



Ryman Healthcare Investor presentation May 2011

Overview

- **What we offer our residents**
- **How we make money**
- **12 years of being listed**
- **Underlying growth drivers**
- **Build programme**
- **Q&A**



What we offer our residents



Our Business

- **We offer our residents:**

- Home
- Community
- Companionship
- Security
- Peace of Mind
- Care







Ryman Village

- **Independent Living**

- Two bedroom townhouse
- Property services and community activities

- **Assisted Living**

- One bedroom apartment (not self contained)
- Housekeeping & Meals (plus care packages)

- **Rest Home / Hospital / Dementia**

- **Village Centre**





imagine
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Our cash flows and financials

Cash flow streams

- **Care fees**
 - Receive weekly fee for service and achieve margin
- **New sales of Occupation Rights**
 - Where we collect an Occupancy Advance from new residents for the right to occupy new units we have constructed
 - The Occupancy Advance is greater than the cost of construction
- **Resales of Occupation Rights**
 - Arise from offering the Occupation Rights for existing units to new incoming residents when they are vacated
- **Management Fees**
 - Where we collect up to 20% of the Occupancy Advance when the resident vacates the unit



Example

Single Retirement Village Unit

Cash Flows

When First Built:

Cost to build unit	-\$200,000
Receive capital sum from first resident	<u>+\$250,000</u>
Net Cash Gain	+\$50,000

When Unit Vacated (e.g. after 5 years):

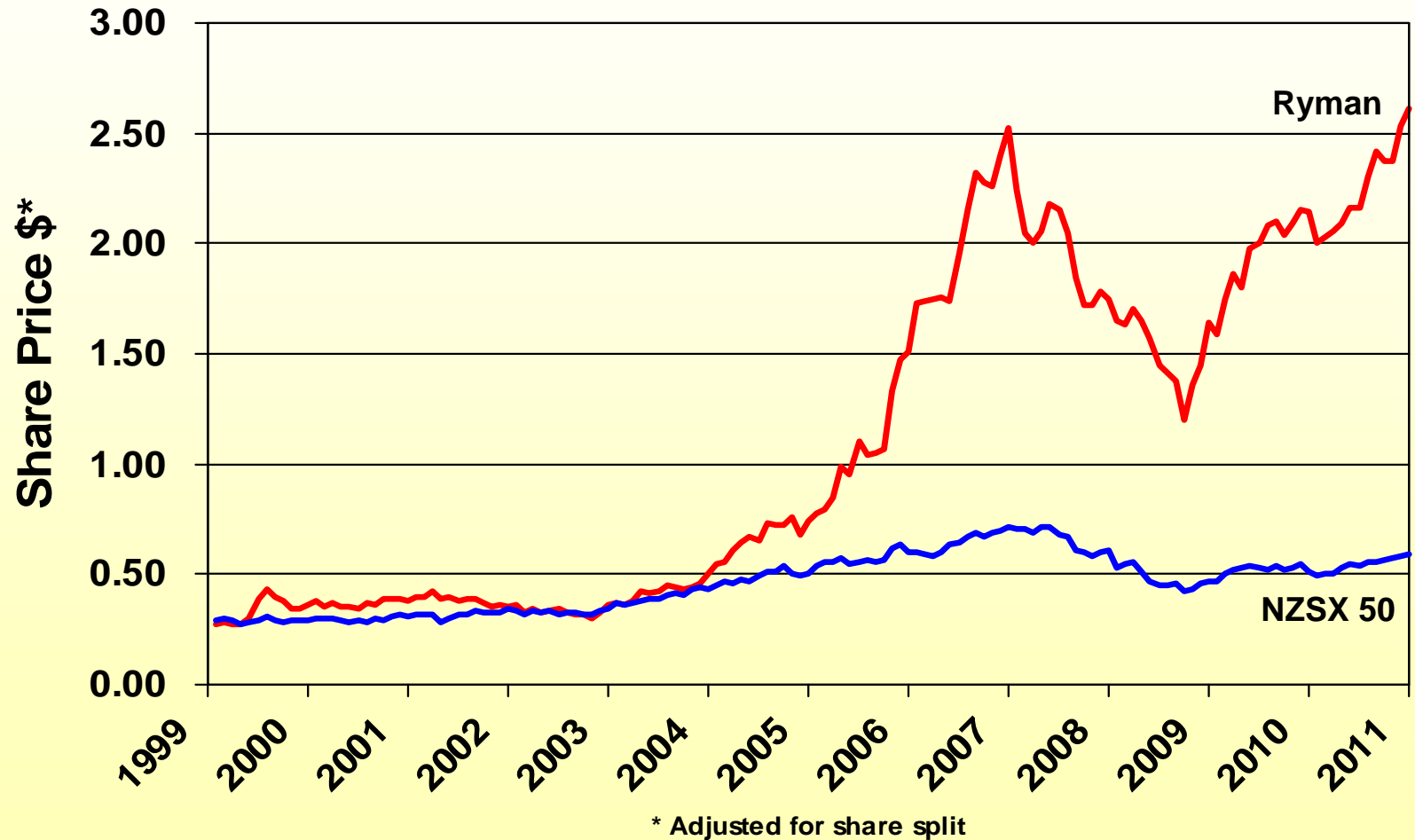
Repay capital sum to first resident	-\$200,000 ¹
Receive capital sum from next resident	<u>+\$300,000²</u>
Net Cash Gain	+\$100,000

