RYMAN HEALTHCARE

Consolidated financial statements

31 MARCH 2024

Consolidated income statement

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024	2023
		$000	$000
Care and village fees		510,380	437,341
Deferred management fees (DMF)		140,154	122,769
Interest received		2,326	2,140
Imputed income on refundable accommodation deposits		24,455	12,777
Other income		12,571	8,727
Total revenue	2	**689,886**	**583,754**
Operating expenses	3	(651,883)	(542,160)
Depreciation and amortisation expenses	4	(43,803)	(37,716)
Finance costs	5	(50,642)	(205,374)
Imputed interest charge on refundable accommodation deposits	2	(24,455)	(12,777)
Impairment loss	9	(243,573)	(11,034)
Total expenses		**(1,014,356)**	**(809,061)**
Loss before income tax and fair-value movements (PBTF)		**(324,470)**	**(225,307)**
Fair-value movement of investment properties	10	179,545	431,503
(Loss)/profit before income tax		**(144,925)**	**206,196**
Income tax credit	6	149,700	51,640
Net profit after tax (NPAT)		**4,775**	**257,836**
Earnings per share (cents per share)			
Basic and diluted	12	0.7	49.9

All net profit after tax and total comprehensive income/(loss) is attributable to parent company shareholders and is derived from continuing operations.

The accompanying notes form part of these consolidated financial statements.

Deloitte. for Identification

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024	2023
		$000	$000
Net profit after tax		**4,775**	**257,836**
Items that will not be later reclassified to profit or loss			
Revaluation of property, plant and equipment	9,13a	(251,774)	156,773
		(251,774)	**156,773**
Items that may be later reclassified to profit or loss			
Fair-value movement and reclassification of cash flow hedge reserve	13b	(15,977)	21,470
Deferred tax movement recognised in cash flow hedge reserve	13b	5,796	(6,006)
Movement in cost of hedging reserve	13c	-	(1,554)
Reclassification adjustment to income statement	13c	-	(3,518)
Deferred tax movement in cost of hedging reserve	13c	-	1,420
(Loss)/gain on hedge of foreign-owned subsidiary net assets	13d	(1,552)	670
Gain/(loss) on translation of foreign operations	13d	12,795	(8,306)
		1,062	4,176
Other comprehensive (loss)/income		**(250,712)**	**160,949**
Total comprehensive (loss)/income		**(245,937)**	**418,785**

All net profit after tax and total comprehensive income/(loss) is attributable to parent company shareholders and is derived from continuing operations.

The accompanying notes form part of these consolidated financial statements.

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Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2024

	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
2024									
Balance at 1 April 2023		**953,239**	**610,341**	**30,955**	**-**	**(7,136)**	**(34,729)**	**3,111,227**	**4,663,897**
Net profit after tax (NPAT)	13	-	-	-	-	-	-	4,775	4,775
Other comprehensive (loss)/income for the year	13	-	(251,774)	(10,181)	-	11,243	-	-	(250,712)
Total comprehensive (loss)/income for the year	13	-	(251,774)	(10,181)	-	11,243	-	4,775	(245,937)
Issue of ordinary shares – equity raise (subsequent costs)	12	(352)	-	-	-	-	-	-	(352)
Treasury stock movement	13	-	-	-	-	-	(1)	-	(1)
Dividends paid to shareholders	13	-	-	-	-	-	-	-	-
Balance at 31 March 2024		**952,887**	**358,567**	**20,774**	**-**	**4,107**	**(34,730)**	**3,116,002**	**4,417,607**

The accompanying notes form part of these consolidated financial statements.

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Consolidated statement of changes in equity (continued)

FOR THE YEAR ENDED 31 MARCH 2024

	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**
Net profit after tax (NPAT)	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**

The accompanying notes form part of these consolidated financial statements.

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Consolidated statement of financial position

AT 31 MARCH 2024

	Notes	2024	2023
		$000	$000
Assets			
Cash and cash equivalents	7	41,809	27,879
Trade and other receivables	8	688,398	719,121
Inventory		2,386	14,618
Advances to employees	25	6,169	14,217
Derivative financial instruments	18,21	10,331	36,474
Assets held for sale	9	75,514	31,379
Property, plant and equipment	9	1,936,969	2,205,428
Investment properties	10	10,041,369	9,322,902
Intangible assets	11	85,065	84,832
Deferred tax asset	6	196,072	53,774
Total assets		**13,084,082**	**12,510,624**
Equity			
Issued capital	12	952,887	953,239
Reserves	13	348,718	599,431
Retained earnings	13	3,116,002	3,111,227
Total equity		**4,417,607**	**4,663,897**
Liabilities			
Trade and other payables	14	150,620	205,784
Employee entitlements	15	76,289	49,773
Revenue in advance	2	140,857	99,271
Refundable accommodation deposits	16	423,163	300,314
Derivative financial instruments	18,21	5,688	5,988
Interest-bearing loans and borrowings	17	2,546,947	2,330,950
Occupancy advances (non-interest bearing)	19	5,300,794	4,826,182
Lease liabilities	20	22,117	13,787
Deferred tax liability	6	-	14,678
Total liabilities		**8,666,475**	**7,846,727**
Total equity and liabilities		**13,084,082**	**12,510,624**
Net tangible assets (cents per share)	12	601.5	658.1

The accompanying notes form part of these consolidated financial statements.

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Consolidated statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024	2023
		$000	$000
Operating activities			
Receipts from residents			
• Care and village fees		518,781	442,915
• Net refundable accommodation deposits		108,651	100,619
• New sale and resales of occupation rights		1,145,967	1,058,984
Interest received		2,394	2,198
Payments to suppliers and employees		(624,518)	(478,529)
Repayment of occupational rights		(459,194)	(437,375)
Interest paid		(33,599)	(46,864)
Net operating cash flows		**658,482**	**641,948**
Investing activities			
Purchase of property, plant and equipment		(99,719)	(145,158)
Purchase of land		(56,998)	(169,713)
Proceeds of land sales		15,284	19,652
Purchase of intangible assets		(15,482)	(20,106)
Purchase of investment properties		(582,551)	(608,784)
Capitalised interest paid		(107,703)	(108,069)
Advances to employees		5,116	1,199
Net investing cash flows		**(842,053)**	**(1,030,979)**
Financing activities			
(Subsequent costs)/proceeds from equity raise (net)	12	(352)	876,038
Drawdown of bank loans (net)		201,218	146,574
Proceeds from issue of US Private Placement notes		-	290,149
Prepayment of US Private Placement notes		-	(748,924)
Prepayment of cross-currency interest rate swaps		-	(106,594)
Dividends paid and dividend reinvestment plan costs	12	-	(68,089)
Sale of treasury stock (net)		-	2,643
Repayment of lease liabilities		(3,365)	(3,196)
Net financing cash flows		**197,501**	**388,601**
Net increase/(decrease) in cash and cash equivalents		**13,930**	**(430)**
Cash and cash equivalents at the beginning of the year		27,879	28,309
Cash and cash equivalents at the end of the year		**41,809**	**27,879**

The accompanying notes form part of these consolidated financial statements.

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Consolidated statement of cash flows (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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

	2024	2023
	$000	$000
Net profit after tax	**4,775**	**257,836**
Adjusted for:		
Movements in statement of financial position items		
Occupancy advances	615,056	620,700
Deferred management fees	(136,677)	(91,850)
Refundable accommodation deposits	108,651	100,619
Revenue in advance	41,586	18,019
Trade and other payables	(2,654)	41,114
Trade and other receivables	41,086	(46,554)
Inventory	12,232	11,632
Employee entitlements	26,516	9,961
Non-cash or non-operating items		
Depreciation and amortisation	40,032	34,344
Depreciation of right-of-use assets	3,771	3,372
Close out of employee share scheme	2,931	-
Impairment	243,573	11,034
Deferred tax	(149,700)	(51,640)
Unrealised foreign exchange (gain)/loss	(13,151)	(3,459)
Fair-value movement of investment properties	(179,545)	(431,503)
Costs relating to swap amendments and US Private Placement (USPP) prepayment	-	158,323
Net operating cash flows	**658,482**	**641,948**

Net operating cash flows includes the following:

	2024	2023
	$000	$000
Deferred management fees collected	66,530	60,284

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 are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities. Cash flows from operating activities include receipts and repayments of occupancy advances and refundable accommodation deposits.

Investing activities are the acquisition and disposal of property, plant and equipment, investment properties, intangible assets, and other investments.

Financing activities are activities relating to changes in the equity and debt structure of the Group, and include dividends paid.

The accompanying notes form part of these consolidated financial statements.

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Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2024

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 material 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).

The Company is a profit-oriented entity incorporated and registered in New Zealand under the Companies Act 1993. The Company's registered office is at 92d Russley Road, Christchurch. The Company is listed on the New Zealand Stock Exchange (NZX). The Group develops, owns and operates integrated retirement villages, rest homes, and hospitals for older people within New Zealand and Australia.

All trading subsidiaries operate in the aged-care sector in New Zealand and Australia, are 100% 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
- Patrick Hogan 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 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

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Statement of compliance

The Company 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 accordance with Generally Accepted Accounting Principles in New Zealand (NZ GAAP), International Accounting Standards (IFRS), the New Zealand equivalents to International Accounting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for a Tier 1 for-profit entity.

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. In all material respects, the accounting policies adopted have been consistently applied in preparing the consolidated financial statements for the current period and the prior comparative period.

During the year, the Group has adopted a new accounting policy on the treatment of its refundable accommodation deposits (RAD). This new policy is set out in note 2.

The Group adopted all mandatory new and amended NZ IFRS Standards and Interpretations in the current year. None had a material impact on these consolidated financial statements.

There are a number of NZ IFRS Standards or Interpretations that have been issued but are not yet effective. None are expected to have a material impact on the Group's consolidated financial statements when adopted.

The information is presented in thousands of New Zealand dollars (NZD), except when otherwise indicated. The functional currency of the Company and its New Zealand subsidiaries is NZD. The functional currency for its Australian subsidiaries is Australian dollars (AUD).

The consolidated financial statements have been prepared 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 significant accounting estimates

In applying the Group's accounting policies, management has made judgements, estimates, and assumptions about the carrying values of assets and liabilities and the reported amounts of income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with the effect of any change in an accounting estimate recognised prospectively.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Critical judgements and significant accounting estimates that have the most significant effects on the amounts recognised in the consolidated financial statements are described in the following notes.

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

The key changes in estimates applied in the current year are discussed further in the relevant notes and the impact is shown below.

