Ryman Healthcare

ANNUAL REPORT 2023

RYMAN
HEALTHCARE

Pictured on the front cover Residents at our Weary Dunlop Village, John and Barbara captured the hearts of many as stars in our recent Full Life brand campaign.

This image Ryman resident Jean and caregiver Ronalyn Alolor enjoy time together at our Kevin Hickman Village.


Enhancing freedom,
connection and
wellbeing for people
as we grow older.

Artist's impression of our upcoming Cambridge Village.

About this report

This is the sixth annual report for Ryman Healthcare Limited (Ryman) prepared according to the guiding principles of the International Integrated Reporting <IR> Framework. The <IR> Framework encourages businesses to report against issues most material to their stakeholders, as well as provide insights into how their businesses create value and how this value contributes to sustainable returns for stakeholders over the long term.

This report covers the period 1 April 2022 to 31 March 2023. Where appropriate, we have also included updates on events, activities and developments post-balance date that we deem relevant to a better understanding of our performance.

At a glance

$257.8m reported profit

-62.8%

$272.6m
operating EBITDA[1]
29.4%

-$389.0m
free cash flow[1]
93.2%

$301.9m underlying profit[1]
18.4%

33.1%
debt to debt-plus-equity gearing
-9.5%[2]

$12.51bn
total assets
14.1%

1,519 booked sales of occupation rights

-1.6%

2.1%
of total units available for resale
0.7%[2]

$1.78bn
resale bank for future sales
-4.8%

1 For a definition of *operating EBITDA* and *free cash flow* refer to page 21. For a definition of *underlying profit*, refer to page 69.
2 Percentage points.

45
villages open

38 New Zealand villages
7 Australian villages

7,200
team members

13,900
residents

4,456
care beds[3]

9,142
retirement-village units[3]

14
sites under construction

11
sites in the land bank

$500,000+
donated to charitable partnerships

9x voted Reader's Digest Most Trusted Brand

Aged Care and Retirement Villages category

3 Units and beds are included in the portfolio on a complete or near-complete basis. See appendix 23 in the Ryman Healthcare FY23 full year result presentation for our definition of 'near complete'. This can be found on the Ryman website.

Highlights

Ryman residents taking part in our Walking for Wellness event.

April 2022

June

Development
Our purchase of a 9.8ha site in Taupō adds a townhouse-style development to our land bank

July

Generosity
Residents begin knitting over 14,000 Yuri Bears for Ukrainian children

September

Event
Our residents walk a combined 43,000km in our 2022 Active Ageing Event: Walking for Wellness

Sustainability
We launch our sustainability strategy

Discussion
We release our aged care policy discussion paper in Australia

October

Philanthropy
We donate $422,000 to the Prostate Cancer Foundation

November

Expansion
Construction starts at our new Cambridge Village with the support of Ngāti Koroki Kahukura, Waikato River iwi

Our Taha Māori Kaitiaki, Irihapeti, and Harry of Ngāti Koroki Kahukura walking the whenua/land for iwi engagement.

Ryman Prize

World-leading neuropsychiatrist Professor Perminder Sachdev becomes the eighth winner of the $250,000 Ryman Prize

The Right Hon Jacinda Ardern and Professor Perminder Sachdev.

Support

We rally around our flood-affected residents and staff in Auckland and Hawke's Bay

Recognition

We win the Reader's Digest Most Trusted Brand award for the ninth time in the Aged Care and Retirement Villages category

December | January | February | March | April | May | June 2023

Progress

Our 8.9ha site in Mt Eliza, Victoria gets planning approval from the Victorian Civil and Administrative Tribunal

Artist's impression of our proposed Mt Eliza Village.

Technology

Our new *my*Ryman Resident App hits the milestone of being rolled out to half of our New Zealand villages

Equity raise

We complete our $902.4 million equity raise

Industry-first

Our agreement with renewable energy fund Solar Bay represents a first for the retirement industry

Award

We win Operator of the Year (Ageing in Place) at the Asia-Pacific Eldercare Innovation Awards

Interim Chair and Group CEO report

Interim Chair Claire Higgins and Group Chief Executive Officer Richard Umbers at our Kevin Hickman Village.

"The strength of the Ryman team gives us every confidence that we will deliver on our care promise, reposition the business to capitalise on future opportunities and improve financial performance."

$257.8m

reported profit (IFRS)

$301.9m

underlying profit (non-GAAP)

A transitional year

We are pleased to report a solid result for the year, while also undertaking a number of important steps to reposition the business for future growth. This has been achieved against a backdrop of a challenging economic environment, severe weather events and the tail-end impacts of COVID-19.

Our underlying profit of $301.9 million represents an 18.4 percent increase on FY22, driven by strong resale margins and a growing contribution from the Australian business.

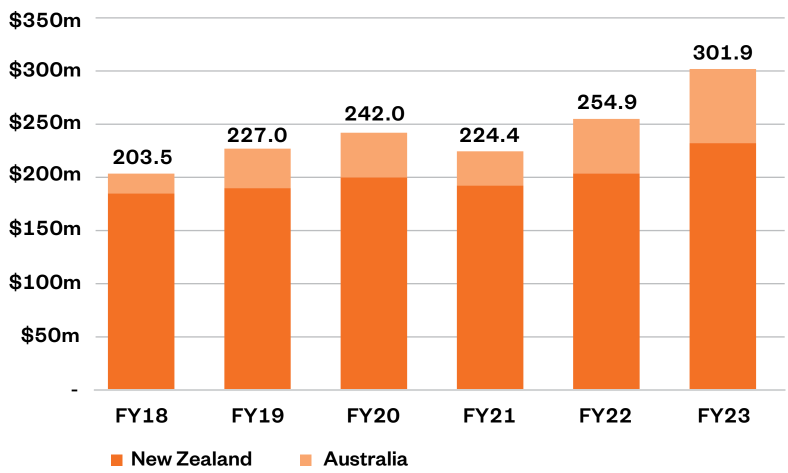
Reported profit decreased by 62.8 percent to $257.8 million due to lower revaluation gains of investment property and costs associated with the early repayment of United States Private Placement (USPP) notes.

A major event this year was our $902.4 million equity raise, followed by the necessary repayment of USPP notes at a significant additional cost to their face value. We wish to acknowledge the substantial impact this has had on our shareholders, and that it has followed a period of low shareholder returns. We have spent a substantial amount of time understanding the factors that led to the raise and the subsequent suspension of dividends, and believe that these actions were required and are in the long-term best interests of shareholders.

Significantly, the equity raise has strengthened our balance sheet and will better enable us to execute our new growth model, while maintaining our focus on world-leading care that is 'Good enough for Mum and Dad'.

We remain positive about the age and wealth demographics over the longer term, and have taken steps during the year to reposition the business to capitalise on this future demand.

Underlying profit (non-GAAP)



Our balance sheet is now set up for sustainable growth

From FY18 through to this financial year, we have invested over $4.42 billion in our portfolio, delivering 3,174 retirement-village units and 1,175 new care beds[1], as well as adding 19 new sites to our land bank.

We remain confident that this recent period of accelerated investment will underpin growth in future earnings and cash flows through resale margins and deferred management fees (DMFs).

Our equity raise has enabled us to reset our capital structure. Following the raise, net debt has reduced to $2.30 billion, and we finished the year with a gearing ratio of 33.1 percent, in line with the company's medium-term target of 30-35 percent.

Reflecting strong support from our banking syndicate and institutional term loan holders, key covenant ratios have been adjusted, providing us with additional flexibility in the current interest rate and economic environment.

The equity raise offer saw a 71 percent take-up of entitlements across institutional and retail offers, with remaining entitlements sold through respective bookbuilds. Importantly, the board structured the offer with a view to maximising fairness for all shareholders. All eligible shareholders had the ability to participate in the offer on the same terms (including offer ratio and price), and where they did not participate they received value for their entitlements under either the institutional or retail bookbuilds or by selling retail entitlements on the NZX Main Board.

Strategic initiatives

We are implementing a number of initiatives to improve capital efficiency and performance as part of our new growth model:

- **Shifting to lower-density development**
  During the year we began refocusing our development pipeline on lower-density, townhouse-style villages that have an improved cash flow profile.
- **Right-sizing our care centres**
  We took steps to right-size our care offering to maximise returns – shifting our future development mix towards a higher ratio of retirement-village units relative to aged-care beds, while remaining true to delivering a continuum of care.
- **Diversifying our revenue streams**
  We are expanding our care revenue through the introduction and delivery of new services that complement current resident offerings.
- **Reduced DMF phasing**
  We reduced our DMF phasing from 5 years to 4 years for independent-living units, and commenced a trial of alternative DMF structures.
- **Improved cost management and operational efficiency**
  We are optimising returns from existing villages by leveraging our continuum of care model.

1 Units and beds are included in the portfolio on a complete or near-complete basis. See appendix 23 in the Ryman Healthcare FY23 full year result presentation for our definition of 'near complete'. This can be found on the Ryman website.

Demand remains steady

Despite uncertainty in the wider residential property market, particularly in Auckland in the latter half of the year, we saw continued healthy demand for what we offer.

Booked sales of occupation-right agreements were stable at 1,519 sales in FY23, broadly in line with FY22.

At 31 March we had only 2.1 percent of total units available for resale and $1.78 billion in our resale bank. We had also undertaken 1,240 unit refurbishments in FY23.

Our average occupancy in mature aged-care centres was robust at 95 percent throughout the year, notwithstanding COVID-19 challenges through the winter months of 2022, and has increased to 96 percent at year end.

Refocusing our strategy

This year management and the board reviewed and rearticulated our strategy and shared it as our 'strategy on a page' at our investor day in October. This has already enabled us to identify and implement significant changes that will underpin our success in the future.

A market-differentiating continuum of care for ageing well

In New Zealand, we are proud to remain the highest performing of all the large aged-care operators in terms of clinical certification. 82 percent of our New Zealand villages have 4-year certification. In Australia, all four of our operational care centres received 4-star ratings following the launch of a new aged-care rating system.

The introduction of care suites will further enhance our continuum of care and complement our offering to meet the growing demand for premium care accommodation options. We expect to deliver the first of these suites in our Northwood Village in 2025.

The response to the introduction of *Ryman Home Care* in our Australian villages was strong, with 132 independent residents now enjoying funded home care packages.

Refundable accommodation deposits (RADs) are part of the regulated funding model in Australia. We also offer RADs across all of our New Zealand villages. This option is proving increasingly popular. Total RADs increased to $300.3 million, resulting in a net cash inflow of $100.6 million during the year. While New Zealand contributed around half of this increase, the opportunity for RADs remains substantial, with only 9 percent of our occupied beds in New Zealand having RADs at year end.

An unparalleled resident experience

We continued to deliver improvements to our resident experience, lifting industry standards and seeking to exceed resident expectations with ongoing investments in technology to enhance our activities programme.

Our *my*Ryman Resident App is a platform to improve access to a wider range of activities and services within the villages. It is now being used by over 2,500 residents in 20 villages. Similarly, hospitality platform *Saffron* is now being rolled out to all villages to enhance our food offering.

We also introduced *Salesforce*, a world-leading customer relationship management platform that will enable us to streamline our sales processes, unit modifications and maintenance services across our villages.

Our Active Ageing Event for residents this year was Walking for Wellness, following the successful *Olympics*@RYMAN in 2021. More than 700 residents participated, walking a combined total of 43,000 kilometres.

Throughout the year, our team continued to shine with their efforts, resilience and commitment. They did a remarkable job in responding to the ongoing impacts of the pandemic and adverse weather events, including Cyclone Gabrielle. They went above and beyond to ensure our residents were kept safe and well cared for.

Winning the New Zealand Reader's Digest Most Trusted Brand award in our category once again – our ninth win since 2015 – is testament to the quality of our care, the dedication of our people and the differences, large and small, that our people make in the lives of our residents and their families.

“

Mature aged-care occupancy improved to 96 percent at March 2023, demonstrating the quality of our care operations and the strength of our brand.”

"

We expect our revised development pipeline to deliver 750-800 new retirement-village units and aged-care beds in the next financial year."

Development activity

Our portfolio of units and beds increased by 821 (519 fully completed units and beds, and 302 that are near complete[1]). This was below previous guidance of around 1,000 due to severe weather events, particularly those impacting construction at our James Wattie Village.

At year end there were 14 villages under construction, a reduction of two on the prior year. Progress has been made on a number of village main buildings that were delayed due to COVID-19.

We invested $1.04 billion in portfolio development and finished the year with net operating cash flows of $650.8 million, resulting in free cash flow of -$389.0 million.

During the year we added Taupō to the land bank and sold our Mt Martha site in Victoria, with settlement due later in 2023, and our Newtown site in Wellington is now being held for sale.

Significantly, we received planning approvals for four sites in FY23: Karori and Rolleston in New Zealand and Mulgrave and Mt Eliza in Victoria.

New sustainability strategy

The launch of our sustainability strategy during the year was a major milestone in our journey to a sustainable future. In consultation with stakeholders, we identified a number of key projects that will be undertaken in coming years.

1 See appendix 23 in the Ryman Healthcare FY23 full year result presentation for our definition of 'near complete'. This can be found on the Ryman website.

Engaging to shape the sector

We remain key contributors to shaping regulatory frameworks across New Zealand and, increasingly so, across Australia.

Our discussion paper on the benefits of our continuum of care model to the retirement-village and aged-care sector in Australia attracted significant positive attention.

In New Zealand, we continue to seek a review of the Aged Residential Care contract to enable greater flexibility in the provision of care services to our residents. The success of our home care model in Australia points to both the market demand and the potential for resident-centred solutions to care needs.

FY24 outlook

Guidance for the year ahead remains in line with that given in our equity raise outlook statement:

- Underlying profit is expected to be in the range of $310-$330 million.
- Our portfolio is expected to grow by 750-800 retirement-village units and aged-care beds, with a similar proportion of care beds to FY23.
- Net investing cash flows are estimated to be in the range of $0.80-$1.00 billion.

As previously indicated, the board has determined that no final dividend will be paid in the current financial year. The board will consider the resumption of paying dividends in FY24, taking into account trading performance, cash flow and market conditions.

Facing the future with confidence

We emerge from a year characterised by market uncertainty with greater confidence. We continue to see significant growth opportunities in both New Zealand and Australia.

Our capital management initiatives and operational improvements reflect our more disciplined focus on delivering per-share financial returns with enhanced capital efficiency, cash flows and return on capital. Our measures of success will centre on improved shareholder value creation.

We will continue to support our strategy through our premium brand, and through reinforcing our strong culture.

The strength of the Ryman team gives us every confidence that we will deliver on our care promise, reposition the business to capitalise on future opportunities and improve financial performance.

This year we also increased disclosure in several areas including the number of units and beds in our portfolio and debt metrics that align with our increased focus on capital management. We also introduced financial metrics centred on cash flow generation and operating performance. These new metrics are not intended to replace underlying profit, rather they give a broader perspective on how the business is tracking. We will continue to review our disclosures in light of feedback we have received in order to improve transparency.

Group Chief Executive Officer Richard Umbers and interim Chair Claire Higgins enjoying morning tea with residents Kath, Ann and Barry at our Weary Dunlop Village in Victoria.

Board and governance: Leading for the future

As referenced in last year's annual report, Dr David Kerr attended his last annual meeting as a director in July 2022, having stepped down as Chair in January 2022. Again, we thank him for his service to Ryman and for his continued support into the future serving on our Clinical Governance Committee.

Greg Campbell succeeded David as Chair but resigned his position in November 2022 due to ill health, with existing board member Claire Higgins taking on the role in the interim.

Looking ahead, three of our directors will retire during FY24. George Savvides retired from the board on 1 June 2023, while Warren Bell and Jo Appleyard will retire at the upcoming annual meeting. Geoffrey Cumming also announced that he will not seek reappointment when his current term expires in 2024. Our thanks to all for their dedication and commitment as members of our board over many years. We wish Greg, George, Warren and Jo all the best.

With a focus on refreshing board leadership and bringing new capability to the company, we are delighted to announce the appointments of Dean Hamilton and James Miller as directors on 1 June 2023.

The board's intention is for Dean to become board Chair on 31 July 2023 and for James to transition to the Audit, Finance and Risk Committee Chair role. Dean brings an extensive background in governance, large company leadership and financial markets, across both New Zealand and Australia. He is currently Chair of trans-Tasman civil contractor Fulton Hogan and holds director roles at Auckland International Airport and The Warehouse Group. James is the current Chair of Channel Infrastructure and a director of Mercury NZ and Vista Group. He was previously Chair of NZX and brings deep knowledge in both audit and risk and financial markets.

In addition, we have made several adjustments to our senior executive team and within our new regional structure in order to pursue our growth model. These have involved tightening regional leadership, bringing a number of key skills in-house and aligning senior leaders to new roles.

Thanks to all

We would like to acknowledge and thank our people. 7,200 Rymanians come together each day to develop our village communities and deliver quality care and exceptional resident experiences. They make our culture unique and play an integral role in the overall success of our business. We thank each of them for their dedication and commitment.

We continue to strive to be 'Good enough for Mum and Dad'.

To that end, we will continue to seek new ways to deliver ever higher standards of care, while improving the efficiency of operations and achieving a stronger financial outcome.

A very special thank you to our shareholders. We appreciate your continued belief in our purpose, and your faith in our ability to deliver in the future.

"Our team of 7,200 Rymanians make our culture unique and play an integral role in the overall success of our business."

Claire Higgins
Interim Chair,
Ryman Healthcare

Richard Umbers
Group Chief Executive Officer,
Ryman Healthcare

Full year result commentary

1,519

booked sales of occupation rights

2.1%

available retirement-village unit resale stock

Strong margins, stable volumes

Total booked sales of retirement-village units have been stable, with 1,519 sales broadly flat on FY22. Booked resales lifted 7.5 percent to 1,057, while booked new sales fell 17.5 percent to 462, mainly because of challenging second-half market conditions in New Zealand. Unsold resales stock lifted slightly to 2.1 percent at year end (vs 1.4 percent at March 2022).

