail bonds (secured)

The Group issued a retail bond for $150.0 million in December 2020. The retail bond has a maturity date of 18 December 2026 and is listed on the NZX Debt Market (NZDX) with the ID RYM010.

The coupon rate for the retail bond is 2.55 percent.

Retail bond issue expenses, fees and other costs incurred in arranging retail bond finance are capitalised and amortised over the terms of the relevant debt instruments.

	2023	2022
	$000	$000
Retail bond – RYM010	150,000	150,000
Total retail bonds at face value	**150,000**	**150,000**
Issue costs for the retail bond capitalised		
Opening balance	(2,605)	(3,139)
Capitalised during the year	(63)	(22)
Amortised during the year	559	556
	(2,109)	**(2,605)**
Total retail bonds at amortised cost	**147,891**	**147,395**

(d) United States Private Placement (USPP) notes

In February 2021 and April 2022 the Group completed USPP note issuances, securing US$300.0 million (Tranche 1) and US$200.0 million (Tranche 2) respectively of long-term debt. These USPP notes had maturity dates of between 10 and 15 years and coupon interest rates of between 4.06 percent and 5.54 percent. The proceeds from the issuance were used to repay bank loans.

In conjunction with the USPP issuances, the Group entered into cross-currency interest rate swaps (CCIRS) to formally hedge the exposure of US$475.0 million to foreign currency risk over the term of the notes (refer note 18). The USPP amount received in AUD (equivalent of US$25.0 million) was not hedged.

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17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(d) United States Private Placement (USPP) notes (continued)

	2023	2022
	$000	$000
USPP notes	-	416,557
Foreign exchange movement of USD USPP notes	-	14,615
Total USPP notes at face value	**-**	**431,172**
Issue costs for the USPP notes capitalised		
Opening balance	-	(2,049)
Capitalised during the year	-	(300)
Amortised during the year	-	179
	-	**(2,170)**
Total USPP notes at amortised cost	**-**	**429,002**
Revaluation of debt in fair-value hedge relationship	-	(43,371)
Total USPP notes	**-**	**385,631**

(e) Early repayment of USPP notes

In February 2023 the Group elected to prepay all outstanding USPP notes. The prepayments were funded by an equity raise (note 12).

- The principal amount for Tranche 1 of US$300.0 million and accrued interest of US$0.8 million were paid in full on 10 March 2023 using NZ$428.1 million and NZ$1.3 million respectively.
- The principal amount for Tranche 2 of US$200.0 million and accrued interest of US$4.3 million were paid in full on 23 March 2023 using NZ$290.1 million and NZ$6.9 million respectively.

As a result of the early repayment of the USPP notes, the Group was required to pay a net make-whole payment of US$19.0 million (NZ$30.7 million) to compensate the noteholders for the effects of reduced interest rates available to them on the reinvestment of the proceeds. Included within the net make-whole payment is a swap breakage gain amount of US$0.4 million (NZ$0.6 million) from one of the noteholders under the terms of the USPP note agreement.

The difference between the consideration paid for the USPP prepayment (NZ$748.9 million) and the carrying amount of the USPP notes (NZ$686.8 million) is recognised as a loss within finance costs in the profit or loss. This loss is attributable to the make-whole payment and the release of unamortised issue costs and fair value hedge adjustments previously included within the carrying amount of the USPP notes. This loss is partially offset by a currency gain on the USPP principal repayment due to favourable exchange rates under the CCIRS that was used to hedge the USPP notes.

The Group simultaneously closed out the CCIRS that used to hedge the USPP notes (refer note 18).

Hedge accounting for the USPP notes discontinued in February 2023 (refer note 18). The foreign currency movement on the USPP notes between the date of hedge discontinuation and the date of repayment of $24.405 million is recognised in the profit or loss (refer note 5).

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17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(e) Early repayment of USPP notes (continued)

	2023
	$000
USPP notes	706,704
Foreign exchange movement of USD USPP notes	98,682
Total USPP notes at face value	**805,386**
Issue costs for the USPP notes capitalised	
Opening balance	(2,170)
Capitalised during the year	(1,284)
Amortised during the year	249
	(3,205)
Total USPP notes at amortised cost	**802,181**
Revaluation of debt in fair-value hedge relationship	(115,394)
Total USPP notes immediately prior to repayment	**686,787**
Prepayment of USPP notes principal	718,200
Make-whole payments (net)	30,724
Loss on USPP prepayment	(62,137)
Total USPP notes at 31 March	-

(f) Security

The bank loans, institutional term loan and retail bonds are secured by a general security agreement over the parent and subsidiary companies and supported by first mortgages over the freehold land and buildings (excluding retirement-village unit titles provided as security to residents – note 10).

The subsidiary companies listed in note 1 have all provided guarantees for the Group's secured loans as parties to the general security agreement.

Contractual cash outflows are disclosed in note 21.

(g) Covenants

The Group is subject to capital requirements imposed by its bank and the lenders included in the banking syndicate through covenants agreed as part of the lending facility arrangements, and bond holders through covenants in the Master Trust Deed.

During the year, the Group sought an amendment to the Interest Coverage Ratio covenant included in its lending facility agreements given the rapid increases in interest rates. In February 2023, the Group's banking syndicate and institutional term loan lenders agreed to amend the Interest Coverage Ratio to 1.75 until 31 March 2025, increasing to 2.00 at 30 September 2025 and 2.25 at 31 March 2026. The retail bonds are not subject to the Interest Coverage Ratio covenant.

The Group has met all externally imposed capital requirements for the 12 months ended 31 March 2023 and 31 March 2022.

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18. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy: Derivative financial instruments

Derivatives are initially recognised at fair value on the date a contract is entered into and remeasured to their fair value at each reporting date.

Hedge accounting

The Group designates certain derivatives as hedging instruments. At the start of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item. Risk management objectives and strategies for undertaking hedge transactions are documented. The Group also documents at the start and on an ongoing basis whether the hedging instrument is expected to be effective.

When the derivatives meet the requirements of cash flow hedge accounting, changes in the fair value of the derivatives are recognised in other comprehensive income and accumulated as a separate component of equity. Amounts deferred in equity are recycled to profit or loss in the periods when the hedged item is recognised in profit or loss.

When the derivatives meet the requirements of fair value hedge accounting, changes in the fair value of the derivatives are taken directly to the income statement for the year, to offset the change in fair value of the hedged item also recorded in the income statement.