2024 impact	Notes	Property, plant & equipment impact	Investment property impact
		$000	$000
Removal of directors range assumption	10	-	(398,587)
Allowance for value provided by care facility reduced to zero	9,10	(370,659)	429,724
Completed unsold investment property inclusion in valuation	10	-	14,168
Total		**(370,659)**	**45,306**

The difference in the care facility allowance between property, plant and equipment and investment property relates to villages where there are investment properties and no care centres which are subject to valuation.

Climate change risk

The Group recognises that climate-related risks, if not appropriately managed, will impact the way the Group currently operates. Physical climate risks such as storms, flooding and heat have the potential to create significant impacts on the business and its operations.

The Group continues to assess the impact of climate change on its assets and operations. Potential impacts of climate change include:

- Costs of regeneration and remediation of the Group's existing portfolio of villages because of an increase in susceptibility to physical risks such as flood, storm, and heat.
- Increased expenditure required to develop new villages that are more resilient to physical risks resulting from climate change.

These risks are specifically addressed in the selection of new development sites, the design and construction of the Group's new integrated retirement villages and aged care centres, and the refurbishment and enhancement of its existing portfolio of villages.

While there currently is no significant impact identified for asset valuations; this may change in the future. Refer to the valuation of property, plant and equipment (note 9) and the valuation of investment property (note 10).

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Seismic risk

The Board continues to monitor the compliance of its buildings with required standards and is kept informed of the results of all seismic engineering assessments that are undertaken. In addition, the process undertaken and standards which are applied in seismic assessments evolve over time as the engineering profession's understanding of seismic events develops. This means that the outcome of seismic assessments may be subject to change over time. Changes to seismic requirements, or the interpretation and application of existing seismic standards, or changes in science and knowledge relating to earthquakes and the performance of buildings or geotechnical conditions could result in Ryman's buildings no longer meeting the minimum seismic standards. This could result in significant costs if Ryman is required to carry out seismic strengthening works on its buildings. Neither the independent valuers, nor Ryman have made any adjustment for any seismic strengthening which could be required.

None of Ryman's properties have been notified to Ryman by a territorial authority in New Zealand as being potentially 'earthquake prone' (being a New Building Standard (NBS) rating of less than 34%).

Summary of material accounting policies

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

Basis of consolidation

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.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates that approximate the rates at the actual dates of the transactions.

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

Foreign exchange differences are generally recognised in profit or loss. However, exchange differences relating to the translation of a foreign operation and the effective portion of a hedge of a net investment in foreign operations are recognised in other comprehensive income.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Goods and Services Tax (GST)

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

- the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of the asset or expense, as applicable.
- 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 non-financial 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 which 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 which case the reversal of the impairment loss is treated as a revaluation increase.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2. REVENUE

Accounting policy: Revenue

The Group recognises revenue from the following major sources.

- Care and village fees
- Deferred management fees
- Imputed income on refundable accommodation deposits.

Care and village fees

Care fees relates to the provision of accommodation, care and related services to aged care residents. Village fees relates to the provision of accommodation and related services to independent residents in the Group's retirement villages.

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.

Deferred management fees

Residents of the Group's independent-living units and serviced apartments pay a deferred management fee for lifetime occupation (or a shorter period at the residents' discretion) and the right to share in the use of the community facilities. The deferred 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.

Deferred 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 deferred 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 years for serviced units. The estimated expected periods of tenure are unchanged from last year.

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

Imputed income on refundable accommodation deposits

Imputed income from the provision of accommodation is accounted for as a lease under NZ IFRS 16 - *Leases*. Under NZ IFRS 16 - *Leases*, the fair value of non-cash consideration (in the form of an interest-free loan) received from a resident that has elected to pay a RAD is required to be recognised as income and correspondingly, interest expense with no net impact on profit or loss.

The Group has determined the use of the Maximum Permissible Interest rate ('MPIR') as the interest rate to be used in the calculation of the imputed income on Australian RADs and Bonds. The MPIR is a rate set by the Australian Government and is used to calculate the Daily Accommodation Payment ('DAP') to applicable residents. In New Zealand, the implicit interest rate used to convert a room premium to a RAD is used to calculate the imputed income.

The comparative period has been reclassified to align with this policy and to ensure comparability with the current period. There is no impact on the net profit of the Group.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2. REVENUE (CONTINUED)

Accounting policy: Revenue in advance

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

3. OPERATING EXPENSES

	2024	2023
	$000	$000
Employee expenses	484,880	418,923
Operations	88,184	86,162
Building and grounds	75,449	64,269
Direct selling expenses	28,422	20,370
Marketing	21,145	16,110
Software and technology	24,339	21,803
Administration	25,684	19,144
Gross operating expenses	**748,103**	**646,781**
Capitalised to qualifying assets	(96,220)	(104,621)
Reported operating expenses	**651,883**	**542,160**

Increased disclosure in respect of operating expenses has been provided for the current period and comparatives. In the current year the Group has reclassified capitalised depreciation from operating expenses to depreciation in Note 4, as this more appropriately reflects the net depreciation expense. The prior period comparatives have also been reclassified, increasing the reported operating expenses by $8.9m.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

3. OPERATING EXPENSES (CONTINUED)

	2024	2023
	$000	$000
Employee expenses include:		
Post-employment benefits (KiwiSaver/Superannuation)	17,524	14,291
Holiday Act 2003 remediation	18,000	6,000
Cash-settled share-based payments (note 25)	1,194	-
Other Leadership Share Scheme (LSS) costs (note 25)	3,802	-
Employee Share Scheme (ESS) loan write-off (note 25)	1,277	-
Other ESS costs (note 25)	2,827	-
Administration includes:		
Directors' fees (note 24)	1,162	1,319
Close out of employee share schemes	2,080	-
Holiday Act 2003 remediation	705	-
Auditor's remuneration to Deloitte Limited comprises:		
Audit of financial statements	573	563
Other assurance services related to Australia aged care	11	10
Climate-related disclosure assurance-readiness services	13	-
Marketing includes:		
Donations^	699	347

^ No donations have been made to any political party (2023: $Nil).

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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% SL
- Plant and equipment 4-25% SL
- Furniture and fittings 10-20% SL
- Motor vehicles 20% 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% SL
- Acquired software 10-25% 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.

	2024	2023
	$000	$000
Depreciation (note 9)		
Buildings	12,607	12,680
Plant and equipment	13,772	12,930
Furniture and fittings	4,964	4,261
Motor vehicles	1,393	1,612
Right-of-use assets	3,771	3,372
Gross depreciation	**36,507**	**34,855**
Capitalised to qualifying assets	(6,726)	(6,846)
Reported depreciation	**29,781**	**28,009**
Amortisation (note 11)		
Software	16,073	11,742
Capitalised to qualifying assets	(2,051)	(2,035)
Reported amortisation	**14,022**	**9,707**
Total	**43,803**	**37,716**

The 2023 comparatives have been reclassified to present the capitalised depreciation and amortisation against the gross expense above, as this more appropriately reflects the net depreciation expense. This has reduced the reported expense by $8.9m. This has also been applied to the face of the income statement.

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Notes to the consolidated financial statements (continued)
FOR THE YEAR ENDED 31 MARCH 2024

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	2024 $000	2023 $000
Total interest paid on loans and borrowings (including related fees)		175,992	119,175
Amortisation of issue costs on loans and borrowings	17	3,194	709
Release of cash flow hedge reserve	13	(30,323)	35,049
Amount of interest capitalised	9,11	(107,703)	(108,069)
Net interest expense on borrowings		**41,160**	**46,864**
Interest on lease liabilities	20	250	187
Lease modification	20	(1,177)	-
Costs relating to USPP prepayment		-	152,140
Costs relating to swap amendments		10,409	6,183
Total finance costs		**50,642**	**205,374**
Costs relating to swap amendments and USPP prepayment are comprised of:			
Fair value changes on derivatives (swap amendment)	18c	14,872	8,044
Reclassification adjustment – modified interest rate swaps (swap amendment)	13b,18c	(4,463)	(1,861)
Loss on USPP notes prepayment		-	62,137
Foreign currency movement on USPP notes		-	24,405
Loss on close-out of cross-currency interest rate swaps		-	75,512
Reclassification adjustment – close-out of cross-currency interest rate swaps		-	(9,914)
Total costs relating to swap amendments and USPP prepayment		**10,409**	**158,323**

For further information in relation to the swap amendment costs refer to Note 18(c).

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

6. INCOME TAX

Accounting policy: Income tax

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except when it relates to items recognised in other comprehensive income or directly in equity. In this case, tax expense is recognised in other comprehensive income or in equity.

Deferred tax is provided for temporary differences between the carrying amount of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is not provided for on land and on 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 Group assesses deferred tax on investment properties on the basis that the asset value will be realised through use. The carrying value of the Group's investment properties is determined on a discounted cash flow basis and includes cash flows that are both taxable and non-taxable in the future. The Group recognises deferred tax on cash flows with a future tax consequence.

A deferred tax asset is recognised to the extent that the entity has sufficient taxable temporary differences or 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

	2024	2023
	$000	$000
Tax expense comprises:		
Current tax expense	-	-
Deferred tax credit	(149,700)	(51,640)
Total income tax credit	**(149,700)**	**(51,640)**

Reconciliation between prima facie taxation and tax expense

	2024	2024	2023	2023
	$000	%	$000	%
(Loss)/profit before income tax	(144,925)		206,196	
Income tax expense calculated at 28%	(40,579)	28.0%	57,735	28.0%
Tax effects of:				
- non-taxable fair value movement of investment property	(52,011)	35.9%	(123,496)	(59.9)%
- buildings tax base adjustment	81,682	(56.4)%	-	-
- property movements	(167,131)	115.3%	41,382	20.1%
- capitalised interest deducted for tax	(30,979)	21.4%	(30,681)	(14.9)%
- non-deductible impairment	55,395	(38.2)%	3,143	1.6%
- other	3,923	(2.7)%	277	0.1%
Total income tax credit	**(149,700)**	**103.3%**	**(51,640)**	**(25.0)%**

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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 in New Zealand of 28% (2023: 28%). The corporate tax rate in Australia is 30% (2023: 30%).

The Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act, which received Royal Assent on 28 March 2024, removes tax depreciation deductions for commercial buildings with effect from the beginning of the 2025 income year. This legislative change reduces the tax base of serviced apartments, care centres and village centres in New Zealand. This change increased the deferred tax liability recognised in respect of property, plant and equipment, and investment properties by $81.7 million. The impact of this change is recognised in the current year tax expense.