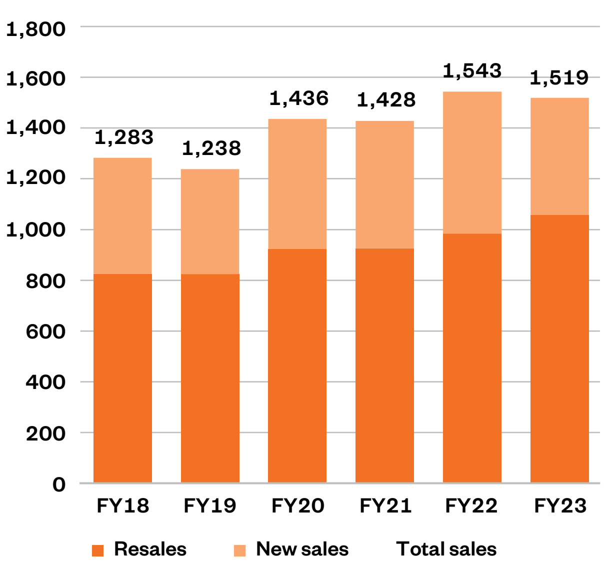
Gross resale margins lifted strongly to 31.1 percent in FY23, driven by a maturing portfolio in New Zealand (32.6 percent). Future resales will be underpinned by the resale bank of $1.78 billion, with implied gross resale margins of 24.9 percent (assuming no change in unit pricing).

New sales margins on developments also remained strong at 29.4 percent, underpinned by a strong performance in Australia (32.6 percent).

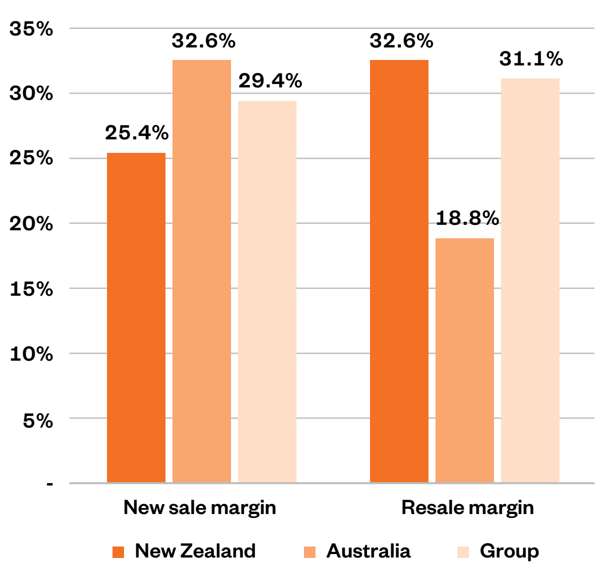
Total sales of occupation-right agreements increased from $1.08 billion to $1.17 billion, driven by a 10.3 percent uplift in average price per unit.

Average new sales and resale prices lifted to $905,000 and $714,000 respectively.

Booked sales of retirement-village units



Gross margins on booked sales



New metrics used to track performance

This year we have introduced two new metrics – free cash flow and operating EBITDA – to give a broader perspective on how the business is tracking.

Free cash flow reflects the combination of net operating cash flows and net investing cash flows and therefore demonstrates the total cash generated or used by the business, including for development.

We invested $1.04 billion in portfolio development and finished the year with net operating cash flows of $650.8 million, resulting in free cash flow of -$389.0 million.

Our investment programme included progressing six high-capital-intensity main buildings across the portfolio.

The development programme has now been reprioritised to target positive free cash flow by FY25. This includes remixing the land bank with lower-density villages that have an improved cash flow profile and right-sizing our care offering for future developments.

Operating EBITDA focuses on the performance of our existing operations, excluding the impacts of development earnings, interest, depreciation and amortisation.

Up until FY22, operating EBITDA was relatively flat, reflecting cost pressures that had not been matched by additional funding, specifically in aged care.

That changed this year with operating EBITDA lifting 29.4 percent to $272.6 million thanks to a growing contribution from resale margins and management fees, as a number of villages built in higher-value locations in recent years have started to mature.

Financial metrics

$m	FY23	FY22	YoY
Earnings			
Reported profit (IFRS)	257.8	692.9	-62.8%
Underlying profit (non-GAAP)	301.9	254.9	18.4%
Operating EBITDA[1] (non-GAAP)	272.6	210.6	29.4%
Cash flow			
Net operating cash flows	650.8	586.0	11.1%
Net investing cash flows	(1,039.9)	(787.3)	32.1%
Free cash flow[2] (non-GAAP)	(389.0)	(201.3)	93.2%

1 See slide 15 in the Ryman Healthcare FY23 full year result presentation for a breakdown of operating EBITDA. This can be found on the Ryman website.

2 Combined net operating and net investing cash flow.

Our business

Ryman is a vertically integrated retirement-living and aged-care developer, owner and operator, providing exceptional care for older people. We create beautiful homes, high-quality villages and supportive communities with access to superb amenities.

We believe that the true measure of a full life is one that gets richer with age. Our business model centres on our continuum of care. Our retirement-living options include independent apartments and townhouses and assisted living in serviced apartments. Our aged-care offering includes resthome, hospital and dementia care. We emphasise innovation and improving people's wellbeing as they grow older.

We own and operate 38 villages across New Zealand and seven in Victoria, Australia. 14 villages are under construction, including nine that are partly open and have welcomed their first residents. We have a further 11 sites in our land bank. Once completed, these villages provide homes and care for our residents and generate returns for our shareholders and meaningful careers for our people. They also act as supportive hubs to surrounding communities and provide critical healthcare infrastructure.

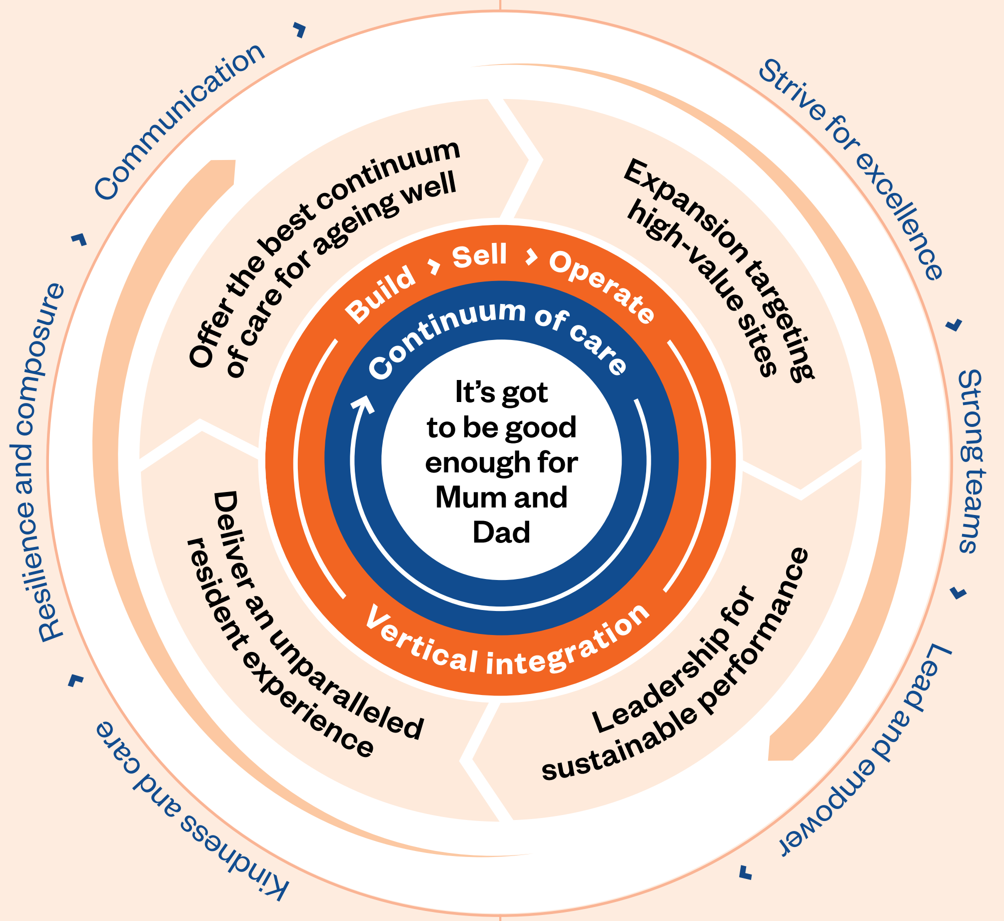
"Our villages are home to 13,900 residents and our team members engage with them every day to provide care, service and friendship."

Richard Umbers, Group Chief Executive Officer

How we create value

Our resources

Our people	Our expertise	Our communities	Our relationships	Our environment	Our financial strength



Value created

Developing our people	Enhancing our expertise	Growing our communities	Strengthening our relationships	Protecting our environment	Building our financial strength

Our resources

Our people

Our team of dedicated Rymanians drive our innovation and allow us to design and build high-quality villages for our residents and deliver exceptional care, an unparalleled resident experience and strong financial returns. Investing in our people enables us to offer better care to residents and accelerates our business performance.

We develop our people through:

- providing an environment where everyone feels included and empowered
- promoting respect that focuses on recognising and valuing each person for their background and contribution
- focusing intently on health, safety and wellbeing
- investing in training and career progression.

Our expertise

Our villages are uniquely Ryman in how they are designed and built. Our collective wisdom, experience and systems are difficult to replicate. We are well positioned to respond rapidly to changes in the operating and regulatory environments. We use our voice to educate and lobby on behalf of the sector.

We enhance our expertise by:

- continuing to develop our in-house skills and knowledge
- listening to our residents, their families and our team
- sharing knowledge and best practices within the company via our regional operating model.

Our communities

Our villages provide our residents with security, companionship, social connectedness and environments that challenge the conventions of ageing. Each village becomes an important asset for the wider community, and an economic engine to support our future growth.

We grow our communities by:

- locating our villages in well-established areas where people want to retire
- helping to meet the demands of a rapidly ageing population
- providing employment for local people and becoming an economic driver for local businesses.

Value created

Our relationships

We value strong relationships across all areas of our business – between residents, their families, our teams, suppliers and contractors and our local communities. Many of these relationships are long term and form a key part of our success.

We continue to strengthen our relationships with:

- our residents and their families, who trust us to care for their loved ones
- our team, who trust us to provide them with a meaningful, reliable and safe place to work
- our suppliers, who trust us to pay on time
- our shareholders, who trust us to provide them with strong commercial returns on their investments.

Our environment

Our sustainability strategy focuses on our places, our people and our purpose. As a responsible market leader in New Zealand and Australia, we make sure all decisions are made with sustainability in mind so that we can leave the environment in better shape for generations to come.

We look to protect our environment by:

- committing to a zero-carbon future through cutting our greenhouse gas emissions
- minimising the impacts of our operations on the environment
- ensuring that the growth of our villages is sustainable.

Our financial strength

We have grown total assets to $12.51 billion. Long-term asset growth underpins our ability to invest in future villages, innovation, lifting the experiences of our residents and the development of our people. A focus of our growth model is to improve shareholder value creation.

We continue to build our financial strength by:

- building our own operating assets and generating cash to invest in new villages
- proactively managing our cash flow
- focusing on capital-efficient development
- improving cost management and operational efficiency.

Our materiality matrix

As part of creating our sustainability strategy, we undertook a formal engagement process that helped us to identify the most critical issues impacting our stakeholders.

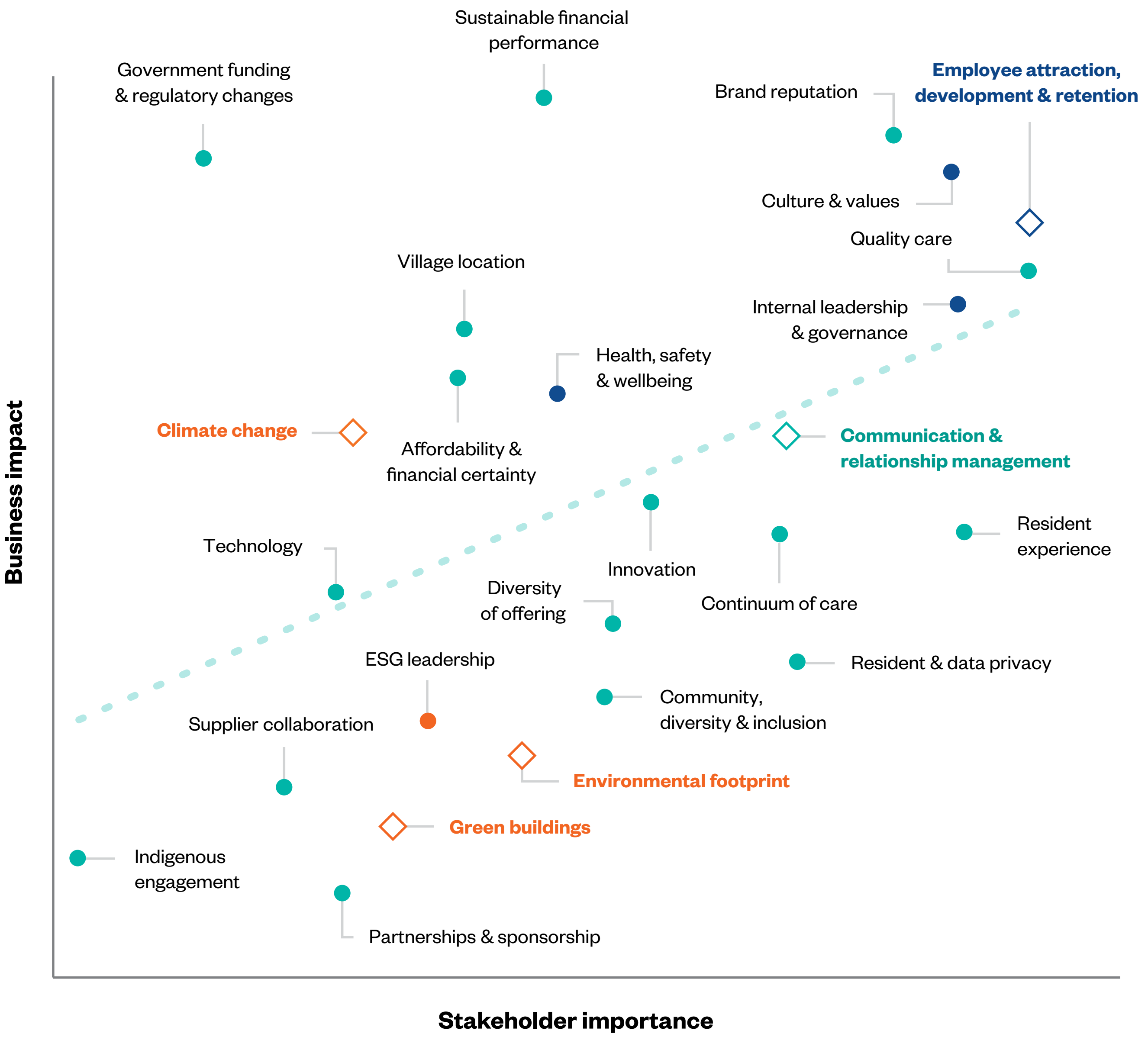
We interviewed a range of stakeholders across New Zealand and Australia, including shareholders, financiers, investors, district health boards, local councils, indigenous communities, suppliers, our commercial partners and selected members of our board.

This materiality matrix represents the top 25 issues identified in this process and reflects the aggregate views of all stakeholders. It should be noted that all issues on the matrix were seen as material issues identified by our stakeholders.

Our finalised priorities are grouped under three pillars: Our Places, Our People and Our Purpose. By grouping what's important to our stakeholders under these three pillars, we have been able to organise priorities clearly and progress our commitments in a balanced way. We have then set in place a full programme of projects that will enable us to implement clear workstreams.

The material issues marked with diamonds were prioritised by our stakeholders as areas where Ryman has the most opportunity to improve its performance.

> **"Success in achieving sustainability depends on our ability to recognise, balance and organise the priorities of places, people and purpose."**
>
> **Richard Umbers,** Group Chief Executive Officer



- Our Places
- Our People
- Our Purpose

The top 5 material issues where our stakeholders thought Ryman has the most opportunity to improve its performance are marked with diamonds.

Alignment with the UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) remain a critical blueprint for aligning sustainability efforts globally. Our material issues have been mapped to the SDGs to help us to better engage with residents, prospective residents, team members and other stakeholders.

Our places

We strive to minimise any adverse impact on our communities. We seek to leave the environment in better shape for generations to come.

Priority material issues

- Climate change
- Environmental footprint
- Green buildings

Projects

- Establish science-based emission reduction targets
- Identify alternative fuel vehicles
- Implement climate change risk management roadmap
- Reduce construction waste
- Reduce refurbishment waste
- Identify renewable energy solutions in Australia
- Identify opportunities for green buildings
- Continue improvements in construction materials' selection

We reference these issues through our strategic quadrants

Expansion targeting high value

Leadership for sustainable performance

Our people

Our people are Ryman. We invest in them to enable them to grow, to care for and support our residents as well as accelerate our business performance.

Priority material issues

- Internal leadership and governance
- Health, safety and wellbeing
- Culture and values
- Employee attraction, development and retention

Projects

- Develop our environmental sustainability leadership
- Continue our investment in leadership to support sustainable business performance
- Continue our digital improvement programme for contractor management, plant and machinery registers, audits and wellbeing engagement
- Enable greater diversity, equity and inclusion
- Manage critical workforce shortages for sustainable business performance
- Ensure we have the capability and capacity to deliver on our sustainability strategy

We reference these issues through our strategic quadrants

The best continuum of care for ageing well

Unparalleled resident experience

Our purpose

Our purpose is our glue. We know that by focusing on our purpose – greater freedom, richer connections and deeper wellbeing for people as they grow older – our business will succeed.

Priority material issues

- Indigenous engagement
- Resident experience
- Quality care
- Supplier collaboration

Projects

- Enhance iwi engagement
- Enhance First Nations engagement
- Monitor and measure our impact on the wellbeing of our residents
- Deliver future-focused dementia design
- Drive supplier engagement
- Develop supplier code of ethics
- Build mutually beneficial relationships

We reference these issues through our strategic quadrants

Unparalleled resident experience

Leadership for sustainable performance

Resident and former nurse Annie and Special Care Unit Coordinator PK Karan share a close bond at our Murray Halberg Village.

Maintaining the best continuum of care for ageing well

MAINTAINING THE BEST CONTINUUM OF CARE FOR AGEING WELL

Our strategy

Ensure our residents' changing needs are met with seamless transitions across an expanding continuum of care, uniquely fit for the needs of our market. Develop our services to enhance residents' wellbeing at every stage while improving the overall returns per site.

Tailored care

Our continuum of care model mirrors the volatility of the human experience. As the needs of our residents change, they can access the right care for them within the same location, minimising disruption.

By keeping our residents at the forefront of our decision-making, we are constantly evolving and adapting our offer to ensure we meet the unique needs of our market.

Expanding our offering to include care suites

Premium care on site enhances the attractiveness of our villages for residents, driving up demand for retirement-village units and bolstering our ability to command a premium price.

Our care suite product will be rolled out in our new developments in coming years. This premium care offering will offer all the services available within a care facility setting, including specialist care, within a larger format design, similar to serviced apartments. This is an exciting product for long-stay care residents who want a higher-quality accommodation offer.

