| Results for announcement to the market | | |
|---|---|---|
| Name of issuer | Ryman Healthcare Limited | |
| Reporting Period | 6 months to 30 September 2023 | |
| Previous Reporting Period | 6 months to 30 September 2022 | |
| Currency | NZD | |
| | **Amount (000s)** | **Percentage change** |
| Revenue from continuing operations | $322,962 | 17.8% |
| Total Revenue (see explanation below) | $500,003 | -6.6% |
| Net profit/(loss) from continuing operations | $186,685 | -3.8% |
| Total net profit/(loss) | $186,685 | -3.8% |
| **Interim/Final Dividend** | | |
| Amount per Quoted Equity Security | No interim dividend is to be paid for the period ended 30 September 2023 | |
| Imputed amount per Quoted Equity Security | Not applicable | |
| Record Date | Not applicable | |
| Dividend Payment Date | Not applicable | |
| | **Current period** | **Prior comparable period** |
| Net tangible assets per Quoted Equity Security (cents per share) | 683.6 | 704.6[1] |
| A brief explanation of any of the figures above necessary to enable the figures to be understood | **Total revenue**<br>The figure detailed as total revenue is total income per the financial statements of the group. Total income includes total revenue of the group plus the fair-value movements of investment property.<br><br>**Underlying profit**<br>Amount (000s): $139,227 Percentage change: 0.3% | |

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

Ryman Healthcare Limited
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rymanhealthcare.co.nz

| | |
|---|---|
| | Underlying profit is a non-GAAP (Generally Accepted Accounting Principles) measure and differs from NZ IFRS profit for the year. Underlying profit does not have a standardised meaning prescribed by GAAP and so may not be comparable to similar financial information presented by other entities. The Group uses underlying profit, with other measures, to measure performance. Underlying profit is a measure that the Group uses consistently across reporting periods.<br>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.<br>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. |
| **Authority for this announcement** | |
| Name of person authorised to make this announcement | Deborah Marris |
| Contact person for this announcement | Deborah Marris |
| Contact phone number | +64 3 366 4069 |
| Contact email address | Deborah.Marris@rymanhealthcare.com |
| Date of release through MAP | 29 November 2023 |

Unaudited financial statements accompany this announcement.

RYMAN HEALTHCARE

# Consolidated interim financial statements

30 SEPTEMBER 2023

RYMAN
HEALTHCARE

# 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 fifteen 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.

# Notes to the consolidated interim financial statements (continued)

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

## 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.

### 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.

# Notes to the consolidated interim financial statements (continued)

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

## 4. INVESTMENT PROPERTIES (CONTINUED)

### Security

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

## 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.

# Notes to the consolidated interim financial statements (continued)

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

## 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** |

# Notes to the consolidated interim financial statements (continued)
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

## 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.

# Notes to the consolidated interim financial statements (continued)

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

## 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 | Australia | Group |
|---|---|---|---|
| | $000 | $000 | $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.

# Notes to the consolidated interim financial statements (continued)

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

## 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.