(b) Deferred tax asset/liability

	Opening balance	Recognised in income	Recognised in equity	Closing balance
	$000	$000	$000	$000
2024				
Property, plant and equipment	(67,333)	(22,710)	(4)	(90,047)
Investment properties	(129,665)	96,115	7	(33,543)
Deferred management fee	(111,821)	(25,439)	(430)	(137,690)
Derivative financial instruments	(12,158)	-	9,261	(2,897)
Other	11,717	6,892	26	18,635
Tax loss carry-forwards recognised	348,356	94,842	(1,584)	441,614
Total deferred tax asset/(liability)	**39,096**	**149,700**	**7,276**	**196,072**

	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**

The 31 March 2024 deferred tax position is an asset in both countries, resulting in a deferred tax asset of $196.1 million. In the comparative period the net deferred tax asset of $39.1 million is reflected in the statement of financial position as a deferred tax asset of $53.8 million and a deferred tax liability of $14.7 million as they relate to different tax jurisdictions.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

6. INCOME TAX (CONTINUED)

(c) Tax losses

The Group has the following amounts of tax losses available in New Zealand and Australia.

	2024	2024	2023	2023
	NZ	AU	NZ	AU
	NZ$000	AU$000	NZ$000	AU$000
Tax losses - revenue	1,168,442	349,606	974,319	235,556
Tax losses - capital	-	25,605	-	17,111
Total tax losses available	**1,168,442**	**375,211**	**974,319**	**252,667**
Recognised tax losses	1,168,442	349,606	974,319	235,556
Unrecognised tax losses	-	25,605	-	17,111
Total tax losses	**1,168,442**	**375,211**	**974,319**	**252,667**

Recognition of deferred tax asset on tax losses is based on management's internal forecasts of expected taxable earnings in future periods. One of the key drivers for this will be the uplift in the taxable deferred management fees as new occupation rights are entered into at higher prices within the next 15-20 years. The Group also expects improved profitability from its care business as villages move into a mature phase.

(d) Imputation credit memorandum account

	2024	2023
	$000	$000
Closing balance	**1,295**	**105**
Imputation credits available directly and indirectly to shareholders of the parent company, through:		
- parent company	1,294	104
- subsidiaries	1	1
Closing balance	**1,295**	**105**

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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.

In accordance with the Construction Contracts (Retention Money) Amendment Act 2023, commencing 5 October 2023 retention money is held in a separate bank account on trust. This is held in a compliant account with a registered bank and is not subject to the nightly sweep. This amounts to $13.9 million at 31 March 2024.

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 2024 was 10.75% (2023: 13.45%).

The Group has no bank accounts outside of the regions in which we currently trade (New Zealand and Australia).

8. TRADE AND OTHER RECEIVABLES

Accounting policy: Trade and other receivables

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. The Group has currently concluded that this amount is immaterial.

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

	2024	2023
	$000	$000
New sales receivables (occupancy advance)	241,137	322,016
Resales receivables (occupancy advance)	389,632	351,180
Care and village fees receivables	21,677	16,998
Refundable accommodation deposit receivables	18,091	7,728
Prepayments and other receivables	17,861	21,199
Total trade and other receivables	**688,398**	**719,121**

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8. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 fees from residents are payable monthly in advance in New Zealand and two weeks in advance and two weeks in arrears in Australia. Village fees are payable two weeks in advance and two weeks in arrears in both countries. Government-agency payment terms vary but the fees are typically paid fortnightly in arrears for care services provided to residents.

These 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.

Credit risk

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.

9. PROPERTY, PLANT AND EQUIPMENT

Accounting policy: Property, plant and equipment

Property, plant and equipment includes land (including long-term leases of land), completed care facilities, care facilities under development, corporate assets and right-of-use assets (refer note 20).

All property, plant and equipment is initially recorded at cost. Cost includes cost of land, materials, wages and interest incurred during the period required to complete and prepare an asset for its intended use. It also includes head office costs related to the construction of the care centres.

Completed care facilities that have residents but have not been operating for more than a full financial year are classified as 'immature' care centres. These care centres are not subject to an independent valuation and held at cost, but are assessed to determine if the carrying value is significantly different to fair value.

Completed care-facility land and buildings included within the definition of freehold land and buildings and with sufficient trading history are carried at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation on buildings. The revaluations are undertaken annually (previously 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.

Revaluations to fair value are based on an independent valuation report prepared by registered valuers, CBRE Limited and CBRE Valuations Pty Limited, at the reporting date in line with NZ IFRS 13 – *Fair Value Measurement*. All valuers are registered valuers and industry specialists in valuing the aged care sector. The valuers used multiple valuation techniques to estimate and determine fair value. As the fair value of land and buildings is determined using inputs that are unobservable (such as capitalisation rates and market value per care bed), 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*.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Any revaluation surplus is recorded in other comprehensive income, 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.

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.

All other plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. On disposal, any resulting gain or loss is included in the income statement and any revaluation reserve relating to a particular asset being sold is transferred to retained earnings.

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. Where a contracted sale price is available, the asset is carried at that value less associated costs as this is the best indicator for fair value. Where no contracted price is available, the fair value is determined by independent registered valuers. 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.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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
2024								
Gross carrying amount								
Balance at 1 April 2023	772,336	594,661	747,878	133,050	69,981	17,562	27,890	2,363,358
Additions	1,539	4,563	152,225	2,190	1,558	480	15,926	178,481
Net foreign-currency exchange difference	3,783	3,152	7,366	189	131	18	50	14,689
Transfer from property under development	20,916	44,746	(71,061)	2,137	3,262	-	-	-
Transfer (to)/from investment property	(540)	1,462	130,869	237	263	-	-	132,291
Transfer (to)/from assets held for sale	-	-	(122,289)	-	-	-	-	(122,289)
Disposals	-	-	-	-	-	-	(7,950)	(7,950)
Impairment	(23,647)	-	(156,350)	-	-	-	-	(179,997)
Revaluation	(244,948)	(17,873)	-	-	-	-	-	(262,821)
Balance at 31 March 2024	**529,439**	**630,711**	**688,638**	**137,803**	**75,195**	**18,060**	**35,916**	**2,115,762**
Accumulated depreciation								
Balance at 1 April 2023	-	(5,912)	-	(68,139)	(56,362)	(12,766)	(14,751)	(157,930)
Depreciation	-	(12,607)	-	(13,772)	(4,964)	(1,393)	(3,771)	(36,507)
Depreciation capitalised to property under development	-	-	-	-	-	-	(2,646)	(2,646)
Disposals	-	-	-	-	-	-	7,243	7,243
Revaluation	-	11,047	-	-	-	-	-	11,047
Balance at 31 March 2024	**-**	**(7,472)**	**-**	**(81,911)**	**(61,326)**	**(14,159)**	**(13,925)**	**(178,793)**
Total book value	**529,439**	**623,239**	**688,638**	**55,892**	**13,869**	**3,901**	**21,991**	**1,936,969**

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 2023	**-**	**(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**

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Independent valuers' key assumptions

The valuers used a range of significant assumptions as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
Capitalisation rate	10.75%–14.75%	10.25%–13.75%
Market value per care bed	\$70,000–\$250,000	\$70,000–\$235,000

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 carrying value. In the current year, this accounting estimate has been reviewed for appropriateness prompted by recent changes in the economic conditions, financial returns and strategic plans. As a result this allocation has been reduced from 25% to zero. The allowance included in the comparative period carrying value was \$320.7 million. If the allowance had been applied consistently in the current year the allowance would have increased to \$370.7 million. This allowance has been added back to the investment property valuation.

Sensitivity

A change in the independent valuers' assumptions, all else equal, would impact the fair-value measurement as follows:

	0.5% decrease	0.5% increase
	\$000	\$000
Capitalisation rate (nominal)	34,759	(31,985)

Impact of climate change

The Group has considered the impact of climate change on the business and valuation of completed care-facility land and buildings. The Group acknowledges that the impact of climate change will likely have a greater influence on valuations in the future as markets place a greater emphasis on the risks and impacts of climate change.

To date, the independent valuers have made no explicit adjustments to valuations in respect of climate change.

Cost model

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 under cost model at 31 March 2024	203,519	613,815	**817,334**
Carrying amount under cost model at 31 March 2023	179,034	577,195	**756,229**

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property under development at cost

Property under development includes land held pending the development of care centres and retirement villages amounting to $466.4 million (2023: $523.9 million) which is valued at cost less any impairment losses.

Interest for the Group of $107.1 million (2023: $106.5 million) was capitalised during the period of construction in the current year. The weighted-average capitalisation rate on funds borrowed is 5.82% per annum (2023: 5.66% per annum).

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 2023	11,549	1,590	13,139
Additions	13,534	2,392	15,926
Net foreign-currency exchange difference	50	-	50
Depreciation	(3,771)	-	(3,771)
Depreciation capitalised to property under development	-	(2,646)	(2,646)
Disposals	(707)	-	(707)
Balance at 31 March 2024	**20,655**	**1,336**	**21,991**
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**

Assets held for sale

Following a review of the Group's land portfolio, the land at Newtown (Wellington, New Zealand), Karori (Wellington, New Zealand) and Kohimarama (Auckland, New Zealand) are being held for sale. In addition, excess land at Nellie Melba (Melbourne, Australia) is also being held for sale. These assets are measured at the lower of their carrying amount and fair value less costs to sell.

A previous offer supporting the carrying value of the Newtown site was ended due to non-satisfaction of the conditions by the purchaser to the agreement. Management obtained revised market valuations and an unconditional sale with a new purchaser has now been agreed. This is expected to settle in September 2024. An impairment loss has been recognised for $9.4 million reflecting the revised sales price. This is in addition to impairments recognised in previous financial periods.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group has recognised an impairment loss of $16.3 million for Kohimarama (acquired in 2018) and $37.6 million for Karori (acquired in 2017). A sale is expected within 12 months. These sites were valued by Jones Lang LaSalle Limited using a comparable transactions and hypothetical development method.

Excess land at Nellie Melba is being actively marketed for sale and a sale is expected to take place within 12 months. There has been no impairment recognised in respect of this site.

	2024	2023
	$000	$000
Balance at 1 April 2023	31,379	-
Less sale realised	(14,578)	-
Add transfers from property, plant and equipment	122,289	42,413
Less impairment expense	(63,576)	(11,034)
Balance at 31 March 2024	**75,514**	**31,379**

Property under development

The Group has also undertaken a review of sites for which no decision to sell has been made, but where there is uncertainty about future plans to develop or where early-stage construction has been suspended with no known date for resuming. This included the sites at Takapuna (Auckland, New Zealand) acquired in 2020, Ringwood East (Victoria, Australia) acquired in 2019 and Mt Eliza (Victoria, Australia) acquired in 2016. These sites have been impaired by $56.5 million, $55.0 million and $36.0 million respectively. The market value of these sites were determined based on a direct comparison approach taking into consideration inputs from independent valuers. Given the current status of the Takapuna and Ringwood East projects, a value-in-use analysis is not deemed appropriate at this stage. Instead the Group considers that market value is the best estimate of the recoverable amount of these assets.

