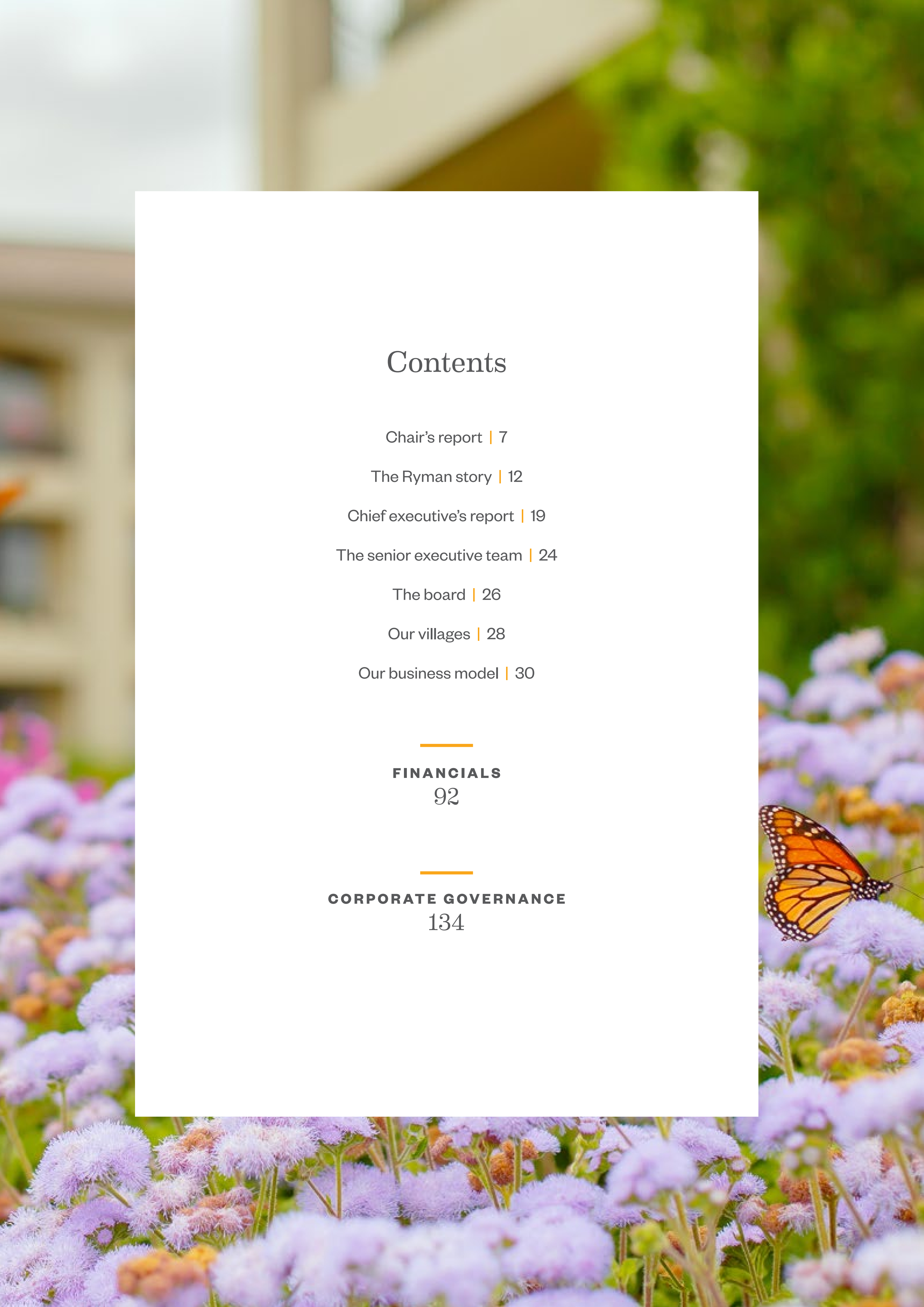
IT'S GOT TO BE

Good Enough for Mum

RYMAN HEALTHCARE ANNUAL REPORT 2018

The care we provide must be, in the words of our co-founder, **good enough for Mum.**



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CREATING VALUE

We look after older people.

CHAIR'S REPORT

Care is at the heart of everything we do

Ryman Healthcare Chair **Dr David Kerr**

My first visit to a Ryman village was to the company's second village, a converted motel just down the road from my medical practice. That day I learned what the Ryman founders were doing and why, and from that visit grew a strong relationship and a deep sense of trust.