Care suite residents will enter into occupation-right agreements which will assist with capital recycling. Similar to a serviced apartment, we will also charge a DMF, which further assists with care profitably. We expect to deliver the first of these suites in our Northwood Village in 2025.

Dementia care innovation

We completed the pilot of our NZQA-recognised dementia micro-credential in mid-2022. This has already delivered promising improvements in our clinical indicators and staff capability in our special care units.

20 learners graduated from the pilot and we currently have two cohorts of 48 learners progressing through the programme. We expect to deliver four cohorts of similar numbers annually and to extend this qualification to other village roles.

Our significant investment in this area means we now offer a supportive learning programme for New Zealand- and foreign-trained clinicians, from training and Competency Assessment Programme courses to our validated dementia care training programme, backed by scholarships and our nursing graduate training programme.

Ongoing clinical excellence

With a significant number of our residents in one of our care centres or receiving home care assistance, clinical excellence is critical.

Our Group Clinical Governance Framework drives this by adopting an integrated and holistic approach across four domains: clinical risk management; quality improvement and resident safety; resident family and whānau partnerships; and clinical effectiveness.

As a result, we receive consistently high audit results, endorsing the quality of care we provide. 82 percent of our New Zealand villages have 4-year certification. In Australia, all four of our operational care centres received 4-star ratings following the launch of a new aged-care rating system.

Our team managed a number of crises this year, including two waves of COVID-19 and, more recently, the North Island floods and Cyclone Gabrielle. In each case we rapidly deployed additional resources and our teams maintained our high standards of clinical care.

To help control COVID-19, for example, we have established new evidence-based infection prevention controls, overseen by an infection control nurse specialist who provides advice and best-practice guidelines across all villages. While the world is learning to live with the virus and its variants, many of our residents remain vulnerable. We maintain measures like wearing masks and managing outbreaks as they occur.

“It’s a point of pride for us to have such an innovative model... this is ageing in place reimagined... [the continuum of care] model [is] a stunning example of what’s possible if you support people in their local community and meet their needs.”

Daniel Andrews,
Premier of Victoria

A differentiated offering in Australia

In Australia, the aged-care sector is experiencing widespread pressure, with almost 65 percent of operators currently running at a loss, and deteriorating aged-care stock not meeting customers’ changing needs. In our view, nothing short of an urgent rethink of the entire approach is required.

Our offering in Australia remains highly differentiated, with a continuum of care model still relatively rare. In September 2022 we released an aged-care policy discussion document highlighting why our model is so powerful – and why it provides the solution to so many of the problems the Australian system faces. Key recommendations from that document included:

- establishing a national regulatory regime to govern the retirement-living and aged-care sectors as one
- creating greater incentives in planning systems for integrated retirement-living and aged-care facilities
- introducing a specific home care package for retirement villages to help residents live independently for longer.

The importance of our model was acknowledged by Victorian Premier Daniel Andrews, when he helped us to officially open a new apartment block at our Nellie Melba Village in Melbourne. Premier Andrews spoke at length about our unique continuum of care model in Australia and the benefits the model could have for the broader aged-care sector.

The implementation of the new Australian National Aged Care Classification funding model from 1 October 2022 also aligns well with our existing systems and encourages improved care-centre performance through an increase in funding per bed per day. While we see the model as a step in the right direction towards a sustainable aged-care sector in Australia, there is more work to be done.

Home care offering shows exciting potential

A key component of our strategy to expand our continuum of care offering is to grow our home care business for independent and serviced residents in both New Zealand and Australia. Home care packages allow our residents to age in place. They can then transition to our care facilities as their needs change.

We are particularly excited about the opportunity for home care services in Australia, where recently updated funding settings work well with our existing model. Tapping into this funding offers a huge commercial opportunity that will allow us to both subsidise residents' weekly fees and optimise the economics of our units.

At year end we had 132 residents registered for funding and over 100 on the waitlist. The arrangement works well for all parties, with residents using home care to reduce a range of external costs, making it more viable for them to access services. This means more of our residents are choosing to buy services from us that they previously would have sourced elsewhere.

We are also passing on the lessons of our Australian home care experience to our New Zealand team, where we see similar potential as long as a national funding model is developed to support it. At this stage we are trialling privately paid home care services with independent residents at seven of our villages, including two villages that also have public home care contracts with Te Whatu Ora.

Expanding digital tools in clinical care

As care needs become more complex, we continue to evolve digital innovation in aged care. This year has seen a number of important advances.

We updated our patient information management system, *myRyman Care,* to support the rollout of home care services. These changes are designed to allow seamless transfers of information between our home care services and our care centres' *CarePlans* as residents' needs change.

PainChek is a world-leading digital pain-assessment tool that is currently being rolled out at our Australian villages, and will soon be piloted in New Zealand. The tool uses accurate facial recognition software to assess pain and has proven very effective in the early detection of pain trends among residents.

We have also connected the Ministry of Health's *interRAI* system with our own *myRyman Care*, enabling us to do integrated assessments. An automatic feed has streamlined operations, significantly reducing assessment and administrative time for our nursing staff and allowing them to focus on person-centred care.

Sam Rakai was one of many team members at our Murray Halberg Village in Auckland who worked tirelessly to keep residents safe and well during the recent adverse weather events.

Our people shine, in even the worst weather

Unprecedented weather events this year, including flash flooding in Auckland and Cyclone Gabrielle, caused wide scale destruction across the country and saw New Zealand enter a National State of Emergency for only the third time in the country's history.

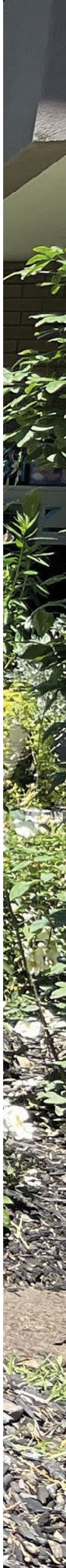
Flooding in Auckland in January 2023 took the region by surprise, causing major damage to homes and businesses. Our teams rallied around our residents, beginning the clean-up as soon as the rain subsided. A number of our own people were also in need of support and were offered temporary accommodation. Fortunately, of the 4,000 residents living in Ryman's Auckland villages, only a small number needed unit repairs.

Cyclone Gabrielle affected tens of thousands of New Zealanders and saw wide scale devastation, particularly across the Hawke's Bay area. Residents and teams at our Princess Alexandra, James Wattie and Kiri Te Kanawa Villages were impacted and lost power. We were able to run essential services on power generators and residents were supported with critical supplies during the outages. Our teams delivered on our 'all in, all the time' commitment and did an extraordinary job keeping our residents safe and well.

The increasing prevalence of extreme weather events reinforces the importance of our sustainability strategy to support the future of the business. Our strategy, alongside our construction standards and the strength of our teams put us on track to be as prepared as we can be.

"Ryman responded extremely quickly. We were at the forefront of care."

David, Murray Halberg Village resident



Neil and David, new mates and neighbours at our Bruce McLaren Village, are often spotted wading rivers in search of the catch of the day.

Delivering an unparalleled resident experience

DELIVERING AN UNPARALLELED RESIDENT EXPERIENCE

Our strategy

Leverage our scale and invest in digital innovation to deliver a resident experience that eclipses the competition and commercially justifies ongoing investment in our communities.

Engagement is key

Resident experience is a critical competitive advantage as expectations trend upward. Older New Zealanders and Australians entering our villages are not only wealthier but are also looking for greater choice, autonomy and resident-centred care. The shift to a greater emphasis on richer experiences mirrors wider shifts in consumer behaviours, and underpins our drive to introduce new activities supported by enhanced digital engagement for residents.

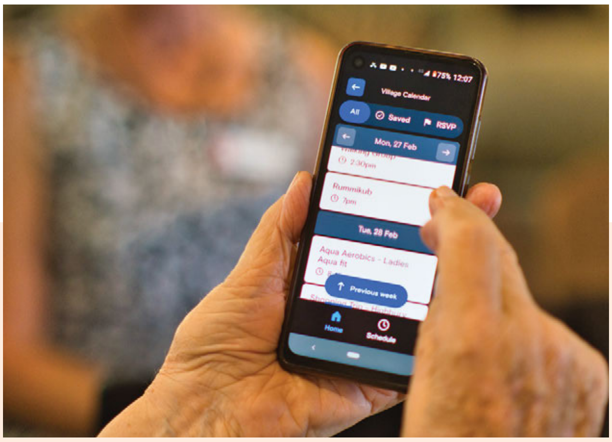
Enhancing the experiences we offer

This year we introduced a new offering to continue elevating resident experiences within our villages. The offering includes an expanded range of cultural, social and wellbeing activities, supported by additional team members, as well as our *my*Ryman Resident App. The offering aligns with our commitment to infuse joy into every aspect of the Ryman experience and has been developed according to the guiding principles of freedom, connection and wellbeing.

To date the offering has been rolled out to 20 villages across New Zealand. Residents are overjoyed to have access to free and paid activities outside the village that enable them to experience new things.

Inter-village events such as Walking for Wellness connect residents across our network of villages. Residents can also connect through virtual events such as book clubs, language clubs, guest speakers and more.

These new experiences also make sense commercially. Not only do they deepen our overall customer value proposition and resident loyalty to the Ryman brand, they have also supported higher weekly fees for new residents in participating villages.



Our *my*Ryman Resident App has been well received by over 2,500 residents.

Tapping into the sense of community

Digital experiences are now a normal part of life – including for our residents. Our new *my*Ryman Resident App complements the physical activities provided by our resident care teams, enabling independent residents to manage their village calendars, keep up to date with notices and attend virtual events.

The resident app has been co-designed with our residents to provide a modern, high-quality digital experience for all residents, regardless of their prior experience with technology. Resident uptake and engagement with the app is very high, and we now have 20 villages and over 2,500 residents enjoying this new experience.

> **"The app makes keeping in touch with everything that's happening in our village so much easier!"**
>
> **Kathy,**
> Keith Park Village resident

Saffron serves up smiles

Our resident research shows that food is a key factor for prospects when considering a village and that it plays a defining role in ongoing resident satisfaction. Previously, residents in our care centres and serviced apartments ordered their meals through a paper-based system.

With *Saffron,* orders are now taken by carers on tablets and residents can see a visual of each dish and ask about ingredients. *Saffron* also gives us valuable insights into allergy and dietary requirements as well as the popularity of meals. We are already seeing increases in our resident food scores. Over time, the new system will guide menu development. Aligning food preferences and needs with our menus will help reduce waste in our food supply chain. This is good for cost management and aligns directly with our sustainability strategy.

Residents from our Murray Halberg Village enjoy participating in our Walking for Wellness event with Activity and Lifestyle Coordinator Sheila Gamboa (far left).

On a mission for wellness

Alongside the many activities and events hosted within each village, our residents can also enjoy challenges that are organised nationally. Our annual Active Ageing Event, for example, is an opportunity for participants to challenge themselves and others to achieve amazing goals.

This year's Active Ageing Event, Walking for Wellness, saw more than 700 Ryman independent residents sign up to tackle virtual walks on the Abel Tasman Coastal Track in New Zealand and the Mornington Peninsula in Australia.

Residents could use pedometers or their smartphones or smartwatches to record their progress, with distances logged on the *My Virtual Mission* app.

All up, participants walked more than 43,000km. An awards ceremony at Edmund Hillary Village acknowledged everyone who had taken part and saw medals presented to winners across a range of categories.

"43,000km is a huge distance to cover. Some of our residents used pedometers. Some used smartphones or smartwatches. But all shared in the success of what they had achieved."

Mary-Anne Stone, Chief Experience and Engagement Officer

Weary Dunlop Village resident Bill enjoys having more free time to spend with his family.

Expansion targeting high value

EXPANSION TARGETING HIGH VALUE

Our strategy

Acquire and develop sites for new communities in premium locations to deliver high-value returns per site.

Targeting higher-value locations for new communities

As the wealthiest generation in history approaches retirement, we are optimising the design of our villages to deliver high standards of care and achieve the right levels of scale and efficiency.

Our construction growth targets focus on meeting the burgeoning needs of older people while generating higher value per unit. Location is the priority, with value more important than volume. We target sites in premium locations with house prices above the New Zealand and Victorian medians respectively. We build and land bank in places with the optimal wealth profiles and the capacity to command premium prices, now and in the decades ahead.

Delivering a high-value product is the other key to maximising unit pricing. It includes introducing care suites to our product mix and new unit finishes. We also have a substantial refurbishment programme to ensure our current villages retain their premium positioning and pricing.

The final success factor is agility. We remain unafraid of changing direction when market conditions shift, and constantly monitor sentiment to ensure we are delivering the right products in the right locations. For example, reflecting the need for prudent capital management, we made three important adjustments this year:

- We slowed and/or paused construction at six sites in response to rapidly changing market conditions.
- We are being even more selective about new projects and phases in line with our more disciplined focus on capital efficiency.
- We continually review our existing land bank to ensure it is fit for purpose in the current operating environment.

Rebalancing our care ratios

As the number of retirees grows, and smaller aged-care operators continue to be at risk of closure, we remain absolutely committed to our care promise for all existing and new Ryman residents.

Alongside our shift to care in the home, we are re-evaluating the ratio of our care beds to our independent-living units to ensure we have enough beds to provide a continuum of care for our residents while maintaining an efficient use of capital.

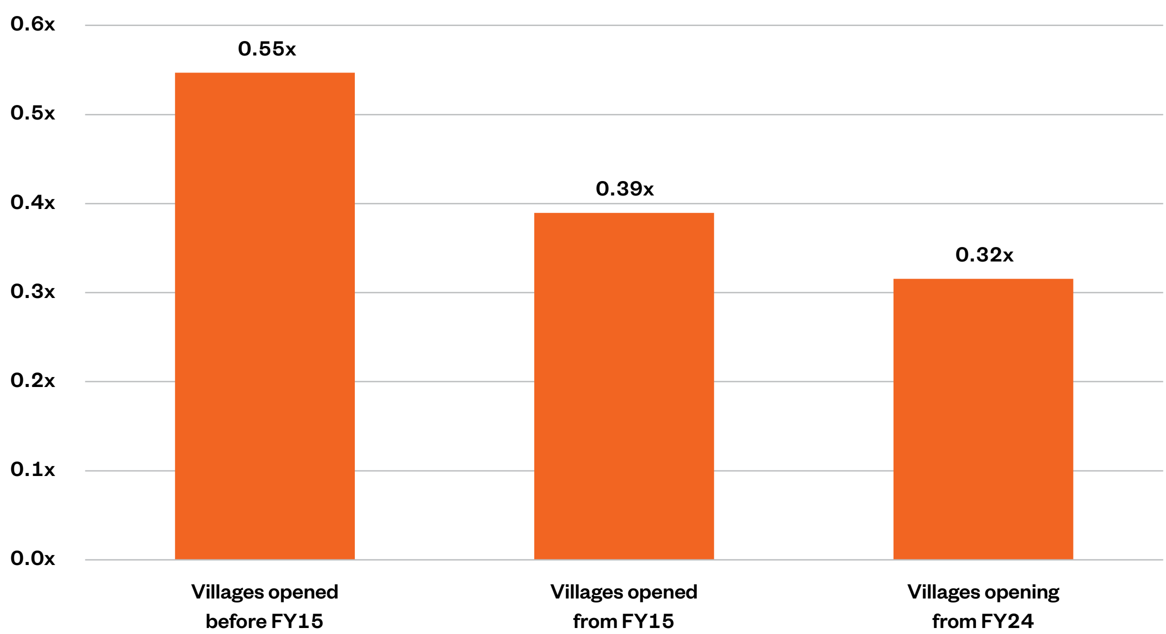
Financial challenges continue to impact the development of new aged-care beds due to government-set care fees not keeping pace with rising cost pressures in recent years. As a result, the sector lost over 1,200 beds in 2022 alone.

Right-sizing our care centres and leveraging our existing network of villages will allow us to adopt a more flexible approach. We will be able to develop villages with fewer care beds next to sites with greater care-bed capacity.

This does not mean we will be closing beds in our existing villages, but future villages will have a lower ratio of care beds to retirement-village units.

Looking back, villages that opened before FY15 had an average ratio of beds to retirement-village units of 0.55. Many were built with 120+ beds. Our new developments (those opening from FY24) have been designed with an average ratio of 0.32, reflecting a capacity of 40 to 80 beds. These new designs improve capital efficiency and reflect the increasing preference for ageing in place.

Average ratio of care beds to retirement village units



> **"Typically, townhouse-style developments progress more quickly through the design and approval processes."**
>
> **Chris Evans,**
> Chief Development and Construction Officer

Prioritising townhouse-style developments

We currently have a number of high-density apartment-style developments under way. These villages take longer to generate positive cash flows and contributed to our elevated debt levels prior to the recent equity raise. In contrast, townhouse-style developments progress more quickly through the design and approval processes and can be sold in smaller stages. As a result, they typically have lower peak debt requirements.

We are optimising our land bank in both countries to include more of these townhouse-style developments, with four of the last five sites purchased – Mulgrave, Cambridge, Karaka and Taupō – specifically suited to townhouse-style developments.

A Welcome to Country and traditional smoking ceremony was held at our new Mulgrave site, prior to our officially beginning the build.

Developing value for investors

We marked the completion of the Raelene Boyle and Charles Brownlow Villages in Victoria this year and we currently have another 14 villages under construction. Seven of these villages are expected to be completed by the end of 2025. The most recent project to be started is our Cambridge Village, which commenced construction in November 2022.

Our development teams have secured four critically important planning approvals this year – at Karori and Rolleston in New Zealand, and Mulgrave and Mt Eliza in Victoria.

We added Taupō to the development pipeline in June 2022.

At the same time, we continue to evaluate existing sites in light of current market conditions. We have divested our Mt Martha site with settlement due later in 2023 and our Newtown site is being held for sale.

Major village refurbishments

Refurbishments provide an opportunity to revisit how an existing village can support resident experiences and continue to deliver value to the business. Below are the key village refurbishments completed or underway during FY23:

Shona McFarlane Village

A 23-year-old village in Lower Hutt, Wellington

A major refurbishment completed this year included a new village centre, an activities room and hair salon, a new reception and sales and support areas, as well as a new café and portico.

Anthony Wilding Village

A 17-year-old village located in the popular Halswell area in Christchurch

This year, as part of a two-year capital refurbishment plan, a café, activities room, resident workshop and scooter bay were added. There were also updates to the village centre and swimming pool, and new serviced-apartment dining and gym facilities.

Grace Joel Village

A 21-year-old village located in the premium suburb of St Heliers, Auckland

In 2022 we commenced a four-year staged upgrade of the village. Works include a new café and refurbishment of the exterior of the first apartment building.