Changes in the fair value of the cost to convert foreign currency to NZD of CCIRS are separately accounted for as a cost of hedging and recognised within the cost of hedging reserve.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting.

When hedge accounting for cash flow hedges is discontinued, the amount accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, the amounts accumulated in the hedging reserve are immediately reclassified to profit or loss.

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18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 March 2023 the Group's derivative financial instruments consist of interest rate swaps, caps, floors and collars (2022: interest rate swaps, caps, floors, collars and CCIRS).

(a) Fair value

These derivatives are initially recognised at fair value on the dates that derivative contracts are entered into and remeasured to their fair values at each reporting date. The fair values of these derivatives are categorised as Level 2 under the fair value hierarchy in NZ IFRS 13 – *Fair Value Measurement*. The fair values of these derivative instruments are derived using inputs supplied by third parties that are observable, either directly (prices) or indirectly (derived from prices). The fair value of interest rate swaps is determined by discounting the future cash flows using the yield curves at the end of the reporting period and the credit risk inherent in the contract.

(b) Cash flow and fair value hedges

The Group uses derivative financial instruments to manage cash flow, interest rate and foreign currency risks. The Group designates most of its derivatives as hedging instruments.

Each hedge relationship is formalised in hedge documentation at inception. The Group uses Bancorp Treasury Services Limited (BTSL) as an independent valuer to determine the existence of an economic relationship between the hedging instrument and the hedged item based on the currency, amount and timing of respective cash flows, interest rates, tenors, repricing dates, maturities and notional amounts. BTSL then assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting the changes in cash flows of the hedged item.

The details of the Group's hedging instruments are as follows. All hedging instruments are recorded under derivative financial instruments in the statement of financial position.

	Currency	Interest rates	Maturity (years)	Notional amount of hedging instrument	Carrying amount of the hedging instrument: asset / (liability)	Change in value used for calculating hedge effectiveness
					NZ$000	NZ$000
2023						
Cash flow hedges						
Interest rate derivatives	NZD	2.309% – 4.112%	1–5	NZ$610 million	19,703	13,823
Interest rate swaps	AUD	1.463%	2	AU$60 million	1,953	412
Fair value hedge						
Interest rate swaps	AUD	Floating	5	AU$54 million	(5,988)	(557)
					15,668	**13,678**

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18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Currency	Interest rates	Maturity (years)	Notional amount of hedging instrument	Carrying amount of the hedging instrument: asset / (liability)	Change in value used for calculating hedge effectiveness (Restated)
					NZ$000	NZ$000
2022						
Cash flow hedges						
Interest rate swaps	NZD	2.066% – 2.825%	3–6	NZ$402 million	14,730	32,068
Interest rate swaps	AUD	1.463% – 1.785%	2–5	AU$130 million	4,844	4,844
Fair value hedge						
Interest rate swaps	AUD	Floating	6	AU$54 million	(5,431)	(5,431)
Fair value and cash flow hedges						
CCIRS	USD:NZD	Floating	9–14	US$275 million	(21,860)	(10,588)
					(7,717)	**20,893**

(c) Interest rate derivatives as cash flow hedges

The Group has entered into various interest rate derivatives to provide an effective cash flow hedge against floating interest rate variability on a defined portion of core debt.

These interest rate derivatives qualify for cash flow hedge accounting. Interest rate derivatives are initially recognised at fair value on the dates that contracts are entered into and remeasured to their fair value at each reporting date. The effective portion of the change in the fair value of the derivatives is recognised in other comprehensive income and accumulated as a separate component of equity. The ineffective portion is recognised in the income statement. The balance of the interest rate derivatives reserve is expected to be released to the income statement over the maturity profile of the underlying debt.

The hedge ratio is 1:1. The face value of the interest rate derivatives is the same value as the face value of the bank loans. As the critical terms of the interest rate derivative contracts and the hedged item are the same, significant hedge ineffectiveness is not expected.

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18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 March 2023 the Group had several interest rate derivatives in place that were designated as cash flow hedges. These derivatives have a total notional principal amount of approximately NZ$674 million, which is made up of NZ$610 million and AU$60 million (2022: NZ$542 million). These derivatives cover terms of up to 5 years (2022: 7 years) and are effective for various periods. Some of these derivatives will become effective at a future date.

	2023	2022
	$000	$000
Current	594,144	321,640
Forward starting	80,000	220,222
	674,144	**541,862**

These interest rate derivatives effectively change the Group's interest rate exposure on the principal covered from a floating rate to an average fixed rate ranging from 2.443 percent to 3.198 percent (2022: 2.094 percent to 2.335 percent). The notional principal amounts covered by these derivatives and the average contracted fixed interest rates for their remaining maturities are shown below.

	Average contracted fixed interest rate		Notional principal amount covered	
	2023	2022	2023	2022
	%	%	$000	$000
Within 1 year	3.198%	2.228%	614,144	461,862
1–2 years	3.134%	2.231%	574,144	481,862
2–3 years	2.965%	2.231%	310,000	481,862
3–4 years	2.931%	2.335%	130,000	450,504
4–5 years	2.443%	2.094%	60,000	275,504
5–6 years	-	2.200%	-	180,000

(d) Interest rate swap as a fair value hedge

In 2022, the Group entered into an interest rate swap to mitigate its exposure to fair value changes arising from the fixed-rate portion of the institutional term loan. The swap, which has a total notional principal amount of AU$53.85 million and a term of 7 years, effectively changes the Group's interest rate exposure on the principal covered from a fixed to a floating rate. The Group has designated AU$53.85 million of its institutional term loan in a fair value hedge relationship.

Under a fair value hedge, the change in the fair value of the hedged risk is attributed to the carrying value of the underlying institutional term loan. This debt revaluation is recognised in the income statement to offset the mark-to-market revaluation of the hedging derivative.

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FOR THE YEAR ENDED 31 MARCH 2023

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(e) CCIRS as fair value and cash flow hedges

The Group managed its interest rate risk on USPP notes using CCIRS until the USPP notes were prepaid. The CCIRS transformed a series of known fixed interest rate USD cash flows to floating rate NZD cash flows, mitigating exposure to fair value changes in the USPP notes. The USPP amount received in AUD (equivalent of US$25 million) was not hedged.