1. Initial capital sum of \$250,000 less 20% management fee (being 4% for 5 years)

2. Initial capital sum of \$250,000 plus 20% capital gain (at 4% for 5 years)

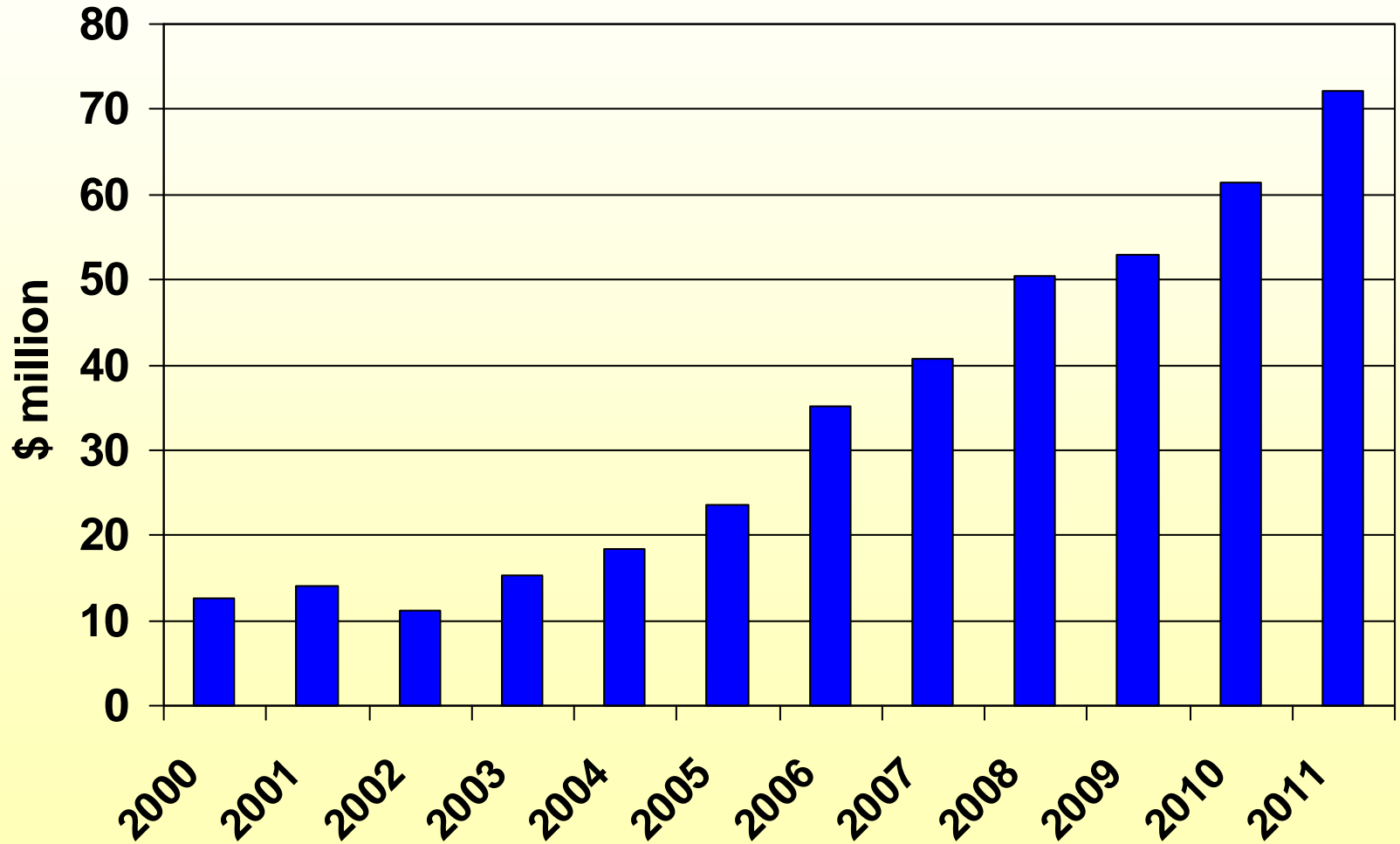
**Sustained growth in over 12
years since listing**