Our development pipeline

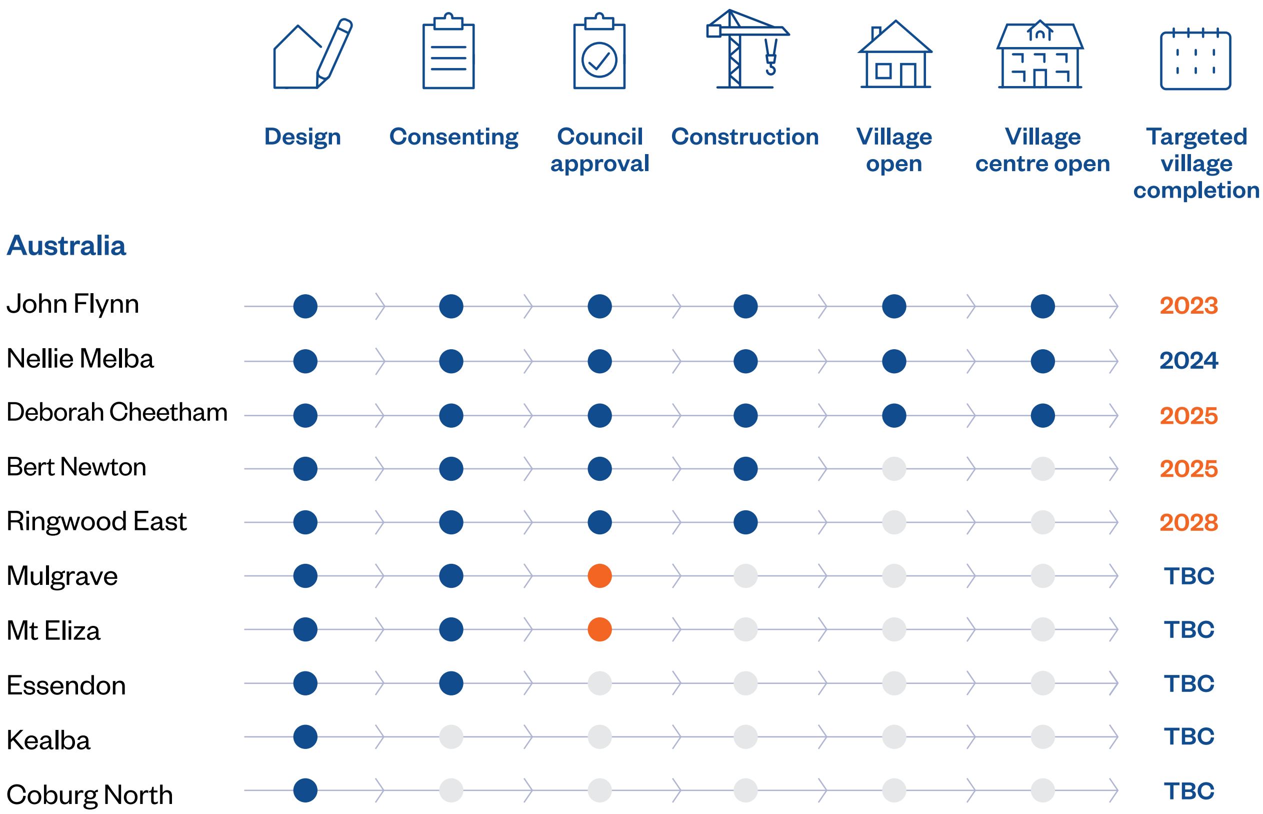
This is our development pipeline as at 19 May 2023. Orange indicates where we have made changes since 20 May 2022.

15

Total sites in NZ pipeline

9

Sites under construction in NZ



10

Total sites in AU pipeline

5

Sites under construction in AU

Avid rower Judy is a resident at our Murray Halberg Village and the recent star of our Full Life brand campaign.

Pursuing leadership for sustainable performance

PURSUING LEADERSHIP FOR SUSTAINABLE PERFORMANCE

Our strategy

Strengthen our position as sector-leaders who set the standards that others follow by developing and providing stewardship of a comprehensive sustainability strategy.

Our sustainability commitment

The launch of our sustainability strategy during the year was a major milestone in our journey to a sustainable future. The strategy reflects our commitment to our communities, from our residents and our people to our neighbours, our suppliers and our shareholders. The result is an ambitious programme across our three pillars of Our People, Our Places and Our Purpose.

Identified through robust consultation

To ensure we accurately captured the issues our stakeholders see as important, we sought input from external and internal stakeholders across New Zealand and Australia, including residents, shareholders, financiers, district health boards, local councils, indigenous communities, suppliers, our commercial partners, team members and members of our board.

25 issues were identified as material to moving towards a successful sustainable future. Stakeholders ranked these issues by importance and identified issues where they believed we had the most opportunity to improve. Business impact was evaluated, resulting in the materiality matrix on page 27 of this report.

Because most of these issues will take considerable time to explore fully and address, we have prioritised our efforts and focused our resources to drive sustainable outcomes.

Reporting framework

Oversight sits with our People, Culture and Sustainability executive sub-committee. The committee, along with our board, receives regular reporting and updates on project progress.

Progress on our three key priorities

We identified three key priorities for this first year because they hold additional, immediate significance for us in terms of a sustainable future:

Climate change

A science-based emission target

We formally committed to developing a near-term, science-based emission target, joining the Science Based Targets initiative. Work has begun on establishing a formal inventory, including a previously unsubstantiated scope 3 inventory. 2021 has been provisionally selected as the base year for our target once it is formally established.

Quality care

Future-focused dementia design

A dementia project specialist has been appointed and commenced a review of all villages and their alignment with our dementia design principles. This review builds on the design of a world-leading care model and training programme for dementia carers and the families and whānau of people living with a dementia diagnosis.

Indigenous engagement

Forging better relationships through understanding

In New Zealand, our Taha Māori Kaitiaki is leading work to increase Taha Māori knowledge and understanding at all levels within the business.

The Ngā Paerewa Health and Disability Services Standard announced by the Ministry of Health was implemented ahead of the initial planning.

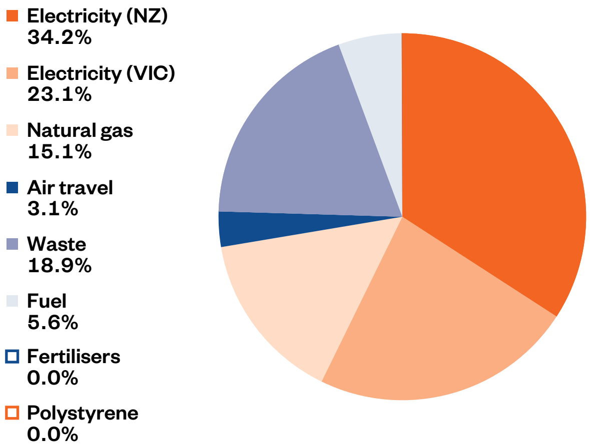
We have made good progress as we work to enhance First Nations engagement. We have completed registration with Reconciliation Australia for the 'Reflect Reconciliation Action Plan' and undertaken a programme of work to better understand First Nations' representation in our team.

> **"The result is an ambitious programme across our three pillars of Our People, Our Places and Our Purpose."**
>
> **Mary-Anne Stone,**
> Chief Experience and Engagement Officer

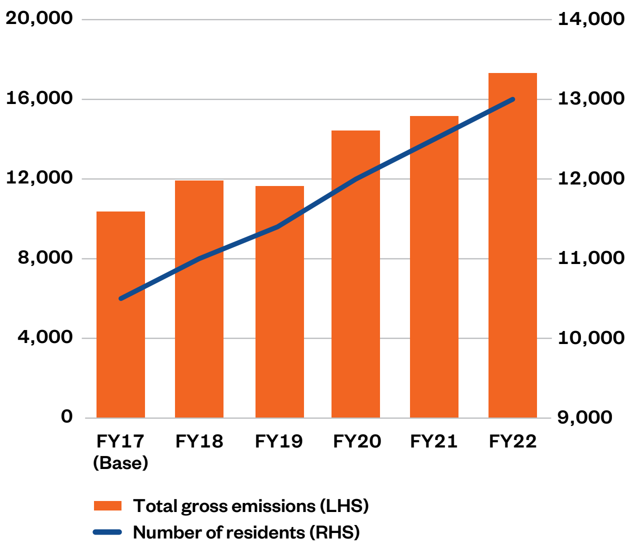
Our emissions journey so far

Electricity emissions made up 58 percent of our overall reported emissions in FY22[1].

FY22 GHG operational emissions by source



Total gross GHG emissions (tCO_2e)



1 FY23 data not available at date of publishing.

Climate-related disclosures

Last year we completed a detailed programme of work to ensure we are able to meet the External Reporting Board's (XRB's) climate-related disclosure requirements as detailed in New Zealand's climate-related disclosure framework. Our three-year action plan has been updated to reflect this work and the actions we are taking.

To identify our climate-related risks and opportunities, senior executives participated in a series of workshops to develop three plausible climate-related scenarios: 'Net Zero 2050'; 'Delayed Transition'; and 'Current Policies', assessed against the short term (2022–2025), medium term (2026–2030) and long term (2030–2050). A climate risk, resilience and opportunities report was presented to the board. We are now working with our business experts to develop appropriate responses.

Artist's impression of the Solar Bay solar farm in Northland.

Powered by the sun

This year we secured an exclusive agreement with renewable energy developer Solar Bay, a first for the retirement sector. This will result in us receiving 100 percent of the renewable energy certificates from a new solar farm. The farm is expected to generate 30 gigawatt hours of renewable energy and save us an estimated 3,294 tonnes of carbon a year. This will play a key role in achieving our long-term goal of Net Zero by 2050.

"We have been measuring our emissions and implementing changes over the past 6 years, and we acknowledge we need more targeted and effective strategies to reduce emissions to achieve our long-term goal of Net Zero by 2050."

Mary-Anne Stone,
Chief Experience and Engagement Officer

Three-year climate action plan

In FY23 we addressed a number of activities identified in the action plan. We are confident that we will meet the disclosure requirements as prescribed by the New Zealand XRB for the FY24 reporting year.

Area	Governance
Year 1 activities	✓ Establish governance processes and update policies to incorporate climate change risks. ✓ Assign climate change responsibilities to key oversight groups at both senior executive team and board levels. ✓ Provide climate risk training to our senior leaders.
Year 2 activities	● (In progress) Assess the climate change skills gap across the board and senior executive team on an ongoing basis.
Year 3 activities	● (Planned) Enhance governance skills and performance across the board and senior executive team on an ongoing basis, including integrating climate change issues with governance performance reviews/audits.

✓ Completed
● In progress
● Planned

Strategy

- Carry out a risk and opportunity assessment using scenario analysis.
- Develop a strategy to address our material climate change risks and opportunities.
- Establish an action plan to address our material climate-related risks and opportunities.
- Carry out a capacity assessment for effective climate-related decision-making.
- Integrate climate change considerations into our business, strategy and financial planning.
- Execute a second iteration of our climate risk and opportunity assessment.

Risk management

- Develop a process for systematically identifying and analysing climate-related risks.
- Develop a plan to manage climate-related risks.
- Integrate climate change risk management processes into our operations.

Metrics and targets

- Document the extent to which our climate-related targets have been informed by external parameters (such as science-based targets).
- Select climate change metrics based on a materiality and/or risk and opportunity assessment.
- Document target-setting objectives and establish targets for capital deployment and climate-related opportunities.
- Broaden metrics to include our other climate-related impacts and risks, including the supply chain.
- Enhance the measurement processes of our overall climate-change risk-management progress by establishing targets to encompass the delivery of our climate-related strategies, plans and policies.

PURSUING LEADERSHIP FOR SUSTAINABLE PERFORMANCE

Our strategy

Strengthen our position as sector leaders who set the standards that others follow. We do this by investing in our people, who nurture our culture of kindness and excellence to deliver sustainable business performance.

Supporting our people

Nothing is more important than the health, safety and wellbeing of the people who live and work with us. We are committed to doing work safely or not at all, and ensuring that everyone gets home not just safe but also well. We focus on creating an environment where people act with kindness, make a difference to the lives of older people and feel supported to lead, perform, innovate and grow.

Investing in our clinical teams

While we recognise the importance of pay parity as a positive step forward in attracting and retaining key clinical staff, we also remain focused on attracting and retaining talented people through training, career progression and leadership development.

Changes in immigration settings late last year have been positive – with nurses being added to the fast-track visa list in New Zealand – enabling us to recruit from overseas more easily. We lobbied strongly for these changes. Our recruitment team has been particularly active, with a number of senior roles successfully recruited from overseas.

We continue to develop our clinical capabilities by seeking pathways for foreign-trained clinicians, by recruiting and developing new graduates and through our clinical leaders' programme.

This year, through partnerships with Te Whatu Ora Nurse Entry to Practice (NETP) programmes, we designed and piloted a new supplementary programme to onboard graduate nurses into our villages and increase the support they received during their first years of practice.

In September 2022 we introduced a clinical leadership development programme to support the specific needs of our clinical leaders. The first 20 clinical managers will complete the programme in October 2023. The programme will then be expanded to our unit coordinators.

Developing capable and fit-for-future leaders

Our leadership development programme is tailored to our unique business model. Building fit-for-future leadership capabilities and systems will ensure that we continue to enhance performance and that our teams receive clear direction and support from all leaders in pursuing our aims.

As part of our third annual Advanced Leadership Programme, our executive and senior leaders from New Zealand and Australia attended two 3-day courses in June and August 2022.

Our August gathering was the first opportunity post COVID-19 to bring our leaders from both countries together. It had an immediate impact on the alignment of both strategic and commercial priorities and improved cross-functional collaboration on executing our strategy.

Celebrating excellence

Our annual Ryman Awards are an opportunity to celebrate our villages and the amazing teams and people who work with them. Among this year's awards, Malvina Major Village won the village of the year title and Nancy Wilson from Diana Isaac Village in Christchurch won the caregiver of the year award.

Diversity, Equity and Inclusion

We are committed to harnessing the potential of our diverse team and providing an environment where everyone feels valued and is treated fairly and with respect.

We recognise that individual differences, when embraced, drive innovation and better outcomes for all. Currently we are confirming our Diversity, Equity and Inclusion metrics to further gauge and enhance our opportunities.

Bryant Fernandez, Personal Care Worker at John Flynn Village, and resident Patricia.

Boosting a career of caring

Bryant Fernandez and his family left the Philippines to pursue better opportunities both personally and professionally. At Ryman, Bryant found a place to work where he could build on his strong foundation of skills and knowledge, and that truly shared his passion for caring.

Bryant works at our John Flynn Village. Through the Ryman Academy, our in-house training institute that delivers quality education to team members, he has been able to develop his clinical skills and knowledge. This year he successfully completed his Objective Structured Clinical Exam to become a registered Australian nurse.

Bryant says he is grateful to have had the support to complete this important qualification, and is looking forward to transitioning into a nursing role in the coming months.

"Ryman truly value and care for their people," says Bryant. "It is inspiring and motivating when your team members, residents and their families appreciate your hard work and passion.

"Ryman has supported me in achieving my goals and in developing my skills through e-learning and on-site training."

His message to others: "If you want to work in a high-class aged-care facility with a very supportive team then Ryman is the place for you".

> **"Working at Ryman you'll be supported and have opportunities to grow, learn and develop as part of an amazing team."**

Bryant Fernandez, Personal Care Worker, John Flynn Village

Awards, charities and community partnerships

The Prostate Cancer Foundation Man Van, which was funded by Ryman.

Support for the Prostate Cancer Foundation

Each year, our residents and team members choose a charity partner and Ryman matches each dollar they raise – doubling the amount that the partner receives.

This year we donated $422,000 to the prostate cancer cause in New Zealand. Prostate cancer is the most common form of cancer in men. The funding has allowed the Prostate Cancer Foundation of New Zealand to buy a dedicated 'Man Van'.

National support initiatives

In New Zealand we actively support a range of organisations that align with our purpose.

We are a long-term sponsor of the Senior New Zealander of the Year award in the Kiwibank New Zealander of the Year Awards – won this year by philanthropist Sir Mark Dunajtschik.

During the year we increased our investment to become a Principal Sponsor of the Royal New Zealand Ballet.

In Victoria we support the Melba Opera Trust and the Melbourne Symphony Orchestra.

This year we also renewed our commitment to the excellent work undertaken by Alzheimers New Zealand, extending our involvement as lead partner for the next three years.

Engagements with communities

We continued our involvement with communities through hundreds of partnerships associated with our villages. These relationships reflect our focus on engaging locally and lift awareness of the Ryman brand for people living in those areas.

Among our community partnerships this year were:

- the Charles Upham Village Big Splash – a large community fundraising event in Rangiora
- sponsorship of Riccarton Racecourse by Kevin Hickman Village
- funding for the Ryman Healthcare Bowls Stadium, an indoor arena at Bowls Orewa
- sponsorship of the Glen Waverley Bowls Club by our Nellie Melba and Weary Dunlop villages.

Awards

We continue to be recognised for the strength of our brand and the quality of the care we provide.

Key awards received this year included:

- the Reader's Digest Most Trusted Brand in the Aged Care and Retirement Villages category
  for the ninth time
- the Reader's Digest Quality Service Award
  – overall winner
  for the eighth time
- agedadvisor.co.nz People's Choice award
  – best operator in New Zealand
  for the fourth time
- 11th Asia-Pacific Eldercare Innovation Awards:
  – Operator of the Year (Ageing in Place)
  – best response to COVID-19
  – social engagement initiative of the year
  – best residential aged-care facility.

Ryman Prize

Research into the health of older people remains under-resourced at a time when the population aged 70 and over is growing. In 2015 we set up the Ryman Prize to help address this, with a $250,000 international award that aims to encourage the best and brightest in the world to pursue solutions to the many problems of old age.

The award is now well established, with an international reputation thanks to a long list of prestigious winners.

This year's winner was Professor Perminder Sachdev, a world-leading researcher and academic who has dedicated his career to understanding the causes and treatment of psychiatric disorders including dementia.

Previous winners

2015 **Gabi Hollows**
(Restoring sight)

2016 **Professor Henry Brodaty**
(Alzheimers research)

2017 **Professor Peter St George-Hyslop**
(Neurodegenerative research)

2018 **Professor Takanori Shibata**
(Robotics)

2019 **Dr Michael Fehlings**
(Degenerative cervical myelopathy research)

2020 **Miia Kivipelto**
(Alzheimers research)

2021 **Professor Kenneth Rockwood**
(Enhancing the understanding of ageing)

Artist's impression of our upcoming Bert Newton Village.