The CCIRS were aggregated and designated as both fair value hedges and cash flow hedges. The cross-currency basis spread of the CCIRS were excluded from the designation and separately recognised in other comprehensive income in the cost of hedging reserve (note 13).

The details of the CCIRS are as follows:

	Amount	Currency	Maturity	Note coupon	Fair value Asset / (Liability)	Fair value Asset / (Liability)
					2023	2022
	US$000			%	$000	$000
Swap participants						
Bank of New Zealand	55,000	USD:NZD	18/02/2031	4.06%	-	(3,564)
MUFG	45,000	USD:NZD	18/02/2031	4.06%	-	(4,077)
Bank of New Zealand	60,000	USD:NZD	16/02/2033	4.16%	-	(4,447)
ANZ Bank New Zealand Limited	40,000	USD:NZD	16/02/2033	4.16%	-	(3,309)
ANZ Bank New Zealand Limited	75,000	USD:NZD	16/02/2036	4.26%	-	(6,463)
	275,000				**-**	**(21,860)**

In April 2022 the Group entered into additional CCIRS with notional principal amounts totalling US$200.0 million to hedge the foreign currency risk and interest rate risk in relation to the additional USPP notes issued at the same time.

In February 2023 hedge accounting was discontinued, as the underlying hedged cash flows were no longer expected to occur following the decision to prepay the USPP notes. A total amount of $9.9 million (excluding tax effects) was reclassified from the cash flow hedge reserve and cost of hedging reserve to the profit or loss. Of this amount, $6.4 million relates to the cash flow hedge reserve and $3.5 million relates to the cost of hedging reserve. The carrying amount of the USPP notes continued to reflect the fair value hedge adjustment at the date of discontinuation. The fair value hedge adjustment was subsequently recognised in profit or loss upon the derecognition of the USPP notes.

The Group closed out the CCIRS in March 2023. The Group paid NZ$106.6 million (including execution costs of NZ$1.4 million) to close out the CCIRS. The difference between the consideration paid to close out the CCIRS ($106.6 million) and the carrying value of the CCIRS ($31.1 million liability) is recognised as a loss of $75.5 million in the profit or loss (refer note 5).

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(f) Modified interest rate swaps

In November 2022 the Group modified four interest rate swaps that had been designated in a cash flow hedge relationship to maximise its interest rate risk coverage and minimise its near-term interest costs. The modification resulted in a higher notional principal amount covered and a reduction in the remaining maturities of those swaps.

	Currency	Original notional principal	Original fixed interest rates	Original maturity	Amended notional principal	Amended fixed interest rates	Amended maturity
Interest rate swaps	NZD	NZ$120 million	2.066% – 2.080%	Aug 2028	NZ$420 million	2.098% – 2.188%	Feb 2024
Interest rate swap	AUD	AU$70 million	1.785%	Oct 2028	AU$280 million	2.110%	Jan 2024

The modification resulted in the original hedge relationship being discontinued. Immediately prior to discontinuation, there were gains of NZ$16.6 million and AU$5.8 million (excluding tax effects) in the cash flow hedge reserve for these swaps. As the hedged cash flows are still expected to occur, these gains remain in the cash flow hedge reserve and will be reclassified to profit or loss over the original hedge period. The amounts reclassified to profit or loss during the year are NZ$1.2 million and AU$0.6 million (totalling NZ$1.9 million). At balance date the unamortised balance in the cash flow hedge reserve for the amended swaps is NZ$15.4 million and AU$5.2 million (excluding tax effects).

As the modified interest rate swaps do not qualify for hedge accounting, the fair value movements of these swaps following modification of NZ$8.0 million loss is recognised directly in profit or loss (refer note 5).

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Notes to the consolidated financial statements

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19. OCCUPANCY ADVANCES (NON-INTEREST BEARING)

Accounting policy: Occupancy advances

An occupation agreement confers on a resident a right to occupy a retirement-village unit for life, or until the resident terminates the agreement.

Amounts payable under occupation agreements (occupancy advances) are non-interest bearing and recorded as a liability in the statement of financial position, net of management fees and resident loans receivable. The resident-occupancy advance is initially recognised at fair value and later at amortised cost.

As a resident may terminate their occupancy with limited notice, and the occupancy advance is non-interest bearing, the occupancy advance has demand features so is carried at face value, which is the original advance received.

The advance, net of management fee, is repayable following both the termination of the occupation agreement and the settlement of a new occupancy advance for the same retirement-village unit.

	2023	2022
	$000	$000
Gross occupancy advances (see below)	5,498,020	4,864,713
Less management fees and resident loans	(671,838)	(578,254)
Closing balance	**4,826,182**	**4,286,459**

Movement in gross occupancy advances

	2023	2022
	$000	$000
Opening balance	4,864,713	4,205,105
Plus net increases in occupancy advances:		
- new retirement-village units	418,322	455,855
- existing retirement-village units.	234,901	168,072
Net foreign-currency exchange differences	(6,540)	(4,640)
(Decrease)/Increase in occupancy advance balances	(13,376)	40,321
Closing balance	**5,498,020**	**4,864,713**

Gross occupancy advances are non-interest bearing and occupancy advances are not discounted. The fair value of net occupancy advances is $2,931 million (2022: $2,667 million) using the relevant discount rate for each village.

The change in occupancy advance balances shows the net movement in occupancy advance that has resulted from:

- units that have been re-sold but the previous residents have yet to be repaid
- units that have been repaid but the units remain unsold at balance date.

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

20. LEASE LIABILITIES

Accounting policy: Leases

Group as a lessee

Apart from short-term or low-value assets, leases are included in the statement of financial position through the recognition of right-of-use assets and associated lease liabilities. Right-of-use assets related to buildings and plant and equipment are presented within property, plant and equipment. Long-term leases of land are recognised within property, plant and equipment and investment property.

At inception of a lease, a lease liability is calculated based on the present value of the remaining cash flows, discounted using the Group's incremental borrowing rate. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impacts of lease modifications. The right-of-use asset is initially measured at the value of the initial lease liability, and subsequently measured at cost less accumulated depreciation, adjusted for any remeasurement of the lease liability.

The Group calculates its incremental borrowing rate with reference to the external borrowing facilities available to the Group. The incremental borrowing rate is used to measure lease liabilities.

Depreciation and finance costs associated with right-of-use assets and lease liabilities associated with equipment used in the construction of assets are capitalised as a cost of constructing the assets.

