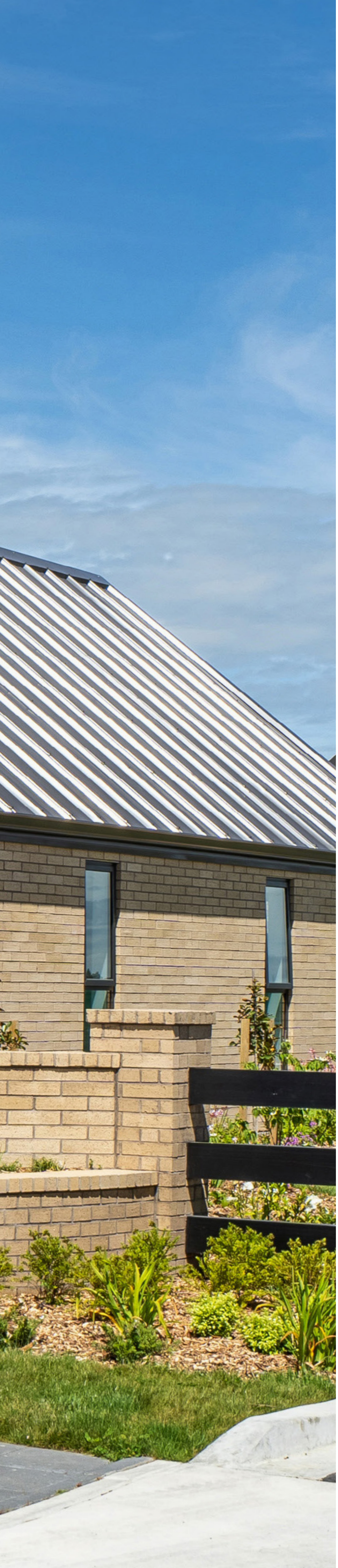
# Ryman Healthcare

**HALF YEAR REPORT** SEPTEMBER 2023

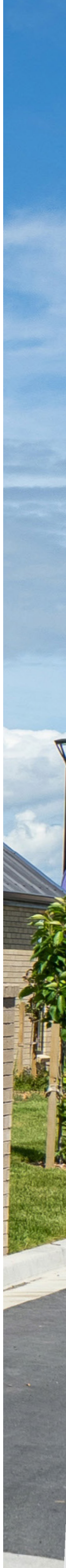
RYMAN HEALTHCARE


**Pictured on the front cover** Residents Diana and Hugh at our Charles Upham Village.

**This image** Townhouses at our new Patrick Hogan Village in Cambridge, November 2023.







# At a glance

## $186.7m reported profit

-3.8%

**$146.3m**
operating EBITDA[1]
7.8%

**-$158.4m**
free cash flow[1]
up $138.5m

**$139.2m underlying profit[2]**
0.3%

**33.6%**
debt to debt-plus-equity gearing
0.5%[3,4]

**$13.09bn**
total assets
4.6%[4]

## 699 booked sales of occupation rights

-9.5%

**2.4%**
of total units available for resale
0.3%[3,4]

**$1.71bn**
resale bank for future sales
-3.9%[4]

[1] For a definition of *operating EBITDA* and *free cash flow* refer to the Glossary on page 70 in the Ryman Healthcare half year result presentation for the period ending 30 September 2023. This can be found on the Ryman website.
[2] Refer to page 14 for a definition of underlying profit.
[3] Percentage points.
[4] Change relative to March 2023.

# 48
# villages open

**40** New Zealand villages
**8** Australian villages

**7,600**
team members

**14,200**
residents

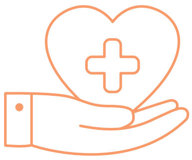
**4,540**
care beds[5]

**9,356**
retirement-village units[5]

**14**
sites under construction

**9**
sites in the land bank

**100% of Australian aged-care centres**
received a 3-year certification by the Australian Aged Care Quality and Safety Commission[6]



## 85% of New Zealand aged-care centres
received 4-year Ministry of Health certification[6]

[5] Units and beds are included in the portfolio on a complete or near-complete basis. For our definition of 'near-complete', see appendix 26 in the Ryman Healthcare half year result presentation for the period ending 30 September 2023. This can be found on the Ryman website.
[6] Highest certification period.

# Chair and Group CEO report

Group Chief Executive Officer Richard Umbers and Chair Dean Hamilton at our Kevin Hickman Village.

“We continue to make progress on resetting the business and executing the strategy which was communicated at the time of the equity raise.”

**“Ryman is well under way with our strategy reset. We remain focused on improving the performance of our existing operations and returns from new developments.”**

## Welcome to Ryman Healthcare’s half year report for the six months ended 30 September 2023

Our result for the first half has been delivered during a period of challenging market conditions including a subdued housing market.

While our financial results are steady on the prior year, we continue to make progress on resetting the business and executing the strategy which was communicated at the time of the equity raise.

Reported IFRS profit of $186.7 million, which includes fair value movements of investment properties, was down 3.8 percent on the same period last year. Underlying profit of $139.2 million was up 0.3 percent, driven by solid growth in operating EBITDA, offset by lower new sales at sites under development.

The real estate market has been through a particularly challenging period and the retirement sector has not been immune from this. This was relative to a buoyant first half last year and resulted in booked sales of occupational rights agreements (ORAs) of 699, down 9.5 percent on the prior corresponding period.

Reflecting an increased focus on cash flow and capital management, free cash flow improved by $138.5 million from -$296.9 million in 1H23 to -$158.4 million in 1H24. This was driven by improved cash flows from existing operations and a reduction in the net spend on development activity.

Cash receipts from residents were up a pleasing 21.6 percent to $868.9 million driven by strong settled sales of ORAs off the back of move-in activity during the half. This was a key driver of the improvement in free cash flow from existing operations and a reduction in receivables.

## Strategy reset

Ryman is well under way with our strategy reset. We remain focused on improving the performance of our existing operations and returns from new developments.

In terms of our existing operations, this includes driving efficiency in operating costs and capital expenditure, improving the profitability of care and a continued strong focus on pricing.

With respect to our development activity, we continue to reprioritise and review our existing land bank with a focus on developments that will both recycle capital and deliver returns above our cost of capital.

This will likely mean lower density villages and right-sizing our care offering in future developments.

While underlying profit remains the basis of our FY24 guidance, this metric has been far too prominent in the company's decision making, and we are increasingly focused on metrics which align more closely with cash flow generation.

## New board leadership and Group CFO

Ryman continues to refresh leadership in both board and key management roles.