I learned from John Ryder that his business partner Kevin Hickman had been appalled by the lack of privacy and dignity for residents in a fire-damaged resthome he'd visited. That was the driver for these guys – to raise the standard of aged care in New Zealand.

We're driven by what works for our residents

Kevin's view was that he wouldn't put his own mother in such a place. It was the start of Ryman's metaphor for the highest standard of care: it's got to be good enough for Mum.

Early on in their business venture, Kevin and John committed to providing integrated care. It didn't seem right that residents who became too sick had to be moved somewhere else for higher levels of care. So before long, they bought a hospital.

The same philosophies are deeply embedded in the way Ryman operates today. We make sensible business decisions driven by what works for our residents.

We want to share a broader narrative

In those early days, recycling capital made the developments possible. We still recycle capital today – it's one of the reasons we create so much value for our shareholders.

Ryman's story of sustainable value creation goes beyond our financial achievements. Our history shows a company committed to putting care at the heart of its unique business model. The wider Ryman story is an important story to tell and one that we haven't told before in our annual reporting.

> *We make sensible business decisions driven by what works for our residents.*

This year, for the first time, we've chosen to adopt the principles of Integrated Reporting* <IR> in our annual report. Our stakeholders are increasingly interested in how we create value over time, and the <IR> Framework helps us to tell that broader narrative.

I would like to take this opportunity to acknowledge all of the board and the executive team for their support in preparing and presenting this annual report. They have all shared their time, experience, and wisdom to maintain the clarity and integrity of our reporting.

*Visit integratedreporting.org for more information on Integrated Reporting.

Kevin Hickman's 34 years of service at Ryman

In May 2018 Kevin Hickman let us know that he wished to stand down from the board, ending 34 years of service at Ryman.

Ryman Healthcare would not be the company it is today without Kevin. He is one of New Zealand's foremost entrepreneurs who saw an opportunity to build an ethical business to meet an important social need – the care of older people.

Kevin's founding philosophy – that Ryman's care has to be good enough for Mum – remains our guiding principle today. He always put residents first, he sought to raise the bar in care and the quality of our villages, and he's had a profound impact on improving the quality of life for generations of older people.

Kevin always led by example and invested in developing people. Not only did he create a special company with a great model, he ensured it was always in good hands.

Kevin has never been the type of entrepreneur who is out to make as much money as possible and reluctant to let go of the reins. He's been a wonderful motivator of others assuming responsibility, and shown little interest in personal remuneration.

We thank him and we wish him all the best in his retirement.

We look to the long term

One of the measures used in business is TSR or total shareholder return. The board focuses on another TSR – talent, strategy, and risk – to increase our total shareholder return.

We work closely with the executive team on our medium and long-term strategy and to determine and monitor our material issues. Like all companies, we have to look in the rearview mirror from time to time, but our long-term orientation is much more important.

We believe in growing social and human capital

We believe in growing social and human capital – in what we do for residents and communities, in how we use our influence in the sector, and in the employment opportunities we offer.

When we build a village, we're building care facilities for the benefit of our residents and also for the wider community. To meet the future needs of our ageing population, we're building critical infrastructure on a major scale. Our investment in care is a key point of difference.

We employ a large number of people and offer part-time employment that recognises and supports the other commitments people have in their lives. We have a real commitment to keeping our people safe, and to their education and career progression through the company.

We work to create a positive impact on the environment

We develop and improve natural capital. We take a piece of land, often where the environment is degraded, clean it up, and construct a village designed to last. We create pleasant living with grass, bushes, ponds, and streams. We establish and maintain gardens all around our villages.

We work to create a positive impact on the environment. Our villages are energy-efficient in their design, and we reduce the vehicle traffic in the areas around our villages.

The development team needs to meet many environmental requirements to get consents. We're measuring our carbon footprint, and we've joined the CEMARS carbon reduction programme so that we can identify savings targets for the future.

We take an integrated approach to growth

One of the ways in which the board supports the company is by engaging and employing very competent people. That's part of our philosophy. That competence means that people can take a sudden left-field idea, use the governance structure as a sounding board, and get on with turning the idea into reality.

Looking to the future, we have the confidence of knowing we're in a strong financial position. That confidence enables us to commit to constantly improving our offering.