Where a lease contract contains both lease and non-lease components (for example, tower cranes), the Group does not separate non-lease components from lease components, and instead accounts for the whole contract as a lease.

The lease payments for short-term leases and leases of low-value assets are recognised in the profit and loss over the lease terms.

Group as a lessor

The Group acts as a lessor under occupation-right agreements with village residents. The assets leased by the Group as a lessor are classified as investment properties. Lease income on occupation right agreements is generated in the form of deferred management fees and is accounted for in line with note 2.

The lease term is determined to be the greater of the expected period of tenure or the contractual right to management fees. The Group uses the portfolio approach to account for leases of units to village residents and allocates individual leases to different portfolios depending on the type of unit.

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FOR THE YEAR ENDED 31 MARCH 2023

20. LEASE LIABILITIES (CONTINUED)

Group as a lessee

The Group leases office buildings, sales offices, office equipment (such as photocopiers) and plant and equipment used in the construction of retirement-village units and aged-care beds.

The right-of-use assets relating to these leases are included within property, plant and equipment (note 9).

Amounts recognised in profit and loss

	2023	2022
	$000	$000
Depreciation of right-of-use assets (note 9)	3,372	2,662
Interest expense on lease liabilities (note 5)	187	202
Expenses relating to short-term or low-value leases	1,826	925

Maturity profile for lease liabilities

The maturity profile for lease liabilities and how the Group manages liquidity risk is included in note 21 – financial instruments.

The Group has lease contracts that include extension options. These options, which have been included to provide operational flexibility, are exercisable only by the Group and not the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group estimates that the potential future lease payments, should it exercise all the extension options, would result in an increase in lease liability of $12.4 million (2022: $12.0 million).

At 31 March 2023 the Group is committed to $6.6 million for short-term leases (including short-term construction equipment leases) (2022: $8.0 million).

The Group does not have any sub-leases.

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUES

The financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, occupancy advances, refundable accommodation deposits, employee advances, loans, overdrafts, interest rate derivatives (swaps, caps, floors and collars) and lease liabilities.

Categories of financial instruments

	2023	2022
	$000	$000
Financial assets		
Cash and cash equivalents (note 7)	27,879	28,309
Financial assets at amortised cost (loans and receivables)	733,338	686,878
Derivative instruments in designated hedge accounting relationships (interest rate derivatives)	21,656	19,574
Derivative instruments not in designated hedge accounting relationships (interest rate derivatives)	14,818	-
	797,691	**734,761**
Financial liabilities		
Amortised cost	7,663,230	7,327,233
Derivative instruments in designated hedge accounting relationships (interest rate derivatives)	5,988	5,431
Derivative instruments in designated hedge accounting relationships (CCIRS)	-	21,860
Lease liabilities	13,787	13,494
	7,683,005	**7,368,018**

(a) Credit risk management

Credit risk is the risk of a failure of a debtor or counterparty to honour its contractual obligations, resulting in financial loss for the Group.

Financial assets, which potentially subject the Group to credit risk, consist principally of cash and cash equivalents, trade and other receivables, advances to employees, and derivative financial instruments. The maximum credit risk at 31 March 2023 is the fair value of these assets.

Credit risk relating to cash and cash equivalents and derivative financial instruments is managed by restricting the amount of cash and marketable securities that can be placed with any one institution. The Group minimises its credit risk by spreading such exposures across a range of institutions with reference to the credit ratings of those institutions. The Group's cash equivalents are placed with high-credit-quality financial institutions. The Group does not require collateral from its debtors.

The Directors consider the Group's exposure to any concentrations of credit risk from trade and other receivables and advances to employees to be minimal given that (typically):

- the occupation of a retirement-village unit does not take place until an occupation advance has been received
- care and village fees are payable 4-weekly in advance when due from residents
- care and village fees not due from residents are paid by government agencies
- advances to employees are subject to the terms of the employee share schemes (note 25).

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21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk management (continued)

The total credit risk to the Group of trade and other receivables and advances to employees at 31 March 2023 was $733.3 million (2022: $686.9 million) and there were no material overdue debtors at 31 March 2023 (2022: $Nil). The composition of financial assets is shown in the table below.

	2023	2022
	$000	$000
Trade and other receivables (note 8)	719,121	671,463
Advances to employees (note 25)	14,217	15,415
	733,338	**686,878**

(b) Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates affect the Group's financial performance or future cash flows or the fair value of its financial instruments.

The Group's interest rate risk arises from loans and borrowings. Loans and borrowings issued at variable interest rates expose the Group to changes in interest rates. Loans and borrowings issued at fixed rates expose the Group to changes in the fair value of the borrowings.

The Group's policy is to manage its interest rate exposure using a mix of fixed and variable-rate debt and interest rate derivatives that are accounted for as cash flow hedges or fair value hedges (note 18).

The interest rate applicable to the bank overdraft is variable. The interest rates applicable to the bank loans are reviewed at each 3-monthly rollover. The Group always seeks to obtain the most competitive interest rate.

Interest rate sensitivity

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the 12 months from balance date. At balance date, had the floating interest rates increased or decreased by 50 basis points, with all other variables held constant, profit and equity would have been affected as follows:

	2023	2022
	$000	$000
Increase in interest rates of 50 basis points		
Effect on profit after taxation – increase/(decrease)	993	(2,503)
Effect on equity after taxation – increase/(decrease)	5,052	(9,337)
Decrease in interest rates of 50 basis points		
Effect on profit after taxation – increase/(decrease)	(1,002)	2,449
Effect on equity after taxation – increase/(decrease)	(5,109)	9,861

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21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Foreign currency risk

Foreign currency risk is the risk that the value of the Group's assets, liabilities and financial performance will fluctuate due to changes in foreign currency rates.

The Group is exposed to currency risk in AUD primarily as a result of its subsidiaries in Australia. The risk to the Group is that the value of the overseas Australian subsidiaries' financial position and financial performance will fluctuate in economic terms and, as recorded in the consolidated accounts, due to changes in the overseas exchange rates.

The Group hedges the currency risk relating to its Australian subsidiaries by holding a portion of its borrowings (bank debt and the institutional term loan) in AUD. Any foreign currency movement in the net assets of the Australian subsidiaries is partially offset by an opposite movement in the AUD debt.