We are delighted that Kate Munnings has joined the board. Kate brings extensive commercial healthcare experience from her senior roles at Virtus and Ramsay as well as construction and property management experience from prior roles.

With two directors retiring in calendar year 2024, the board is under way with determining the right mix of skills and experience that will contribute to the future of Ryman.

In addition, newly appointed Group Chief Financial Officer, Rob Woodgate began his role on 13 November. Rob has a strong track record as a senior finance leader and brings a wealth of experience to the role at a pivotal time for the business.

David Bennett has now transitioned to the role of Chief Strategy Officer.

**“Ryman is in a strong position to capitalise on the positive longer-term demographic trends supporting our sector.”**

## Capital management and dividend

Net interest-bearing debt at September 2023 was $2.47 billion, up from $2.30 billion at March 2023. Gearing of 33.6 percent sits within the company's medium-term target of 30-35 percent.

The refinancing of our banking facilities in September increased the average tenor across all debt facilities from 2.6 to 3.6 years and increased our debt headroom, including cash, to $533.9 million at September 2023.

No interim dividend has been declared for 1H24.

The board has determined that it is in the best interests of the company to suspend dividends as the business goes through a reset; working to improve operating cash flows, completing delayed capital-intensive main buildings, maintaining prudent financial headroom and determining a cadence and financial envelope for future build rates. The current intention is to undertake a review of the dividend policy at FY26. Any future dividend policy is expected to be based on cash flow.

The financial focus of the board is to strengthen cash flow outcomes from existing operations and deliver value-accretive new developments. We remain positive about the longer-term demographic trends supporting the sector and believe Ryman is in a strong position to capitalise on the opportunity that this presents.

## Development update

A significant level of development is under way with 14 sites in the construction phase, including Mulgrave which recently commenced. This is an exciting new village in an area of Melbourne that we know well, being not too far from our successful Weary Dunlop and Nellie Melba villages.

We opened three new villages, welcoming our first residents into Northwood (Christchurch), and Patrick Hogan (Cambridge) in New Zealand and Bert Newton (Highett) in Australia.

As part of the reprioritisation, Ringwood East, Takapuna and future stages at Murray Halberg have been put on hold. In addition, Kohimarama and Newtown are being held for sale as they no longer meet our investment criteria. We will continue to review our land bank to ensure we have the right scale and attributes to meet our growth and return objectives.

A portfolio increase of 650-750 units and beds is anticipated for FY24, down on previous guidance.

The medium-term outlook for the build programme will be reviewed at the full-year result.

## Village operations and care

Care is at the heart of Ryman's difference and remains central to our success.

Occupancy within our mature care centres has improved to 96 percent, up 2 percentage points on the same period last year, and back to pre-COVID levels.

Of all the large providers in New Zealand, Ryman has the highest number of care centres with 4-year Ministry of Health certification at 85 percent.

We also recently received a 3-year certification for all of our care centres audited by the Australian Aged Care Quality and Safety Commission.

Ryman continues to innovate and improve our care services, with significant growth across our home care offering in Australia. Residents receiving funded home care packages increased by 45 percent to 192 in the period.

Our innovative Resident App was recognised for its outstanding utilisation of technology at the Australian Good Design Awards in September, which celebrate cutting-edge design projects from around the world that foster positive change in society.

The App won the Digital Design Apps and Software Green Tick Award in conjunction with partner Journey Digital.

**"We're encouraged by aspects within the New Zealand coalition agreement that impact our sector and we look forward to working with the new Government on these and being part of the solution."**

## Regulatory environment

Over the past six months, the retirement village sector has been a focus of different regulatory bodies.

In New Zealand, Ryman has provided a submission to the review of the Ministry of Housing and Urban Development's 'Retirement Villages Act 2003: Options for change' discussion paper, which closed on 20 November.

As a leader in the sector, we already meet many of the changes proposed within the discussion paper as standard business practice.

We believe that any changes to the Act should encourage growth, innovation and consumer choice to ensure that it is suitable for the future needs of the sector.

As a part of our submission, we also raised future funding for aged-care services as a key issue in ensuring that the country maintains a sufficient standard and capacity of care for all New Zealanders as they age.

We believe that a new care funding model is vital to achieving the broader aims of future-proofing the retirement regime and ensuring quality aged care in New Zealand. The existing model is increasingly problematic and acts as a constraint on providers offering new and innovative care, and at the same time restricting New Zealander's choices as to how they want to live in their retirement.

We're encouraged by aspects within the New Zealand coalition agreement that impact our sector and we look forward to working with the new Government on these and being part of the solution.

In Australia, Ryman continues to engage with the Government on key issues. The Federal Aged Care Act is expected to be updated in 2024 with public and industry consultation under way. As part of this, we provided a submission to the Aged Care Task Force, which was established by the Minister for Aged Care in June to review the fees and funding arrangements for aged care. The Task Force is expected to provide its advice to the Australian Government soon.

The Home Care Act is also currently under review and will be updated to support the Federal Government's Support at Home Framework, which will be implemented from mid-2025.

## Looking ahead

FY24 underlying profit is expected to be in the range of $300-$330 million (previously $310-$330 million). This wider range reflects the ongoing levels of market uncertainty and the normal dependency on sales in the new year.

We believe we are making good progress on resetting the business and we're optimistic about the future. Ryman is in a strong position to capitalise on the positive longer-term demographic trends supporting our sector.

The strength of the Ryman team gives us every confidence that we are well placed to execute on our plans and we would like to take this opportunity to thank all the Ryman team, for their hard work and their commitment to the task at hand.

We would also like to thank all of our shareholders for your continued support.

**Dean Hamilton**
Chair,
Ryman Healthcare

**Richard Umbers**
Group Chief Executive Officer,
Ryman Healthcare

**"We would like to take this opportunity to thank all the Ryman team, for their hard work and their commitment to the task at hand."**

# Key statistics

**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

| | | 30 Sept 2023 6 months | 30 Sept 2022 6 months | 31 March 2023 12 months |
|---|---|---|---|---|
| **Financial** | | | | |
| Underlying profit (non-GAAP)[5] | $m | 139.2 | 138.8 | 301.9 |
| Reported net profit after tax | $m | 186.7 | 194.0 | 257.8 |
| Free cash flow (non-GAAP)[1] | $m | (158.4) | (296.9) | (389.0) |
| Net assets | $m | 4,864.0 | 3,628.1 | 4,663.9 |
| Total assets | $m | 13,085.2 | 12,033.3 | 12,510.6 |
| Gearing[2] | % | 33.6 | 45.3 | 33.1 |
| Dividend per share | cents | 0.0 | 8.8 | 8.8 |
| **Villages** | | | | |
| New sales of occupation rights | no. | 144 | 216 | 462 |
| Resales of occupation rights | no. | 555 | 556 | 1,057 |
| Total sales of occupation rights | no. | 699 | 772 | 1,519 |
| Land bank (to be developed)[3,4] | no. | 5,294 | 6,710 | 5,868 |
| Portfolio: | | | | |
| Aged-care beds | no. | 4,540 | 4,299 | 4,456 |
| Retirement-village units | no. | 9,356 | 8,667 | 9,142 |
| Total units and beds | no. | 13,896 | 12,966 | 13,598 |

1 Combination of net operating cash flows and net investing cash flows. Free cash flow is a non-GAAP (Generally Accepted Accounting Principles) measure and does not have a standardised meaning prescribed by GAAP, and so may not be comparable to similar financial information presented by other entities.