Impairment loss

	2024	2023
	$000	$000
Assets held for sale	(63,576)	(11,034)
Property under development	(156,350)	-
Care centre impairment[1]	(23,647)	-
Balance at 31 March 2024	**(243,573)**	**(11,034)**

[1] The care centre impairment relates to Frances Hodgkins Retirement Village Limited, Linda Jones Retirement Village Limited, Murray Halberg Retirement Village Limited, William Sanders Retirement Village Limited and Charles Brownlow Retirement Village Pty Ltd.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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. Fair value is determined by independent registered valuers, CBRE Limited, CBRE Valuations Pty Limited and Jones Lang LaSalle Limited, at the reporting date. All valuers are registered valuers and industry specialists in valuing the aged care sector. These valuations consider the requirement of NZ IFRS 13 – *Fair Value Measurement* to assume that market participants act in their economic best interests. Where multiple valuations are obtained, a midpoint of the two valuations is applied to provide a stable and balanced estimate of value without bias.

Previously the directors used their judgement in arriving at an adopted valuation using a range of data points including both a 20% and 30% deferred management fee rate. In developing the previous view, the deferred management fee was benchmarked against industry peers resulting in a 30% assumption being applied on future rollovers. In the current year the assumptions related to deferred management fee have been reassessed. This is based on the valuers view that Ryman's preferred contractual terms are appropriate in determining the fair value of the operators interest, despite the difference in the maximum deferred management fee with the wider sector as other key variables in the discounted cash flows, for example the discount rate, sufficiently allow for the opportunity for change given the interdependency of other variables. As a result, the current year assessment of fair value has been determined using the value of operators interest from the independent registered valuers which is based on current contractual terms (predominately 20% deferred management fee) and includes consideration of the impact on associated valuation inputs. In the current year the directors are satisfied that the assumptions adopted by the independent registered valuers result in valuations which reflect the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The impact of this change is $398.6 million reduction in the investment property valuation.

Where fair value is able to be reliably measured, valuers utilise a discounted cash flow approach to assess the fair value of retirement-village units.

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.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

10. INVESTMENT PROPERTIES (CONTINUED)

The carrying value of completed investment property and investment property under development, where fair value is able to be reliably measured, is based on the independent valuers' reports and also includes occupancy advances liability, adjusted for accrued deferred management fees and revenue in advance. As required by NZ IAS 40 - Investment Property, the fair value is adjusted for assets and liabilities already recognised on the balance sheet which are also reflected in the cash flow analysis. This includes the impact of discounting of the accrued DMF within the valuation. It also included adjusting gross occupancy advances for units which may have two occupation advance liabilities recorded against them due to the previous resident not being repaid at balance date.

Any change in fair value is taken to the income statement.

Where the fair value of investment property under development is unable to be reliably measured it is carried at cost.

The directors have reviewed the current approach of holding completed investment property without an agreement to occupy at cost. The directors have determined valuing these units would provide a more fair and accurate representation of fair value at balance date. Fair value is determined by independent registered valuers CBRE Limited and Jones Lang LaSalle Limited in the current year. These are valued on the basis of a 'Sale in One Line or Single Transaction'. This incorporates an appropriate discount to reflect holding costs and a profit and risk factor. The operators interest includes a vacancy period before each unit is subject to hypothetical sale. The fair value uplift at 31 March 2024 relating to the valuation of completed unsold stock is $14.2 million.

A key judgement in determining the fair value of investment property is deciding which units to include in the valuation. The following table illustrates this.

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	**31 March 2024**: The directors have determined that any units which are complete and capable of being occupied can be reliably measured, irrespective of an agreement to occupy in place. These units will be subject to valuation. **31 March 2023**: The directors have determined that fair value can only be reliably measured if there is an agreement to occupy in place. These units will be subject to valuation. Units without an agreement to occupy are carried at cost.	The directors have determined that fair value can only be reliably measured if there is an agreement to occupy in place. These units will be subject to valuation. 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 it has been determined, 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.

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Notes to the consolidated financial statements (continued)
FOR THE YEAR ENDED 31 MARCH 2024

10. INVESTMENT PROPERTIES (CONTINUED)

	2024	2023
	$000	$000
At fair value		
Balance at 1 April	9,322,902	8,027,267
Additions (including transfers to/from property, plant and equipment)	506,132	873,952
• Realised fair-value movement	310,601	357,842
• Unrealised fair-value movement	(131,056)	73,661
Fair-value movement	179,545	431,503
Net foreign-currency exchange differences	32,790	(9,820)
Balance at 31 March	**10,041,369**	**9,322,902**

A reconciliation between the valuation and the amount recognised as investment property is as follows:

	2024	2023
	$000	$000
Investment property under development (cost)	702,787	786,953
Completed stock not subject to agreement to occupy (cost)	-	168,661
Investment property held at cost	**702,787**	**955,614**
Manager's net interest for units subject to occupancy agreement	3,468,870	3,596,087
Completed stock not subject to agreement to occupy	224,668	-
Allowance for the value provided by care facilities	-	(319,981)
Other adjustments required by NZ IAS 40	105,217	91,218
Manager's net interest	**3,798,755**	**3,367,324**
Revenue in advance	140,857	99,271
Gross occupancy advance (note 19)	6,112,727	5,498,020
Accrued DMF	(713,757)	(597,327)
Investment property fair valued	**9,338,582**	**8,367,288**
Total investment property	**10,041,369**	**9,322,902**

Manager's net interest is the value of the operator's interest 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. Manager's net interest is a non-GAAP (Generally Accepted Accounting Principles) measure which does not have a standardised meaning prescribed by GAAP. Manager's net interest may not be comparable to similar financial information presented by other entities.

In the current year the directors have adopted the mid-point of the valuation reports prepared by the panel of valuers to provide a stable and balanced estimate of value free from bias. The directors have met with the valuers to review the inputs in their models and are satisfied that the market participant test has been adequately met. The directors have also determined that fair value can be determined for completed stock irrespective of whether an agreement to occupy is in place.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

10. INVESTMENT PROPERTIES (CONTINUED)

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. In the current year, this accounting estimate has been reviewed for appropriateness and the allocation has been reduced to zero. The investment property valuation increased by $429.7 million in 2024 because of this change in estimate. The difference between $429.7 million and the $370.7 million in note 9 relates to allowances deducted from investment property for which there is no care centre subject to valuation.

The valuation comprises those units for which fair value is judged as being able to be reliably measured. The breakdown of units is as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
	No. of units	No. of units
Currently (or previously) subject to an occupancy agreement	8,949	8,499
Completed but not yet subject to occupancy agreement	238	-
Under development at reporting date	63	167
Total units included in the valuation	**9,250**	**8,666**

Independent valuers' key assumptions

The valuers used a range of significant assumptions as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
	%	%
Growth rate (nominal)	0.50 – 4.70	0 – 4.70
Discount rate	12.00 – 16.50	11.75 – 16.50

Sensitivity

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

	0.5% decrease	0.5% increase
	$000	$000
Growth rate (nominal)	(245,399)	222,196
Discount rate	134,446	(147,045)

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10. INVESTMENT PROPERTIES (CONTINUED)

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.

Market risk

The valuers comment that property markets both nationally and globally are being heavily impacted by the high interest rate environment instigated by central banks to combat high inflation. Markets are also impacted by ongoing disruption to global supply chains and geopolitical instability in certain regions. The valuers reiterate that their conclusions are based on data and market sentiment as at the date of valuation. For the avoidance of doubt, this does not constitute a 'material valuation uncertainty'.

Impact of climate change

The Group has considered the impact of climate change on the business and valuation of investment property. The Group acknowledges that the impact of climate change will likely have a greater influence on valuations in the future as markets place a greater emphasis on the risks and impacts of climate change.

The independent valuers have made no explicit adjustments to valuations in respect of climate change.

Work in progress

Investment property includes investment property under development of $702.8 million (31 March 2023: $786.9 million), which has been valued at cost. The directors have determined that for work in progress, cost represents fair value. No independent valuation of investment property work in progress is obtained.

Operating expenses

Direct operating expenses arising from investment property that generated income from deferred management fees during the period amounted to $70.7 million (31 March 2023: $53.2 million). All investment property generated income for the Group from deferred management fees, except for investment property work in progress.

Security

Residents make interest-free advances (occupancy advances) to the retirement villages in exchange for the right to occupy retirement-village units. Under the terms of the majority of New Zealand occupancy agreements, the occupancy advance is secured by a registered first mortgage in favour of the Statutory Supervisor over the assets of the retirement village. There are a relatively small number of older occupancy agreements where the residents instead received a life interest in their unit, with Ryman holding the reversionary interest. These residents' occupancy advances are secured by a registered first mortgage over that residual interest. Residents in Victoria, Australia have the benefit of a charge over the title for the land under the Retirement Villages Act 1986.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

11. INTANGIBLE ASSETS (CONTINUED)

	2024	2023
	$000	$000
Gross carrying amount		
Opening balance	122,274	69,664
Additions	16,014	36,900
Net foreign-currency exchange differences	292	-
Transfer from property, plant and equipment	-	15,710
Closing balance	**138,580**	**122,274**
Accumulated amortisation		
Opening balance	(37,442)	(17,980)
Transfer from property, plant and equipment	-	(7,720)
Amortisation (note 4)	(16,073)	(11,742)
Closing balance	**(53,515)**	**(37,442)**
Total book value	**85,065**	**84,832**

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

Interest for the Group of $0.6 million (2023: $1.6 million) has been capitalised to intangible assets during the current year. The weighted-average capitalisation rate on funds borrowed is 5.95% per annum (2023: 5.66% per annum).

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Notes to the consolidated financial statements (continued)
FOR THE YEAR ENDED 31 MARCH 2024

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 (2023: 687,641,738 shares) less treasury stock of 2,494,282 shares (2023: 2,494,282 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 they are vested to the employees.

	Fully paid ordinary shares		Weighted average number of ordinary shares	
	2024 '000	2023 '000	2024 '000	2023 '000
Total ordinary shares (including treasury stock) at 1 April	687,642	500,000	687,642	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**	**687,642**	**687,642**	**516,323**

In the prior year, the Company issued new ordinary shares in respect of a fully underwritten dividend reinvestment plan (DRP) that applied to the 2023 interim dividend, followed by an equity raise in February and March 2023. The increase in share capital of $919.9 million was net of directly attributable share issue costs of $26.4 million.