Prior to the prepayment of the USPP notes, the Group was exposed to fluctuations in the USD from USPP borrowings. This exposure was fully hedged by way of CCIRS hedging both principal and interest. The CCIRS corresponded in amount and maturity to the relevant USD borrowings with no residual foreign currency risk exposure. The CCIRS consisted of a fair value hedge component and a cash flow hedge component. The movements of the fair value hedge component were taken to the income statements along with all movements of the hedged risk on the USPP notes (USD only). The effective movements of the cash flow hedge components were all taken to the cash flow hedge reserve. Costs arose on the prepayment of the CCIRS as they did not run to maturity.

Foreign exchange sensitivity

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the 12 months from balance date. At balance date, had the NZD moved either up or down by 10 percent, with all other variables held constant, profit and equity would have been affected as follows.

	2023	2022
	$000	$000
Increase in value of NZ dollar of 10%		
Impact on profit after taxation – increase/(decrease)	(11,860)	(9,384)
Impact on equity after taxation – increase/(decrease)	(50,495)	(39,952)
Decrease in value of NZ dollar of 10%		
Impact on profit after taxation – increase/(decrease)	14,496	11,470
Impact on equity after taxation – increase/(decrease)	61,716	48,830

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21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due without incurring unacceptable losses or risking reputational damage.

The Group manages liquidity to ensure that it has sufficient liquidity to meet its liabilities when due. This includes under both normal and stressed conditions. The ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity-management requirements.

Occupancy advances and refundable accommodation deposits

The Group manages the liquidity risk on occupancy advances through the contractual requirements in the occupation agreement.

Following a termination of the agreement in New Zealand the occupancy advance is repaid at the earlier of the receipt of the new occupancy advance from the incoming resident or at the end of 3 years.

Following a termination of the agreement in Australia the occupancy advance is repaid at the earlier of 14 days after a new resident takes up residence, the receipt of the new occupancy advance from the incoming resident or at the end of 6 months.

The repayment obligation for refundable accommodation deposits in New Zealand is within 30 working days of a resident vacating their care room. The repayment obligation for refundable accommodation deposits in Australia is within 14 days of a resident vacating their care room.

Lines of credit and undrawn facilities

The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities, and by regularly monitoring forecast and actual cash flows and the maturity profiles of financial assets and liabilities. The Group maintains the following lines of credit.

	Notes	2023	2022
		$000	$000
Secured overdraft facility	7	NZ$2,800	NZ$2,800
Syndicated NZD bank loan facilities	17(a)	NZ$1,788,443	NZ$1,946,040
Syndicated AUD bank loan facilities	17(a)	AU$639,500	AU$529,500
Institutional term loan	17(b)	AU$250,000	AU$250,000
Retail bonds	17(c)	NZ$150,000	NZ$150,000
USPP notes	17(d)	-	US$300,000

At balance date the Group had NZ$510.9 million (2022: NZ$592.1 million) and AU$36.0 million (2022: AU$136.5 million) of undrawn facilities at its disposal to further reduce liquidity risk.

Lease liabilities

The Group does not face a significant liquidity risk with regard to lease liabilities (note 20).

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21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

Maturity profile

The following table details the Group's exposure to liquidity risk (including contractual interest obligations for interest-bearing loans and borrowings).

	Contractual maturity dates									
	2023					2022				
	On demand $000	Less than 1 year $000	1–5 years $000	Greater than 5 years $000	Total $000	On demand $000	Less than 1 year $000	1–5 years $000	Greater than 5 years $000	Total $000
Financial liabilities:										
Trade and other payables	-	205,784	-	-	205,784	-	264,254	-	-	264,254
Interest rate swaps	-	1,372	5,213	383	6,968	-	(125)	4,828	1,477	6,180
CCIRS	-	-	-	-	-	-	5,822	39,078	(33,226)	11,674
Refundable accommodation deposits (non-interest bearing)	300,314	-	-	-	300,314	199,783	-	-	-	199,783
Bank loans (secured)	-	103,985	2,130,439	-	2,234,424	-	-	1,072,855	712,956	1,785,811
Institutional term loan (secured)	-	12,784	56,530	270,655	339,969	-	6,789	28,436	278,514	313,739
Retail bond (secured)	-	3,687	160,519	-	164,206	-	3,687	164,344	-	168,031
USPP notes	-	-	-	-	-	-	15,635	53,345	538,005	606,985
Occupancy advances (non-interest bearing)[1]	-	526,391	4,299,791	-	4,826,182	-	526,845	3,759,614	-	4,286,459
Lease liabilities	-	5,198	7,257	2,788	15,243	-	7,603	6,817	-	14,420
	300,314	**859,201**	**6,659,749**	**273,826**	**8,093,090**	**199,783**	**830,510**	**5,129,317**	**1,497,726**	**7,657,336**

[1]As detailed in note 19, occupancy advances have demand features and therefore have contractual maturity dates that could occur in less than one year. However, the above figures have been calculated on the anticipated level of occupancy advance repayments based on historical experience, which management believes better reflects the commercial reality of the transaction. To date, new occupancy advances received have always exceeded repaid occupancy advances (net of management fees) and represent a positive net operating cash flow to the Group.

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21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

Changes in liabilities arising from financing activities

	Opening balance	Financing cash flow	Foreign exchange movement	Net changes in fair values	Other	Closing balance
	$000	$000	$000	$000	$000	$000
2023						
Derivatives (net)	7,717	(106,594)	-	66,978	1,413	(30,486)
Interest-bearing loans and borrowings	2,576,737	(312,201)	(9,937)	42,811	33,540[1]	2,330,950
Lease liabilities	13,494	(3,196)	(29)	-	3,518	13,787
Liabilities arising from financing activities	**2,597,948**	**(421,991)**	**(9,966)**	**109,789**	**38,471**	**2,314,251**

	Opening balance	Financing cash flow	Foreign exchange movement	Net changes in fair values	Other	Closing balance
	$000	$000	$000	$000	$000	$000
2022						
Derivatives (net)	28,611	-	-	(20,894)	-	7,717
Interest-bearing loans and borrowings	2,274,093	326,917	(2,222)	(21,588)	(463)	2,576,737
Lease liabilities	13,885	(2,662)	-	-	2,271	13,494
Liabilities arising from financing activities	**2,316,589**	**324,255**	**(2,222)**	**(42,482)**	**1,808**	**2,597,948**

[1] This figure includes make-whole payments (net) of $30.7 million for the USPP prepayment.