We're always looking at ways to improve the resident experience. Of the larger operators, Ryman has the highest proportion of care centres in New Zealand with 4 years' certification – the 'gold standard' in care – from the Ministry of Health.

We continue to build and upgrade our villages in New Zealand. And in Victoria, we've made a successful start, with one village already open, one opening later in the year, and six more in the pipeline.

We want to make sure that as we continue to grow, we do so at a pace that means we can stay connected to the original vision of being ethical, transparent, honest, and fair.

We aim to double our underlying profit every 5 years. We believe that's a sustainable pace that takes into account the growth opportunities and the challenges we face, as well as making sure we have a happy, healthy, well-functioning team.

We work to make an investment in Ryman grow sustainably and do good in the world

Ryman's investors are often in for the long haul. They know we're a stable, well-run company that can weather financial crises.

Many of our residents and team members are also shareholders. Residents who invest in Ryman share in the company's growth and can use dividends to pay their weekly fees. Team members who own a share in the company reap a double reward for the goodwill and energy they bring to their work.

The board is pleased to report another solid year for Ryman, with underlying profit up 14.2 percent to $203.5 million and our reported profit, including unrealised gains, up 8.8 percent to $388.2 million.

We've matched the growth in underlying profit with a similar increase in dividend to shareholders. The dividend has been increased by 14.6 percent, with a total annual dividend to shareholders of 20.4 cents per share.

If you are considering an investment in a place to live or looking for a stable platform to build wealth into the future, or both, we welcome you to join us.

Dr David Kerr
Chair, Ryman Healthcare

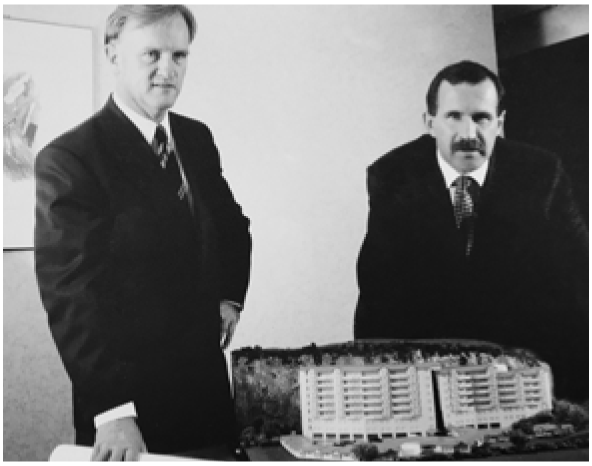
THE RYMAN STORY

Finding the perfect business

In 1983, Kevin Hickman walked into a fire-damaged old villa to investigate how the fire had started. The building was a resthome, and Kevin didn't like what he saw.

"There were four people to a room with shared toilets down the corridor. The people running the resthome were nice and did a good job in as much as they were expected to. But to me, it was crazy. The standards were so poor. But that's how resthomes were in those days."

It started Kevin thinking about what the standards should be. "I thought, what would I want for Mum? I'd want a single room with an ensuite, for a start."



Both were natural entrepreneurs and together they made a formidable combination

Kevin and his business partner, accountant John Ryder, had met a few years earlier. Kevin had left the police to set up his own private investigation business and needed an accountant. Kevin says the partnership worked because they had complementary skills. He thinks he and John would have been successful on their own, but nowhere near as successful as they were together.

The pair were already on the look-out for a business opportunity. “The perfect business,” Kevin says, “had to combine residential property – because it’s a good long-term investment and the banks always like to lend on property – and a strong cash flow.”

After Kevin’s experience with the fire-damaged resthome, they knew they’d found what they were looking for. It was a great business idea and they could improve the way older people lived and how they were cared for. It was a business they could feel good about and believe in completely.

They soon found a block of 14 two-bedroom flats on River Road in Christchurch, which they would convert into their first resthome. But they didn’t have much capital.

“The vendor accepted a part payment and agreed that we could repay the remaining amount at an 8 percent interest rate,” says Kevin.

1984

Ryman Healthcare was founded in 1984.

4,700

We employ over 4,700 staff.

34 years

We've been driven by the same values for 34 years.

10,600

Our villages are home to over 10,600 residents.

A care company from the start

32 villages

We own and operate 32 retirement villages in New Zealand and Australia.

730

We have 730 dementia beds.