2 Gearing calculated as net interest-bearing debt to net interest-bearing debt plus total equity.

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

4 Of the 5,294 units and beds in the land bank, 1,449 are subject to resource and building consent.

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

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

Underlying profit 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, costs relating to the close out of employee share schemes and the cost of exiting USPP borrowings and swap amendments.

## Key statistics

**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

| | | 30 Sept 2023 6 months | 30 Sept 2022 6 months | 31 March 2023 12 months |
|---|---|---|---|---|
| Underlying profit (non-GAAP)[5] | $m | 139.2 | 138.8 | 301.9 |
| Unrealised fair-value movement on retirement-village units | $m | 27.3 | 89.3 | 73.7 |
| Deferred tax movement | $m | 43.3 | (23.3) | 51.6 |
| Impairment loss | $m | (15.8) | (10.8) | (11.0) |
| Close out of employee share schemes | $m | (2.0) | - | - |
| Costs relating to USPP prepayment and swap amendments | $m | (5.3) | - | (158.3) |
| Reported net profit after tax | $m | 186.7 | 194.0 | 257.8 |

# Consolidated income statement

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

| | Notes | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|---|
| | | $000 | $000 | $000 |
| Care and village fees | | 249,014 | 210,187 | 437,341 |
| Deferred management fees (DMF) | | 67,657 | 59,746 | 122,769 |
| Interest received | | 1,274 | 364 | 2,140 |
| Other income | | 5,017 | 3,942 | 8,727 |
| **Total revenue** | | **322,962** | **274,239** | **570,977** |
| Fair-value movement of investment properties | 4 | 177,041 | 261,346 | 431,503 |
| **Total income** | | **500,003** | **535,585** | **1,002,480** |
| Operating expenses | | (292,853) | (265,148) | (533,279) |
| Depreciation and amortisation expenses | | (26,189) | (22,996) | (46,597) |
| Finance costs | | (21,702) | (19,355) | (205,374) |
| Impairment loss | 2 | (15,824) | (10,784) | (11,034) |
| **Total expenses** | | **(356,568)** | **(318,283)** | **(796,284)** |
| **Profit before income tax** | | **143,435** | **217,302** | **206,196** |
| Income tax credit/(expense) | 3 | 43,250 | (23,316) | 51,640 |
| **Profit for the period** | | **186,685** | **193,986** | **257,836** |
| **Earnings per share** (cents per share) | | | | |
| Basic and diluted | 5 | 27.1 | 38.8 | 49.9 |

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

The accompanying notes form part of these consolidated interim financial statements.

## Consolidated statement of comprehensive income

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| | $000 | $000 | $000 |
| **Profit for the period** | **186,685** | **193,986** | **257,836** |
| *Items that will not be later reclassified to profit or loss* | | | |
| Revaluation of property, plant and equipment (unrealised) | - | - | 156,773 |
| | **-** | **-** | **156,773** |
| *Items that may be later reclassified to profit or loss* | | | |
| Fair-value movement and reclassification of cash flow hedge reserve | 17,015 | 59,818 | 21,470 |
| Deferred tax movement recognised in cash flow hedge reserve | (4,859) | (16,849) | (6,006) |
| Movement in cost of hedging reserve | - | (234) | (1,554) |
| Reclassification adjustment to income statement | - | - | (3,518) |
| Deferred tax movement in cost of hedging reserve | - | 66 | 1,420 |
| (Loss)/Gain on hedge of foreign-owned subsidiary net assets | (257) | (4,213) | 670 |
| Gain/(Loss) on translation of foreign operations | 1,839 | 25,530 | (8,306) |
| | 13,738 | 64,118 | 4,176 |
| **Other comprehensive income** | **13,738** | **64,118** | **160,949** |
| **Total comprehensive income** | **200,423** | **258,104** | **418,785** |

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 interim financial statements.

# Consolidated statement of changes in equity

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

| | 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 |
| **Six months ended 30 Sept 2023 unaudited** | | | | | | | | |
| **Opening balance** | **953,239** | **610,341** | **30,955** | **-** | **(7,136)** | **(34,729)** | **3,111,227** | **4,663,897** |
| Profit for the period | - | - | - | - | - | - | 186,685 | 186,685 |
| Other comprehensive income for the period | - | - | 12,156 | - | 1,582 | - | - | 13,738 |
| Total comprehensive income for the period | - | - | 12,156 | - | 1,582 | - | 186,685 | 200,423 |
| Issue of ordinary shares – equity raise (subsequent costs) | (352) | - | - | - | - | - | - | (352) |
| Treasury stock movement | - | - | - | - | - | (1) | - | (1) |
| Dividends paid to shareholders | - | - | - | - | - | - | - | - |
| **Balance at 30 September 2023** | **952,887** | **610,341** | **43,111** | **-** | **(5,554)** | **(34,730)** | **3,297,912** | **4,863,967** |
| **Year ended 31 March 2023 audited** | | | | | | | | |
| **Opening balance** | **33,290** | **453,568** | **15,491** | **3,652** | **500** | **(38,174)** | **2,966,193** | **3,434,520** |
| Profit for the period | - | - | - | - | - | - | 257,836 | 257,836 |
| Other comprehensive income for the period | - | 156,773 | 15,464 | (3,652) | (7,636) | - | - | 160,949 |
| Total comprehensive income for the period | - | 156,773 | 15,464 | (3,652) | (7,636) | - | 257,836 | 418,785 |
| Issue of ordinary shares – dividend reinvestment plan | 43,911 | - | - | - | - | - | - | 43,911 |
| Issue of ordinary shares – equity raise | 876,038 | - | - | - | - | - | - | 876,038 |
| Treasury stock movement | - | - | - | - | - | 3,445 | - | 3,445 |
| Loss on treasury shares | - | - | - | - | - | - | (802) | (802) |
| Dividends paid to shareholders | - | - | - | - | - | - | (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 interim financial statements.

