

Ryman Healthcare

HALF YEAR REPORT SEPTEMBER 2021



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

Half-year key points

\$95.9 million

Unaudited underlying profit* up 8.5%.
**See key statistics for definition.*

\$281.5 million

Reported (IFRS) profit up 32.5%.

\$9.85 billion

Total assets up 18.1% from September 2020.

\$680.5 million

Cash receipts from residents up 40.9%.

38,000+

More than 38,000 vaccine doses have been delivered to residents and team members.

\$406.4 million

Invested in new and existing villages.

12,800 residents

Our villages are home to over 12,800 residents.

6,400

We employ 6,400 staff.

6,130

6,130 beds and units in our land bank.

43 villages

We own and operate 43 retirement villages in New Zealand and Australia and have 11 new villages in the pipeline.

RYMAN HEALTHCARE

Key statistics

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

		30 Sept 2021 Six months	30 Sept 2020 Six months	31 March 2021 12 months
Financial				
Underlying profit (non-GAAP)	\$m	95.9	88.4	224.4
Reported net profit after tax	\$m	281.5	212.4	423.1
Net operating cash flows	\$m	301.1	96.4	413.1
Net assets	\$m	3,033.7	2,452.2	2,829.2
Total assets	\$m	9,849.2	8,337.1	9,171.6
Interest-bearing debt to interest-bearing debt plus equity ratio	%	45%	46%	44%
Dividend per share	cents	8.8	8.8	22.4
Villages				
New sales of occupation rights	no.	189	121	503
Resales of occupation rights	no.	514	456	925
Total sales of occupation rights	no.	703	577	1,428
Land bank (to be developed) ^{1,2}	no.	6,130	6,171	6,146
Portfolio:				
Aged-care beds	no.	4,165	3,951	4,087
Retirement-village units	no.	8,195	7,689	7,983
Total units and beds	no.	12,360	11,640	12,070

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

2 Of the 6,130 units and beds in the land bank, 2,351 are subject to resource consent.

Key statistics

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

		30 Sept 2021 Six months	30 Sept 2020 Six months	31 March 2021 12 months
Underlying profit (non-GAAP)	\$m	95.9	88.4	224.4
Unrealised fair-value movement on retirement-village units	\$m	178.7	124.1	201.2
Deferred tax movement	\$m	6.9	(0.1)	12.6
Impairment – loss on disposal	\$m	-	-	(15.1)
Reported net profit after tax	\$m	281.5	212.4	423.1

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

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

Underlying profit 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, and impairment losses on non-trading assets because these items do not reflect the trading performance of the Company. Underlying profit determines the dividend payout to shareholders.

**Generally Accepted Accounting Principles.*

Report to shareholders

We have had a solid first half with a lift in profit driven by continued strong demand for retirement living and aged care despite the challenges of COVID-19.

All our teams have continued to work extremely hard to keep everyone safe and we're well advanced planning for the months and years ahead in the expectation we will be living with COVID-19 in the broader community.

Today we are much more knowledgeable about how to manage this virus and while the risks of infection continue, we're steadily making the transition from what might be described as a pandemic response to managing this as an endemic threat.

Solid result despite challenges of COVID-19

Our unaudited reported (IFRS) profit, which includes unrealised fair value gains on investment property, increased 32.5% to \$281.5 million in the six months to 30 September.

Underlying profit lifted 8.5% on a year ago to \$95.9 million. This included \$7.6 million of COVID-19 related costs spent on staffing, security, PPE and resident welfare in the period.

Growth in underlying profit was driven by a 53.5% lift in resale earnings, reflecting increased pricing and higher volumes.

Demand for our villages is strong with only 101 units, or 1.2% of our retirement village portfolio, available for resale at the end of the half.

While our resale margin lifted to 25% in the half, rising construction costs, the geographical mix of units built and the fact that we pre-sell units off plan, have resulted in a lower development margin of 20.7%.

RYMAN HEALTHCARE

Total booked sales for the half of 703 units were up 21.8% on the same period last year. This was a great achievement given the restrictions in both Auckland and Victoria, which are our two biggest markets.

Our cash receipts from residents were \$680.5 million for the half, an increase of 40.9% and operating cash flows were \$301.1 million, up 212% on the same period last year.

Our gearing ratio at the end of the half was stable at 44.5% with interest-bearing debt of \$2.43 billion. Our debt is a function of our growth plans. It is productive working capital debt and reflects the investment that we've been making in our land bank and building new villages.