Share Performance since float



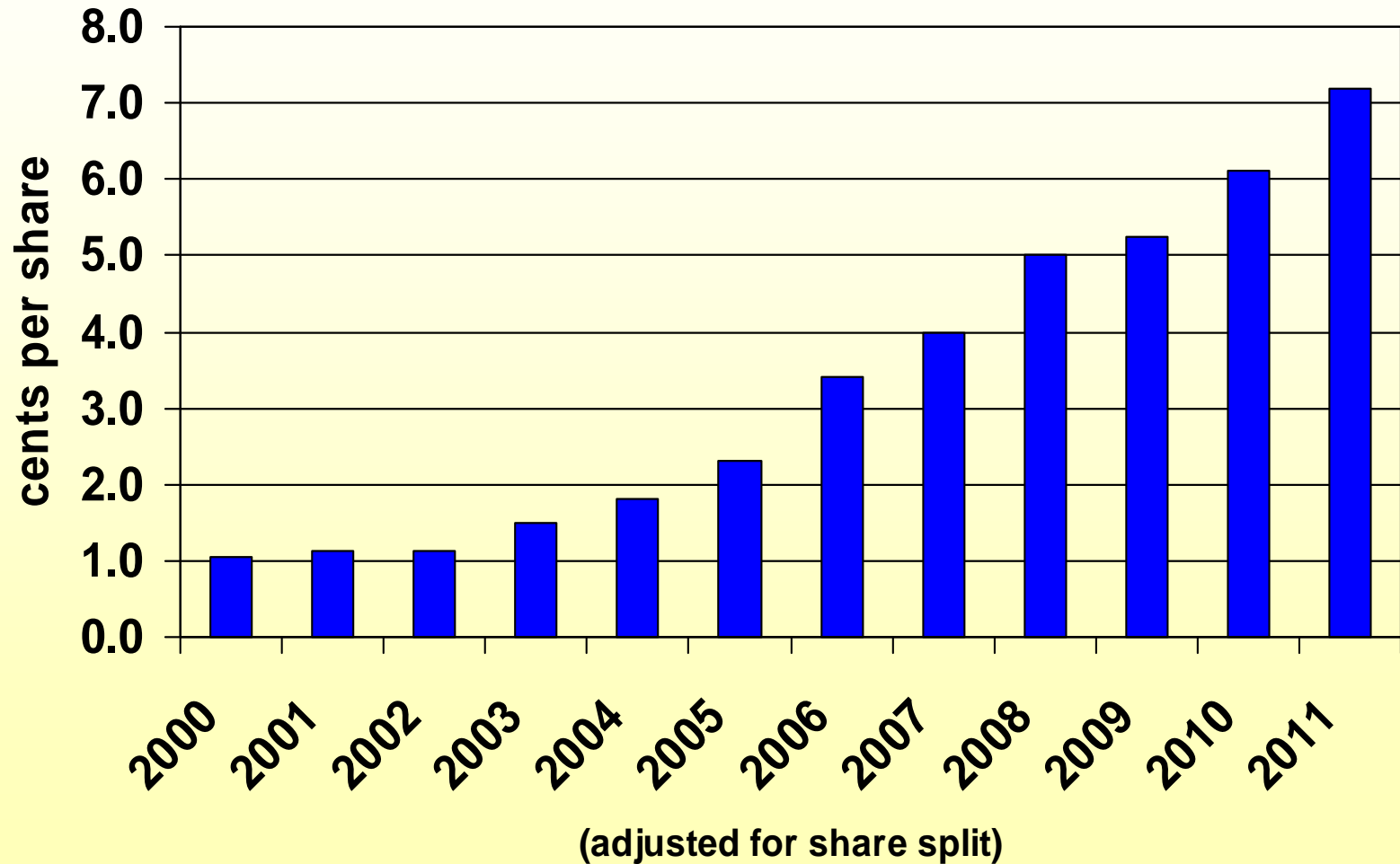


Underlying Profit



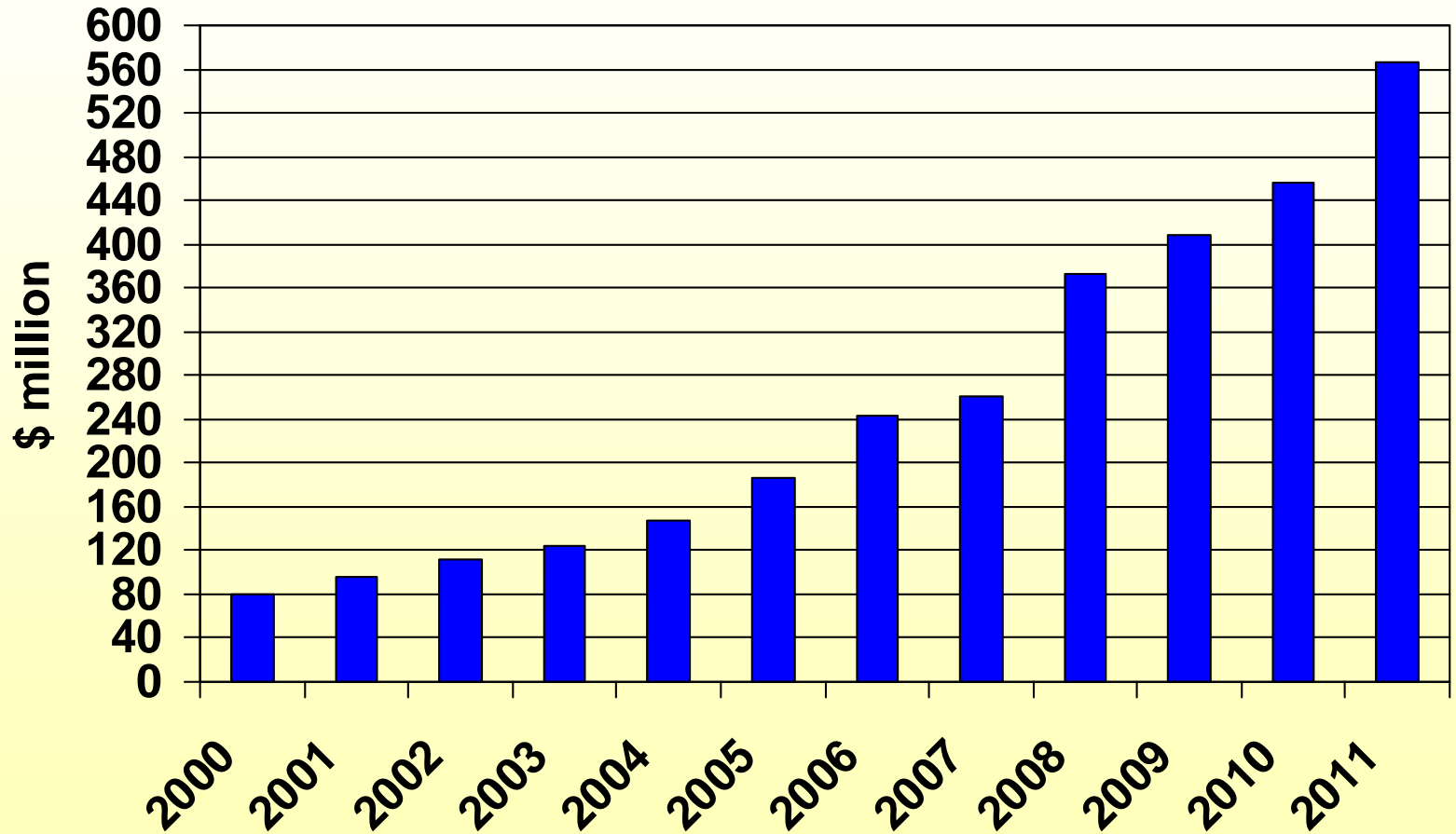


Dividend History





Shareholders Equity



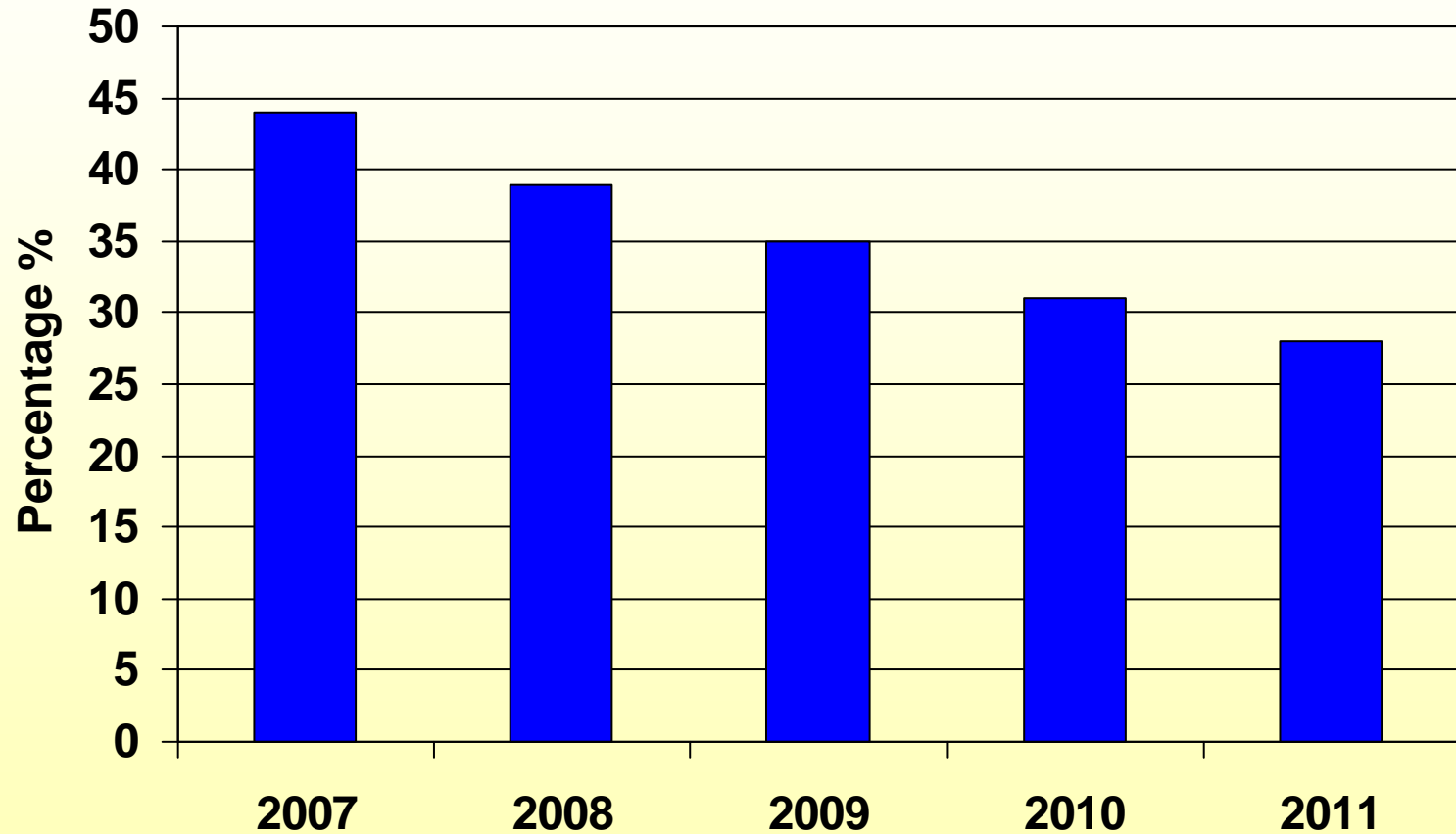


Long Term Capital Efficiency

- **\$25m raised at IPO in 1999**
- **Invested \$845m in portfolio since**
- **With no fresh capital since listing**
- **Meanwhile dividends of \$200m paid out**
- **Self funded growth from operating cash flows**
- **Conservative bank debt – 28% D/E**



Interest Bearing Debt to Equity %





Underlying Profits excl non cash

Underlying Profit	\$72.1m
 Plus Unrealised revaluations of RV units	 +\$30.7m
 Less Deferred tax movement	 <u>-\$2.6m</u>
 Reported Net Profit - IFRS	 \$100.2m

Our emphasis is on trading profits not unrealised valuation movements

Long term growth drivers

Competitive Advantage

- **Brand reputation – 25 years in sector**
- **Experienced team and Board**
- **Unique integrated villages**
 - 'Needs' focus
 - Greenfields sites
- **Vertical integration – we do it all**
- **Pricing structure – Ryman Peace of Mind**
- **Scale – replicating what we do**
- **Access to capital**

Underlying Growth Drivers

- **Growing elderly population**
- **Long term care demand growing – people living older but frailer**
- **Developing unique Ryman new villages**
- **Growing acceptance of retirement villages**
- **Strength of Ryman brand**