Results

"We have delivered a solid result and taken important steps to reposition the business. Our balance sheet has been strengthened to capitalise on the significant growth opportunities and we will continue to invest strongly in portfolio development to meet the growing demand for our product."

Dave Bennett, Group Chief Financial Officer

6-year summary

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022	2021	2020	2019	2018
Financial							
Underlying profit (non-GAAP)[3]	$m	301.9	255.0	224.4	242.0	227.0	203.5
Reported net profit after tax	$m	257.8	692.9	423.1	264.7	326.0	388.2
Net operating cash flows	$m	650.8	586.0	413.1	449.8	401.4	349.3
Net assets	$m	4,663.9	3,434.5	2,829.2	2,301.0	2,170.1	1,940.5
Interest-bearing debt to interest-bearing debt plus equity ratio	%	33%	43%	44%	42%	38%	35%
Dividend per share	cents	8.8	22.4	22.4	24.2	22.7	20.4
Villages							
New sales of occupation rights	no.	462	560	503	513	414	458
Resales of occupation rights	no.	1,057	983	925	923	824	825
Total sales of occupation rights	no.	1,519	1,543	1,428	1,436	1,238	1,283
Land bank (to be developed)[1,2]	no.	5,868	6,306	6,146	6,595	6,593	5,952
Portfolio:							
Aged-care beds	no.	4,456	4,239	4,087	3,911	3,660	3,367
Retirement-village units	no.	9,142	8,538	7,983	7,423	6,878	6,414
Total units and beds	no.	13,598	12,777	12,070	11,334	10,538	9,781

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

2 Of the 5,868 units and beds in the land bank, 2,327 are subject to resource and building consent.

		2023	2022	2021	2020	2019	2018
Underlying profit (non-GAAP)[3]	$m	301.9	255.0	224.4	242.0	227.0	203.5
Unrealised fair-value movement on retirement-village units	$m	73.7	467.1	201.2	(70.9)	102.4	185.3
Deferred tax movement	$m	51.6	(29.2)	12.6	93.6	(3.4)	(0.6)
Impairment loss	$m	(11.0)	-	(15.1)	-	-	-
Costs relating to USPP prepayment and swaps	$m	(158.3)	-	-	-	-	-
Reported net profit after tax	$m	257.8	692.9	423.1	264.7	326.0	388.2

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

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

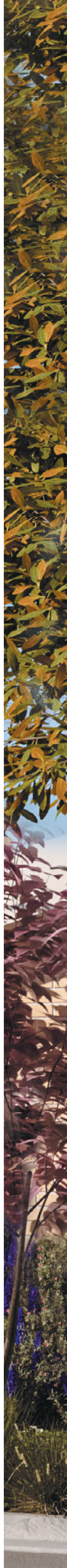
Underlying profit includes realised movement on investment property for units in which a right-to-occupy has been sold during the period and for which a legally binding contract is in place at the reporting date. The occupancy advance for these units may have been received or be included within the trade receivables balance at reporting date.

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

* Generally Accepted Accounting Principles.

Artist's impression of our upcoming Mulgrave Village.

Financial statements



Consolidated income statement

FOR THE YEAR ENDED 31 MARCH 2023

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

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2023

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

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

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Foreign-currency translation reserve	Treasury stock	Retained earnings	Total equity
		$000	$000	$000	$000	$000	$000	$000	$000
2023									
Balance at 1 April 2022		**33,290**	**453,568**	**15,491**	**3,652**	**500**	**(38,174)**	**2,966,193**	**3,434,520**
Profit for the year	13	-	-	-	-	-	-	257,836	257,836
Other comprehensive income for the year	13	-	156,773	15,464	(3,652)	(7,636)	-	-	160,949
Total comprehensive income for the year	13	-	156,773	15,464	(3,652)	(7,636)	-	257,836	418,785
Issue of ordinary shares – dividend reinvestment plan	12	43,911	-	-	-	-	-	-	43,911
Issue of ordinary shares – equity raise	12	876,038	-	-	-	-	-	-	876,038
Treasury stock movement	13	-	-	-	-	-	3,445	-	3,445
Loss on treasury shares	13	-	-	-	-	-	-	(802)	(802)
Dividends paid to shareholders	13	-	-	-	-	-	-	(112,000)	(112,000)
Balance at 31 March 2023		**953,239**	**610,341**	**30,955**	**-**	**(7,136)**	**(34,729)**	**3,111,227**	**4,663,897**
2022									
Balance at 1 April 2021		**33,290**	**453,568**	**(12,062)**	**2,702**	**1,787**	**(35,389)**	**2,385,320**	**2,829,216**
Profit for the year	13	-	-	-	-	-	-	692,873	692,873
Other comprehensive income for the year	13	-	-	27,553	950	(1,287)	-	-	27,216
Total comprehensive income for the year	13	-	-	27,553	950	(1,287)	-	692,873	720,089
Treasury stock movement	13	-	-	-	-	-	(2,785)	-	(2,785)
Dividends paid to shareholders	13	-	-	-	-	-	-	(112,000)	(112,000)
Balance at 31 March 2022		**33,290**	**453,568**	**15,491**	**3,652**	**500**	**(38,174)**	**2,966,193**	**3,434,520**

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of financial position

AT 31 MARCH 2023

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

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2023

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

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

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

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

Accounting policy: Statement of cash flows

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

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

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

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

The accompanying notes form part of these consolidated financial statements.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2023

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

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

1. GENERAL INFORMATION

Reporting entity

The consolidated financial statements presented are those of Ryman Healthcare Limited (the Company) and its subsidiaries (the Group).

Ryman Healthcare Limited is a profit-oriented entity incorporated in New Zealand. The Group develops, owns and operates integrated retirement villages, resthomes, and hospitals for the elderly within New Zealand and Australia.

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

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

Statement of compliance

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

The consolidated financial statements have been prepared in line with Generally Accepted Accounting Principles in New Zealand (NZ GAAP). The statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards.

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

Basis of preparation

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

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

Functional and presentation currency

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

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

All reference to USD refers to US dollars.

Measurement base

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

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

Critical judgements and accounting estimates in applying accounting policies

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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

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

Adopting new and amended standards and interpretations

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

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

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

Standards and interpretations on issue but not yet adopted

The Group is not aware of any NZ IFRS Standards or Interpretations that have recently been issued or amended that have not yet been adopted by the Group that would materially impact the Group for the annual report period ending 31 March 2023.

Summary of significant accounting policies

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

Basis of consolidation – acquisition method

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

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

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

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

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

Foreign currency translation

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

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

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

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

Goods and Services Tax (GST)

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

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

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

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

Financial instruments

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

Impairment of assets

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

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

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

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

2. REVENUE

Accounting policy: Revenue

The Group recognises revenue from the following major sources.

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

Revenue is recognised as follows.

Care and village fees

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

Management fees

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

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

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

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

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

Interest received

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

Accounting policy: Revenue in advance

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

3. OPERATING EXPENSES

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

4. DEPRECIATION AND AMORTISATION EXPENSE

Accounting policy: Depreciation and amortisation

Property, plant and equipment

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

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

Software

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

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

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

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

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

5. FINANCE COSTS

Accounting policy: Borrowing costs

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

6. INCOME TAX

Accounting policy: Income tax

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

Deferred tax

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

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

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

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

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

a. Income tax recognised in income statement

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

Reconciliation between prima facie taxation and tax expense

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

6. INCOME TAX (CONTINUED)

a. Income tax recognised in income statement (continued)

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

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

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

b. Deferred tax asset/liability

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

6. INCOME TAX (CONTINUED)

c. Imputation credit memorandum account

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

7. CASH AND CASH EQUIVALENTS

Accounting policy: Cash and cash equivalents

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

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

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

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

8. TRADE AND OTHER RECEIVABLES

Accounting policy: Trade and other receivables

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

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

9. PROPERTY, PLANT AND EQUIPMENT

Accounting policy: Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

Accounting policy: Assets held for sale

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

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

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Freehold land and buildings at fair value

All completed resthomes and hospitals included within the definition of freehold land and buildings were revalued to fair value based on an independent valuation report prepared by registered valuers, CBRE Limited and CBRE Valuations Pty Limited, at 31 March 2023 in line with NZ IFRS 13 – *Fair Value Measurement*. These revaluations are undertaken every 2 years, unless there is sustained market evidence of a significant change in fair value, in which case an earlier valuation will be obtained.

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

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

As the valuers used several valuation techniques, a significant decrease in the capitalisation rate could but may not necessarily result in a significantly higher fair-value measurement. Conversely, a significant increase in the capitalisation rate could but may not necessarily result in a significantly lower fair-value measurement.

A significant increase in the market value per care bed could but may not necessarily result in a significantly higher fair-value measurement. Conversely, a significant decrease in the market value per care bed could but may not necessarily result in a significantly lower fair-value measurement.

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

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

Assets at cost

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets

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

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

Asset held for sale

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

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

10. INVESTMENT PROPERTIES

Accounting policy: Investment properties

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

Investment properties are not depreciated.

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

As the fair value of investment property is determined using inputs that are unobservable, the Group has categorised investment property as Level 3 under the fair-value hierarchy, in line with NZ IFRS 13 – *Fair Value Measurement*. NZ IFRS 13 requires that the inputs are consistent with the characteristics of the asset that a market participant would take into account in a transaction for the asset.

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

10. INVESTMENT PROPERTIES (CONTINUED)

Determining whether fair value can be reliably measured

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

Considerations made in determining if fair value can be reliably measured

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

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

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

10. INVESTMENT PROPERTIES (CONTINUED)

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

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

10. INVESTMENT PROPERTIES (CONTINUED)

Independent valuers' key assumptions

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

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

Sensitivity

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

A 0.5 percent decrease in the discount rate would result in an approximately $130.4 million higher fair-value measurement. Conversely, a 0.5 percent increase in the discount rate would result in an approximately $121.2 million lower fair-value measurement.

Other inputs used in the fair-value measurement of the Group's investment property portfolio include the average age of residents and the occupancy periods. A significant increase in the average age of entry of residents or a decrease in the occupancy periods would result in a significantly higher fair-value measurement. Conversely, a significant decrease in the average age of entry of residents or increase in the occupancy periods would result in a significantly lower fair-value measurement.

Work in progress

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

Operating expenses

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

Security

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

11. INTANGIBLE ASSETS

Accounting policy: Intangible assets

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

Internally generated software assets

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

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

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

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

Acquired software assets

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

Software-as-a-Service (SaaS)

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

11. INTANGIBLE ASSETS (CONTINUED)

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

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

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

12. SHARE CAPITAL

Accounting policy: Ordinary shares

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

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

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

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

12. SHARE CAPITAL (CONTINUED)

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

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

Dividend reinvestment plan (DRP)

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

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

Equity raise

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

12. SHARE CAPITAL (CONTINUED)

Basic and diluted earnings per share (EPS)

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

Net tangible asset (NTA) per share

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

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

13. RESERVES

	Notes	2023 $000	2022 $000
Reserves			
Asset revaluation reserve	13a	610,341	453,568
Cash flow hedge reserve	13b	30,955	15,491
Cost of hedging reserve	13c	-	3,652
Foreign-currency translation reserve	13d	(7,136)	500
Treasury stock	13e,25	(34,729)	(38,174)
		599,431	**435,037**
a. Asset revaluation reserve			
Opening balance		453,568	453,568
Revaluation		156,773	-
Closing balance		**610,341**	**453,568**

13. RESERVES (CONTINUED)

	Notes	2023 $000	2022 $000
b. Cash flow hedge reserve			
Opening balance		15,491	(12,062)
Valuation of interest rate derivatives		28,121	31,894
Valuation of cross-currency interest rate swap		(33,443)	(14,007)
Released to income statement		35,049	20,523
Reclassification adjustment to income statement – close-out of cross-currency interest rate swaps	18	(6,396)	-
Reclassification adjustment to income statement – modified interest rate swaps	18	(1,861)	-
Deferred tax movement on cash flow hedge reserve		(6,006)	(10,857)
Closing balance		**30,955**	**15,491**
c. Cost of hedging reserve			
Opening balance		3,652	2,702
Valuation of cross-currency interest rate swap		(1,554)	1,319
Released to income statement		-	-
Reclassification adjustment to income statement	18	(3,518)	-
Deferred tax movement on cost of hedging reserve		1,420	(369)
Closing balance		**-**	**3,652**
d. Foreign-currency translation reserve			
Opening balance		500	1,787
Gain on hedge of foreign-owned subsidiary net assets		670	690
Loss on translation of foreign operations		(8,306)	(1,977)
Closing balance		**(7,136)**	**500**
e. Treasury stock (note 25)			
Opening balance		(38,174)	(35,389)
Acquisitions		-	(15,625)
Vesting/Forfeiture of shares		3,445	12,840
Closing balance		**(34,729)**	**(38,174)**
f. Retained earnings			
Opening balance		2,966,193	2,385,320
Net profit attributable to shareholders		257,836	692,873
Loss on disposal of treasury stock		(802)	-
Dividends paid		(112,000)	(112,000)
Closing balance		**3,111,227**	**2,966,193**

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

13. RESERVES (CONTINUED)

Dividends paid

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

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

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

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

14. TRADE AND OTHER PAYABLES

Accounting policy: Trade and other payables

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

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

Trade payables are typically paid within 30 days of the invoice date or on the 20th of the month following the invoice date. Other payables at 31 March 2023 include $71.8 million for the purchase of land (2022: $174.4 million).

15. EMPLOYEE ENTITLEMENTS

Accounting policy: Employee entitlements

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

16. REFUNDABLE ACCOMMODATION DEPOSITS

Accounting policy: Refundable accommodation deposits

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

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

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

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

17. INTEREST-BEARING LOANS AND BORROWINGS

Accounting policy: Interest-bearing loans and borrowings

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

Accounting policy: Hedges of a net investment

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

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

a. Bank loans (secured)

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

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

17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

b. Institutional term loan (secured)

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

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

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

c. Retail bonds (secured)

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

The coupon rate for the retail bond is 2.55 percent.

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

d. United States Private Placement (USPP) notes

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

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

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

e. Early repayment of USPP notes

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

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

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

17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

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

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

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

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

f. Security

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

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

Contractual cash outflows are disclosed in note 21.

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

g. Covenants

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

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

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

18. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy: Derivative financial instruments

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

Hedge accounting

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

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

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

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

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

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

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

a. Fair value

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

b. Cash flow and fair value hedges

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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

c. Interest rate derivatives as cash flow hedges

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

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

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

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

d. Interest rate swap as a fair value hedge

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

e. CCIRS as fair value and cash flow hedges

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

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

The details of the CCIRS are as follows:

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

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

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

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

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

f. Modified interest rate swaps

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

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

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

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

19. OCCUPANCY ADVANCES (NON-INTEREST BEARING)

Accounting policy: Occupancy advances

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

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

19. OCCUPANCY ADVANCES (NON-INTEREST BEARING) (CONTINUED)

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

Movement in gross occupancy advances

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

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

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

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

20. LEASE LIABILITIES

Accounting policy: Leases

Group as a lessee

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

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

20. LEASE LIABILITIES (CONTINUED)

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

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

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

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

Group as a lessor

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

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

Group as a lessee

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

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

Amounts recognised in profit and loss

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

20. LEASE LIABILITIES (CONTINUED)

Maturity profile for lease liabilities

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

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

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

The Group does not have any sub-leases.

21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUES

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

Categories of financial instruments

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

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

a. Credit risk management

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

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

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

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

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

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

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

b. Interest rate risk

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

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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

Interest rate sensitivity

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

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

c. Foreign currency risk

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

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

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

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

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

Foreign exchange sensitivity

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

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

d. Liquidity risk

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

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

Occupancy advances and refundable accommodation deposits

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

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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

Lines of credit and undrawn facilities

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

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

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

Lease liabilities

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

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

Maturity profile

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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

Changes in liabilities arising from financing activities

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

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

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

e. Fair values

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

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

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

e. Fair values (continued)

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

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

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

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

f. Market risk

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

g. Capital management

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

22. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue

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

Segment revenue and results

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

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

Information about major customers

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

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

Geographical information

The Group operates in New Zealand and Australia.

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

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

22. SEGMENT INFORMATION (CONTINUED)

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

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

Underlying profit is a non-GAAP (Generally Accepted Accounting Principles) measure and differs from NZ IFRS profit for the year. Underlying profit does not have a standardised meaning prescribed by GAAP and so may not be comparable to similar financial information presented by other entities. The Group uses underlying profit, with other measures, to measure performance. Underlying profit is a measure that the Group uses consistently across reporting periods.

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

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

23. RELATED-PARTY TRANSACTIONS

Parent company

The parent entity in the Group is Ryman Healthcare Limited.

Equity interests in related parties

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

23. RELATED-PARTY TRANSACTIONS (CONTINUED)

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

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

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

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

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

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

24. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Senior executive team

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

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

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

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

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

24. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

Directors' fees

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

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

25. EMPLOYEE SHARE SCHEMES

Accounting policy: Treasury stock

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

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

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

Leadership share scheme

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

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

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

25. EMPLOYEE SHARE SCHEMES (CONTINUED)

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

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

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

All employee share scheme

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

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

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

26. COMMITMENTS

Capital expenditure commitments

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

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

Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

27. CONTINGENT LIABILITIES

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

28. SUBSEQUENT EVENTS

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

29. AUTHORISATION

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

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

Anthony Leighs
Deputy Chair

Deloitte.

Independent Auditor's Report

TO THE SHAREHOLDERS OF RYMAN HEALTHCARE LIMITED

Opinion

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

In our opinion, the accompanying consolidated financial statements, on pages 72 to 131, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

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

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

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

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

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

Audit materiality

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

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

Key audit matters

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

Deloitte.

Key audit matter	How our audit addressed the key audit matter

Valuation of Investment Property

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

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

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

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

1. The significance to the financial statements:

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

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

Our procedures focused on:

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

Our procedures included, amongst others:

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

Deloitte.