5,000

More than 5,000 residents receive care tailored to their individual needs.

70

We offer integrated care to people 70 years and older.

And with that, Ryman – formed from combining Ryder and Hickman – was born

They renamed the resthome Riverside, the cash flow started to come in, and Ryman was soon in the market for a second property.

A motel complex on Woodcote Ave in Hornby became their next development. "Because we didn't have much money, I lived there while we rebuilt it," Kevin says. "We needed to squeeze every drop of cash flow out of it while we were rebuilding."

Kevin and John didn't spend money on expensive lifestyles. They supported each other.

"When you're broke, it's good having someone to share the pain. We wanted it to be the best period of older people's lives. For some of our residents, it was the first time they'd lived in a new house."

Kevin and John believed in reinvesting to grow the company. Profits were reinvested to lay the foundations for future earnings so that the value of the investment was always compounding.

The Ryman recipe was to buy the right site in a well established suburb, use working capital to build the first stage of the village, sell that, and use the capital to fund the next stage. They'd then build a care wing and operate the village using home-grown staff trained in Ryman systems.

Kevin calls the current leaders 'the Ryman kids'

'Kids' pretty much describes what they were when they started. Chief Sales and Marketing Officer Debbie McClure started out as a village administrator in 1990. Chief Operations Officer Barbara Reynen-Rose was a young nurse manager in Dunedin when she was hired in 1992.

A golden rule was always to put faith in our team members, and both Kevin and John believed in bringing young, talented people through the ranks to top roles, rather than hiring outsiders. "You get lifted up by the people you employ. Or you get dropped pretty quickly", Kevin says.

People had to have the Ryman way of working in their DNA to become Rymanians. "I'm a great believer in training your own people. This whole idea of bringing someone new in to run riot is just a disaster."

> *"I'm a great believer in training your own people."*

Creating shareholder value over time

Ryman listed on the stock exchange in 1999, raising $25 million. It brought new capital to invest in future growth. And John and Kevin were rewarded for 15 years of hard work and risk-taking.

At the time, the company was valued at $135 million. Today, Ryman is worth over $5 billion and has paid more than $690 million in dividends. More than $3.1 billion has been invested in new villages since listing.

Three decades on, Kevin says Ryman's ethos hasn't changed. Everything we do must be good enough for Mum – or Dad.

If we get our care and resident experience right,

the financial results take care of themselves.

CHIEF EXECUTIVE'S REPORT

It's all about people

Chief Executive **Gordon MacLeod**

At Ryman, it's all about people. I believe that, ultimately, our resident experience defines our success. If we get our care and resident experience right, the financial results take care of themselves.

We've only just got started on growth, and it's an exciting time to be part of Ryman. To meet our growth aspiration, we'll need around 70 percent more leaders in 5 years' time than we have now. That's why we're investing in our Ryman Leaders' programme and bringing our own people through and supporting them to grow and achieve.

We've always valued our people and their wealth of organisational knowledge. I want our people to be safe, happy, well versed in how we work, and to know the residents like family.

Safety of our people is my number one priority

I talk frequently about very specific aspects of health and safety. It's never a general chat. We want people to go home safe every night.

The importance of safety was brought home to us all on 9 January this year when we lost Graeme Rabbits at one of our construction sites in Auckland. Graeme was well liked, with friends all over the world. His death was devastating for his family, his friends, and all his colleagues on the site and right across Ryman.

Ryman is cooperating fully with WorkSafe's investigation and will continue to strive for very high standards in health and safety.

Graeme's family told me they were determined that his loss is not in vain, and we, as a team, will make sure of that.

We're investing in our people for the future

This year, we have invested heavily in staff through extra training, leadership programmes, and in pay increases and improved entitlements, particularly for staff at our villages.

Behind the scenes, we've been busy recruiting in Melbourne, Auckland, and Christchurch. We have more than doubled the size of our design and development teams in Christchurch, and have ramped up our teams in Auckland and Melbourne.

We're investing more than ever in the resident experience

We're investing more than ever in the resident experience. We're also investing in health and safety, technology, and infrastructure.

Meals are a big part of a resident's day and so the food has to be great. We've invested in our *Delicious* project, making more fresh food options on site so that meals are served at their best. Residents can choose from a menu that includes a vegetarian option, and they're telling us they love it.

One of the benefits of village life is having neighbours and friends nearby for socialising. We've built new village cafés that create a place for residents to relax and catch up with each other and with visiting friends and family.