Continuing to bring Ryman to more communities

Work has continued throughout the half to develop our pipeline of projects and maintain our future momentum.

We invested \$406.4 million during the period into building new villages, replenishing our land bank and upgrading existing

villages to further enhance the resident experience.

We've started work on three new sites – Takapuna in Auckland, and Highett and Ringwood East in Melbourne.

This brings our total villages under construction to 15, and we have a further 11 sites in our land bank.

We purchased additional property at Ocean Grove and Essendon in Victoria to extend existing sites and welcomed residents to two new villages – Kevin Hickman in Christchurch and Keith Park in Auckland.

Another highlight was receiving consent for our village at Park Terrace in Christchurch.

When completed, these villages will provide critically needed healthcare infrastructure, beautiful homes and security for thousands of people.

Embedded value continues to grow

We are in a healthy financial position with total assets of \$9.85 billion, up 18.1% on a year ago.

We have seen our net assets more than double over the last five years to \$3.03 billion.

This shows the value we have created from building new villages and the revaluation of our existing portfolio.

Alongside our net assets doubling over the last five years, our gross occupancy advances have grown from \$2.21 billion to \$4.44 billion, a compound average growth rate of 14.9%.

The resale bank on our portfolio is \$1.67 billion. The embedded value, which includes the resale bank, accrued management fees and resident loans, is now \$2.21 billion.

Increased flexibility provided by a reset of the dividend payment range

The board has adjusted the dividend policy from 50% of underlying profit to a 30%-50% range.

We have strong long-term growth plans and this change will enhance our ability to continue to deliver the Ryman experience to more communities through the retention of capital within the business.

Shareholders will receive an interim dividend of 8.8 cents per share, unchanged from last year. The record date for entitlements was 10 December, with payment on 17 December 2021.

Vaccines critical to protecting our residents

The gradual easing of COVID-19 restrictions in New Zealand and Victoria, high vaccination rates in both countries and the decision made by the Governments on both sides of the Tasman to mandate vaccinations for healthcare workers is all welcome news.

Vaccines are critical to protecting our residents and team.

Since April, we have delivered over 38,000 vaccine doses to our Ryman community including residents, team members, their families and our contractors.

We are delighted to have confirmation that we can now proceed with our booster programme in New Zealand as well as Australia.

We have also done a lot of work to develop additional safeguards such as rapid antigen testing, which we have used in Australia, and saliva testing.

These measures are likely to offer an extra level of protection for us as we learn to live with COVID-19 in the community.

We expect to see pent-up demand come through in the market as restrictions lift and we are cautiously optimistic about the months ahead.

The extremely high vaccination rates, and the roll out of booster shots, mean we are well placed for the months ahead.

Thank you

We would like to thank all of the team for another period of hard work in difficult circumstances. Their dedication and commitment through this difficult period has been unwavering.

They have coped with every challenge thrown at them so far, and they never falter.

During lockdowns they have worked tirelessly in protective equipment and have gone the extra mile to protect residents.

Our teams have innovated and adapted to keep our residents happy and entertained.

Most importantly, they are well drilled, equipped and prepared for whatever comes next.



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

Dr David Kerr
CHAIR
RYMAN HEALTHCARE



A handwritten signature in black ink, appearing to read 'R. Umbers'.

Richard Umbers
GROUP CHIEF EXECUTIVE
RYMAN HEALTHCARE

A final word from the chair

Following 27 years of service on the Ryman board, I have decided to step down as chair and hand over to my colleague, Greg Campbell.

I have worked with Greg for a number of years and he has had a long association with Ryman. I have great respect for his skills and experience, and I believe that, as chair, he is very well equipped to assist the board and management team.

I will be continuing as a director and I remain committed to serving the company.

It's been a wonderful 27 years and I'd like to thank the company's founders, Kevin Hickman and John Ryder, and all the directors and management I've worked with for their support.

I'd also like to thank the thousands of residents whom I've had contact with over the years, our shareholders, and the many Rymanians who work so hard to make this such a special company.

A handwritten signature in white ink on a dark blue background. The signature is stylized and appears to read 'D Kerr'.