(e) Fair values

Apart from the financial instruments noted below, the carrying amounts of financial instruments in the Group's statement of financial position are the same as their fair value in all material aspects, due to the demand features of these instruments and/or their interest rate profiles. The face (or nominal) value less estimated credit adjustments of trade receivables and payables is assumed to approximate their fair values.

	Carrying amount	Fair value	Carrying amount	Fair value
	2023	2023	2022	2022
	$000	$000	$000	$000
Institutional term loan	260,290	264,735	263,092	272,035
Retail bond	147,891	131,445	147,395	137,775
USPP notes	-	-	385,631	442,017

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21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Fair values (continued)

The fair value of the fixed-rate portion of the institutional term loan has been determined at balance date on a discounted cash flow basis and by applying discount factors to the future AUD interest payment and principal payment cash flows. The fair value of the floating rate portion is assumed to be the same as its carrying amount. The fair value of the institutional term loan is categorised as Level 2 under the fair value hierarchy in accordance with NZ IFRS 13 – *Fair Value Measurement.*

The fair value of the retail bond is based on the price traded on the NZX market at 31 March 2023. The fair value of the retail bond is categorised as Level 1 under the fair value hierarchy in accordance with NZ IFRS 13 – *Fair Value Measurement.*

The fair value of the USPP notes as at 31 March 2022 was determined on a discounted cash flow basis and by applying discount factors to the future USD interest payment and principal payment cash flows. The fair value of the USPP is categorised as Level 2 under the fair value hierarchy in accordance with NZ IFRS 13 – *Fair Value Measurement.*

The fair value of interest rate derivatives are derived using inputs supplied by third parties that are observable, either directly (prices) or indirectly (derived from prices). The fair value of these derivatives is categorised as Level 2 under the fair value hierarchy contained within NZ IFRS 13 – *Fair Value Measurement* (note 18).

(f) Market risk

The Group is primarily exposed to interest rate risk (note 21 (b)) and foreign currency risk (note 21 (c)).

(g) Capital management

The Group's capital includes share capital, reserves and retained earnings. The objective of the Group's capital management is to ensure a strong credit rating to support business growth and maximise shareholder value.

The Group's capital is managed at the parent company level. The Group is subject to capital requirements imposed by its banks and lenders (refer note 17).

The Group's capital structure is managed, and adjustments are made with board approval to the structure, considering economic conditions at the time. During the year, key capital-management initiatives included the dividend reinvestment plan and an equity raise (refer note 12).

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22. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue

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 all villages is similar, and the classes of customer and methods of distribution and regulatory environments are consistent across all the villages.

Segment revenue and results

The accounting policies of the reportable segment are the same as the Group's accounting policies. The segment profit represents profit earned for the segment after all costs, including all administration costs, Directors' fees, interest revenue, finance costs and income-tax expenses.

The board makes resource allocation decisions for the segment based on the expected cash flows and results of Group operations as a whole. No operations were discontinued during the year. To monitor segment performance and allocate resources to the segment, the board monitors assets attributable to the segment. All assets are allocated to the reportable segment.

Information about major customers

Included in total revenue is revenue that arose from sales to the Group's largest customers.

The Group derives care-fee revenue for eligible government-subsidised, aged-care residents who receive resthome, hospital, or dementia-level care. The government aged-care subsidies received from the New Zealand Ministry of Health – Manatū Hauora within care and village fees, amounted to $138.6 million (2022: $133.7 million). There are no other significant customers.

Geographical information

The Group operates in New Zealand and Australia.

In presenting information based on geographical areas, net profit, underlying profit and revenue are based on the geographical locations of operations while assets are based on the geographical locations of the assets.

	New Zealand	Australia	Group
	$000	$000	$000
2023			
Revenue	494,606	76,371	570,977
Underlying profit (non-GAAP)	232,222	69,670	301,892
Unrealised fair-value movement (note 10)	20,233	53,428	73,661
Deferred tax credit (note 6)	31,261	20,379	51,640
Impairment loss (note 9)	(250)	(10,784)	(11,034)
Costs relating to USPP prepayment and swaps	(156,090)	(2,233)	(158,323)
Profit for the year	127,376	130,460	257,836
Non-current assets	9,332,731	2,370,679	11,703,410

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22. SEGMENT INFORMATION (CONTINUED)

	New Zealand	Australia	Group
	$000	$000	$000
2022 (restated)[1]			
Revenue	462,772	46,025	508,797
Underlying profit (non-GAAP)	203,763	51,186	254,949
Unrealised fair-value movement (note 10)	436,804	30,329	467,133
Deferred tax (expense)/credit (note 6)	(50,923)	21,714	(29,209)
Profit for the year	589,644	103,229	692,873
Non-current assets	8,322,236	1,902,347	10,224,583

[1]The segment revenue figures for 31 March 2022 have been restated due to a misclassification between the Australian and NZ segments. The reclassification was NZ$27.4 million. The Group revenue figure for that comparative period has remained unchanged.

Underlying profit is a non-GAAP (Generally Accepted Accounting Principles) measure and differs from NZ IFRS profit for the year. 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 includes realised movement on investment property for units in which a right-to-occupy has been sold during the period and for which a legally binding contract is in place at the reporting date. The occupancy advance for these units may have been received or be included within the trade receivables balance at reporting date (see note 8).

Underlying profit excludes deferred taxation, taxation expense, unrealised movement on investment properties, impairment losses on non-trading assets and the cost of exiting USPP borrowings and swaps because these items do not reflect the trading performance of the Company.

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

23. RELATED-PARTY TRANSACTIONS

Parent company

The parent entity in the Group is Ryman Healthcare Limited.

Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 1.

Transactions with companies associated with Directors	2023	2022
	$000	$000
Rental costs	1,919	1,721
Equipment purchases	95	-
Sub-contractor labour and equipment hire	-	19

Since August 2012 Ryman Healthcare Limited has leased office accommodation from Airport Business Park Christchurch Limited (the Airport Business Park). On 1 December 2019 Warren Bell became an Independent Director or Trustee of the Airport Business Park's shareholders. He does not have any personal ownership interest. Under the lease, the office accommodation is recognised as a right-of-use asset and associated lease liability. Rental costs detailed in the table above are the total cash payments made in the current financial year in respect of the lease agreement.

Anthony Leighs is a Director/shareholder of Tectonus Limited, which supplied seismic devices to the Group in October 2022.

Jo Appleyard is a Partner at Chapman Tripp, which provides the Group with legal services.