The myRyman Care revolution has begun

Our biggest-ever investment in improving care systems is in full swing. Twenty-five villages are now live on the myRyman Care app, with the roll-out in New Zealand due to be completed this year.

We've installed more than 2,000 tablet devices in residents' rooms and trained 2,100 nurses and caregivers in how to use the system. Our staff can see at a glance everything they need to know about each resident, and what they need to do to care for them – simply by referring to a tablet in every care room. In most healthcare settings, the information is in paper files or on desktops back at the nurses' station.

The message that comes up on the login screen says, "It's all about people". I think that sums up the person-centric approach we take to designing everything.

Our people are happier than ever

Another highlight of the year for me has been the feedback we're getting from our people. Every survey result has lifted, which shows that our residents, their families, and our staff are happier than ever.

Since I became Chief Executive in July last year, I have had the pleasure of visiting 30 of our villages and all seven Ryman construction sites. I must have met hundreds of residents, family members, and fellow Rymanians, and I've had many in-depth discussions about how we are performing – both as a place to live and work.

Based on the feedback I've had, the strong survey results are consistent with what I've seen and heard personally – as Kevin would say, by "walking the shop floor".

Our results reflect the growing need for what we do

It has been another solid year of progress, and two numbers stand out for me. At the end of the year, we had less than 1 percent of our portfolio available for resale, and our care centres were 97 percent full, compared to an industry average of around 87 percent.

While real estate volumes dropped 14 percent during the year in New Zealand, our resales volumes lifted 15 percent.

These numbers stand out because they're an indicator of the demand we're seeing, and that what we do is driven by a growing need.

Momentum is building in Victoria

In Victoria, we set ourselves the goal of opening five villages by 2020 to match the roll-out rate in New Zealand. We have one village open, one about to open, and the potential to be building at three more sites by the end of the year. Collectively, our villages in Victoria have the potential to become home to more than 4,000 residents.

Our first residents are due to move into their new apartments at our Brandon Park village shortly. The village was named after Australia's favourite opera singer, Dame Nellie Melba.

In January this year, we secured consent to begin work on a new village in Coburg, and our construction team will be on site later in the year.

We are in advanced discussions with local councils about both our Burwood East and Geelong villages. We hope to be building at both sites this year, subject to development approval. We also have two villages planned for the Mornington Peninsula – Mt Martha and Mt Eliza.

We were delighted to recently announce that we have bought our eighth site in Victoria, at Aberfeldie in north-west Melbourne.

There's been a big gap between our first and second villages in Victoria. We have learned a lot from this, not least of which is that we needed more resources on the ground and in development and design during this early phase of our expansion.

New Zealand development continues at pace

Our new Logan Campbell village in Greenlane welcomed its first residents in February this year. The teams at Devonport and Lynfield are now well into their construction programmes, and presales continue to be strong.

The next villages to be submitted for resource consent in Auckland will be Lincoln Road and Hobsonville. We have received consent for our new village on River Road in Hamilton and early site works are under way.

We have bought new sites in Karori and in Havelock North. The Karori site was formerly a Victoria University campus and is a site we've had our eye on for many years.

The board is part of the Ryman family

All of Ryman benefits from the collegial relationship that exists between the senior executive team and the board. Several of our directors have or have had family members living at our villages. That experience and perspective is incredibly valuable around the board table.

We put a lot of emphasis on all of the board understanding the reality of what we do, so the board gets out and about around the villages and construction sites.

> For the fourth consecutive year, Boston Consulting Group ranked Ryman one of the top 10 best-performing healthcare companies in the world for shareholder return.

On a personal note, I feel I owe Kevin Hickman a lot. I want to repay the faith he's put in both me and the team. I am honoured to continue Kevin's legacy at Ryman, and I will work to preserve the culture he created.

We're just getting started

When I reflect on the year that's been, we are building momentum right across the business – whether that's in delivering great care for our residents, developing our team of people, or scaling up in Victoria. We have an extraordinary opportunity ahead and a team of people to see us well into the future.

I want to thank the thousands of Rymanians who work tirelessly for our residents. You do an incredible job and make a difference every day.