Additional costs of $0.4 million related to the prior year equity raise were paid in the current year. As these costs are directly attributable to the issuance of shares, they have been recognised in equity.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

12. SHARE CAPITAL (CONTINUED)

Basic and diluted earnings per share (EPS)

	2024	2023
Net profit after tax ($000)	4,775	257,836
Weighted average number of shares (in '000)	687,642	516,323
Basic and diluted EPS (cents per share)	**0.7**	**49.9**

Net tangible asset (NTA) per share

	2024	2023
NTA ($000)	4,136,470	4,525,291
Ordinary shares at 31 March (in '000)	687,642	687,642
NTA per share (cents per share)	**601.5**	**658.1**

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

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

13. RESERVES

	Notes	2024	2023
		$000	$000
Reserves			
Asset revaluation reserve	13a	358,567	610,341
Cash flow hedge reserve	13b	20,774	30,955
Cost of hedging reserve	13c	-	-
Foreign-currency translation reserve	13d	4,107	(7,136)
Treasury stock	13e,25	(34,730)	(34,729)
		348,718	**599,431**
(a) Asset revaluation reserve			
Opening balance		610,341	453,568
Revaluation		(251,774)	156,773
Closing balance		**358,567**	**610,341**
(b) Cash flow hedge reserve			
Opening balance		30,955	15,491
Valuation of interest rate derivatives		18,809	28,121
Valuation of cross-currency interest rate swap		-	(33,443)
Released to income statement		(30,323)	35,049
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	(4,463)	(1,861)
Deferred tax movement on cash flow hedge reserve		5,796	(6,006)
Closing balance		**20,774**	**30,955**
(c) Cost of hedging reserve			
Opening balance		-	3,652
Valuation of cross-currency interest rate swap		-	(1,554)
Reclassification adjustment to income statement	18	-	(3,518)
Deferred tax movement on cost of hedging reserve		-	1,420
Closing balance		**-**	**-**
(d) Foreign-currency translation reserve			
Opening balance		(7,136)	500
(Loss)/gain on hedge of foreign-owned subsidiary net assets		(1,552)	670
Gain/(loss) on translation of foreign operations		12,795	(8,306)
Closing balance		**4,107**	**(7,136)**

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

13. RESERVES (CONTINUED)

	2024	2023
	$000	$000
(e) Treasury stock (note 25)		
Opening balance	(34,729)	(38,174)
Acquisitions	-	-
Vesting/forfeiture of shares	(1)	3,445
Closing balance	**(34,730)**	**(34,729)**
(f) Retained earnings		
Opening balance	3,111,227	2,966,193
Net profit attributable to shareholders	4,775	257,836
Loss on disposal of treasury stock	-	(802)
Dividends paid	-	(112,000)
Closing balance	**3,116,002**	**3,111,227**

Dividends paid

	2024	2024	2023	2023
	Cents per share	$000	Cents per share	$000
Recognised amounts				
Final dividend paid – prior year	-	-	13.60	68,000
Interim dividend paid – current year	-	-	8.80	44,000
		-		112,000
Full-year dividend – current year	-	-	8.80	44,000

No dividends have been paid during the current year. In the prior year, the Company adopted a DRP that applied to the 2023 interim dividend.

The directors have determined that no final dividend will be paid in respect of the 2024 financial year (2023: nil) and that dividends will remain suspended in the near future. The directors intend to undertake a further review of the dividend policy in the 2026 financial year. Any future dividend policy is expected to be based on cash flow.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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.

	2024	2023
	$000	$000
Trade payables	117,502	108,371
Land accruals	27,819	71,755
Other payables	5,299	25,658
Total trade and other payables	**150,620**	**205,784**

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

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.

Holidays Act remediation

As disclosed in the prior year contingent liability note, the Group has identified that past and present New Zealand employees may have received incorrect payments dating back to 2010 due to the complexity of the Holidays Act 2003 and the nature of our dynamic workforce. The issues relate to entitlements under the Holidays Act 2003, and how a range of allowances and entitlements have been interpreted and calculated. External consultants are working with the Group to quantify the value and employees affected, which could be as many as 26,000 employees. Based on their quantification, a provision of $24.0 million has been recorded within employee entitlements at 31 March 2024 (with $18.0 million being recorded in the year to 31 March 2024). This is the best estimate based on facts and circumstances at 31 March 2024, however this is not final and may be subject to change.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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

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 and has demand features, it is carried at face value, which is the original deposit received.

In New Zealand, a refundable accommodation deposit is repayable within 30 working days of a resident vacating their care room. The Group is liable to pay interest at 3% above our bank's normal overdraft rate if it does not repay the deposit within that period.

In Australia, the repayment obligation is within 14 days of a resident vacating their care room, or of sighting the probate or letters of administration. The Group is liable to pay interest at a base interest rate (31 March 2024: 2.25%) within the 14-day period, and at the higher maximum permissible interest rate (31 March 2024: 8.38%) after that.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 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.

At 31 March 2024 interest-bearing loans and borrowings include secured bank loans, an institutional term loan and unsubordinated fixed-rate retail bonds (2023: secured bank loans, an institutional term loan and unsubordinated fixed-rate retail bonds). The Group fully prepaid its USPP notes in March 2023.

	Notes	2024	2023
		$000	$000
Bank loans	17a	2,137,079	1,922,769
Institutional term loan	17b	272,807	267,265
Retail bonds – RYM010	17c	150,000	150,000
Total loans and borrowings at face value		**2,559,886**	**2,340,034**
Issue costs for the institutional term loan capitalised	17b	(1,717)	(726)
Issue costs for the retail bond capitalised	17c	(1,557)	(2,109)
Issue costs for bank loans capitalised[1]	17a	(3,805)	-
Total loans and borrowings at amortised cost		**2,552,807**	**2,337,199**
Revaluation of institutional term loan debt in fair value hedge relationship	17b	(5,860)	(6,249)
Total loans and borrowings		**2,546,947**	**2,330,950**

Contractual cash outflows in respect of these interest-bearing loans and borrowings are disclosed in note 21(e).

[1] During the year, the group reclassified issue costs for bank loans from trade and other receivables to align with the treatment of the issue costs for the institutional term loan and retail bond. Issue costs for bank loans capitalised were $4.1 million in the comparative period.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(a) Bank loans (secured)

The bank loan facilities have varying maturity dates through to April 2029 (2023: 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.

	2024	2023
	$000	$000
Bank loans (secured) – NZD	1,483,980	1,277,590
Bank loans (secured) – AUD in NZD	653,099	645,179
Total bank loans (secured)	**2,137,079**	**1,922,769**
Issue costs for bank loans capitalised		
Opening balance	-	-
Reclassified from trade and other receivables	(4,130)	-
Capitalised during the year	(2,039)	-
Amortised during the year	2,364	-
	(3,805)	**-**
Total bank loans at amortised cost	**2,133,274**	**1,922,769**
Less cash and cash equivalents	(41,809)	(27,879)
Net bank loans	**2,091,465**	**1,894,890**
Less than 1 year[1]	-	117,597
Within 1–5 years	2,137,079	1,805,172
Total bank loans (secured)	**2,137,079**	**1,922,769**
Average interest rates for bank loans – NZD	6.75%	7.41%
Average interest rates for bank loans – AUD	5.41%	5.24%

[1] The Group has $251.4 million of bank loan facilities maturing within the next year, however these are undrawn. In April 2024 $136.4 million of these facilities were refinanced with maturity extended past 1 year.

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Notes to the consolidated financial statements (continued)
FOR THE YEAR ENDED 31 MARCH 2024

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$153.9 million) is subject to a fixed interest rate. The remaining portion of the loan (AU$96.2 million) is subject to floating interest rates.

	2024 $000	2023 $000
Institutional term loan	272,807	267,265
Total institutional term loan at face value	**272,807**	**267,265**
Issue costs for the institutional term loan capitalised		
Opening balance	(726)	(876)
Capitalised during the year	(1,259)	-
Amortised during the year	268	150
	(1,717)	**(726)**
Total institutional term loan at amortised cost	**271,090**	**266,539**
Revaluation of debt in fair value hedge relationship	(5,860)	(6,249)
Total institutional term loan	**265,230**	**260,290**
Average interest rate (which includes both the fixed and the floating portion)	6.49%	5.14%

(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%.

	2024 $000	2023 $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	(2,109)	(2,605)
Capitalised during the year	(10)	(63)
Amortised during the year	562	559
	(1,557)	**(2,109)**
Total retail bonds at amortised cost	**148,443**	**147,891**

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(d) 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.

(e) 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.

In February 2023, the Group's banking syndicate and institutional term loan lenders agreed to amend the Interest Coverage Ratio covenant included in the lending facility agreements to 1.75x until 31 March 2025, increasing to 2.00x at 30 September 2025 and 2.25x at 31 March 2026. The retail bonds are not subject to the Interest Coverage Ratio covenant.

In September 2023 as part of the renegotiated bank facilities the Interest Coverage Ratio covenant was further amended to be calculated as adjusted EBITDA to total interest. The covenant levels remain unchanged at 1.75x for all reporting periods through to 31 March 2025, then moving to 2.00x at 30 September 2025 and 2.25x thereafter.

The Group has met all externally imposed capital requirements for the 12 months ended 31 March 2024 and 31 March 2023.

(f) Going concern

These financial statements have been prepared on a going concern basis, which requires the Board to have reasonable grounds to believe that the Group will be able to pay their debts as and when they become due. The minimum requirement by NZ IAS 1 - *Presentation of Financial Statements* being at least, but not limited to, 12 months from the end of the reporting period. The Group has prepared cash flow projections factoring in the current market, covering a period of at least 12 months after these financial statements have been authorised for issue. Net cash flow and net profit after tax are both forecast to be positive for the 12 months ended 31 March 2025. In addition, at 31 March 2024 the Group had $507.5 million in cash liquidity, with $41.8 million in cash and $465.7 million of undrawn syndicated bank facilities. The undrawn facilities have a weighted average tenor of 2.4 years. Due to the above, the Board determined that the going concern basis of accounting is appropriate in the preparation of these financial statements.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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.

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 derivatives 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.

Hedge accounting

The Group designates most of its derivatives as hedging instruments. At inception, each hedge relationship is formalised in hedge documentation. 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 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.

When the derivatives meet the requirements of cash flow hedge accounting, the effective portion of the change 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. The ineffective portion is recognised in the income statement.

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.

Hedge accounting is discontinued when the hedge instrument expires, is terminated 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.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 March 2024 the Group's derivative financial instruments consist of interest rate swaps, caps, floors and collars (2023: interest rate swaps, caps, floors and collars). The Group closed out its cross-currency interest rate swaps (CCIRS) in March 2023.