## Consolidated statement of changes in equity (continued)

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

| | 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 |
| **Six months ended 30 Sept 2022 unaudited** | | | | | | | | |
| **Opening balance** | **33,290** | **453,568** | **15,491** | **3,652** | **500** | **(38,174)** | **2,966,193** | **3,434,520** |
| Profit for the period | - | - | - | - | - | - | 193,986 | 193,986 |
| Other comprehensive income for the period | - | - | 42,969 | (168) | 21,317 | - | - | 64,118 |
| Total comprehensive income for the period | - | - | 42,969 | (168) | 21,317 | - | 193,986 | 258,104 |
| Treasury stock movement | - | - | - | - | - | 3,445 | - | 3,445 |
| Dividends paid to shareholders | - | - | - | - | - | - | (68,000) | (68,000) |
| **Balance at 30 September 2022** | **33,290** | **453,568** | **58,460** | **3,484** | **21,817** | **(34,729)** | **3,092,179** | **3,628,069** |

The accompanying notes form part of these consolidated interim financial statements.

# Consolidated statement of financial position

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

| | Notes | 30 Sept 2023 unaudited | 30 Sept 2022 unaudited | 31 March 2023 audited |
|---|---|---|---|---|
| | | $000 | $000 | $000 |
| **Assets** | | | | |
| Cash and cash equivalents | | 33,295 | 25,874 | 27,879 |
| Trade and other receivables | 6 | 677,698 | 791,864 | 719,121 |
| Inventory | | 8,350 | 23,123 | 14,618 |
| Advances to employees | | 12,948 | 15,152 | 14,217 |
| Derivative financial instruments | 9 | 48,156 | 105,371 | 36,474 |
| Assets held for sale | 2 | 70,719 | - | 31,379 |
| Property, plant and equipment | | 2,237,723 | 2,229,664 | 2,205,428 |
| Investment properties | 4 | 9,833,045 | 8,737,012 | 9,322,902 |
| Intangible assets | | 85,710 | 60,363 | 84,832 |
| Deferred tax asset | | 77,528 | 44,916 | 53,774 |
| **Total assets** | | **13,085,172** | **12,033,339** | **12,510,624** |
| **Equity** | | | | |
| Issued capital | 5 | 952,887 | 33,290 | 953,239 |
| Reserves | | 613,168 | 502,600 | 599,431 |
| Retained earnings | | 3,297,912 | 3,092,179 | 3,111,227 |
| **Total equity** | | **4,863,967** | **3,628,069** | **4,663,897** |
| **Liabilities** | | | | |
| Trade and other payables | 7 | 146,054 | 248,473 | 205,784 |
| Employee entitlements | | 55,214 | 43,591 | 49,773 |
| Revenue in advance | | 118,657 | 88,689 | 99,271 |
| Refundable accommodation deposits | | 364,183 | 251,998 | 300,314 |
| Derivative financial instruments | 9 | 7,150 | 8,524 | 5,988 |
| Interest-bearing loans and borrowings | 8 | 2,499,671 | 3,025,951 | 2,330,950 |
| Occupancy advances (non-interest bearing) | 10 | 5,015,906 | 4,631,550 | 4,826,182 |
| Lease liabilities | | 14,370 | 16,662 | 13,787 |
| Deferred tax liability | | - | 89,832 | 14,678 |
| **Total liabilities** | | **8,221,205** | **8,405,270** | **7,846,727** |
| **Total equity and liabilities** | | **13,085,172** | **12,033,339** | **12,510,624** |
| **Net tangible assets** (cents per share) – 30 Sept 2022 restated | 5 | 683.6 | 704.6 | 658.1 |

The accompanying notes form part of these consolidated interim financial statements.

## Consolidated statement of cash flows

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| | $000 | $000 | $000 |
| **Operating activities** | | | |
| Receipts from residents | 868,932 | 714,728 | 1,602,518 |
| Interest received | 1,302 | 380 | 2,198 |
| Payments to suppliers and employees | (289,783) | (252,421) | (469,648) |
| Payments to residents | (220,970) | (201,629) | (437,375) |
| Interest paid | (21,564) | (17,377) | (46,864) |
| **Net operating cash flows** | **337,917** | **243,681** | **650,829** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | (131,178) | (191,913) | (304,100) |
| Purchase of intangible assets | (8,479) | (12,287) | (20,106) |
| Purchase of investment properties | (303,177) | (295,024) | (608,784) |
| Capitalised interest paid | (53,518) | (41,581) | (108,069) |
| Advances to employees | 69 | 263 | 1,199 |
| **Net investing cash flows** | **(496,283)** | **(540,542)** | **(1,039,860)** |
| **Financing activities** | | | |
| Proceeds from equity raise (net) | (352) | - | 876,038 |
| Drawdown of bank loans (net) | 166,000 | 70,443 | 146,574 |
| Proceeds from issue of US Private Placement notes | - | 290,149 | 290,149 |
| Prepayment of US Private Placement notes | - | - | (748,924) |
| Prepayment of cross-currency interest rate swaps | - | - | (106,594) |
| Dividends paid and dividend reinvestment plan costs | - | (68,000) | (68,089) |
| Sale of treasury stock (net) | - | 3,445 | 2,643 |
| Repayment of lease liabilities | (1,866) | (1,611) | (3,196) |
| **Net financing cash flows** | **163,782** | **294,426** | **388,601** |
| **Net increase/(decrease) in cash and cash equivalents** | **5,416** | **(2,435)** | **(430)** |
| Cash and cash equivalents at the beginning of the period | 27,879 | 28,309 | 28,309 |
| **Cash and cash equivalents at the end of the period** | **33,295** | **25,874** | **27,879** |

The accompanying notes form part of these consolidated interim financial statements.