Dr David Kerr

RYMAN HEALTHCARE

Consolidated income statement

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Six months ended 30 Sept 2021 unaudited	Six months ended 30 Sept 2020 unaudited	Year ended 31 March 2021 audited
		\$000	\$000	\$000
Care fees		194,603	175,774	359,241
Management fees		50,959	44,763	93,170
Interest received		42	92	103
Other income		2,260	1,492	3,280
Total revenue		247,864	222,121	455,794
Fair-value movement of investment properties	3	285,143	201,073	416,847
Total income		533,007	423,194	872,641
Operating expenses		(225,380)	(185,442)	(395,306)
Depreciation and amortisation expense		(17,854)	(15,660)	(32,368)
Finance costs		(15,250)	(9,590)	(19,365)
Loss on disposal		-	-	(15,102)
Total expenses		(258,484)	(210,692)	(462,141)
Profit before income tax		274,523	212,502	410,500
Income-tax credit/(expense)		6,944	(101)	12,561
Profit for the period		281,467	212,401	423,061
Earnings per share				
Basic and diluted (cents per share)		56.3	42.5	84.6

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

The accompanying notes form part of these interim financial statements.

Consolidated statement of comprehensive income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Six months ended 30 Sept 2021 unaudited	Six months ended 30 Sept 2020 unaudited	Year ended 31 March 2021 audited
	\$000	\$000	\$000
Profit for the period	281,467	212,401	423,061
<i>Items that will not be later reclassified to profit or loss</i>			
Revaluation of property, plant and equipment (unrealised)	-	-	195,793
	-	-	195,793
<i>Items that may be later reclassified to profit or loss</i>			
Fair-value movement and reclassification of cash-flow hedge reserve	9,711	(3,893)	7,057
Deferred tax movement recognised in cash-flow hedge reserve	(2,719)	1,090	(1,976)
Movement in cost of hedging reserve	(1,222)	-	3,753
Deferred tax movement in cost of hedging reserve	342	-	(1,051)
Gain / (Loss) on hedge of foreign-owned subsidiary net assets	2,888	(3,961)	(4,414)
(Loss) / Gain on translation of foreign operations	(12,754)	14,501	16,546
	(3,754)	7,737	19,915
Other comprehensive income	(3,754)	7,737	215,708
Total comprehensive income	277,713	220,138	638,769

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

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE

Consolidated statement of changes in equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	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 2020 unaudited								
Opening balance	33,290	257,775	(17,143)	-	(10,345)	(32,359)	2,069,759	2,300,977
Profit for the period	-	-	-	-	-	-	212,401	212,401
Other comprehensive income for the period	-	-	(2,803)	-	10,540	-	-	7,737
Total comprehensive income for the period	-	-	(2,803)	-	10,540	-	212,401	220,138
Treasury stock movement	-	-	-	-	-	(3,463)	-	(3,463)
Dividends paid to shareholders	-	-	-	-	-	-	(63,500)	(63,500)
Balance at 30 Sept 2020	33,290	257,775	(19,946)	-	195	(35,822)	2,218,660	2,454,152
Year ended 31 March 2021 audited								
Opening balance	33,290	257,775	(17,143)	-	(10,345)	(32,359)	2,069,759	2,300,977
Profit for the period	-	-	-	-	-	-	423,061	423,061
Other comprehensive income for the period	-	195,793	5,081	2,702	12,132	-	-	215,708
Total comprehensive income for the period	-	195,793	5,081	2,702	12,132	-	423,061	638,769
Treasury stock movement	-	-	-	-	-	(3,030)	-	(3,030)
Dividends paid to shareholders	-	-	-	-	-	-	(107,500)	(107,500)
Balance at 31 March 2021	33,290	453,568	(12,062)	2,702	1,787	(35,389)	2,385,320	2,829,216

Consolidated statement of changes in equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	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 2021 unaudited								
Opening balance	33,290	453,568	(12,062)	2,702	1,787	(35,389)	2,385,320	2,829,216
Profit for the period	-	-	-	-	-	-	281,467	281,467
Other comprehensive income for the period	-	-	6,992	(880)	(9,866)	-	-	(3,754)
Total comprehensive income for the period	-	-	6,992	(880)	(9,866)	-	281,467	277,713
Treasury stock movement	-	-	-	-	-	(5,185)	-	(5,185)
Dividends paid to shareholders	-	-	-	-	-	-	(68,000)	(68,000)
Balance at 30 Sept 2021	33,290	453,568	(5,070)	1,822	(8,079)	(40,574)	2,598,787	3,033,744