The Group uses these derivative financial instruments to manage cash flow and interest rate risks.

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

	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
2024						
Cash flow hedges						
Interest rate derivatives	NZD	2.309%–4.613%	0–6	NZ$1,160 million	12,688	(7,015)
Interest rate derivatives	AUD	1.463%–4.378%	0–6	AU$535 million	(2,357)	(4,310)
Fair value hedge						
Interest rate swaps	AUD	Floating	4	AU$54 million	(5,688)	300
					4,643	**(11,025)**

	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**

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate derivatives as cash flow hedges

The Group holds various interest rate derivatives to provide an effective cash flow hedge against floating interest rate variability on a defined portion of core 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 hedged 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.

At 31 March 2024, the Group had several interest rate derivatives that were designated as cash flow hedges. These derivatives have a total notional principal amount of approximately NZ$1,744 million, which is made up of NZ$1,160 million and AU$535 million (2023: NZ$674 million). These derivatives cover terms of up to 6 years (2023: 5 years) and are effective for various periods. Some of these derivatives will become effective at a future date.

	2024	2023
	$000	$000
Notional principal amount		
Already effective at balance date	1,428,333	594,144
Forward starting	315,474	80,000
	1,743,807	**674,144**

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 3.991% to 4.297% (2023: 2.443% to 3.198%). 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	
	2024	2023	2024	2023
	%	%	$000	$000
Within 1 year	3.991%	3.198%	1,338,333	614,144
1–2 years	4.040%	3.134%	1,223,333	574,144
2–3 years	4.069%	2.965%	1,115,596	310,000
3–4 years	4.060%	2.931%	892,859	130,000
4–5 years	4.264%	2.443%	605,561	60,000
5–6 years	4.297%	-	339,158	-

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) 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$53.9 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$53.9 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.

(c) 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 swap	AUD	AU$70 million	1.785%	Oct 2026	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, and notwithstanding the modified swaps have matured during the current year, 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$2.8 million and AU$1.5 million (totalling NZ$4.5 million) (2023: NZ$1.2 million and AU$0.6 million (totalling NZ$1.9 million)). At balance date the unamortised balance (excluding tax effects) in the cash flow hedge reserve for the amended swaps is NZ$12.6 million and AU$3.7 million (2023: NZ$15.4 million and AU$5.2 million).

As the modified interest rate swaps did not qualify for hedge accounting, the fair value movement of these swaps following modification have been recognised directly in profit or loss. The current year fair value loss on these modified swaps is NZ$14.9 million (2023: NZ$8.0 million loss) (refer note 5).

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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. The occupancy advance, net of deferred 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. If settlement of a new occupancy advance for the same retirement-village unit has not occurred within six months, the Group has a policy of repaying the occupancy advance.

Occupancy advances are non-interest bearing and recorded as a liability in the statement of financial position, net of deferred management fees and suspended contributions receivable. The 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 and has demand features, it is carried at face value, which is the original advance received.

In New Zealand the contractual timeframe for repayment, if settlement of a new occupancy advance for the same retirement-village unit has not occurred, is three years with interest payable after six months at 3% above our bank's normal overdraft rate. The Group has never utilised this contractual right.

	2024	2023
	$000	$000
Gross occupancy advances		
Opening balance	5,498,020	4,864,713
Plus net increases in occupancy advances:		
• new retirement-village units	330,379	418,322
• existing retirement-village units.	234,550	234,901
Net foreign-currency exchange differences	20,318	(6,540)
Increase/(decrease) in occupancy advance balances	29,460	(13,376)
Closing balance	**6,112,727**	**5,498,020**
Net occupancy advances		
Less deferred management fees	(713,757)	(597,327)
Less suspended contributions (resident loans)	(98,176)	(74,511)
Closing balance	**5,300,794**	**4,826,182**

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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.

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, which is calculated with reference to the external borrowing facilities available to the Group. The right-of-use asset is initially measured at the value of the initial lease liability.

The lease liability is subsequently adjusted for interest and lease payments, as well as the impacts of lease modifications. The right-of-use asset is subsequently measured at cost less accumulated depreciation, adjusted for any remeasurement of the lease liability.

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 deferred 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.

The Group does not have any sub-leases.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

20. LEASE LIABILITIES (CONTINUED)

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).

The Group also has long-term leases of land which are recognised within either property, plant and equipment or investment property.

Amounts recognised in profit and loss

	2024	2023
	$000	$000
Depreciation of right-of-use assets (note 9)	3,771	3,372
Interest expense on lease liabilities (note 5)	250	187
Lease modification (note 5)	(1,177)	-
Expenses relating to short-term or low-value leases	1,358	1,826

Maturity profile for lease liabilities

The maturity profile for lease liabilities is included in note 21(e).

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 $17.3 million (2023: $12.4 million).

Commitments

At 31 March 2024 the Group is committed to $3.3 million for short-term leases (including short-term construction equipment leases) (2023: $6.6 million).

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

21. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

(a) Categories of financial instruments and fair values

The Group has the following categories of financial assets and financial liabilities.

	2024	2023
	$000	$000
Financial assets		
Financial assets at amortised cost:	736,376	761,217
- Cash and cash equivalents (note 7)		
- Trade and other receivables (note 8)		
- Advances to employees (note 25)		
Interest rate derivatives designated as hedging instruments	10,331	21,656
Interest rate derivatives not designated as hedging instruments	-	14,818
	746,707	**797,691**
Financial liabilities		
Financial liabilities at amortised cost:	8,421,524	7,663,230
- Trade and other payables (note 14)		
- Refundable accommodation deposits (note 16)		
- Interest-bearing loans and borrowings (note 17)		
- Occupancy advances (note 19)		
Interest rate derivatives designated as hedging instruments	5,688	5,988
Lease liabilities	22,117	13,787
	8,449,329	**7,683,005**

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.

	Carrying amount	Fair value	Carrying amount	Fair value
	2024	2024	2023	2023
	$000	$000	$000	$000
Institutional term loan	265,230	269,505	260,290	264,735
Retail bond	148,443	134,910	147,891	131,445

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*.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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

(a) Categories of financial instruments and fair values (continued)

The fair value of the retail bond is based on the price traded on the NZX market at 31 March 2024. 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 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).

(b) 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.

The Group's exposure to credit risk relates to cash and cash equivalents, derivative financial instruments, trade and other receivables, and advances to employees. The maximum credit risk at 31 March 2024 is the carrying amount of these financial assets.

Credit risk relating to cash and cash equivalents and derivative financial instruments is managed by spreading such exposures across a range of creditworthy institutions and by restricting the amounts that can be placed with any one institution.

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 occupancy advance receivables relate to individual residents and the occupation of a retirement-village unit does not take place until an occupation advance has been received
- care and village fees have a portion payable in advance when due from residents (note 8)
- 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).

There were no material overdue debtors at 31 March 2024 (2023: $Nil).

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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

(c) 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 mainly from loans and borrowings. Loans and borrowings issued at fixed rates expose the Group to changes in the fair value of the borrowings. Loans and borrowings issued at variable interest rates (including bank overdraft) expose the Group to changes in interest rates.

The Group manages its interest rate exposure from loans and borrowings using a mix of fixed and variable-rate debt and interest rate derivatives that are designated as hedging instruments for those loans and borrowings (note 18). The Group ensures there is an adequate spreading of debt providers and always seeks to obtain the most competitive interest rates. The interest rates on bank loans are reviewed at each 3-monthly rollover.

The Group also has interest rate exposure under the terms of its occupancy agreements in New Zealand, and in respect of its refundable accommodation deposits in both New Zealand and Australia. Refer to Note 16 and 19.

- Although the occupancy agreements in New Zealand provide that occupancy advance is repayable at the earlier of the receipt of the new occupancy advance from the incoming resident or at the end of 3 years, the Group is liable to pay interest if it does not repay the occupancy advance within 6 months from the date residents vacating their unit. Historically, the Group has been managing this interest rate exposure by repaying the occupancy advance within 6 months.
- In New Zealand, a refundable accommodation deposit is repayable within 30 working days of a resident vacating their care room. The Group is liable to pay interest if it does not repay the deposit within that period. In Australia, the repayment obligation is within 14 days of a resident vacating their care room, or of sighting the probate or letters of administration. The Group is liable to pay interest at a base interest rate within the 14-day period, and at a higher interest rate beyond that period. The Group manages these interest rate exposures by repaying the deposits within the prescribed refund period where possible.

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:

	2024	2023
	$000	$000
Increase in interest rates of 50 basis points		
Effect on profit after taxation – increase/(decrease)	(696)	993
Effect on equity after taxation – increase/(decrease)	16,815	5,052
Decrease in interest rates of 50 basis points		
Effect on profit after taxation – increase/(decrease)	696	(1,002)
Effect on equity after taxation – increase/(decrease)	(17,176)	(5,109)

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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

(d) 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 due to its subsidiaries in Australia. The risk to the Group is that the value of the Australian subsidiaries' financial position and financial performance will fluctuate in economic terms and as recorded in the consolidated financial statements, due to changes in the NZD/AUD 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.

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%, with all other variables held constant, profit and equity would have been affected as follows.

	2024	2023
	$000	$000
Increase in value of NZ dollar of 10%		
Impact on profit after taxation – increase/(decrease)	(3,431)	(11,860)
Impact on equity after taxation – increase/(decrease)	(52,295)	(50,495)
Decrease in value of NZ dollar of 10%		
Impact on profit after taxation – increase/(decrease)	4,194	14,496
Impact on equity after taxation – increase/(decrease)	63,916	61,716

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

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.

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Notes to the consolidated financial statements (continued)

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

Occupancy advances and refundable accommodation deposits (continued)

In New Zealand, following a termination of the occupancy agreement, the occupancy advance is repaid at the earlier of five days following the receipt of the new occupancy advance from the incoming resident or at the end of 3 years. In Australia, following a termination of the occupancy agreement, 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, or of sighting the probate or letters of administration.

Lines of credit and undrawn facilities

The Group also 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	2024	2023
		$000	$000
Secured overdraft facility	7	NZ$2,800	NZ$2,800
Syndicated NZD bank loan facilities	17(a)	NZ$1,813,293	NZ$1,788,443
Syndicated AUD bank loan facilities	17(a)	AU$723,500	AU$639,500
Institutional term loan	17(b)	AU$250,000	AU$250,000
Retail bonds	17(c)	NZ$150,000	NZ$150,000

At balance date the Group had NZ$329.3 million (2023: NZ$510.9 million) and AU$125 million (2023: AU$36.0 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).