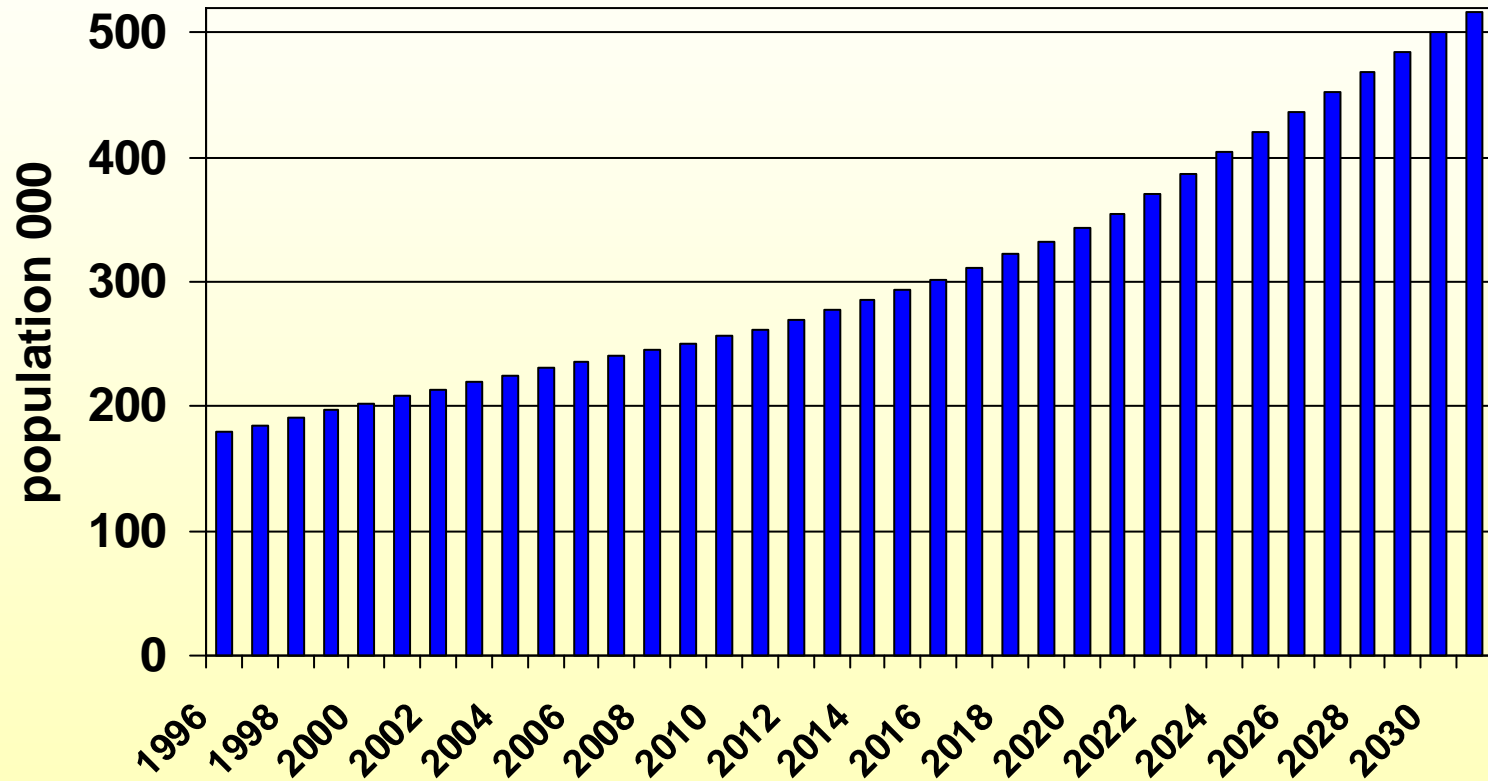
Growing Elderly Population

- **Currently 250,000 aged 75+ years**
 - Historically grown at rate of 5,000 pa
 - Will grow at rate of 16,000 pa by 2021
 - By 2031 75+ years population projected to more than double to 516,000
- **Within this the 85+ population is the fastest growing**
 - From 66,000 today to 144,000 by 2031
- **Supports our needs based approach**

NZ Aged Care Sector Review