# Consolidated statement of cash flows (continued)

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

## Net operating cash flows includes the following:

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| | $000 | $000 | $000 |
| Net occupancy advance receipts from retirement-village residents | 562,796 | 456,389 | 1,058,984 |
| Net receipts from refundable accommodation deposits | 54,495 | 45,040 | 100,619 |
| Deferred management fees collected | 34,112 | 28,966 | 62,397 |

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

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| | $000 | $000 | $000 |
| **Net profit after tax** | **186,685** | **193,986** | **257,836** |
| **Adjusted for:** | | | |
| **Movements in statement of financial position items** | | | |
| Occupancy advances | 258,042 | 376,455 | 620,700 |
| Deferred management fees | (66,681) | (40,979) | (91,850) |
| Refundable accommodation deposits | 54,495 | 45,040 | 100,619 |
| Revenue in advance | 19,387 | 7,438 | 18,019 |
| Trade and other payables | 3,549 | 1,512 | 41,114 |
| Trade and other receivables | 50,162 | (120,725) | (46,554) |
| Inventory | 6,267 | 3,579 | 11,632 |
| Employee entitlements | 5,441 | 3,779 | 9,961 |
| **Non-cash items:** | | | |
| Depreciation and amortisation | 24,323 | 21,385 | 43,225 |
| Depreciation of right-of-use assets | 1,866 | 1,611 | 3,372 |
| Close out of employee share scheme | 1,200 | - | - |
| Impairment | 15,824 | 10,784 | 11,034 |
| Deferred tax | (43,250) | 23,316 | (51,640) |
| Unrealised foreign-exchange gain | (2,352) | (22,154) | (3,459) |
| **Adjusted for:** | | | |
| Fair-value movement of investment properties | (177,041) | (261,346) | (431,503) |
| Costs relating to USPP prepayment and swaps | - | - | 158,323 |
| **Net operating cash flows** | **337,917** | **243,681** | **650,829** |

The accompanying notes form part of these consolidated interim financial statements.

# Notes to the consolidated interim financial statements

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

## 1. GENERAL INFORMATION

The consolidated interim financial statements presented are those of Ryman Healthcare Limited (the Company) and its subsidiaries (the Group). These consolidated interim financial statements were approved by the Board of Directors on 28 November 2023.

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.

### 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 interim financial statements comply with these Acts.

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

### Basis of preparation

The consolidated interim financial statements for the six months ended 30 September 2023 and the comparative six months ended 30 September 2022 are unaudited.

These consolidated interim financial statements have been prepared under the same accounting policies and methods as the Group's Annual Report at 31 March 2023. These consolidated interim financial statements should be read in conjunction with the financial statements and related notes included in the Group's Annual Report for the year ended 31 March 2023.

### 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.

### Adopting new and amended standards and interpretations

In the current period, the Group adopted all mandatory new and amended standards and interpretations. None had a material impact on these interim financial statements.

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

The Group is not aware of any New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) or Interpretations that have recently been issued or amended that have not yet been adopted by the Group that would materially impact the Group for the current period ending 30 September 2023.

# Notes to the consolidated interim financial statements (continued)

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

## 2. ASSETS HELD FOR SALE AND IMPAIRMENT LOSS

Following a review of the Group's land portfolio, the land at Mt Martha (Victoria, Australia), Newtown (Wellington, New Zealand) and Kohimarama (Auckland, New Zealand) are being held for sale. These assets are measured at the lower of their carrying amount and fair value less costs to sell.

The sale of the Mt Martha land is 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 was recognised in respect of these properties in previous reporting periods.

An impairment loss of $15.8 million has been recognised in the current period for Kohimarama and marketing of the site is due to commence. A sale is expected within 12 months.

## 3. INCOME TAX

The income tax credit recognised during the period is primarily attributable to tax losses generated during the period. At 30 September 2023, total Group tax losses available in New Zealand and Australia are estimated at $1,073.5 million (30 September 2022: $681.1 million and 31 March 2023: $974.3 million) and AU$289.9 million (30 September 2022: AU$191.3 million and 31 March 2023: AU$235.0 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 15 years.

In the comparative period to 30 September 2022, the income tax expense relates primarily to an increase in the deferred tax liability recognised in respect of investment properties during that period, offset by a deferred tax credit on tax losses generated during that period.

## 4. INVESTMENT PROPERTIES

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| | **$000** | **$000** | **$000** |
| **At fair value** | | | |
| Balance at beginning of financial period | 9,322,902 | 8,027,267 | 8,027,267 |
| Additions (including transfers from property, plant and equipment) | 327,673 | 386,645 | 873,952 |
| *Realised fair-value movement:* | | | |
| • new retirement-village units | 35,532 | 45,389 | 122,941 |
| • existing retirement-village units | 114,204 | 126,677 | 234,901 |
| | 149,736 | 172,066 | 357,842 |
| *Unrealised fair-value movement* | 27,305 | 89,280 | 73,661 |
| **Fair-value movement** | **177,041** | **261,346** | **431,503** |
| Net foreign-currency exchange differences | 5,429 | 61,754 | (9,820) |
| Net movement for period | 510,143 | 709,745 | 1,295,635 |
| **Balance at end of financial period** | **9,833,045** | **8,737,012** | **9,322,902** |

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

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| | **No. of units** | **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 | 8,780 | 8,222 | 8,499 |
| Under development at reporting date and fair value is judged as being able to be reliably measured | 26 | 204 | 167 |
| **Total units included in the valuation** | **8,806** | **8,426** | **8,666** |

# Notes to the consolidated interim financial statements (continued)

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

## 4. INVESTMENT PROPERTIES (CONTINUED)

### Independent valuers' key assumptions

The valuers used a range of significant assumptions as follows:

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| | % | % | % |
| Growth rate (nominal) | 0.50–6.30 | 0–4.33 | 0–4.70 |
| Discount rate | 12.00–16.50 | 11.75–16.00 | 11.75–16.50 |

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 change in the independent valuers' assumptions would impact the fair-value measurement as follows:

| | 0.5% decrease | 0.5% increase |
|---|---|---|
| | $000 | $000 |
| Growth rate (nominal) | (219,426) | 249,189 |
| Discount rate | 146,477 | (132,878) |

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.

## 4. INVESTMENT PROPERTIES (CONTINUED)

### Work in progress

Investment property includes investment property work in progress of $928.6 million (six months ended 30 September 2022: $702.4 million and year ended 31 March 2023: $786.9 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 deferred management fees during the period amounted to $29.7 million (30 September 2022: $26.5 million and year ended 31 March 2023: $53.2 million). All investment property generated income for the Group from deferred management fees, except for investment property work in progress.

### 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.

# Notes to the consolidated interim financial statements (continued)

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

## 5. SHARE CAPITAL

Issued and paid-up capital consists of 687,641,738 fully paid ordinary shares (30 September 2022: 500,000,000 and 31 March 2023: 687,641,738) less treasury stock of 2,494,282 shares (30 September 2022: 2,494,282 and 31 March 2023: 2,494,282). All shares rank equally in all respects.

Additional costs related to the prior year equity raise were paid in the period. As these costs are directly attributable to the issuance of shares, they have been recognised in equity.

Shares purchased on market under the leadership share scheme are treated as treasury stock until they are vested to the employees.