Key audit matter	How our audit addressed the key audit matter
Valuation of care-facility land and buildings As explained in note 9 in the consolidated financial statements, care facility land and buildings are carried at their fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. The fair value was determined by the Directors based on valuations by independent registered valuers and an adjustment for an allowance for the value provided by the care facilities to the Group's independent living and serviced apartment residents. The valuation models include both observable and non-observable inputs. They include significant assumptions, including the determination of the earnings that were capitalised, the capitalisation rates adopted, and the assessment of the market value per care bed. These inputs require significant judgement. The net book value of care facility land and buildings at 31 March 2023 as reflected in note 9 was $1,361m (2022: $1,058m). The revaluation gain recognised in other comprehensive income was $157m (2022: $nil). We included the valuation of care-facility land and buildings as a key audit matter for two reasons: 1. The materiality of the account balance, and the revaluation movements. 2. The complexity of the valuation models.	Our procedures focused on: • The appropriateness of the valuation methodology • The reasonableness of underlying assumptions in the valuation models Our procedures included, amongst others: • Evaluating the Group's processes regarding the independent valuations of the care facility land and buildings; • Reviewing the valuation methodology and the reasonableness of the significant valuation assumptions; • Discussing with management the nature of key assumptions, and assessing the reasonableness of adjustments made by the Directors; • Assessing the competence, objectivity, and integrity of the independent registered valuers. We assessed their professional qualifications and experience. We also obtained representation from them about their independence and the scope of their work; • Meeting with the valuers to understand the valuation process adopted. The purpose of the meetings was to identify and challenge the critical judgement areas in the valuation models and to confirm the valuation approach was in accordance with NZ IFRS 13 *Fair Value Measurement*; • Using our in-house valuation specialists to assess the appropriateness of the valuation methodology and challenge the reasonableness of the underlying assumptions. Our specialists focused on the assumptions for earnings capitalisation rates; • Assessing the reasonableness of the capitalisation rates and market value per care bed adopted in the valuation; • Agreeing, on a sample basis, the earnings capitalised to the underlying accounting records and challenging the valuers on the adjustments made to actual earnings in arriving at the earnings used in the valuation; • Considering the appropriateness of the disclosures in note 9.

Deloitte.

Other information

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

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

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

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

Directors' responsibilities for the consolidated financial statements

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

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

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

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

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

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

This description forms part of our auditor's report.

Restriction on use

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

Deloitte Limited

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

Artist's impression of our upcoming Mt Eliza Village.

Corporate governance

Artist's impression of our upcoming Northwood Village.

Corporate governance

Directors

Warren Bell, Paula Jeffs, Jo Appleyard, George Savvides, Claire Higgins, Anthony Leighs.
Absent from photo, Geoffrey Cumming.

Claire Higgins

INTERIM CHAIR
NON-EXECUTIVE DIRECTOR

BCOM, FCPA, FAICD

Claire joined the board in 2014 and was appointed interim Chair in November 2022. Based in Victoria, Claire brings experience in a range of sectors in Australia and New Zealand. Claire is Chair of REI Superannuation and GMHBA and is a director in the medical device sector.

Anthony Leighs

DEPUTY CHAIR
NON-EXECUTIVE DIRECTOR

NZCB, CFINSTD, NZIOB FELLOW

Anthony joined the board in 2018. Based in Christchurch, he is also a director of Leighs Construction, which he founded in 1992 and built into one of New Zealand's leading commercial construction contractors. He is a former Chair of the New Zealand Registered Master Builders Association.

George Savvides AM

NON-EXECUTIVE DIRECTOR

BE (HONS), MBA, FAICD

George joined the board in 2013. Based in Melbourne, he has extensive experience in Australia's healthcare industry, including 14 years as Managing Director of Medibank, Australia's largest health insurer. George is Chair of SBS (Broadcasting) and I-Med Radiology Network and a non-executive director of IAG (Insurance Australia Group). In 2020 George was made a Member of the Order of Australia for significant service to the community, charitable groups and business.

Geoffrey Cumming

NON-EXECUTIVE DIRECTOR

BA (HONS), MSC (ECON), LLD

Geoffrey rejoined the board in June 2018, having previously served as a director from 1999 to 2000. Geoffrey is a Melbourne-based New Zealand citizen who is an economist, investor and philanthropist. He has more than 30 years' experience as a chief executive and company director and has served on more than 25 boards. In 2019 Geoffrey was inducted into the Alberta Business Hall of Fame.

Paula Jeffs

NON-EXECUTIVE DIRECTOR

BA, GRAD DIP (IR), GAICD, CAHRI

Paula joined the board in 2019. She is a Melbourne-based executive, currently holding the position of EGM People and Transformation at Melbourne Water. She brings with her more than 25 years' experience leading culture, capability and safety in organisations across the healthcare and finance sectors. Early in her working life, Paula spent several years as a carer in the aged and disability sector.

Warren Bell

NON-EXECUTIVE DIRECTOR

MCOM, FCA

Warren joined the board in 2011. He is an experienced public and private company director and was previously an audit partner. Warren is currently Chair of Hallenstein Glasson Holdings and has a long history in the New Zealand retail sector. He is also Chair of Christchurch-based St George's Hospital and a director of several private companies.

Jo Appleyard

NON-EXECUTIVE DIRECTOR

LLB (HONS)

Jo joined the board in 2009. She is a skilled advocate and litigator specialising in commercial, employment and resource management law. Jo is a partner at Chapman Tripp and was a member of the NZ Markets Disciplinary Tribunal between 2011 and 2020.

We are delighted to announce the appointments of Dean Hamilton and James Miller as directors, with effect from 1 June 2023, as they bring new capability to the company.

Three directors announced that they will retire during FY24. George Savvides retired on 1 June 2023, while Warren Bell and Jo Appleyard will retire at the annual meeting. Geoffrey Cumming also announced that he will not seek reappointment when his current term expires in 2024.

Our thanks to all for their dedication to the board over many years.

Senior executives

Chris Evans, Mary-Anne Stone, Cameron Holland, Cheyne Chalmers, Richard Umbers, Deborah Marris, David Bennett, Di Walsh, Rick Davies.

Richard Umbers

GROUP CHIEF EXECUTIVE OFFICER

BSC (HONS), MSC (FINANCE), GAICD, MINSTRE

Richard joined Ryman in 2021. He is an internationally experienced CEO with a background in leading large businesses. Richard was previously Divisional Director of Buying at Kaufland in Germany and CEO and Managing Director of Myer Australia. He also held senior roles at Woolworths in Australia and was Managing Director of Progressive Enterprises in New Zealand.

David Bennett

GROUP CHIEF FINANCIAL OFFICER

BCOM (HONS), CA

Dave joined Ryman in 2013 and was promoted to Group Chief Financial Officer in 2017. He is a board member of the Retirement Villages Association of New Zealand and the New Zealand Aged Care Association. Before joining Ryman he worked as an accountant and auditor. Dave has recently been appointed Chief Strategy Officer and will continue in his current position until a successor has been appointed.

Deborah Marris

GROUP GENERAL COUNSEL AND COMPANY SECRETARY

BCA, LLB (HONS), CMINSTD, GAICD

Deborah joined Ryman in 2022. She began her career as a lawyer in New Zealand and has held senior executive roles with global organisations in New Zealand, the United Kingdom, Hong Kong, India and Australia. Deborah joined Ryman from Synlait Milk Limited, where she was Director of Legal, Risk and Governance.

Cheyne Chalmers

CHIEF EXECUTIVE OFFICER – NEW ZEALAND

NZRN DIP NURSING, BHSC (NURSING), PGDIPHSM, MMGMT (HSM), ADJ PROF. MIOD, FACN

Cheyne joined Ryman in 2020 as Chief Operations Officer and was appointed Chief Executive Officer – New Zealand in June 2022. Cheyne has held senior public health roles including Executive Director of Residential and Support Services and Chief Nursing and Midwifery Officer at Monash Health, Melbourne. Cheyne is also an adjunct professor at Deakin University in Victoria.

Cameron Holland

CHIEF EXECUTIVE OFFICER – AUSTRALIA

BA/BBUS – MONASH, GAICD

Cameron joined Ryman in 2021. He is a proven business leader with over 15 years' experience leading the commercial and operational arms of some of Australasia's largest brands, including Jetstar and Lonely Planet. Cameron also has extensive experience in the aged-care, home-care and retirement-living sector in Australia.

Chris Evans

CHIEF DEVELOPMENT AND CONSTRUCTION OFFICER

BE (HONS)

Chris joined Ryman in 2021. He is an experienced construction leader, having enjoyed more than 25 years working for John Holland Group in a range of operational and senior leadership positions in Australia. More recently Chris worked at Sydney Airport, where he was Chief Assets and Infrastructure Officer.

Mary-Anne Stone

CHIEF EXPERIENCE AND ENGAGEMENT OFFICER

BA, MPH

Mary-Anne rejoined Ryman in 2020. She has over 25 years' experience in the healthcare sector, including senior management roles in primary health, retirement living and home and community care. Mary-Anne's master's degree focused on health systems for ageing populations and health equity.

Rick Davies

CHIEF TECHNOLOGY AND INNOVATION OFFICER

BSC

Rick joined Ryman in 2019. He is an experienced leader, with a career in both technology and commercial leadership roles, having worked extensively within the ecommerce sector. Rick has had a range of senior roles, including leader of Trade Me's iconic retail marketplace division.

Di Walsh

CHIEF PEOPLE AND SAFETY OFFICER

NZCS

Di joined Ryman in 2023. She began her career in biochemistry and held diverse operational roles before building an extensive career in senior people and culture roles across Australia and New Zealand. Prior to Ryman she worked in senior roles at Lion Breweries and most recently was Group Executive Manager – People at Fulton Hogan.

Ryman believes in the benefits of good corporate governance and the value it provides for shareholders, residents, employees and other stakeholders.

The board of directors is responsible for applying the company's corporate governance at a level informed by best practice and the recommendations outlined in the NZX Corporate Governance Code dated 17 June 2022.

The company's approach is set out in the following pages.

Policy documents referred to in this section are available at **rymanhealthcare.co.nz/about-us/investors/governance**

BOARD COMPOSITION

The board believes the appropriate size for the Ryman board is seven to nine directors. At 31 March 2023, Ryman's seven board members are all non-executive directors: Claire Higgins, Anthony Leighs, Geoffrey Cumming, George Savvides, Paula Jeffs, Warren Bell and Jo Appleyard.

Claire Higgins, Anthony Leighs, George Savvides, Paula Jeffs and Jo Appleyard are considered independent for the purposes of the NZX Main Board Listing Rules.

Dr David Kerr (July 2022) and Greg Campbell (November 2022) retired from the board during the year.

BOARD STATS AND FACTS

100%
Board meeting attendance

2 nationalities
(4 New Zealanders* and 3 Australians)

71%
are independent

Average age
61

43%
are female

BOARD COMMITTEES

BOARD COMMITTEES	Director members**	Director independence	Director attendance***
Audit, Finance and Risk	4	50%	100%
People and Safety	4	75%	88%
Clinical Governance	2	100%	100%
Development, Design and Construction	4	75%	89%
Governance, Nominations and Remuneration	4	75%	92%

* Geoffrey Cumming is a citizen of both New Zealand and Canada who resides in Melbourne, Australia.

** Membership at 31 March 2023.

*** Attendance in the financial year to 31 March 2023.

Statement of corporate governance

NZX Listing Rules

The company applies the NZX Main Board Listing Rules (the Listing Rules).

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Code of ethics

Ryman's code of ethics reflects the board's commitment to the highest standards of behaviour and accountability. It sets out the core principles of behaviour expected of every person the company works with, including directors, senior leaders, team members, consultants and business partners.

The code also supports decision-making that is consistent with Ryman's characteristics, business goals and legal and policy obligations.

The current code of ethics is available on Ryman's intranet and website. It covers:

- who Ryman is – the company's values and characteristics
- Ryman's commitment to health, safety and wellbeing – which focuses on working safely or not at all
- Ryman's people – supporting, developing and leading team members
- environment and community – the work Ryman does to protect the environment and have a positive impact on local communities
- protecting Ryman's assets and property – being a good steward of company information, property and value
- freedom to speak up – supporting people to raise concerns, including via whistleblowing and protected disclosures, free of reprisal or victimisation
- how Ryman does business – the rules around accepting gifts and other benefits, dealing with conflicts of interest and maintaining confidentiality
- complying with the law and reporting breaches.

Financial product trading policy

Ryman supports the integrity of New Zealand's financial markets. The company's financial product trading policy outlines how insider trading laws apply as well as the measures that Ryman has in place to ensure that those laws are followed.

Additional trading restrictions apply to certain persons, including directors and senior management, if they trade in the company's shares and retail bonds. They are only able to trade in the company's shares and retail bonds during two trading windows: between the full-year announcement date and 31 August; and between the half-year announcement date and 31 January each year.

PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

The board of directors

The practices adopted by the board are prescribed in a charter that sets out protocols for how the board operates.

The board's primary role is to represent and promote the interests of shareholders effectively, with a view to adding long-term value to the company's shares.

To do that, the board operates within the following mandate:

- The board should have a majority of non-executive directors.
- At least a third of the directors should be independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of a director's independent judgement.
- The board's Chair should be a non-executive director (and not the Group Chief Executive Officer).
- Directors should possess a broad range of skills, qualifications and experience and remain up to date on how best to perform their duties.
- Management must provide information with the right levels of content, quality and timeliness to allow the board to discharge its duties effectively.
- The effectiveness and performance of the board and its individual members should be re-evaluated annually.

The board delegates the day-to-day management of Ryman and the implementation of the board's strategy to the Group Chief Executive Officer and the senior executive team.

Information on current directors, including their experience, qualifications, length of service, interests and shareholdings, can be found in this report and on the company's website. The following is a summary of the board's skill set.

Statement of corporate governance (continued)

	Claire Higgins	Anthony Leighs	George Savvides	Geoffrey Cumming	Paula Jeffs	Warren Bell	Jo Appleyard
Governance Experience of governance through board appointments at other organisations or through former CEO experience.	•	•	•	•		•	•
Executive leadership Former CEO or C-suite executive with excellent track record of growing value, leading with purpose, strategy development and execution, including investing in people, leadership of culture and effective delegation.		•	•	•	•		
Finance, accounting and taxation Finance and accounting experience with large companies. May hold a recognised accounting qualification. The skills to chair the Audit, Finance and Risk Committee.	•			•		•	
Risk management Risk management experience developed through either leadership or governance roles at similar-sized organisations.	•	•	•	•	•	•	•
Property and construction Experience in successfully leading property and construction companies or performing governance roles for companies in the sector. Skills to support and challenge new site investment decisions and build programme.		•		•		•	•
Health and safety Experience in the development of health, safety and wellbeing frameworks and risk-management tools at large organisations.	•	•			•		•
Health, clinical and aged care Leadership or governance experience across the health and aged-care sector.	•		•	•	•	•	•
Digital and technology Experience in the implementation of digital transformation or new digital product development in the health and aged-care sectors.			•				
Human resources Leadership experience in the development and implementation of people and culture programmes at large organisations.			•	•	•		•
Climate change Knowledge, skills and experience to support the oversight of climate-related risks and opportunities and strategy development.		•					•
Strategy Experience of strategic oversight, including the development and implementation of strategic plans for organisations of similar scale and complexity.	•	•	•	•	•	•	•

The board's responsibilities

The primary responsibilities of the board are to:

- ensure that the company's goals are clearly established and that strategies are in place for achieving them
- establish policies for strengthening the performance of the company and ensure that management is proactively seeking to build the business
- monitor the performance of management
- appoint the Group Chief Executive Officer and set the terms of their employment agreement
- decide on the steps needed to protect the company's financial position, enable the company to meet its debt and other obligations when they fall due, and ensure that appropriate steps are taken
- ensure that the company's financial statements are true and fair and conform with the law
- ensure that the company adheres to high standards of ethics and corporate behaviour
- ensure that the company adheres to its health and safety obligations and commitments
- ensure that the company adopts policies, practices and procedures that result in the company meeting or exceeding societal and shareholders' expectations for environmental, social and governance standards
- ensure that the company has appropriate risk management/regulatory compliance policies in place.

The Governance, Nominations and Remuneration Committee considers and nominates directors, then makes appropriate recommendations to the board.

On appointment, directors sign a written agreement that covers the terms of their appointment.

Under the Listing Rules, every director must stand for re-election at the end of three years or the third annual meeting after their appointment, whichever is later. These directors may offer themselves for re-election.

Directors appointed by the board must retire at the next annual meeting following their appointment. These directors may then offer themselves for election.

The board and its committees critically evaluate their own performance and their own processes and procedures.

Statement of corporate governance (continued)

Independent professional advice

Each director has the right to seek independent legal and other professional advice (at the company's expense) to assist them in fulfilling their duties and responsibilities, providing they have the prior approval of the Chair. That advice can be about any aspect of the company's operations and undertakings.

Diversity

Ryman's approach to diversity is to continually develop a work environment that supports equality and inclusion, regardless of difference. As part of that, the board and management are expected to ensure that all eligible people get equal opportunities to demonstrate they have the right skills and experience for a particular role. The diversity policy is available on the company's website.

The gender diversity for Ryman's leadership roles at 31 March is as follows.

		2023	2022
Directors	Male	4	6
	Female	3	3
		7	**9**
Senior executive team	Male	5	6
	Female	4	3
		9	**9**
Ryman leaders	Male	287	224
	Female	387	374
	Gender diverse	1	-
	Undisclosed	5	-
		680	**598**

PRINCIPLE 3 – BOARD COMMITTEES

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Board committees

The board has five standing committees: Audit, Finance and Risk; People and Safety; Clinical Governance; Development, Design and Construction; and Governance, Nominations and Remuneration.

There is a separate Independent Directors' Committee.

Each committee operates under specific terms of reference approved by the board. Any recommendations made by a committee must be considered and approved by the board.

All directors may attend any of the board committees other than the Independent Directors' Committee.

Audit, Finance and Risk Committee

The members of the Audit, Finance and Risk Committee at 31 March 2023 are Claire Higgins (Chair), Warren Bell, Geoffrey Cumming and George Savvides. Greg Campbell and Dr David Kerr retired during the year. Anthony Leighs joined the committee after 31 March 2023.

The objective of the Audit, Finance and Risk Committee is to assist the board in discharging its responsibilities for financial reporting, enterprise risk management and financial compliance.

The committee makes recommendations for appointing external auditors to ensure that they are independent and to ensure that the company provides for a 5-yearly rotation of the lead audit partner.

The committee also provides a forum for effective communication between the board and Ryman's external auditors.

The committee's responsibilities include to:

- review and oversee enterprise risk management, internal control and compliance systems
- review the appointment of the external auditor, the annual audit plan and audit findings and address any recommendations from the audit
- review and oversee Ryman's financial performance, forecasting, treasury management, capital management and debt structure
- approve the release of all financial information.

The Audit, Finance and Risk Committee must include at least three directors. The appointed board Chair must also not be the Chair of the committee. Claire Higgins became the interim Chair of the Ryman board when Greg Campbell retired due to ongoing health issues on 30 November 2022, and remains Chair of this committee. This was a temporary appointment while the Governance, Nominations and Remuneration Committee recruited for a new Chair for the Ryman board. It has been announced that Dean Hamilton will join the board commencing 1 June 2023 and, subject to being elected at the annual meeting, will take over as board Chair on 31 July 2023. When Greg Campbell retired on 30 November 2022 the committee failed to have a majority of members who were independent. This was managed by all directors of the board being invited to attend the committee meetings. Anthony Leighs, who is an independent director, was appointed to the committee on 3 May 2023.