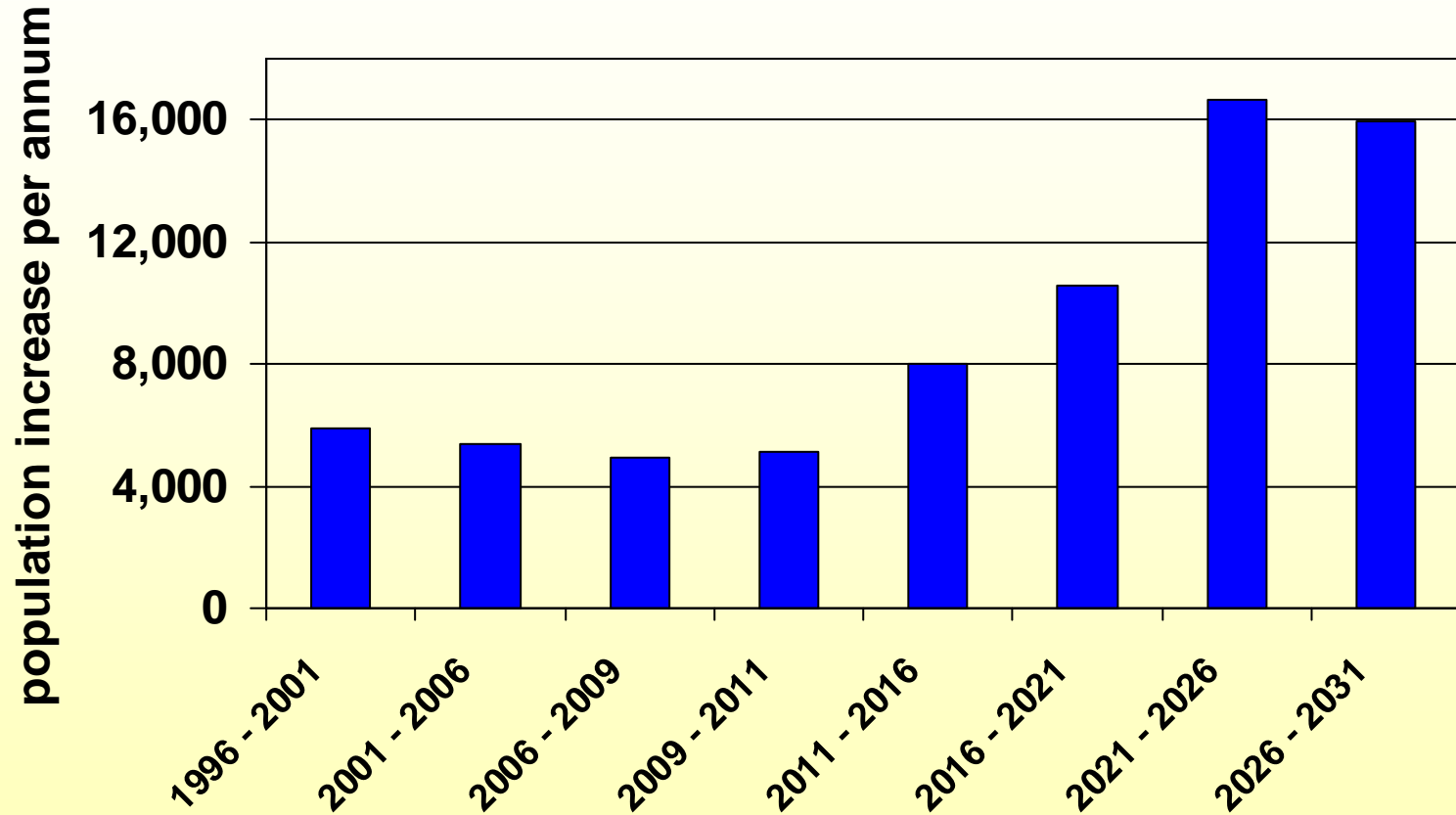
- **Joint Government, DHB and Industry review**
- **The most extensive aged care review ever undertaken in NZ. Key findings:**
 - By 2026 between 12,000 and 20,000 extra residents will require aged residential care (currently only 34,000 beds)
 - 50% of current stock over 20 years old
 - Financial returns to operators are insufficient to attract new sector capacity
 - No credible alternatives identified