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Notes to the consolidated financial statements (continued)

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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									
	2024					2023				
	On demand $000	Less than 1 year $000	1–5 years $000	Greater than 5 years $000	Total $000	On demand $000	Less than 1 year $000	1–5 years $000	Greater than 5 years $000	Total $000
Financial liabilities:										
Trade and other payables	-	150,620	-	-	150,620	-	205,784	-	-	205,784
Interest rate swaps	-	1,790	4,751	-	6,541	-	1,372	5,213	383	6,968
Refundable accommodation deposits (non-interest bearing)	423,163	-	-	-	423,163	300,314	-	-	-	300,314
Bank loans (secured)	-	135,513	2,342,720	85,763	2,563,996	-	103,985	2,130,439	-	2,234,424
Institutional term loan (secured)	-	15,821	330,316	-	346,137	-	12,784	56,530	270,655	339,969
Retail bond (secured)	-	3,690	156,694	-	160,384	-	3,687	160,519	-	164,206
Occupancy advances (non-interest bearing)[1]	-	5,300,794	-	-	5,300,794	-	4,826,182	-	-	4,826,182
Lease liabilities	-	5,416	14,482	5,461	25,359	-	5,198	7,257	2,788	15,243
	423,163	**5,613,644**	**2,848,963**	**91,224**	**8,976,994**	**300,314**	**5,158,992**	**2,359,958**	**273,826**	**8,093,090**

[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. The Group repays residents on the earlier of settlement of a new occupancy advance for the same unit or six months after termination of the occupation right agreement. In New Zealand, in the event a new settlement is not received, the Group has the contractual right to defer repayment until three years after termination of the occupation right agreement. After six months interest is payable at 3% pa above the banks normal overdraft rate. The Group has never utilised this contractual right. To date, new occupancy advances received have always exceeded repaid occupancy advances (net of deferred management fees) and represent a positive net operating cash flow to the Group. The Group has reclassified the comparatives which were previously based on historical experience.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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
2024						
Interest-bearing loans and borrowings	2,330,950	201,218	18,636	389	(4,246)	2,546,947
Lease liabilities	13,787	(3,365)	74	-	11,621	22,117
Total	**2,344,737**	**197,853**	**18,710**	**389**	**7,375**	**2,569,064**

	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
Total	**2,597,948**	**(421,991)**	**(9,966)**	**109,789**	**38,471**	**2,314,251**

[1] This figure includes make-whole payments (net) of $30.7 million for the USPP prepayment in March 2023.

(f) Market risk

Market risk is the risk that changes in market prices such as interest rates and currency rates will affect the Group's income. Refer to note 21(c) and 21(d) on how these risks are managed.

(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 that long-term business plans can be achieved in a profitable and financially sustainable manner that enhances shareholder returns and benefits all stakeholders.

The Group's capital is managed at the parent company level, with oversight from the Board of Directors. Adjustments are made to the structure with Board approval, considering economic conditions at the time. Key capital management initiatives during the year included the suspension of the Company's dividend policy.

The Group is also subject to capital requirements imposed by its banks and lenders (refer note 17).

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

22. SEGMENT INFORMATION

The Ryman Group operates in one industry, being the provision of integrated retirement villages for older people in New Zealand and Australia. The service-provision process for all villages is similar, and the classes of customer and methods of distribution and regulatory environments are consistent across all the villages. The Group does not separately report care or village operation and these are aggregated within each region.

The Group's chief operating decision maker is the Board of Directors and Group CEO. The operating segments have been determined based on the information regularly reviewed by the Board of Directors and Group CEO for the purposes of allocating resources and assessing performance. The Board and Group CEO regularly receives information based on regional performance of New Zealand and Australian operations.

During FY24 amongst other criteria, performance was measured based on segmental underlying profit before realised fair-value movement and underlying profit. Underlying profit is a non-GAAP measure which has historically been the most relevant measure in evaluating the performance of segments relative to other entities that operate within the aged care and retirement village industries. Cashflow performance is monitored through the movement in the debt balance of each region.

The Group has announced that underlying profit will no longer be a key performance measure going forward. Going forward performance measurement will be focused on cash flow from existing operations, cash flow from development and IFRS profit before tax and fair value movements.

In FY2024 changes were made to internal reporting structures and the allocation of internal corporate function costs to allow a Group / Regional reporting structure. For this reason, it is not possible to restate the 2023 operating segments' profit measures in the same manner. For comparison purposes the profit measures by segment have been disclosed for the current period using both the old and new basis of segmentation.

The 'other' segment primarily reflects the revenue and costs associated with the Group corporate function. Other revenues in this segment primarily relate to rental income. Currently this Group corporate function includes some operational and shared services functions which are performed centrally for cost efficiency purposes and not recharged to the region.

Non-current assets are based on the geographical locations of the assets with some assets being allocated to Group functions such as the myRyman software and corporate fixed assets. Loans and borrowings are based on the geographical location of the debt without any allocation to corporate functions, with an adjustment between regions to account for start-up funding borrowed in New Zealand which was used as equity in the Australian operation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

22. SEGMENT INFORMATION (CONTINUED)

	New Zealand	Australia	Other	Group
	$000	$000	$000	$000
2024				
Total revenue	556,500	132,800	586	689,886
Interest income	1,758	568	-	2,326
Finance costs	(40,228)	(10,414)	-	(50,642)
Depreciation and amortisation	(17,458)	(8,194)	(18,151)	(43,803)
Underlying (loss)/profit before realised fair value movements (non-GAAP)	**36,588**	**(26,535)**	**(50,654)**	**(40,601)**
Realised fair value movement (non-GAAP) (note 10)	256,694	53,907	-	310,601
Underlying profit (non-GAAP)	**293,282**	**27,372**	**(50,654)**	**270,000**
Non-current assets	9,491,794	2,654,539	113,142	12,259,475
Loans and borrowings	1,705,651	841,296	-	2,546,947

The reconciliation from underlying profit to net profit after tax split by geographical region is shown on the following page.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

22. SEGMENT INFORMATION (CONTINUED)

Underlying profit before realised fair value movements and underlying profit for the current period has been presented using the previous segmentation methodology below. This also shows revenues from external customers on the basis of the customer's geographical location.

	New Zealand	Australia	Group
2024	**$000**	**$000**	**$000**
Total revenue	557,061	132,825	689,886
Interest income	1,758	568	2,326
Finance costs	(40,228)	(10,414)	(50,642)
Depreciation and amortisation	(33,017)	(10,786)	(43,803)
Underlying (loss)/profit before realised fair value movements (non-GAAP)	**(8,192)**	**(32,409)**	**(40,601)**
Realised fair value movement (non-GAAP) (note 10)	256,694	53,907	310,601
Underlying profit (non-GAAP)	**248,502**	**21,498**	**270,000**
Unrealised fair-value movement (note 10)	(158,337)	27,281	(131,056)
Deferred tax credit (note 6)	112,209	37,491	149,700
Impairment loss (note 9)	(150,846)	(92,727)	(243,573)
Costs relating to swap amendments	(8,598)	(1,812)	(10,410)
Close out of employee share schemes	(11,181)	-	(11,181)
Holiday Act 2003 provision	(18,705)	-	(18,705)
Net profit after tax	**13,044**	**(8,269)**	**4,775**
Non-current assets	9,597,265	2,662,210	12,259,475
2023			
Total revenue	499,290	84,464	583,754
Interest income	1,916	224	2,140
Interest expense	(199,672)	(5,702)	(205,374)
Depreciation and amortisation	(30,126)	(7,590)	(37,716)
Underlying (loss)/profit before realised fair value movements (non-GAAP)	**(34,203)**	**(21,747)**	**(55,950)**
Realised fair value movement (non-GAAP) (note 10)	266,425	91,417	357,842
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 swap amendments	(156,090)	(2,233)	(158,323)
Net profit after tax	**127,376**	**130,460**	**257,836**
Non-current assets	9,301,590	2,365,346	11,666,936

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

22. SEGMENT INFORMATION (CONTINUED)

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).

- The realised gain for each resale is determined to be the difference between the price for the previous occupation right for a unit and the occupation right resold for that same unit during the period. The recognition point is the date the contract is entered. Realised resale gains exclude deferred management fees, refurbishment costs and other direct selling expenses.
- Realised development margin is the margin earned on the first-time sale of an occupation right following the development of a unit. The margin for each new sale is determined to be the price for the occupation right, less the cost of developing that unit. This excludes costs relating to the community facilities, amenities and other direct selling expenses. The recognition point is the date the contract is entered for units which are either complete or capable of having fair value determined (near complete).

Underlying profit excludes deferred taxation, taxation expense, unrealised movement on investment properties, impairment losses on non-trading assets, costs relating to the close out of employee share schemes, Holidays Act 2003 provision and the costs relating to USPP prepayment and swap amendments.

The Group has reconsidered the treatment of the Holidays Act 2003 provision which was previously included in underlying profit (2023: $6.o million). The current year quantification has led to a significant increase in the provision, which relates to remediation of previous years. Consequently, excluding the $18.7 million impact for the current year is deemed appropriate.

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 rest home, hospital, or dementia-level care. The government aged-care subsidies within care and village fees for New Zealand received from Health New Zealand – Te Whatu Ora amounted to $157.5 million (2023: $138.6 million) and for Australia from Australian Government Services Australia amounted to $46.6 million (2023: $25.1 million). There are no other significant customers.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23. RELATED-PARTY TRANSACTIONS

The Group enters into transactions with other entities that some of the directors may have interest in or sit on the Board of. Any transactions undertaken with these entities have been entered into on an arm's-length basis and in the ordinary course of business. No director is involved in the quoting for or provision of services by these entities to the Group.

	Transactions		Amounts owing at year-end	
	2024	2023	2024	2023
	$000	$000	$000	$000
Construction and infrastructure services – Fulton Hogan Limited	2,190	-	159	-
Legal services – Chapman Tripp (to July 2023)	1,117	3,359	-	-
Rental costs – Airport Business Park (to July 2023)	694	1,919	-	-
Equipment purchases (including design) – Tectonus Limited	127	95	-	-

Anthony Leighs is a director/shareholder of Tectonus Limited, which supplied seismic devices and related design services to the Group during the financial year.

Dean Hamilton is a director/shareholder of Fulton Hogan Limited, which provides construction and infrastructure services to the Group.

Since August 2012 Ryman Healthcare Limited has leased office accommodation from Airport Business Park Christchurch Limited (the Airport Business Park). Warren Bell is 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 until July 2023. Warren retired as a director in July 2023.

Jo Appleyard is a Partner at Chapman Tripp, which provides the Group with legal services. Jo retired as a director in July 2023.

The following are not quoted in the table above given they are utilities and insurance products and the directors have no involvement from the day to day operations.