George Savvides is a Director of Insurance Australia Group Limited (IAG), which provides, through its New Zealand subsidiary NZI, the Group with insurance coverage.

No Director is involved in the quoting for or provision of services to the Group.

Any transactions undertaken with these entities have been entered into on an arm's-length basis and in the ordinary course of business.

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

24. KEY MANAGEMENT PERSONNEL COMPENSATION

	2023	2022
	$000	$000
Compensation		
Short-term employee benefits (senior executive team)	7,111	7,470
Directors' fees	1,319	1,365
Total key management personnel and Directors' compensation	**8,430**	**8,835**

Senior executive team

Key management personnel are the senior executive team of the Group and include the Group Chief Executive Officer and eight senior executive team members at 31 March 2023 (2022: Group Chief Executive Officer and eight senior executive team members). The composition and number of members of the senior executive team fluctuated throughout the year.

Short-term employee benefits in the 2022 financial year included payments to the former Group Chief Executive Officer, who resigned in May 2021. This payment related to both short-term and medium-term incentives and his willingness to continue in the role while the board conducted a global search for the new Group Chief Executive Officer.

Employer contributions to post-employment benefits (KiwiSaver/Superannuation) included in short-term employee benefits (senior executive team) above are $214,018 (2022: $237,259).

In addition, the Company provides certain senior employees with limited recourse loans on an interest-free basis to support their participation in the leadership share scheme (note 25).

The loan amounts owed by these employees for vested shares are included within 'Advances to employees' in the statement of financial position. This balance includes $267,261 owed by the senior executive team in the share scheme (2022: $464,130).

Directors' fees

In addition, NZ IAS 24 – *Related Party Disclosures* requires Directors' fees to be included within key management personnel compensation. All Directors are non-executive and are not involved in the day-to-day operations of the Group (2022: all Directors).

The number of Directors reduced from nine to seven during the financial year (2022: nine Directors).

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Notes to the consolidated financial statements
FOR THE YEAR ENDED 31 MARCH 2023

25. EMPLOYEE SHARE SCHEMES

Accounting policy: Treasury stock

Shares purchased on market under the leadership share scheme are treated as treasury stock on acquisition at cost. On vesting to an employee, treasury stock shares are credited to equity and an employee advance is recorded initially at fair value and later at amortised cost.

Any loss on disposal if the treasury shares are sold by the company (for example, when the employee leaves before the end of the 3-year restrictive period) is taken directly against equity.

Due to the features of the scheme, it is accounted for as share options under NZ IFRS 2 – *Share-based Payment.* Under NZ IFRS 2 the Group measures the fair value of the services received by reference to the fair value of the share options granted.

Leadership share scheme

The Group operates an employee share scheme for certain senior employees, other than non-executive Directors, to purchase ordinary shares in the Company.

The Group provides the employees with limited recourse loans on an interest-free basis to support their participation in the scheme. The loans are applied to the purchase of shares on market, so the number of shares and the consideration for each share are determined by the market price at that time. The scheme holds 2,494,282 fully allocated shares, which represents 0.36 percent of the total shares on issue (2022: 2,741,246 fully allocated shares, which represented 0.55 percent of the total shares on issue). All net dividends received in respect of the shares must be applied to repayments of the loans. A loan on vested shares is repayable at the discretion of the employee but is repayable when the employee leaves the Group.

Shares purchased under the scheme are held by two Directors as custodians, and the shares carry the same rights as all other ordinary shares. Shares subject to this scheme usually vest 3 years from the date of purchase, although the vesting period for the shares granted in August 2019 has been extended.

The following table reconciles the shares purchased on market under the scheme at the beginning and end of the financial year. The weighted average exercise price is calculated based on the share price on the purchase date less any net dividends received since the purchase date.

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Notes to the consolidated financial statements
FOR THE YEAR ENDED 31 MARCH 2023

25. EMPLOYEE SHARE SCHEMES (CONTINUED)

	2023	2023	2022	2022
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Balance at beginning of the financial year	2,741,246	13.72	2,655,017	13.12
Purchased on market during the year	-	-	1,065,259	14.67
Forfeited during the financial year	(246,964)	13.67	(241,716)	13.19
Vested during the financial year	-	-	(737,314)	12.54
Balance at end of the financial year	**2,494,282**	**13.57**	**2,741,246**	**13.72**
Represented by:				
Shares granted in August 2019	736,291	12.88	804,143	13.03
Shares granted in August 2020	793,292	13.13	871,844	13.28
Shares granted in August 2021	964,699	14.45	1,065,259	14.61
Balance at end of the financial year	**2,494,282**	**13.57**	**2,741,246**	**13.72**

The Directors estimate the fair value of the share options granted using the Black-Scholes pricing model.

Due to the on-market purchase and sale features of the scheme, and the scheme agreement arrangements, the Directors consider any such value to be immaterial.

All employee share scheme

In addition, the Group operates a share scheme that is available for all employees.

Participants in this scheme contribute a minimum of $500 (and up to a maximum amount of $10,000) towards the on-market purchase of Ryman Healthcare Limited shares. To help an employee purchase more shares, the Group advances an interest-free loan equal to the employee's contribution to the share purchase (financial assistance).

The loan is repayable at the discretion of the employee but is repayable when the employee leaves the Group. Shares purchased under the scheme are held in the employee's name. The financial assistance provided by the Group is recorded in advances to employees.

26. COMMITMENTS

Capital expenditure commitments

The Group had commitments relating to construction contracts amounting to $385.7 million at 31 March 2023 (2022: $361.5 million).

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

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27. CONTINGENT LIABILITIES

The Group has identified that current and former employees may have received incorrect payments historically due to the complexity of the Holidays Act 2003 and the nature of our dynamic workforce. The issues relate to entitlements under the Holidays Act, and how a range of allowances and entitlements have been interpreted and calculated. External consultants are working with the Group to quantify the value and employees affected. A provision of $6.0 million has been included within employee entitlements. There were no contingent liabilities at 31 March 2022.

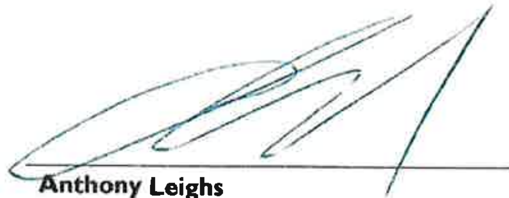
28. SUBSEQUENT EVENTS

There have been no events subsequent to 31 March 2023 that materially impact on the results reported.