Population 75+



Source: Statistics NZ

Population 75+ rapidly increases



Source: Statistics NZ

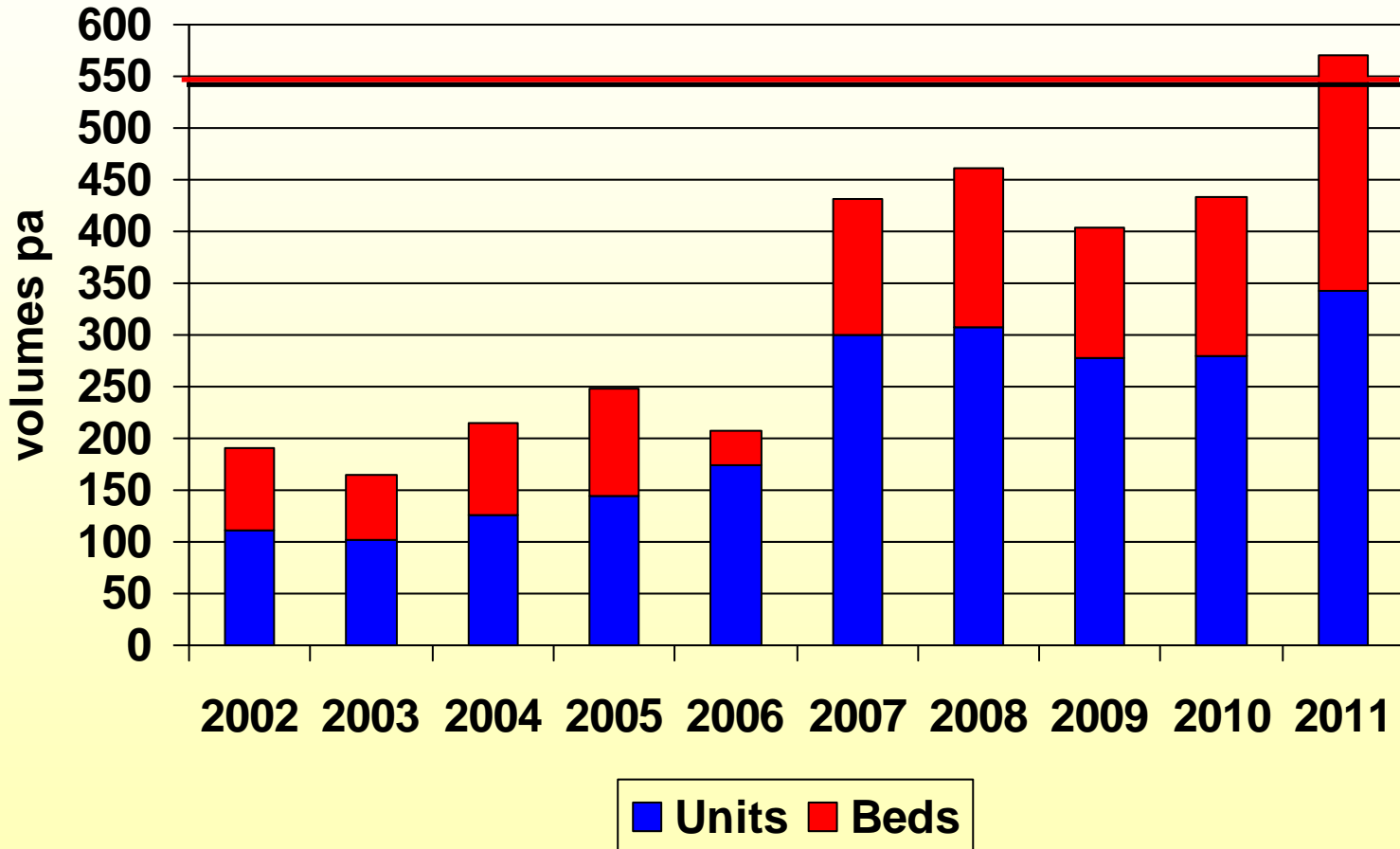
Australian plans

- **Actively seeking a site for first village in Australia**
- **One village at a time**
 - Relatively unique to offer Ryman model of full range of care on one integrated site
- **Initial focus Melbourne**
- **Funded by bank debt / strong operating cash flows**
- **Commitment to NZ growth unchanged**