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE

Consolidated balance sheet

AT 30 SEPTEMBER 2021

	Notes	30 Sept 2021 unaudited	30 Sept 2020 unaudited	31 March 2021 audited
		\$000	\$000	\$000
Assets				
Cash and cash equivalents		15,239	20,877	20,171
Trade and other receivables		509,418	452,729	542,798
Inventory		24,572	27,123	26,738
Advances to employees		16,251	13,502	11,141
Property, plant and equipment		1,846,792	1,476,788	1,658,583
Investment properties	3	7,338,904	6,277,068	6,837,278
Intangible assets		53,885	45,210	42,444
Derivative financial instruments		7,857	-	-
Deferred tax asset (net)		36,301	23,825	32,456
Total assets		9,849,219	8,337,122	9,171,609
Equity				
Issued capital	6	33,290	33,290	33,290
Reserves	7	401,667	202,202	410,606
Retained earnings		2,598,787	2,218,660	2,385,320
Total equity		3,033,744	2,454,152	2,829,216
Liabilities				
Trade and other payables	8	181,000	155,659	106,072
Employee entitlements		36,735	28,930	32,034
Revenue in advance		76,172	67,549	71,817
Derivative financial instruments		8,677	27,702	28,611
Refundable accommodation deposits		146,883	91,396	113,666
Interest-bearing loans and borrowings	9	2,450,015	2,130,287	2,274,093
Occupancy advances (non-interest bearing)	4	3,902,149	3,367,876	3,702,215
Lease liabilities		13,844	13,571	13,885
Total liabilities		6,815,475	5,882,970	6,342,393
Total equity and liabilities		9,849,219	8,337,122	9,171,609
Net tangible assets				
Basic and diluted (cents per share)		596.0	481.8	557.4

The accompanying notes form part of these interim financial statements.

Consolidated statement of cash flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Six months ended 30 Sept 2021 unaudited	Six months ended 30 Sept 2020 unaudited	Year ended 31 March 2021 audited
		\$000	\$000	\$000
Operating activities				
Receipts from residents		680,471	483,070	1,176,401
Interest received		225	178	229
Payments to suppliers and employees		(203,059)	(229,957)	(421,135)
Receipt from Government for wage subsidy		-	14,227	14,227
Repayment to Government for wage subsidy		-	-	(14,227)
Payments to residents		(161,941)	(160,988)	(323,810)
Interest paid		(14,608)	(10,087)	(18,566)
Net operating cash flows	2	301,088	96,443	413,119
Investing activities				
Purchase of property, plant and equipment		(123,055)	(112,080)	(219,416)
Purchase of intangible assets		-	(9,462)	(9,462)
Purchase of investment properties		(260,930)	(267,496)	(577,504)
Capitalised interest paid		(22,416)	(17,255)	(37,179)
Advances to employees		(5,111)	(3,278)	(917)
Net investing cash flows		(411,512)	(409,571)	(844,478)
Financing activities				
(Repayment) / Drawdown of bank loans (net)		(81,802)	367,931	(36,712)
Proceeds from the issue of retail bonds		-	-	150,000
Proceeds from US Private Placements notes		-	-	416,874
Proceeds from institutional term loan		261,808	-	-
Dividends paid		(68,000)	(63,500)	(107,500)
Purchase of treasury stock (net)		(5,185)	(3,463)	(3,030)
Repayment of lease liabilities		(1,329)	(1,337)	(2,476)
Net financing cash flows		105,492	299,631	417,156
Net decrease in cash and cash equivalents		(4,932)	(13,497)	(14,203)
Cash and cash equivalents at the beginning of the period		20,171	34,374	34,374
Cash and cash equivalents at the end of the period		15,239	20,877	20,171

The accompanying notes form part of these interim financial statements.

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

STATEMENT OF COMPLIANCE

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

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

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

BASIS OF PREPARATION

The financial statements for the six months ended 30 September 2021 and the comparative six months ended 30 September 2020 are unaudited.

These financial statements have been prepared under the same accounting policies and methods as the Group's Annual Report at 31 March 2021. These 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 2021.

The financial statements were approved by the Board of Directors on 18 November 2021.

The information is presented in thousands of New Zealand dollars.

All reference to AUD refers to Australian dollars.

All reference to USD refers to US dollars.