James Miller is a director of Mercury NZ Limited, which supplies electricity to the Group.

George Savvides is a director of Insurance Australia Group Limited (IAG), which provides, through its New Zealand subsidiary NZI, the Group with insurance coverage. George retired as a director in June 2023.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

24. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the key management personnel of the Group is as follows.

	2024 $000	2023 $000
Short-term employee benefits (Senior Executive Team)	7,563	6,897
Employer contributions to post-employment benefits - KiwiSaver/Superannuation (Senior Executive Team)	243	214
Directors' fees	1,162	1,319
Total key management personnel and directors' compensation	**8,968**	**8,430**

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 2024 (2023: 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. The average number of members was 9.5 in the current year (2023: 9.25 members).

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 leadership share scheme (2023: $267,261).

Directors

At 31 March 2024 all directors were non-executive and are not involved in the day-to-day operations of the Group (2023: all directors). Following the resignation of the Group CEO post balance date (effective 22 April 2024) the Chair of the Board assumed the role of Executive Chair until a new Group CEO is recruited. The Board of Ryman has determined that Dean Hamilton will be a non-independent director whilst he is the Executive Chair and he will not receive director fees. A sub-committee of the Board will oversee the performance of the Executive Chair function during the period, and that committee will comprise independent directors Paula Jeffs (Chair and lead independent director), Anthony Leighs and James Miller.

The number of directors fluctuated during the financial year. There are seven directors at balance date (2023: seven directors). David Pitman joined the Board after balance date (appointment effective 1 May 2024) bringing the total directors to eight. The average number of directors was 7 in the current year (2023: 8 directors).

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 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 has been operating a leadership share scheme for certain senior employees, other than non-executive directors, to purchase ordinary shares in the Company. The key terms of the scheme are as follows:

- 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.
- Shares purchased under the scheme are held by two directors as custodians, and the shares carry the same rights as all other ordinary shares.
- All net dividends received in respect of the shares must be applied to repayments of the loans.
- Shares subject to this scheme usually vest 3 years from the date of purchase, unless extended in accordance with the terms.
- Following vesting, the limited recourse loans become full recourse loans. A loan on vested shares is repayable at the discretion of the employee but is repayable when the employee leaves the Group.

Scheme wind down

Following a review of the leadership share scheme during the year, the directors resolved to make a one-off offer to eligible participants who are not members of the Senior Executive Team in connection with winding down the scheme. No future offers will be made under the scheme.

96.1% accepted the offer, which resulted in one-off payments totalling NZ$4.5 million being made to those participants. This amount comprises cash-settled share-based payments of NZ$1.2 million and employee benefits of NZ$3.3 million. These payments are expensed in the profit or loss (note 3).

Further payments are anticipated in relation to the Senior Executive Team, who were not included in the initial offer. These are not expected to exceed $0.5 million and this has been provided for in these accounts.

At balance date, the Company has gross advances to employees (in relation to vested shares) totalling NZ$9.4 million. Although these loans are full recourse in nature, the Company has provided for an impairment loss of NZ$2.8 million against these advances taking into account the share price at 31 March 2024 of $4.55.

In accordance with NZ IFRS 2, the loans in relation to unvested shares are not recorded on the statement of financial position within advances to employees. These are accounted for within the Treasury Stock reserve. Accordingly, no impairment loss has been provided against these loans.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

25. EMPLOYEE SHARE SCHEMES (CONTINUED)

Leadership share scheme (continued)

Treasury stock and share options

At balance date, the scheme holds 2,494,282 fully allocated (unvested) shares, which represents 0.36% of the total shares on issue (2023: 2,494,282 fully allocated shares, which represented 0.36% of the total shares on issue). 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.

	2024	2024	2023	2023
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Balance at beginning of the financial year	2,494,282	13.57	2,741,246	13.72
Purchased on market during the year	-	-	-	-
Forfeited during the financial year	-	-	(246,964)	13.67
Vested during the financial year	-	-	-	-
Repayment	-	(0.05)	-	-
Balance at end of the financial year	**2,494,282**	**13.52**	**2,494,282**	**13.57**
Represented by:				
Shares granted in August 2019	736,291	12.81	736,291	12.88
Shares granted in August 2020	793,292	13.10	793,292	13.13
Shares granted in August 2021	964,699	14.42	964,699	14.45
Balance at end of the financial year	**2,494,282**	**13.52**	**2,494,282**	**13.57**

The restrictive period for participants that accepted the offer was extended on each tranche of unvested shares until the earlier of the aggregate market value of the shares in that tranche being at least equal to their purchase price or 1 November 2026, in the directors' sole discretion. The restrictive period was not further extended for participants in the Senior Executive Team and participants that did not accept the offer.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

25. EMPLOYEE SHARE SCHEMES (CONTINUED)

All employee share scheme

The Group has also been operating a share scheme that is available for all employees. The key terms of the scheme are as follows:

- 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 shares, the Group advances an interest-free loan equal to the employee's contribution to the share purchase (financial assistance).
- All shares purchased under the scheme are held in the employee's name.
- Most of the loans were made on a limited recourse basis.
- The loan is repayable at the discretion of the employee but is repayable when the employee leaves the Group.

Scheme wind down

Following a review of the all employee share scheme during the year, the directors resolved to make a one-off offer to existing eligible participants in connection with winding down the scheme. No future offers will be made under the scheme. The participating employees who accepted the offer sold their loan-funded shares on-market (at a share price of NZ$5.87), with the sale proceeds (net of brokerage fees) being applied to repay their outstanding loans. To the extent the proceeds did not fully repay the loans, the loans were deemed to be repaid in full.

The offer resulted in NZ$2.6 million of advances to employees being repaid and NZ$1.3 million of advances to employees being written off. This amount is expensed in the profit or loss and disclosed within employee benefits (note 3).

Since not all participating employees accepted the offer, the Company still has gross advances to employees totalling NZ$0.7 million in relation to this scheme at balance date. Due to the limited recourse nature of most loans and the current share price, the Company has provided for an impairment loss of NZ$0.1 million against these advances.

26. COMMITMENTS

Capital expenditure commitments

The Group had commitments relating to construction contracts amounting to $217.2 million at 31 March 2024 (2023: $385.7 million).

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

Commitments relating to leases have been disclosed in note 20.

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Notes to the consolidated financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

27. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 March 2024. The previously reported Holiday Act remediation is now included in note 15.

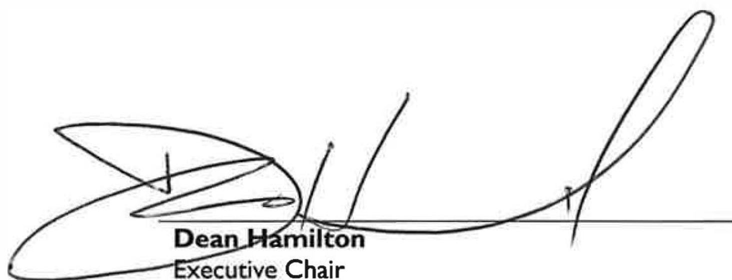
28. SUBSEQUENT EVENTS

On 22 April 2024 it was announced that Richard Umbers had resigned from his position as Group CEO and was immediately leaving the Group. Chair Dean Hamilton was appointed Executive Chair until a Group CEO is recruited. Refer to note 24.

There have been no other events subsequent to 31 March 2024 that materially impact on the results reported.

29. AUTHORISATION

The directors authorised the issue of these consolidated financial statements on 24 May 2024.



Dean Hamilton
Executive Chair

James Miller
Non-executive director and
Chair of Audit, Finance and Risk committee

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Independent Auditor's Report

To the Shareholders of Ryman Healthcare Limited

Opinion

We have audited the consolidated financial statements of Ryman Healthcare Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 1 to 70, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

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.

Our firm carries out other assurance services for the Group relating to Australian aged care and climate related disclosure assurance readiness services. 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.

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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 balance sheet. The fair value of these properties is determined based on the mid point of external valuations at 31 March 2024, 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, deferred management fees, and revenue in advance. The external valuations rely on various estimates and underlying assumptions, including current unit pricing, discount rates, future long term house price growth rates and the occupancy periods of residents. A small percentage difference in certain input assumptions could result in a material change to the valuations. These properties were valued at $10,041m (2023: $9,323m). The revaluation gain recognised in the consolidated income statement was $180m (2023: $432m). 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 77% of the total assets (2023: 75%), making it the most significant balance on the consolidated statement of financial position. 2. The complexity of the valuation models that support the valuations.	Our procedures focused on: • The appropriateness of the valuation methodology, including the appropriateness of assessments made by the valuers and Directors in determining the carrying value of investment property; • The reasonableness of underlying assumptions in the valuation models. Our procedures included, amongst others: • Evaluating the Group's processes for determining the valuation of the investment properties, including the 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 in determining the carrying value of investment property; • Evaluating the appropriateness of the mid point of the valuations considered by the directors and the reasonableness of the fair value adopted; • 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 model 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 2023 valuations; • Reviewing management's assessment of the change in accounting estimate relating to the allocation of a portion of the Investment Property valuations to the care facilities; and • Using our in-house valuation specialists to assess the appropriateness of the valuation methodology, discount rates and other market evidence; • 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 occupancy periods presented by the valuers; • Comparing a sample of current unit market values determined by the valuer 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 disclosures in note 10.

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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 independent registered valuers appointed by the Group. The net book value of care facility land and buildings as reflected in note 9 is $1,153m (2023: $1,361m). The revaluation loss recognised in other comprehensive income was $252m (2023 gain of $157m) and in profit or loss was $24m (2023 $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: 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.	Our procedures focused on: • the appropriateness of the valuation methodology • the reasonableness of underlying assumptions in the valuation models. Our procedures included, amongst others: • Agreeing material additions to supporting documentation, such as the number of care beds added during the period; • 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; • Assessing the competence, objectivity and integrity of the independent registered valuers. We assessed their professional qualifications and experience. We 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 meeting was to identify and challenge the critical judgment areas in the valuation models and to confirm the valuation approach is 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 and capitalisation rates and other market information; • Assessing the reasonableness of the capitalisation rates and market value per care bed adopted in the valuations; • Agreeing, on a sample basis, the earnings capitalised to the underlying accounting recorded and challenging the valuers on the adjustments made to actual earnings in arriving at the earnings used in the valuations; • Reviewing management's assessment of the change in accounting estimate relating to the allocation of a portion of the Investment Property valuations to the care facilities; and • Considering the appropriateness of the disclosures in Note 9.

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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, and in the Climate Statement, which are 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 do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 and in the Climate Statement, if we conclude that there is a material misstatement therein, 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-for-assurance-practitioners/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
24 May 2024