Gordon MacLeod
Chief Executive

THE SENIOR EXECUTIVE TEAM

David Bennett

CHIEF FINANCIAL OFFICER

David was appointed in 2013 as Financial Controller and promoted to Chief Financial Officer in 2017. David has a Bachelor of Commerce degree and is a chartered accountant. Before joining Ryman, he worked as an accountant and auditor.

Debbie McClure

CHIEF SALES AND MARKETING OFFICER

Debbie joined Ryman as an administrator in 1990 before moving into sales. She moved to Melbourne in 2013 to lead Ryman's sales expansion in Victoria. Debbie is chair of the Property Council of Australia's Retirement Living Committee in Victoria.

Andrew Mitchell

CHIEF DEVELOPMENT OFFICER

Andrew joined Ryman in 2007 after working as a Regional Development Manager for Sunrise Senior Living in the UK. Andrew has a Bachelor of Commerce degree in Valuation and Property Management.

Barbara Reynen-Rose

CHIEF OPERATIONS OFFICER

Barbara joined Ryman in 1992 as a nurse manager and is now our Chief Operations Officer. Barbara has an Advanced Diploma in Nursing, a Postgraduate Diploma in Management, and a Master of Health Sciences (Gerontology).

Gordon MacLeod

CHIEF EXECUTIVE

Gordon joined Ryman in 2007. He had previously been a corporate finance partner with PwC and finance director of a London listed hi-tech engineering company. Gordon has a Bachelor of Commerce degree and is a chartered accountant. He is a board member of the New Zealand Aged Care Association and the Retirement Villages Association.

Nicole Forster

CHIEF PEOPLE AND TECHNOLOGY OFFICER

Nicole joined Ryman in 2011 as Senior Human Resources Advisor. Prior to joining Ryman Nicole worked in a variety of human resource and healthcare related roles. Nicole was promoted to Group Shared Services Manager before taking up her current role earlier this year.

Tom Brownrigg

CHIEF CONSTRUCTION OFFICER

Tom joined Ryman in 2006 and has overseen the construction of 19 Ryman villages. He has over 20 years' experience in the construction industry in New Zealand and the United Kingdom, in roles ranging from carpentry to project management.

THE BOARD

George Savvides

BE (HONS), MBA, FAICD
DIRECTOR

George lives in Melbourne and has 20 years' experience in Australia's healthcare industry. After 14 years as managing director of Medibank, Australia's largest health insurer, he retired in 2016. George joined Ryman's board in 2013 and is chair of Kings Group, Macquarie University Hospital, and deputy chair of SBS.

Claire Higgins

BCOM, FCPA, FAICD
DIRECTOR

Based in Melbourne, Claire is a director and consultant with board experience in Australia and New Zealand. She joined Ryman's board in 2014 and is chair of REI Superannuation Pty Ltd, and NorthWest Healthcare Properties Management Ltd, and a director in the property, health, and philanthropic sectors. Claire had a long executive career at BHP and OneSteel Limited before becoming a professional director.

Dr David Kerr

MB CHB, FRNZCGP
CHAIR

David joined Ryman's board in 1994 and has held the role of chair since 1999. A general practitioner, David is a fellow and past president of the New Zealand Medical Association and was awarded a Fellowship with Distinction by the Royal New Zealand College of General Practitioners. He is chair of EcoCentral and Centercare Limited and a director of Forté Health and Ngāi Tahu Property.

Jo Appleyard

LLB (HONS)
DIRECTOR

Jo is a partner with Chapman Tripp and a skilled advocate and litigator specialising in commercial, employment, and resource management law. Before her appointment as a director in 2009, Jo had acted for Ryman for several years on employment and resource management matters, both of which are critical to the success of the company.

Geoffrey Cumming

BA(HONS), MSC (ECON), LLD
DIRECTOR

Geoff re-joined the board in June 2018, having previously served as a director from 1999 to 2000. He is a Canada-based New Zealand citizen who is an economist, investor, and philanthropist. He has more than 30 years' experience as a chief executive and as a company director, having served on more than 25 corporate boards in a wide range of countries and industries.