### Basic and diluted earnings per share (EPS)

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| Profit for the year ($000) | 186,685 | 193,986 | 257,836 |
| Weighted average number of shares (in '000) | 687,642 | 500,000 | 516,323 |
| **Basic and diluted EPS (cents per share)** | **27.1** | **38.8** | **49.9** |

### Net tangible asset (NTA) per share

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited (restated[1]) | Year ended 31 March 2023 audited |
|---|---|---|---|
| NTA ($000) | 4,700,729 | 3,522,790 | 4,525,291 |
| Ordinary shares at reporting date (in '000) | 687,642 | 500,000 | 687,642 |
| **NTA per share (cents per share)** | **683.6** | **704.6** | **658.1** |

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

[1] The NTA figures for 30 September 2022 have been restated to exclude deferred tax assets.

## 6. TRADE AND OTHER RECEIVABLES

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 unaudited |
|---|---|---|---|
| | $000 | $000 | $000 |
| New sales receivables | 249,860 | 389,904 | 322,016 |
| Resales receivables | 357,287 | 350,314 | 351,180 |
| Care and village fees receivables | 18,594 | 15,952 | 16,998 |
| Refundable accommodation deposit receivables | 16,466 | 6,301 | 7,728 |
| Prepayments and other receivables | 35,491 | 29,393 | 21,199 |
| **Total trade and other receivables** | **677,698** | **791,864** | **719,121** |

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 4). 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.

## 7. TRADE AND OTHER PAYABLES

Trade payables are typically paid within 30 days of the invoice date or on the 20th of the month following the invoice date.

Other payables at 30 September 2023 include $21.3 million for the purchase of land (30 September 2022: $127.8 million and 31 March 2023: $71.8 million).

# Notes to the consolidated interim financial statements (continued)

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

## 8. INTEREST-BEARING LOANS AND BORROWINGS

At reporting date, interest-bearing loans and borrowings include secured bank loans, an institutional term loan and unsubordinated fixed-rate retail bonds. The Group prepaid all outstanding United States Private Placement (USPP) notes in March 2023.

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| | **$000** | **$000** | **$000** |
| Bank loans | 2,091,487 | 1,878,880 | 1,922,769 |
| Institutional term loan | 268,183 | 284,706 | 267,265 |
| Retail bonds – RYM010 | 150,000 | 150,000 | 150,000 |
| USPP notes – using contracted fixed USD foreign exchange rate | - | 708,644 | - |
| | **2,509,670** | **3,022,230** | **2,340,034** |
| Foreign exchange movement of USD USPP notes | - | 162,062 | - |
| **Total loans and borrowings at face value** | **2,509,670** | **3,184,292** | **2,340,034** |
| Issue costs for the institutional term loan capitalised | (657) | (849) | (726) |
| Issue costs for the retail bonds capitalised | (1,838) | (2,380) | (2,109) |
| Issue costs for the USPP capitalised | - | (3,298) | - |
| **Total loans and borrowings at amortised cost** | **2,507,175** | **3,177,765** | **2,337,199** |
| Revaluation of institutional term loan debt in fair-value hedge relationship | (7,504) | (8,966) | (6,249) |
| Revaluation of USPP debt in fair-value hedge relationship | - | (142,848) | - |
| **Total loans and borrowings** | **2,499,671** | **3,025,951** | **2,330,950** |

## 8. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

### 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 4).

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

### Fair value

Below is a comparison of the carrying amounts and fair values of the interest-bearing loans and borrowings. The carrying amounts of bank loans are the same as their fair values in all material aspects due to their interest rate profiles.

| | Six months ended 30 Sept 2023 unaudited | | Six months ended 30 Sept 2022 unaudited | | Year ended 31 March 2023 audited | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| | $000 | $000 | $000 | $000 | $000 | $000 |
| Institutional term loan | 260,022 | 260,330 | 274,891 | 275,052 | 260,290 | 264,735 |
| Retail bonds | 148,162 | 129,870 | 147,620 | 131,565 | 147,891 | 131,445 |
| USPP notes | - | - | 724,560 | 817,841 | - | - |

The fair value of the fixed-rate portion of the institutional term loan has been determined at reporting date on a discounted cash flow basis and 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 bonds is based on the price the bonds are traded at on the NZX market at the reporting date. 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 30 September 2022 was determined on a discounted cash flow basis and applying discount factors to the future USD interest payment and principal payment cash flows. The fair value of the USPP notes was categorised as Level 2 under the fair-value hierarchy in accordance with NZ IFRS 13 – *Fair Value Measurement.*

## Notes to the consolidated interim financial statements (continued)

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

### 9. DERIVATIVE FINANCIAL INSTRUMENTS

At reporting date, the Group's derivative financial instruments consist of interest rate swaps, caps, floors and collars. The Group closed out its cross-currency interest rate swaps (CCIRS) in March 2023.

#### Fair value

These derivatives are initially recognised at fair value on the dates the derivative contract 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.

#### 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.

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 period are NZ$1.4 million and AU$0.7 million (totalling NZ$2.2 million). At 30 September 2023, the unamortised balance in the cash flow hedge reserve for the amended swaps is NZ$14.0 million and AU$4.5 million (excluding tax effects).

As the modified interest rate swaps do not qualify for hedge accounting, the fair value loss of NZ$7.5 million on these modified swaps for the period is recognised directly in profit or loss. The swaps will mature before 31 March 2024 and it is expected that a further NZ$7.3 million will be expensed.

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

| | Six months ended 30 Sept 2023 unaudited | Six months ended 30 Sept 2022 unaudited | Year ended 31 March 2023 audited |
|---|---|---|---|
| | $000 | $000 | $000 |
| Gross occupancy advances (see below) | 5,755,718 | 5,254,185 | 5,498,020 |
| Less deferred management fees and resident loans | (739,812) | (622,635) | (671,838) |
| **Closing balance** | **5,015,906** | **4,631,550** | **4,826,182** |
| **Movement in gross occupancy advances** | | | |
| Opening balance | 5,498,020 | 4,864,713 | 4,864,713 |
| Plus net increases in occupancy advances: | | | |
| • new retirement-village units | 135,265 | 187,951 | 418,322 |
| • existing retirement-village units | 114,204 | 126,677 | 234,901 |
| Net foreign-currency exchange differences | 3,364 | 41,128 | (6,540) |
| Increase/(decrease) in occupancy advance balances | 4,865 | 33,716 | (13,376) |
| **Closing balance** | **5,755,718** | **5,254,185** | **5,498,020** |

Gross occupancy advances are non-interest bearing and occupancy advances are not discounted. The fair value of net occupancy advances is $3,070.2 million (30 September 2022: $2,775.5 million and 31 March 2023: $2,931.0 million) using the relevant discount rate for each village.