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

COVID-19

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

Both New Zealand and Australia have responded well to the virus with strong public health measures and a range of economic stimulus packages. However, despite the response, there remains uncertainty as to the ongoing impact of the virus on market conditions in New Zealand and Australia. In Australia, Victoria has been through numerous waves of infection and corresponding lockdowns, succeeding in reducing the spread of infection, and New Zealand has responded with localised increases in alert level to suppress transmission of the virus.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised standards and interpretations

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

Standards and Interpretations on issue but not yet adopted

We are not aware of any NZ IFRS Standards or Interpretations that have recently been issued or amended that have not yet been adopted by the Group that would materially impact the Group for the current period ending 30 September 2021.

RYMAN HEALTHCARE

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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

	Six months ended 30 Sept 2021 unaudited	Six months ended 30 Sept 2020 unaudited	Year ended 31 March 2021 audited
	\$000	\$000	\$000
Net profit after tax	281,467	212,401	423,061
Adjusted for:			
Movements in balance-sheet items			
Occupancy advances	234,123	150,570	518,292
Accrued management fees	(34,573)	(28,665)	(59,116)
Refundable accommodation deposits	29,938	16,825	32,470
Revenue in advance	4,355	3,248	7,515
Trade and other payables	3,561	(4,548)	4,845
Trade and other receivables	36,099	(26,787)	(92,565)
Inventory	2,012	(27,123)	(26,738)
Employee entitlements	4,701	3,252	6,356
Non-cash items:			
Depreciation and amortisation	16,525	14,447	29,892
Depreciation of right-of-use assets	1,329	1,213	2,476
Loss on disposal	-	-	15,102
Deferred tax	(6,944)	101	(12,561)
Unrealised foreign-exchange loss / (gain)	13,638	(17,418)	(19,063)
Adjusted for:			
Fair-value movement of investment properties	(285,143)	(201,073)	(416,847)
Net operating cash flows	301,088	96,443	413,119

Net operating cash flows includes net occupancy advance receipts from retirement-village residents of \$452.4 million (six months ended 30 September 2020: \$291.0 million and year ended 31 March 2021: \$787.7 million).

Also included in operating cash flows are net receipts from refundable accommodation deposits of \$33.9 million (six months ended 30 September 2020: net receipts of \$12.7 million and year ended 31 March 2021: net receipts of \$27.9 million).

Net operating cash flows also include management fees collected of \$23.1 million (six months ended 30 September 2020: \$22.3 million and year ended 31 March 2021: \$48.0 million).

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

3. INVESTMENT PROPERTIES

	Six months ended 30 Sept 2021 unaudited	Six months ended 30 Sept 2020 unaudited	Year ended 31 March 2021 audited
	\$000	\$000	\$000
At fair value			
Balance at beginning of financial period	6,837,278	5,760,060	5,760,060
Additions	183,162	284,131	624,926
Fair-value movement:			
<i>Realised fair-value movement:</i>			
• new retirement-village units	28,493	26,143	108,377
• existing retirement-village units	77,989	50,815	107,317
	106,482	76,958	215,694
<i>Unrealised fair-value movement</i>	178,661	124,115	201,153
	285,143	201,073	416,847
Net foreign-currency exchange differences	33,321	31,804	35,445
Net movement for period	501,626	517,008	1,077,218
Balance at end of financial period	7,338,904	6,277,068	6,837,278

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

The carrying value of completed investment property is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Limited, at 30 September 2021.

Uncertainty due to COVID-19

The valuation of investment properties performed by CBRE Limited at 30 September 2021 is based on the information available to them at the time of the valuation and relies on several inputs.

Given the current situation with COVID-19 there is an increase in the estimation uncertainty in determining the fair value of investment property at 30 September 2021. CBRE commented on higher than normal market uncertainty within their valuations.

CBRE also commented on higher than normal market uncertainty in determining the fair value of investment property at 31 March 2021 (valuation of villages located in New Zealand and Victoria) and 30 September 2020 (valuation of villages located in New Zealand). There was a material valuation uncertainty included in the valuation of the villages located in Victoria at 30 September 2020.

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

RYMAN HEALTHCARE

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

3. INVESTMENT PROPERTIES (CONTINUED)

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

Key assumptions

The valuer used significant assumptions that include house-price inflation (ranging from 0.50 percent to 4.00 percent nominal) (30 September 2020: 0 percent to 4.05 percent and 31 March 2021: 0.50 percent to 4.20 percent) and discount rate (ranging from 12.0 percent to 16.5 percent) (30 September 2020: 12.0 percent to 16.0 percent and 31 March 2021: 12.0 percent to 16.5 percent).