Our Portfolio and Build Programme

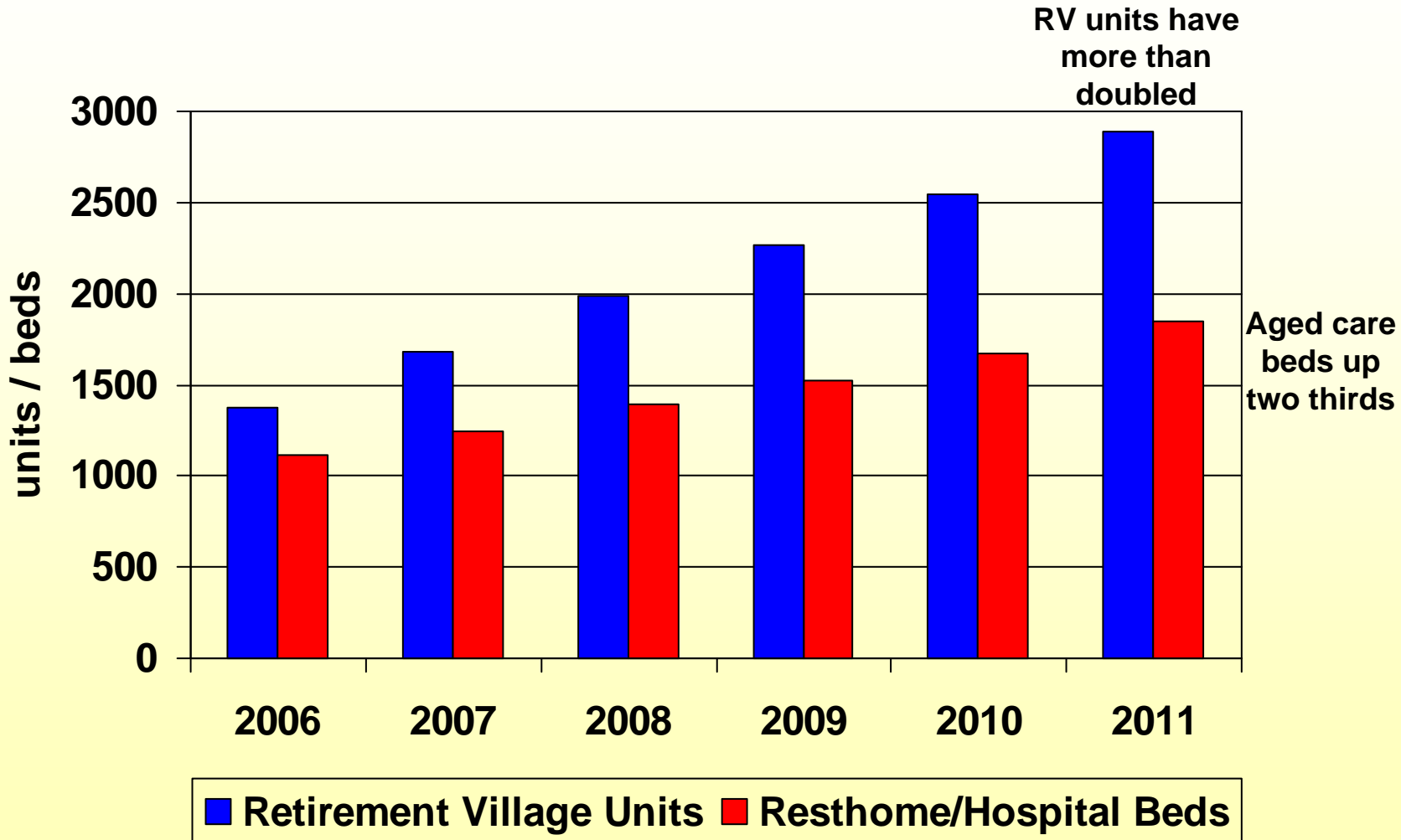


Build Programme now at 550





Portfolio Growth

















Summary

- **Strong financial position from which to drive further growth from:**
 - Completed villages
 - Care earnings
 - New units / beds
 - NZ at 550 pa
 - Australia
- **To meet needs of rapidly growing 75+ population over next 20 years of 12,000 per annum**

Summary (continued)

- **Capacity and capability for growth**
 - Proven execution ability of self funded growth
 - Financial strength
 - Tail of growing recurring earnings at mature villages
- **Supported by long term demographics**
- **Strong brand position and reputation**
- **Happy residents**
- **Long term growth proposition**