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

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

## 11. 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 each of the villages is similar, and the classes of customer, methods of distribution and regulatory environment are consistent across all the villages.

### Geographical information

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.

# Notes to the consolidated interim financial statements (continued)

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

## 11. SEGMENT INFORMATION (CONTINUED)

| | New Zealand<br>$000 | Australia<br>$000 | Group<br>$000 |
|---|---|---|---|
| **Six months ended 30 Sept 2023 unaudited** | | | |
| Revenue | 270,417 | 52,545 | 322,962 |
| Underlying profit (non-GAAP) | 126,961 | 12,266 | 139,227 |
| Unrealised fair-value movement | (3,186) | 30,491 | 27,305 |
| Deferred tax credit | 28,927 | 14,323 | 43,250 |
| Impairment loss | (15,824) | - | (15,824) |
| Costs relating to swap amendments | (4,227) | (1,046) | (5,273) |
| Close out of employee share schemes[1] | (2,000) | - | (2,000) |
| Profit for the period | 130,651 | 56,034 | 186,685 |
| Non-current assets | 9,694,923 | 2,587,239 | 12,282,162 |
| **Year ended 31 March 2023 audited** | | | |
| Revenue | 494,606 | 76,371 | 570,977 |
| Underlying profit (non-GAAP) | 232,222 | 69,670 | 301,892 |
| Unrealised fair-value movement | 20,233 | 53,428 | 73,661 |
| Deferred tax credit | 31,261 | 20,379 | 51,640 |
| Impairment loss | (250) | (10,784) | (11,034) |
| Costs relating to USPP prepayment and swap amendments | (156,090) | (2,233) | (158,323) |
| Profit for the period | 127,376 | 130,460 | 257,836 |
| Non-current assets | 9,332,731 | 2,370,679 | 11,703,410 |
| **Six months ended 30 Sept 2022 unaudited** | | | |
| Revenue | 240,894 | 33,345 | 274,239 |
| Underlying profit (non-GAAP) | 111,683 | 27,123 | 138,806 |
| Unrealised fair-value movement | 49,594 | 39,686 | 89,280 |
| Deferred tax (expense)/credit | (32,609) | 9,293 | (23,316) |
| Impairment loss | - | (10,784) | (10,784) |
| Profit for the period | 128,668 | 65,318 | 193,986 |
| Non-current assets | 8,887,153 | 2,290,173 | 11,177,326 |

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

[1] Relates to all employee share scheme.

## 11. SEGMENT INFORMATION (CONTINUED)

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 been 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, costs relating to the close out of employee share schemes and the cost of exiting USPP borrowings and swap amendments.

## 12. COMMITMENTS

### Capital expenditure commitments

The Group had commitments relating to construction contracts amounting to $222.6 million at 30 September 2023 (30 September 2022: $314.7 million and 31 March 2023: $385.7 million).

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

## 13. CONTINGENT LIABILITIES

The Group has identified that past and present New Zealand employees may have received incorrect payments dating back to 2010 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, which could be as many as 26,000 employees. A sufficiently reliable estimate cannot be made at reporting date, however it is not expected to exceed $25.0 million. A provision of $6.0 million has been recorded within employee entitlements and remains unchanged from 31 March 2023. It is expected that work will be sufficiently progressed at 31 March 2024 to quantify the value and recognise the full provision.

## 14. SUBSEQUENT EVENTS

The previously announced review of the Leadership Share Scheme has been completed.

On 3 November 2023 an offer was made to certain participating employees in respect of the Leadership Share Scheme. The offer included one-off payments as well as confirmation that no further invitations to participate in the Leadership Share Scheme would be made to those participants. The offer closed on 23 November 2023.

The financial effect of the offer is being quantified and will be recorded in the 31 March 2024 financial statements. It is estimated that this could range between $6.0 million to $10.0 million.

Existing employee advances in relation to the scheme remain owing under the full recourse nature of the loan.

# Our villages

## NEW ZEALAND
## NORTH ISLAND EX AUCKLAND
***Aotearoa** Te Ika-a-māui*

| | |
|---|---|
| Open & complete | 14 |
| Open & under construction | 2 |
| Under construction | - |
| Planned | 2 |
| **Total** | **18** |


| Village | Location | Opened |
|---|---|---|
| Malvina Major | Wellington | 1998 |
| Shona McFarlane | Lower Hutt | 2000 |
| Rita Angus | Wellington | 2001 |
| Hilda Ross | Hamilton | 2002 |
| Princess Alexandra | Napier | 2003 |
| Jane Winstone | Whanganui | 2006 |
| Julia Wallace | Palmerston North | 2007 |
| Jean Sandel | New Plymouth | 2009 |
| Jane Mander | Whangārei | 2009 |
| Kiri Te Kanawa | Gisborne | 2011 |

| Village | Location | Opened |
|---|---|---|
| Bob Owens | Tauranga | 2011 |
| Charles Fleming | Waikanae | 2012 |
| Bob Scott | Lower Hutt | 2015 |
| Linda Jones | Hamilton | 2019 |
| James Wattie | Havelock North | 2020 |
| Patrick Hogan | Cambridge | 2023 |
| Karori[1] | Wellington | – |
| Taupō | – | – |

[1] Council approved.

All maps current as at 30 September 2023.

## NEW ZEALAND
## AUCKLAND REGION
*Aotearoa Tāmaki-makau rohe*

| | | |
|---|---|---|
| ● | Open & complete | 7 |
| ● | Open & under construction | 4 |
| ● | Under construction | 1 |
| ● | Planned | 1 |
| | **Total** | **13** |


| Village | Location | Opened |
|---|---|---|
| ● Grace Joel | St Heliers | 2002 |
| ● Edmund Hillary | Remuera | 2007 |
| ● Evelyn Page | Orewa | 2009 |
| ● Bruce McLaren | Howick | 2014 |
| ● Possum Bourne | Pukekohe | 2015 |
| ● Bert Sutcliffe | Birkenhead | 2016 |
| ● Logan Campbell | Greenlane | 2018 |
| ● Murray Halberg | Lynfield | 2018 |
| ● William Sanders | Devonport | 2019 |
| ● Miriam Corban | Henderson | 2020 |

| Village | Location | Opened |
|---|---|---|
| ● Keith Park | Hobsonville | 2021 |
| ● Takapuna | – | – |
| ● Karaka | – | – |

## NEW ZEALAND
## SOUTH ISLAND
## ***Aotearoa** Te Waipounamu*

| | |
|---|---|
| Open & complete | 11 |
| Open & under construction | 2 |
| Under construction | - |
| Planned | 2 |
| **Total** | **15** |