Work in progress

Investment property includes investment property work in progress of \$633.4 million (six months ended 30 September 2020: \$645.6 million and year ended 31 March 2021: \$653.0 million), which has been valued at cost. For work in progress cost represents fair value.

4. OCCUPANCY ADVANCES (NON-INTEREST BEARING)

	Six months ended 30 Sept 2021 unaudited	Six months ended 30 Sept 2020 unaudited	Year ended 31 March 2021 audited
	\$000	\$000	\$000
Gross occupancy advances (see below)	4,439,228	3,837,383	4,205,105
Less management fees and resident loans	(537,079)	(469,507)	(502,890)
Closing balance	3,902,149	3,367,876	3,702,215
Movement in gross occupancy advances			
Opening balance	4,205,105	3,686,813	3,686,813
Plus net increases in occupancy advances:			
• new retirement-village units	137,651	90,052	395,094
• existing retirement-village units	77,989	50,815	107,317
Net foreign-currency exchange differences	(19,415)	19,568	21,807
Increase / (Decrease) in occupancy advance receivables	37,898	(9,865)	(5,926)
Closing balance	4,439,228	3,837,383	4,205,105

Gross occupancy advances are non-interest bearing.

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

5. DIVIDEND

On 19 November 2021 an interim dividend of 8.8 cents per share was declared and will be paid on 17 December 2021 (prior year: 8.8 cents per share). The record date for entitlements is 10 December 2021.

6. SHARE CAPITAL

Issued and paid-up capital consists of 500,000,000 fully paid ordinary shares (30 September 2020: 500,000,000 and 31 March 2021: 500,000,000). All shares rank equally in all respects.

Basic and diluted earnings and net tangible assets per share have been calculated on the basis of 500,000,000 ordinary shares (30 September 2020: 500,000,000 and 31 March 2021: 500,000,000).

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

7. RESERVES

	Six months ended 30 Sept 2021 unaudited	Six months ended 30 Sept 2020 unaudited	Year ended 31 March 2021 audited
	\$000	\$000	\$000
Asset revaluation reserve	453,568	257,775	453,568
Cash-flow hedge reserve	(5,070)	(19,946)	(12,062)
Cost of hedging reserve	1,822	-	2,702
Foreign-currency translation reserve	(8,079)	195	1,787
Treasury stock	(40,574)	(35,822)	(35,389)
	401,667	202,202	410,606

8. TRADE AND OTHER PAYABLES

Trade payables are typically paid within 30 days of invoice date or the 20th of the month following the invoice date. Other payables at 30 September 2021 includes \$112.4 million for the purchase of land (30 September 2020: \$69.3 million and 31 March 2021: \$26.0 million).

RYMAN HEALTHCARE

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

9. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings include secured bank loans, unsubordinated fixed-rate retail bonds and USPP notes.

	Six months ended 30 Sept 2021 unaudited	Six months ended 30 Sept 2020 unaudited	Year ended 31 March 2021 audited
	\$000	\$000	\$000
Bank loans	1,625,014	2,130,287	1,728,018
Retail bonds – RYM010	150,000	-	150,000
USPP notes	432,025	-	428,736
Institutional term loan (ITL)	261,808	-	-
Total loans and borrowings at face value	2,468,847	2,130,287	2,306,754
Issue costs for the retail bond capitalised	(2,873)	-	(3,139)
Issue costs for the USPP capitalised	(1,956)	-	(2,049)
Issue costs for the ITL capitalised	(922)	-	-
Total loans and borrowing at amortised cost	2,463,096	2,130,287	2,301,566
Revaluation of debt in fair-value hedge relationship	(13,081)	-	(27,473)
Total loans and borrowings	2,450,015	2,130,287	2,274,093

During the period the Group entered into an AUD\$250 million, 7-year institutional term loan (ITL).

Security

The bank loans, retail bonds, USPP notes and ITL 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 3).