Statement of corporate governance (continued)

The committee generally invites the Group Chief Executive Officer, Group Chief Financial Officer, Group General Counsel and external auditor to attend Audit, Finance and Risk Committee meetings as appropriate. The committee also meets and receives regular reports from the external auditor, without management present, to address any matters that arise in connection with the performance of the auditor's role.

People and Safety Committee

The members of the People and Safety Committee are Paula Jeffs (Chair), Claire Higgins, Jo Appleyard, Geoffrey Cumming and Richard Umbers (Group Chief Executive Officer) and David Bennett (Group Chief Financial Officer) in their capacity as directors of all Ryman group subsidiaries. Greg Campbell and Dr David Kerr retired during the year.

The People and Safety Committee assists the board in overseeing and reviewing matters relating to people, culture, health and wellbeing management.

The committee recognises the critical role of people and safety in Ryman's day-to-day operations and aims to ensure a safety-first culture in all business operations.

The committee's responsibilities include to:

- review and recommend health, safety and wellbeing strategies and oversee major projects or improvement plans
- review, monitor and make recommendations to the board on the organisation's health and safety risk-management framework and policies, including assessments that systems are fit for purpose and being effectively implemented, regularly reviewed and continuously improved
- monitor compliance with health, safety and wellbeing policies and relevant applicable laws through overseeing major assurance functions across the business and ensuring that appropriate resources are available
- review and recommend people and culture strategies and oversee major projects or improvement plans to drive a positive culture and effective workforce
- review and recommend talent, succession and development plans, diversity and inclusion plans and metrics, remuneration policy and targets, and employee engagement plans.

The committee maintains direct lines of communication with the Chief Executive Officer – New Zealand, Chief Executive Officer – Australia, Chief Development and Construction Officer and Chief People and Safety Officer.

Clinical Governance Committee

The members of the Clinical Governance Committee at 31 March 2023 are George Savvides (Chair), Jo Appleyard, Tim Wilkinson (who is a professor at Otago Medical School and a consulting geriatrician) and Dr David Kerr, who rejoined the committee in March 2023 as an expert advisor.

The Clinical Governance Committee supports and enhances the quality of the company's clinical performance and care.

It assists the board with oversight of clinical reporting and clinical compliance and is focused on innovation in healthcare and ensuring alignment with emerging best clinical practices.

The committee's responsibilities include to:

- monitor the quality of care experienced by all Ryman residents
- ensure that appropriate clinical information systems and external controls are in place to achieve statutory compliance and quality care
- liaise with external clinical auditors, including reviewing the appointment of auditors and audit findings
- liaise with internal clinical auditors and review audit findings
- review significant changes to clinical policies
- review significant complaints and investigations relating to the care of residents
- review changes in clinical practice in aged care.

The committee maintains direct lines of communication with the external clinical auditors, Group Chief Executive Officer, Chief Executive Officer – New Zealand, Chief Executive Officer – Australia and internal clinical auditor.

The committee invites clinically trained employees to attend as required. External clinical auditors are also invited to attend a meeting each year. Their reports include reviews of the internal clinical audit function.

Development, Design and Construction Committee

The members of the Development, Design and Construction Committee are Anthony Leighs (Chair), Jo Appleyard, Warren Bell and Claire Higgins. Greg Campbell retired from the committee during the year.

The Development, Design and Construction Committee assists the board with oversight of the company's development, design and construction functions, with a view to enhancing the company's performance in these areas.

The committee's responsibilities include to:

- oversee the company's portfolio of village developments to ensure that the annual and longer-term business plans can be achieved
- monitor the stage-gate progression of projects from land acquisition recommendation to construction commencement, including making recommendations to the board throughout the process
- review risk and mitigation measures relevant to the development, design and construction functions, including timeliness, quality and compliance issues
- review a range of profitability performance metrics for each development
- investigate innovative construction and design methods to improve resident and employee experiences, improve efficiency and support the sustainability and climate change strategy
- review systems and procedures supporting the design, consent and building process.

The committee maintains direct lines of communication with the Group Chief Executive Officer, Group Chief Financial Officer, Chief Development and Construction Officer, Chief Executive Officer – New Zealand and Chief Executive Officer – Australia.

Statement of corporate governance (continued)

Governance, Nominations and Remuneration Committee

The members of the Governance, Nominations and Remuneration Committee are Geoffrey Cumming (Chair), Paula Jeffs, Anthony Leighs and Claire Higgins. Greg Campbell, Dr David Kerr and George Savvides retired from the committee during the year.

The Governance, Nominations and Remuneration Committee assists the board in establishing remuneration policies and practices. The committee also recommends the nomination of directors to the board.

The committee's responsibilities include to:

- assist the board in establishing remuneration policies and practices for the company
- assist in discharging the board's responsibilities for reviewing the Group Chief Executive Officer's and directors' remuneration
- advise and assist the Group Chief Executive Officer in setting remuneration for the senior executive team
- regularly review and recommend changes to the composition of the board and identify and recommend individuals for nomination as members of the board and its committees.

Directors' remuneration is set out in the 'Directors' disclosures' section of this report.

Independent Directors' Committee

The Independent Directors' Committee comprises all independent directors.

The committee is convened as needed to address significant conflicts of interest and any other matters referred by the board. It will also be convened if a notice of takeover is received by the company, or if a scheme of arrangement is considered with a potential merger party.

Ryman has takeover response protocols that set out the procedures to be followed if there is a takeover offer. These have been adopted by the board.

Attendance at board and committee meetings

Directors' attendance at board and committee meetings for the year ended 31 March 2023 is shown in the table below.

Board meetings generally consist of a number of meetings held over multiple days.

In addition to the scheduled board meetings recorded below, the board and some of the committees held a large number of meetings during the year regarding a range of issues including balance sheet management planning, the now completed equity raise and board succession planning.

	Board	Audit, Finance and Risk	People and Safety	Clinical Governance	Development, Design and Construction	Governance, Nominations and Remuneration
Number of meetings held						
Claire Higgins (interim Chair)	6/6[1]	7/7 (Chair)	3/3		3/4	2/2[2]
Anthony Leighs	6/6				4/4 (Chair)	2/2[2]
Jo Appleyard	6/6		3/3	3/3	4/4	
Warren Bell	6/6	7/7			4/4	
Geoffrey Cumming	6/6	7/7	1/3			6/6 (Chair)
Paula Jeffs	6/6		3/3 (Chair)			5/6
George Savvides	6/6	7/7		3/3 (Chair)		3/4[2]
Greg Campbell (former Chair)[3]	4/4	5/5	3/3		1/2	4/4
Dr David Kerr[4]	2/2	2/2	1/1	1/1		2/2

The Independent Directors' Committee did not meet during the year.

1 Claire Higgins replaced Greg Campbell as interim Chair of the board in November 2022.

2 Anthony Leighs and Claire Higgins replaced Greg Campbell and George Savvides as committee members in December 2022.

3 Greg Campbell retired from the board in November 2022.

4 Dr David Kerr retired from the board in July 2022.

Statement of corporate governance (continued)

Summary of committee memberships

Committee	Members at 31 March 2023	Members at 31 March 2022
Audit, Finance and Risk	**Claire Higgins** Warren Bell George Savvides Geoffrey Cumming	**Claire Higgins** Warren Bell Dr David Kerr George Savvides Geoffrey Cumming Greg Campbell
People and Safety	**Paula Jeffs** Claire Higgins Jo Appleyard Geoffrey Cumming Richard Umbers (Group Chief Executive Officer) David Bennett (Group Chief Financial Officer)	**Paula Jeffs** Claire Higgins Dr David Kerr Jo Appleyard Geoffrey Cumming Greg Campbell Richard Umbers (Group Chief Executive Officer) David Bennett (Group Chief Financial Officer)
Clinical Governance	**George Savvides** Jo Appleyard Tim Wilkinson (expert advisor) Dr David Kerr (expert advisor)	**George Savvides** Dr David Kerr Jo Appleyard Tim Wilkinson (expert advisor) Dr Doug Wilson (expert advisor)
Development, Design and Construction	**Anthony Leighs** Jo Appleyard Warren Bell Claire Higgins	**Anthony Leighs** Jo Appleyard Warren Bell Claire Higgins Greg Campbell
Governance, Nominations and Remuneration	**Geoffrey Cumming** Paula Jeffs Anthony Leighs Claire Higgins	**Geoffrey Cumming** Dr David Kerr George Savvides Paula Jeffs

Greg Campbell (Chair) and Dr David Kerr resigned from the board and the Audit, Finance and Risk Committee during 2023. Dr Doug Wilson retired from his position as an expert advisor to the Clinical Governance Committee and Dr David Kerr has been appointed as his replacement. Anthony Leighs joined the Audit, Finance and Risk Committee after 31 March 2023.

PRINCIPLE 4 – REPORTING AND DISCLOSURE

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Reporting and disclosure

The board focuses on providing accurate, adequate and timely information to enable all investors to make informed decisions about the company.

As a company listed on the NZX Main Board, Ryman has an obligation to comply with the disclosure requirements of the Listing Rules. These requirements aim to provide equal access for all investors or potential investors and material, price-sensitive information concerning issuers and their financial products. This in turn promotes confidence in the market.

Ryman's market disclosure policy outlines the obligations of Ryman and relevant Ryman personnel in satisfying the disclosure requirements. It also covers other related matters, including external communications by Ryman.

The annual report is produced using the principles of Integrated Reporting <IR>. An integrated report provides more information than traditional reporting on the company's business model and how Ryman creates value over time.

Ryman publishes its key governance and other relevant documents in the investor centre of the company's website at **rymanhealthcare.co.nz/about-us/investors/governance**

All significant announcements made to the NZX and reports issued are also posted on the company's website.

Statement of corporate governance (continued)

PRINCIPLE 5 – REMUNERATION

"The remuneration of directors and executives should be transparent, fair and reasonable."

Remuneration

The Governance, Nominations and Remuneration Committee makes recommendations to the board on remuneration matters in keeping with the committee's terms of reference, including the remuneration of the Group Chief Executive Officer.

Directors' pool remuneration is approved by shareholders at the annual meeting as required under the Listing Rules.

The board is then responsible for setting individual directors' fees in line with the approved pool and the Listing Rules.

Details of directors' remuneration for the year are in the 'Directors' disclosures' section of the annual report.

Ryman's remuneration policy outlines the key principles that influence the company's remuneration practices.

The remuneration of the Group Chief Executive Officer and senior executive team is determined by the significance of their roles and the industry. The total remuneration is made up of fixed remuneration and short-term and medium-term cash-based incentives. The Group Chief Executive Officer and senior executive team are also members of the senior leadership share scheme (see note 25 of the financial statements). The leadership share scheme was put on hold during the year and is currently under review.

The senior leadership share scheme provides certain employees with limited-recourse loans on an interest-free basis to support their participation in the scheme. Shares subject to this scheme have a restricted period of 3 years from the date of purchase to appropriately incentivise participants for a longer period. A loan is repayable if the employee is no longer employed by Ryman.

The short-term and medium-term incentives are at-risk payments that reward performance. They are designed to motivate and incentivise senior employees in the delivery of performance. The amount payable is set over the performance period. The payments of the short-term and medium-term incentives depend on the achievement of certain stretch performance targets. The performance metrics differ with each role.

Every year the committee reviews the levels and appropriateness of these incentives and their weightings.

We are currently looking to appoint a remuneration advisor to support the board with our remuneration strategy to drive performance and ensure market competitiveness.

Employees' remuneration

The table below details the number of Ryman group employees who earned over $100,000 during the year ended 31 March 2023. The remuneration includes salary, short-term incentives and employer contributions to KiwiSaver and superannuation.

Remuneration $	Number of employees
1,580,000-1,590,000	1
860,000-870,000	1
820,000-830,000	1
770,000-780,000	1
730,000-740,000	1
660,000-670,000	1
520,000-530,000	1
500,000-510,000	1
430,000-440,000	1
420,000-430,000	1
380,000-390,000	1
360,000-370,000	2
340,000-350,000	2
330,000-340,000	5
320,000-330,000	4
310,000-320,000	2
300,000-310,000	2
290,000-300,000	4
280,000-290,000	5
270,000-280,000	2
260,000-270,000	5
250,000-260,000	8
240,000-250,000	5
230,000-240,000	6
220,000-230,000	8
210,000-220,000	8
200,000-210,000	17
190,000-200,000	19
180,000-190,000	19
170,000-180,000	31
160,000-170,000	42
150,000-160,000	47
140,000-150,000	64
130,000-140,000	74
120,000-130,000	76
110,000-120,000	132
100,000-110,000	198

Statement of corporate governance (continued)

Group Chief Executive Officer remuneration

Richard Umbers was appointed Group Chief Executive Officer, effective 25 October 2021. The former Group Chief Executive Officer was Gordon MacLeod, whose role with Ryman concluded on 22 October 2021.

The remuneration paid to the Group Chief Executive Officer in the financial period was as follows:

	Current Group CEO		Former Group CEO	
	2023	2022	2023	2022
	$	$	$	$
Salary	1,297,063	498,462	-	1,668,216
Other benefits[1]	63,722	14,954	-	80,454
Fixed remuneration	**1,360,785**	**513,416**	-	**1,748,670**
Short-term incentive (STI)[2]	227,000	-	56,250[6]	1,013,583
Medium-term incentive (MTI)[3]	-	-	-	-
Long-term incentive (LTI)[4]	-	-	-	-
Total remuneration	**1,587,785**	**513,416**[5]	**56,250**	**2,762,253**

1 Other benefits include KiwiSaver.

2 The STI for FY22 (paid in FY23) for the current Group Chief Executive Officer represents achievements against goals set and has been pro-rated against time in role. The STI for FY23 will be measured and awarded in July 2023 and is based on a combination of commercial performance, resident care and experience metrics, as well as team member safety, engagement and culture indicators. The on-target STI payable for FY23 is $690,000.

3 The Group Chief Executive Officer is eligible for a MTI commencing in FY24 on a 3-year look-back basis (FY22-FY24, payable in FY25). The measures for the MTI are based on commercial performance as well as resident, relative and team member engagement metrics. The current on-target MTI is $1,150,000.

4 The LTI component for the current Group Chief Executive Officer is on hold as the LTI scheme is currently being reviewed.

5 Represents the period from 25 October 2021 to 31 March 2022.

6 The STI for FY22 (paid in FY23) for the former Group Chief Executive Officer.

The board is looking to appoint a remuneration advisor to support the review of the remuneration strategy to drive performance and ensure market competitiveness.

PRINCIPLE 6 – RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Management of risk and internal controls

Ryman is committed to managing all material risks arising from its activities, in accordance with stated policies. The board has overall responsibility for overseeing the management of these risks.

Robust risk-management processes and tools support staff to identify, assess, monitor and manage business risks. The responsibility for operational risk management sits with the managers in the individual business units and the regional chief executives. Ryman's risk management and assurance processes support this through group functions, and are ultimately overseen by the senior executive team and the board.

A new group risk management framework was adopted in 2022 to support greater risk awareness, understanding and consistency across Ryman. This framework allows for enhanced reporting of the material risks facing Ryman and greater oversight of the effectiveness of the control environment in managing those risk exposures.

Within this framework, Ryman has identified the following eight material risk categories:

- Clinical risk
- Design, development and construction risk
- Data risk
- Financial risk
- Health, safety and wellbeing risk
- Operational and compliance risk
- People risk
- Reputational and sustainability risk.

A detailed people, health and safety risk register and clinical risk register are separately maintained, given the significance of these areas to the business.

Ryman operates an extensive internal accreditation programme that addresses issues such as service delivery, health, safety and wellbeing, and administration. Clinical and health and safety audits are undertaken regularly. The results of these audits and critical indicators are regularly reported to the board. Health, safety and wellbeing are also discussed regularly through the board committees and at board, senior executive team, construction team and operational team meetings. Regular reporting of key metrics assists teams to manage these risks.

Statement of corporate governance (continued)

Ryman's business activities include the construction and operation of retirement villages that are vulnerable to the impacts of climate change. The board has acknowledged this risk and has accepted responsibility for overseeing the management of climate-related risks. Ryman has developed a sustainability strategy that includes a project to implement climate-risk-related processes across governance, strategy, risk management, targets and metrics. The processes identified are consistent with the climate-related disclosure recommendations articulated by the External Reporting Board.

Quarterly progress updates on the delivery of the projects identified in the sustainability strategy are shared with the senior executive team. The board also receives updates at each board meeting.

Details of Ryman's sustainability strategy are available at **rymanhealthcare.co.nz/about-us/sustainability**

PRINCIPLE 7 – AUDITORS

"The board should ensure the quality and independence of the external audit process."

External auditor

The Audit, Finance and Risk Committee makes recommendations on the appointment of the external auditor as set out in its terms of reference. The committee also monitors the independence and effectiveness of the external auditor, and reviews and approves any non-audit services performed by the external auditor.

The committee regularly meets with the external auditor to approve the terms of engagement, the audit partner rotation (at least every 5 years) and audit fees and to review and provide feedback on the annual audit plan. Every year, a comprehensive review and formal assessment of the independence and effectiveness of the external auditor is undertaken. The assessment uses an external auditor evaluation tool that is internationally recognised and endorsed by the Independent Directors Council. The Audit, Finance and Risk Committee routinely meets with Ryman's external auditor Deloitte without management present.

Deloitte also attends the company's annual meeting of shareholders.

Internal audit functions

Clinical auditors and health, safety and wellbeing officers routinely monitor and evaluate the effectiveness of controls across the group. Detailed reports on these activities and findings are regularly presented to the board Clinical Governance Committee and the board People and Safety Committee.

Ryman established an internal audit function in 2022 to further develop its audit capabilities. The internal audit function is governed by an internal audit charter, which sets out the objectives and scope of internal audit activities.

The primary objective of internal audit is to evaluate and improve the effectiveness of key risk management, control and governance processes. Ryman's internal audit approach is guided by a principle of partnership with the business through which it seeks to add value to the business with each review. The internal audit plan is set annually by the Audit, Finance and Risk Committee. The committee meets on a regular basis to consider financial reporting, internal control and corporate governance matters. The committee reviews the internal audit findings and opinions, and the activities of the internal audit function.

PRINCIPLE 8 – SHAREHOLDER RIGHTS AND RELATIONS

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Information for shareholders

The company seeks to ensure that investors understand its activities by communicating effectively with them and providing access to clear and balanced information.

The company website, **rymanhealthcare.co.nz**, provides an overview of the business and a range of information about Ryman, including details of operational sites, latest news, investor information, key corporate governance information, significant NZX announcements and profiles of the directors and the senior executive team.