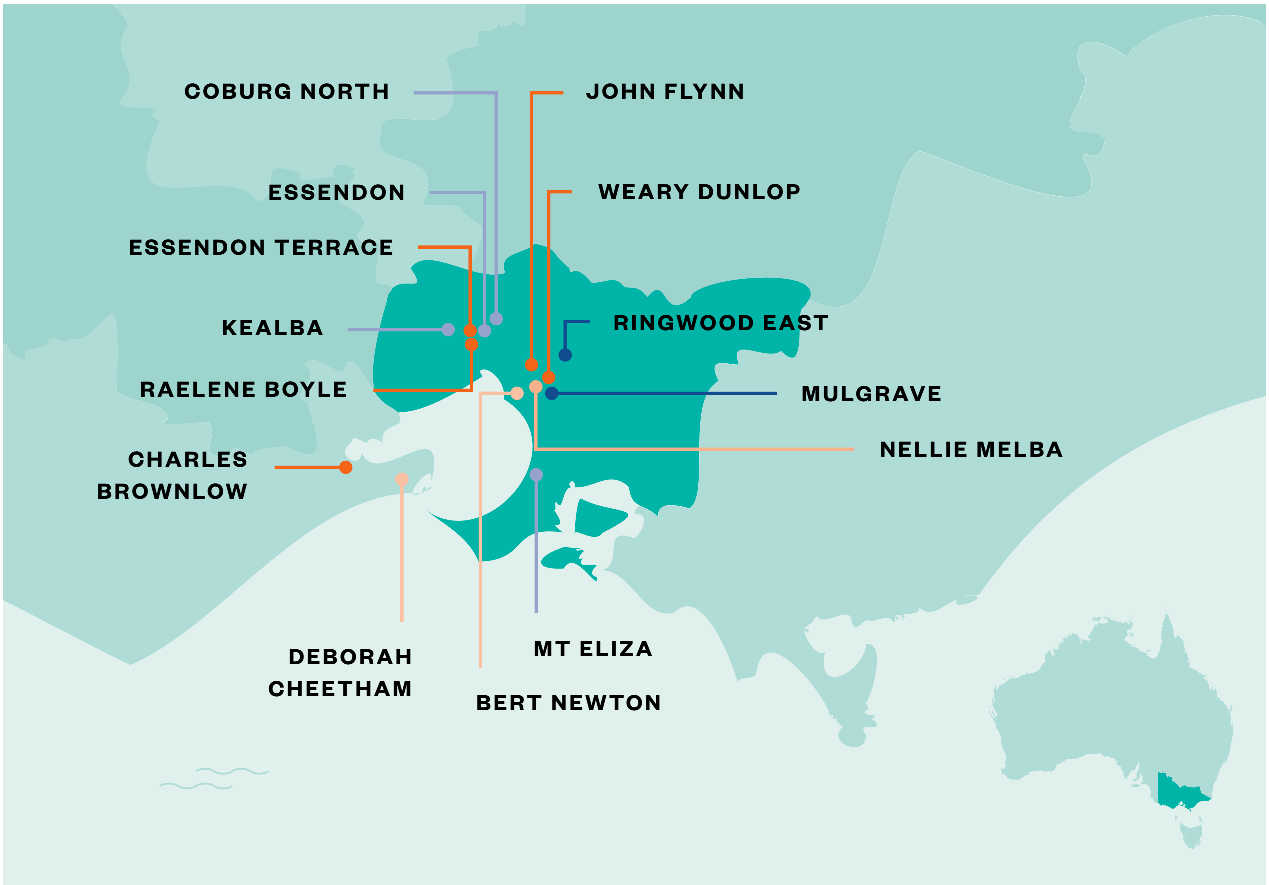

| Village | Location | Opened |
|---|---|---|
| Woodcote | Christchurch | 1991 |
| Essie Summers | Christchurch | 1991 |
| Margaret Stoddart | Christchurch | 1993 |
| Frances Hodgkins | Dunedin | 1994 |
| Rowena Jackson | Invercargill | 1996 |
| Ngaio Marsh | Christchurch | 1998 |
| Anthony Wilding | Christchurch | 2006 |
| Ernest Rutherford | Nelson | 2008 |
| Yvette Williams | Dunedin | 2011 |
| Diana Isaac | Christchurch | 2012 |

| Village | Location | Opened |
|---|---|---|
| Charles Upham | Rangiora | 2016 |
| Kevin Hickman | Christchurch | 2021 |
| Northwood | Christchurch | 2023 |
| Park Terrace[1] | Christchurch | – |
| Rolleston[1] | – | – |

[1] Council approved.

## AUSTRALIA
## VICTORIA

| | | |
|---|---|---|
| Open & complete | | 5 |
| Open & under construction | | 3 |
| Under construction | | 2 |
| Planned | | 4 |
| **Total** | | **14** |




| Village | Location | Opened |
|---|---|---|
| Weary Dunlop | Wheelers Hill | 2014 |
| Essendon Terrace[2] | Essendon | 2014 |
| Nellie Melba | Wheelers Hill | 2018 |
| Charles Brownlow | Highton | 2020 |
| Deborah Cheetham | Ocean Grove | 2020 |
| John Flynn | Burwood East | 2020 |
| Raelene Boyle | Aberfeldie | 2021 |
| Bert Newton | Highett | 2023 |
| Ringwood East | – | – |
| Mulgrave | – | – |

| Village | Location | Opened |
|---|---|---|
| Mt Eliza[1] | – | – |
| Essendon | – | – |
| Coburg North | – | – |
| Kealba | – | – |

*In the spirit of reconciliation, Ryman Healthcare acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.*

[1] Council approved.
[2] Essendon Terrace was acquired in 2021.

# Directory

## REGISTERED OFFICE

Airport Business Park
92 Russley Road
Christchurch 8042

PO Box 771, Christchurch 8140
New Zealand

## SHARE REGISTRAR

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

## AUCKLAND OFFICE

Building 2, Level 2
Central Park
666 Great South Road
Ellerslie, Auckland 1051
New Zealand

## MELBOURNE OFFICE

Level 5, 6 Riverside Quay
Southbank, VIC 3006

PO Box 54
Collins Street West
Melbourne, VIC 8007
Australia

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

**New Zealand**
**0800 588 222**
**rymanhealthcare.co.nz**

**Australia**
**1800 922 988**
**rymanhealthcare.com.au**

RYMAN HEALTHCARE

rymanhealthcare.co.nz
rymanhealthcare.com.au