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

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

10. SEGMENT INFORMATION

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

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

	New Zealand	Australia	Group
	\$000	\$000	\$000
Six months ended 30 Sept 2021 unaudited			
Revenue	226,841	21,023	247,864
Underlying profit (non-GAAP)	92,831	3,031	95,862
Deferred tax credit / (expense)	(11,903)	18,847	6,944
Unrealised fair-value movement	178,533	128	178,661
Profit for the period	259,461	22,006	281,467
Non-current assets	7,744,652	1,539,087	9,283,739
Six months ended 30 Sept 2020 unaudited			
Revenue	197,789	24,332	222,121
Underlying profit / (loss) (non-GAAP)	88,661	(274)	88,387
Deferred tax (expense) / credit	(5,889)	5,788	(101)
Unrealised fair-value movement	121,880	2,235	124,115
Profit for the period	204,652	7,749	212,401
Non-current assets	6,694,217	1,128,674	7,822,891

RYMAN HEALTHCARE

Notes to the consolidated interim financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

10. SEGMENT INFORMATION (CONTINUED)

	New Zealand	Australia	Group
	\$000	\$000	\$000
Year ended			
31 March 2021 audited			
Revenue	405,396	50,398	455,794
Underlying profit (non-GAAP)	192,286	32,163	224,449
Deferred tax credit	5,861	6,700	12,561
Unrealised fair-value movement	192,582	8,571	201,153
Impairment – loss on disposal	-	(15,102)	(15,102)
Profit for the year	390,729	32,332	423,061
Non-current assets	7,230,298	1,340,463	8,570,761

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, and impairment losses on non-trading assets because these items do not reflect the trading performance of the Company. Underlying profit determines the dividend pay-out to shareholders.

11. COMMITMENTS

The Group had commitments relating to construction contracts amounting to \$247.9 million at 30 September 2021 (30 September 2020: \$211.9 million and 31 March 2021: \$180.6 million).

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

12. SUBSEQUENT EVENTS

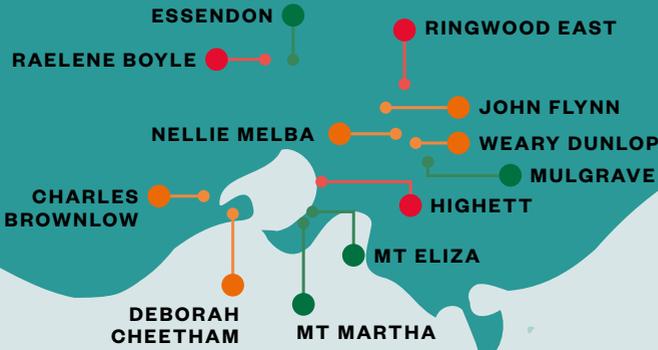
Other than the dividends in note 5, there are no subsequent events.

I'm COVID-19 vaccinated!

Protect our safe havens



Our village locations



Our villages in Victoria, Australia

- Charles Brownlow
- Deborah Cheetham
- Essendon
- Highett
- John Flynn
- Mt Eliza
- Mt Martha
- Mulgrave
- Nellie Melba
- Raelene Boyle
- Ringwood East
- Weary Dunlop

- RYMAN VILLAGE
- UNDER CONSTRUCTION
- COUNCIL APPROVAL
- PROPOSED VILLAGE

Our villages in New Zealand

WHANGAREI

- Jane Mander

AUCKLAND

- Bert Sutcliffe
- Bruce McLaren
- Edmund Hillary
- Evelyn Page
- Grace Joel
- Karaka
- Keith Park
- Kohimarama
- Logan Campbell
- Miriam Corban
- Murray Halberg
- Possum Bourne
- Takapuna
- William Sanders

HAMILTON

- Hilda Ross
- Linda Jones

CAMBRIDGE

- Cambridge

TAURANGA

- Bob Owens

GISBORNE

- Kiri Te Kanawa

NEW PLYMOUTH

- Jean Sandel

NAPIER

- Princess Alexandra

HAVELOCK NORTH

- James Wattie

WHANGANUI

- Jane Winstone

PALMERSTON NORTH

- Julia Wallace



WAIKANAЕ

- Charles Fleming

WELLINGTON

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

NELSON

- Ernest Rutherford

RANGIORA

- Charles Upham

CHRISTCHURCH

- Anthony Wilding
- Diana Isaac
- Essie Summers
- Kevin Hickman
- Margaret Stoddart
- Ngaio Marsh
- Northwood
- Park Terrace
- Woodcote

DUNEDIN

- Frances Hodgkins
- Yvette Williams

INVERCARGILL

- Rowena Jackson

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