Previous annual reports, financial statements and results' presentations are also available on the website.

Shareholders are able to vote on major decisions of the company in line with the requirements set out in the Companies Act 1993 and the Listing Rules.

Communicating with shareholders

Ryman has a dedicated Head of Investor Relations and a Group Corporate Affairs Manager. A key goal of these two roles is to ensure that Ryman's shareholders and bondholders are kept informed.

Contact details for the Head of Investor Relations can be found in the contact us section of Ryman's website.

Ryman sends the notice of the annual meeting to shareholders and publishes it on the company website at least 20 working days before the meeting each year.

Voting by shareholders

Voting on all resolutions at Ryman's shareholder meetings is conducted by poll. This provides shareholders with a one share, one vote say on all resolutions (subject to any voting restrictions applying under the Listing Rules).

General disclosures of interest

FOR THE YEAR ENDED 31 MARCH 2023

JO APPLEYARD

Partner	Chapman Tripp[1]
Member	University of Canterbury Vice-Chancellor Employment Committee
Board member	Community Law Canterbury
Trustee	Wai Wanaka
Bare trustee	Ryman Healthcare Share Scheme
Director	Hallenstein Glasson Holdings Limited Group

WARREN BELL

Chair	Hallenstein Glasson Holdings Limited Group
Chair	St George's Hospital Inc
Director	Meadow Mushrooms Limited Group
Director	Cyprus Enterprises Limited
Director	Sabina Limited
Director	Warren Bell Limited
Director	CHC Properties Limited
Director	Glasson Trustee Limited
Director	152 Hereford Limited
Director	New North Holdings Limited
Director	Waiwetu Trustees Limited
Director	Hickman Family Trustees Limited *(part shareholder of Airport Business Park Christchurch Limited)*
Trustee	Emerald Trust *(part shareholder of Airport Business Park Christchurch Limited)*
Trustee	Waiwetu Trust *(part shareholder of Airport Business Park Christchurch Limited)*
Director/shareholder	Poraka Limited
Bare trustee	Ryman Healthcare Share Scheme[2]

GEOFFREY CUMMING

Chair/CEO/sole shareholder	Karori Capital Limited and Karori Capital Canada Limited
Shareholder/lender/ joint manager	Various commercial property investment companies in the Caniwi Capital Partners Limited group of entities
Advisory board member/ unit holder	Viewpoint Global Fund Trust
Advisory board member/ sponsor	Cumming Medical Research Fund, University of Calgary
Director/shareholder	Amira Medical Technologies Inc
Governor	The Cumming Global Centre for Pandemic Therapeutics

PAULA JEFFS

(None)

CLAIRE HIGGINS

Chair	REI Superannuation Fund Pty Ltd
Chair	GMHBA Limited and subsidiaries
Director	Margin Clear Pty Ltd
Director	QE042 Pty Ltd
Trustee	Helen Macpherson Smith Trust[2]

General disclosures of interest (continued)

FOR THE YEAR ENDED 31 MARCH 2023

ANTHONY LEIGHS

Managing Director	Leighs Construction Holdings Limited and associated entities
Director/shareholder	Alisanca Holdings Limited and associated entities
Director	Portus Property Limited and associated entities
Director	Labour Logistics Auckland Limited
Director/shareholder	Tectonus Limited
Bare trustee	Ryman Healthcare Share Scheme
Director	Star Scaffolding Limited[2]

GEORGE SAVVIDES

Chair	Special Broadcasting Service (SBS) Australia
Director	IAG Insurance Australia Group
Chair/shareholder	Teamflow Asset Management Pty Ltd
Chair/shareholder	Teamflow Pty Ltd
Director	BuildXACT Software Limited
Chair/shareholder	Lewis Street Nine Pty Ltd
Chair	I-Med Radiology Limited

DR DAVID KERR – RESIGNED EFFECTIVE JULY 2022

Chair	Centercare Limited
Director	Forté Health Limited
Trustee	Christchurch City Mission
Director/shareholder	D.W. Kerr Limited
Bare trustee	Ryman Healthcare Share Scheme[2]

GREG CAMPBELL – RESIGNED EFFECTIVE NOVEMBER 2022

Director	Terrequipe Limited
Director	TDX Limited
Director/shareholder	Greg Campbell Limited
Director	Stewart Family Holdings Limited and associated entities
Trustee	Maia Health Foundation
Director	Christchurch City Holdings Limited[2]
Bare trustee	Ryman Healthcare Share Scheme[2]

1 Jo has been a director since 2009, and in that time she has performed no professional services for the company in her capacity as a partner at Chapman Tripp.

2 Interests no longer held at 31 March 2023.

Directors' disclosures

FOR THE YEAR ENDED 31 MARCH 2023

DIRECTORS' REMUNERATION POOL

Directors' fees for their board and board committee responsibilities are paid out of a pool and are reviewed every 2 years. The current pool was approved by shareholders in 2021 ($1,500,000 based on a board of nine directors).

As permitted by Listing Rule 2.11.3, the pool can be increased by the board to enable any additional non-executive director to be paid the average amount being paid to other non-executive directors (excluding the Chair). This has not been required since fees were approved in 2021. Australia-based directors' fees are paid in Australian dollars.

In 2021 the board adopted a fixed share trading plan that requires each director to hold shares to better align their interests with those of the shareholders. The general intention under the plan is that each director acquires shares in Ryman equivalent to 33.33 percent of their gross director fees. These shares are acquired by a broker through on-market purchases during the two fixed trading windows each year. The shares must then be retained for the term of each director's appointment, except in exceptional circumstances.

Shares acquired by directors under the plan are included in the disclosed security holdings at 31 March 2023.

MEMBERSHIP OF COMMITTEES

Director fees are aligned with the 2021 recommendations of Ernst & Young's Non-Executive Director Fee Practices report, commissioned by Ryman and recommended to the board by the Governance, Nominations and Remuneration Committee. Directors receive fees for committee membership, and additional fees are paid to a director who acts as the Chair of a committee. During the year, George Savvides, Claire Higgins, Anthony Leighs, Geoffrey Cumming and Paula Jeffs held committee Chair positions. The board Chair does not receive fees for committee membership.

The approved fees are as follows.

Fees (per annum)	From 1 August 2021	Up to 1 August 2021
Board – Chair	263,000	220,000
Board – deputy Chair	-	18,000
Board – member	110,000	110,500
Committee – Chair	20,000	18,000
Committee – member (excluding board Chair)	10,000	-
Independent Directors' Committee	-	-

Following the resignation of the board Chair in November 2022, an interim Chair was appointed. The fee paid to the interim Chair is A$283,000 per annum. No additional fees are payable for being a committee Chair or member during this time.

Directors' disclosures (continued)

FOR THE YEAR ENDED 31 MARCH 2023

DIRECTORS' BOARD AND COMMITTEE REMUNERATION FOR THE YEAR ($)

Director	Board fees	Audit, Finance and Risk fees	Clinical Governance fees	Development, Design and Construction fees	People and Safety fees	Governance, Nominations and Remuneration fees	Foreign exchange	Total directors' fees
Claire Higgins	167,667	13,333	-	6,667	6,667	-	18,002	**212,335**
Jo Appleyard	110,000	-	10,000	10,000	10,000	-	-	**140,000**
Warren Bell	110,000	10,000	-	10,000	-	-	-	**130,000**
Geoffrey Cumming	110,000	10,000	-	-	10,000	20,000	14,186	**164,186**
Paula Jeffs	110,000	-	-	-	20,000	10,000	13,240	**153,240**
Anthony Leighs	110,000	-	-	20,000	-	3,333	-	**133,333**
George Savvides	110,000	10,000	20,000	-	-	6,667	13,881	**160,547**
Greg Campbell	175,333	-	-	-	-	-	-	**175,333**
Dr David Kerr	36,667	3,333	3,333	-	3,333	3,333	-	**50,000**
	1,039,667	**46,667**	**33,333**	**46,667**	**50,000**	**43,333**	**59,309**	**1,318,976**

Greg Campbell resigned as board Chair and director in November 2022. Claire Higgins was appointed as interim board Chair during the period while a search for a new board Chair was undertaken. Dr David Kerr resigned as a director in July 2022.

The directors' remuneration paid in the financial year ended 31 March 2023 is within the approved pool.

DIRECTORS OF SUBSIDIARY COMPANIES

Jo Appleyard, Richard Umbers and David Bennett are directors of all the company's New Zealand subsidiaries.

Claire Higgins, Paula Jeffs, Richard Umbers, David Bennett and Cameron Holland are directors of Ryman Healthcare (Australia) Pty Ltd and its subsidiaries. George Savvides resigned as a director of the Australian subsidiary companies. Martyn Osborn is a director of Ryman Healthcare (Australia) Pty Ltd and Ryman Construction Pty Ltd. David Swann is a director of Ryman Construction Pty Ltd.

Jo Appleyard, Richard Umbers and David Bennett are trustees of the Ryman Healthcare Charitable Trust.

Greg Campbell and Dr David Kerr resigned from their respective subsidiary directorships during the year.

No fees are paid to individuals in their capacity as directors of the subsidiaries.

SPECIFIC DISCLOSURES

In line with the company's constitution and the Companies Act 1993, the company has provided insurance for and indemnities to directors of the company and its subsidiaries.

Directors' disclosures (continued)

FOR THE YEAR ENDED 31 MARCH 2023

SECURITY HOLDINGS AT 31 MARCH 2023

Director	Ordinary shares	RYM010 retail bonds
Jo Appleyard[1]	126,523	-
Warren Bell	7,192	-
Geoffrey Cumming[2]	54,047,119	-
Claire Higgins[3]	34,879	-
Paula Jeffs	14,559	-
Anthony Leighs[4]	35,228	-
George Savvides[5]	83,887	-

The table above includes shares acquired under the fixed share trading plan.

1 Held as trustees of The Appleyard and Larkin Family Trust.

2 Shares held by Karori Capital Limited.

3 Held as trustees of Adam Higgins Superannuation Fund Pty Ltd.

4 Shares held by Alisanca Holdings Limited.

5 Shares held by Teamflow Asset Management Pty Ltd.

Directors' disclosures (continued)

FOR THE YEAR ENDED 31 MARCH 2023

SECURITY TRANSACTIONS DURING THE YEAR

Director	Nature of interest	Number of securities acquired/(disposed of)	Consideration ($)	Date
Anthony Leighs	Beneficial	2,983	28,777	7 June 2022
Claire Higgins	Beneficial	3,659	35,298	7 June 2022
Dr David Kerr	Beneficial	4,416	42,601	7 June 2022
Geoffrey Cumming	Beneficial	3,656	35,269	7 June 2022
George Savvides	Beneficial	3,655	35,260	7 June 2022
Gregory Campbell	Beneficial	4,977	48,013	7 June 2022
Jo Appleyard	Beneficial	3,213	30,996	7 June 2022
Paula Jeffs	Beneficial	3,412	32,916	7 June 2022
Warren Bell	Beneficial	2,983	28,777	7 June 2022
Warren Bell	Beneficial	(1,500)	(14,070)	9 June 2022
Anthony Leighs	Beneficial	2,162	14,464	5 December 2022
Claire Higgins	Beneficial	2,746	18,371	5 December 2022
Dr David Kerr	Beneficial	1,254	8,389	5 December 2022
Geoffrey Cumming	Beneficial	2,747	18,377	5 December 2022
George Savvides	Beneficial	2,742	18,344	5 December 2022
Gregory Campbell	Beneficial	4,377	29,282	5 December 2022
Jo Appleyard	Beneficial	2,330	15,588	5 December 2022
Paula Jeffs	Beneficial	2,564	17,153	5 December 2022
Warren Bell	Beneficial	2,164	14,477	5 December 2022
Anthony Leighs	Beneficial	247	1,517	22 December 2022
Claire Higgins	Beneficial	309	1,897	22 December 2022
Dr David Kerr	Beneficial	3,781	23,217	22 December 2022
George Savvides	Beneficial	744	4,569	22 December 2022
Jo Appleyard	Beneficial	887	5,447	22 December 2022
Paula Jeffs	Beneficial	80	491	22 December 2022
Warren Bell	Beneficial	55	338	22 December 2022
Warren Bell	Not beneficial	400,000	2,000,000	27 February 2023
Geoffrey Cumming	Beneficial	5,000,000	25,000,000	27 February 2023
Claire Higgins	Beneficial	9,154	45,770	15 March 2023
Anthony Leighs	Beneficial	9,246	46,230	15 March 2023
George Savvides	Beneficial	22,000	110,000	15 March 2023
Jo Appleyard	Beneficial	33,208	166,040	15 March 2023
Paula Jeffs	Beneficial	3,835	19,175	15 March 2023
Warren Bell	Beneficial	1,400	7,000	15 March 2023

The joint custodians of the Ryman Healthcare Leadership Share Purchase Scheme acquired no shares during the year, disposed of 246,964 shares during the year and held 2,494,282 shares in total at 31 March 2023 (see note 25 of the financial statements).

Shareholder information

TOP 20 SHAREHOLDERS AT 20 APRIL 2023

Rank	Investor name	No. of shares	% issued capital
1	HSBC Nominees (New Zealand) Limited[1]	63,713,825	9.27
2	BNP Paribas Nominees (NZ) Limited[1]	63,430,047	9.22
3	Karori Capital Limited	54,047,119	7.86
4	Custodial Services Limited	47,837,982	6.96
5	Citibank Nominees (NZ) Ltd[1]	43,266,523	6.29
6	Hickman Family Trustees Limited[2]	33,400,000	4.86
7	BNP Paribas Nominees NZ Limited Bpss40[1]	30,335,994	4.41
8	HSBC Nominees (New Zealand) Limited[1]	28,085,584	4.08
9	BNP Paribas Nominees NZ Limited[1]	24,701,629	3.59
10	JPMorgan Chase Bank[1]	24,502,560	3.56
11	Tea Custodians Limited[1]	19,874,547	2.89
12	Accident Compensation Corporation[1]	19,028,183	2.77
13	New Zealand Superannuation Fund Nominees Limited[1]	18,658,693	2.71
14	Forsyth Barr Custodians Limited	14,897,558	2.17
15	New Zealand Depository Nominee	12,973,674	1.89
16	National Nominees New Zealand Limited[1]	12,100,921	1.76
17	Premier Nominees Limited[1]	8,802,814	1.28
18	Private Nominees Limited[1]	6,276,421	0.91
19	Cogent Nominees Limited[1]	6,053,899	0.88
20	FNZ Custodians Limited	5,673,724	0.83

1 Held by New Zealand Central Securities Depository Limited as custodian.

2 Held as trustee of the Hickman Family Trust.

Shareholder information (continued)

DISTRIBUTION OF SHAREHOLDERS AT 20 APRIL 2023

Size of shareholding	Number of shareholders		Shares held	
1–1,000	6,401	37.27%	2,982,490	0.42%
1,001–5,000	6,856	39.90%	17,028,551	2.48%
5,001–10,000	2,015	11.73%	14,493,317	2.11%
10,001–50,000	1,621	9.43%	32,779,307	4.77%
50,001–100,000	176	1.02%	11,750,087	1.71%
Greater than 100,000	112	0.65%	608,607,986	88.51%
Total	**17,181**	**100.00%**	**687,641,738**	**100.00%**

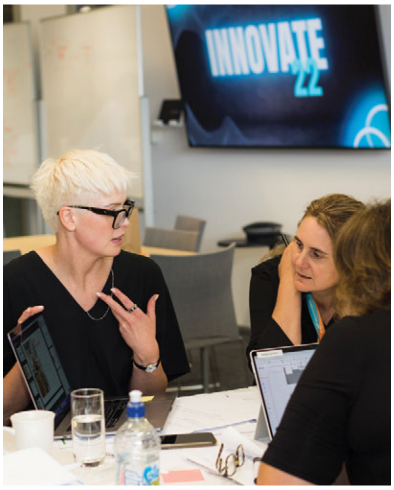
DISTRIBUTION OF BONDHOLDERS AT 20 APRIL 2023

Size of shareholding	Number of bondholders		Bonds held	
1–1,000	-	0.00%	-	0.00%
1,001–5,000	34	6.19%	170,000	0.12%
5,001–10,000	119	21.64%	1,147,000	0.76%
10,001–50,000	327	59.45%	8,941,000	5.96%
50,001–100,000	29	5.27%	2,314,000	1.54%
Greater than 100,000	41	7.45%	137,428,000	91.62%
Total	**550**	**100.00%**	**150,000,000**	**100.00%**

SUBSTANTIAL PRODUCT HOLDERS AT 31 MARCH 2023

Shareholder	Relevant interest	
Karori Capital Limited	54,047,119	7.86%
ACATIS Investment KVG mbH on behalf of GANÉ Value Event Fonds	43,387,900	6.31%

A total of 687,641,738 ordinary Ryman shares were on issue as at 31 March 2023 (the only voting products on issue).


INNOVATE
22


RYMAN
HEALTHCARE

Thank you
Ka nui te mihi
Salamat
Dhanyavaad
Baie dankie
Xièxiè

There are many ways to say thank you.

Among our diverse team, these are just some of them. We are immensely proud and grateful for your incredible efforts over the past year. Your commitment demonstrates what it means to be a true Rymanian. Sincere thanks to each and every one of you.

Our villages

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

Open & complete	14
Open & under construction	1
Under construction	1
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
Bob Owens	Tauranga	2011
Charles Fleming	Waikanae	2012
Bob Scott	Lower Hutt	2015
Linda Jones	Hamilton	2019
James Wattie	Havelock North	2020
Cambridge	–	–
Taupō	–	–
Karori[1]	Wellington	–

1 Council approved

All maps current as at 19 May 2023

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

Open & complete	7
Open & under construction	4
Under construction	1
Planned	2
Total	**14**

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	–	–
Kohimarama[1]	–	–
Karaka	–	–

1 Council approved

●	Open & complete	11
●	Open & under construction	1
●	Under construction	1
●	Planned	2
	Total	**15**

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

Village	Location	Opened
Woodcote	Christchurch	1991
Essie Summers	Christchurch	1991
Margaret Stoddart	Christchurch	1993
Frances Hodgkins	Dunedin	1994
Rowena Jackson	Invercargill	1996
Yvette Williams	Dunedin	1997
Ngaio Marsh	Christchurch	1998
Anthony Wilding	Christchurch	2006
Ernest Rutherford	Nelson	2008
Diana Isaac	Christchurch	2012

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

1 Council approved

AUSTRALIA
VICTORIA

●	Open & complete	4
●	Open & under construction	3
●	Under construction	2
●	Planned	5
	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	–
● Ringwood East	–	–
● Mulgrave[1]	–	–

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