29. AUTHORISATION

The Directors authorised the issue of these consolidated financial statements on 18 May 2023.

Claire Higgins
Interim Chair and
Chair of Audit, Finance and Risk Committee



Anthony Leighs
Deputy Chair

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Independent Auditor's Report

To the Shareholders of Ryman Healthcare Limited

Opinion

We have audited the consolidated financial statements of Ryman Healthcare Limited (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 1 to 63, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements except that during the period our systems identified that a non-audit partner in the same office as the engagement partner inadvertently held an interest in the entity for part of the period, which was rectified prior to the issuance of this opinion. The matter does not impact on the financial statements and has not compromised our objectivity as auditor.

Our firm carries out other assurance assignments for the Group relating to Australian aged care reporting. These services have not impaired our independence as auditor of the Company and Group.

In addition to this, partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $24.5m.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter

Valuation of Investment Property

As explained in note 10 in the consolidated financial statements, investment properties are carried at fair value on the consolidated statement of financial position. The fair value of these properties is determined based on a Directors valuation at 31 March 2023, which is supported by independent external valuations. The valuations are subject to a number of complex estimates and assumptions.

The valuation models are discounted cash flow models. The Directors adjust the value for occupancy advances received from residents, accrued deferred management fees, revenue in advance and an allowance for the value provided to the Group's independent living and serviced apartment residents by the care facilities, which are recorded separately under property, plant and equipment. The external valuations rely on various estimates and underlying assumptions, including discount rates, growth rates and the occupancy periods of residents. A small percentage difference in certain input assumptions could result in a material change to the external valuations.

The Directors have determined that the fair value of the investment properties at 31 March 2023 was $9,323m (2022: $8,027m). The revaluation gain recognised in the consolidated income statement was $432m (2022: $746m).

We included the valuation of investment properties as a key audit matter for two reasons:

1. The significance to the financial statements:

The investment properties account for 75% of the total assets (2022: 73%), making it the most significant balance on the statement of financial position.

2. The complexity of the valuation models that support the Directors valuation.

Our procedures focused on:

- The appropriateness of the valuation methodology, including the appropriateness of assessments made by the Directors in determining the carrying value of investment property within the valuation range;
- The reasonableness of underlying assumptions in the valuation models.

Our procedures included, amongst others:

- Evaluating the Group's processes for determining the Directors valuation of the investment properties, including their consideration of the valuations obtained from the independent valuers;
- Reading the valuation reports for properties within the group and reviewing the valuation methodology and the reasonableness of the significant underlying assumptions;
- Discussing with management the nature of key assumptions, and assessing the reasonableness of adjustments made by the Directors;
- Evaluating the appropriateness of the range of values considered by the directors and the reasonableness of the fair value adopted within this range;
- Assessing the competence, objectivity, and integrity of the independent registered valuers. We assessed their professional qualifications and experience. We also obtained representation from them about their independence and the scope of their work and considered restrictions imposed on the valuation process (if any);
- Meeting with the valuers to understand the valuation process adopted. The purpose of the meetings was to identify and challenge the critical judgment areas in the valuation models and to confirm the valuation approach was in accordance with NZ IFRS 13 Fair Value Measurement. We critically challenged the changes made to key assumptions and their reasonableness relative to the 31 March 2022 valuations;
- Using our in-house valuation specialists to assess the appropriateness of the valuation methodology;
- Agreeing a sample of sales and resales to contracts, calculating actual growth rates on resales for the sample to compare to growth rates applied by the valuers, and calculating the average tenure of residents based on a sample of contracts to compare to assumed occupancy periods applied by the valuers;
- Comparing a sample of current unit market values determined by the valuers to actual prices received at comparable units within the village;
- Assessing the discount rates for reasonableness by comparing the rates to those adopted in the previous year and the rates adopted by comparable entities; and
- Considering the appropriateness of the disclosure in note 10.

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Key audit matter	How our audit addressed the key audit matter

Valuation of care-facility land and buildings

As explained in note 9 in the consolidated financial statements, care facility land and buildings are carried at their fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

The fair value was determined by the Directors based on valuations by independent registered valuers and an adjustment for an allowance for the value provided by the care facilities to the Group's independent living and serviced apartment residents. The valuation models include both observable and non-observable inputs. They include significant assumptions, including the determination of the earnings that were capitalised, the capitalisation rates adopted, and the assessment of the market value per care bed. These inputs require significant judgement.

The net book value of care facility land and buildings at 31 March 2023 as reflected in note 9 was $1,361m (2022: $1,058m). The revaluation gain recognised in other comprehensive income was $157m (2022: $nil).

We included the valuation of care-facility land and buildings as a key audit matter for two reasons:

1. The materiality of the account balance, and the revaluation movements.
2. The complexity of the valuation models.

Our procedures focused on:

- The appropriateness of the valuation methodology
- The reasonableness of underlying assumptions in the valuation models

Our procedures included, amongst others:

- Evaluating the Group's processes regarding the independent valuations of the care facility land and buildings;
- Reviewing the valuation methodology and the reasonableness of the significant valuation assumptions;
- Discussing with management the nature of key assumptions, and assessing the reasonableness of adjustments made by the Directors;
- Assessing the competence, objectivity, and integrity of the independent registered valuers. We assessed their professional qualifications and experience. We also obtained representation from them about their independence and the scope of their work;
- Meeting with the valuers to understand the valuation process adopted. The purpose of the meetings was to identify and challenge the critical judgement areas in the valuation models and to confirm the valuation approach was in accordance with NZ IFRS 13 Fair Value Measurement;
- Using our in-house valuation specialists to assess the appropriateness of the valuation methodology and challenge the reasonableness of the underlying assumptions. Our specialists focused on the assumptions for earnings capitalisation rates;
- Assessing the reasonableness of the capitalisation rates and market value per care bed adopted in the valuation;
- Agreeing, on a sample basis, the earnings capitalised to the underlying accounting records and challenging the valuers on the adjustments made to actual earnings in arriving at the earnings used in the valuation;
- Considering the appropriateness of the disclosures in note 9.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therin, we are required to communicate the matter to the directors and consider further appropriate actions.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Mike Hoshek,
Partner
for Deloitte Limited
Christchurch, New Zealand
18 May 2023