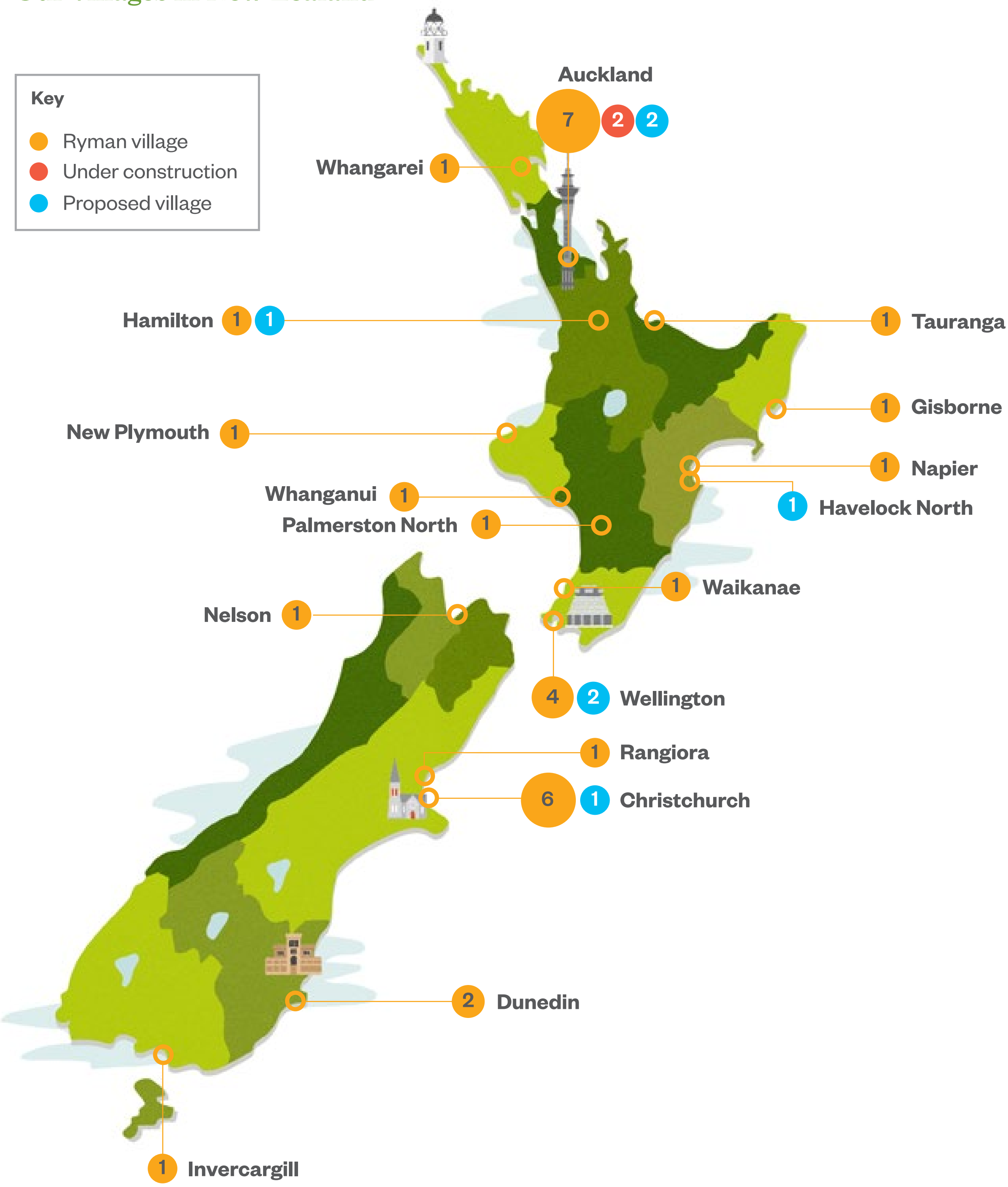
Warren Bell

MCOM
DIRECTOR

Warren joined the board in 2011 and chairs the Audit and Financial Risk Committee. He is an experienced public and private company director, and was previously an audit partner. He is currently chair of Hallenstein Glasson and St George's Hospital, and is a director of several private companies.

Our villages

Our villages in New Zealand



Our villages in New Zealand

Whangarei
- Jane Mander

Auckland
- Bert Sutcliffe
- Bruce McLaren
- Devonport
- Edmund Hillary
- Evelyn Page
- Grace Joel
- Hobsonville
- Lincoln Road
- Logan Campbell
- Lynfield
- Possum Bourne

Hamilton
- Hilda Ross
- River Road

Tauranga
- Bob Owens

Gisborne
- Kiri Te Kanawa

New Plymouth
- Jean Sandel

Napier
- Princess Alexandra

Havelock North
- Te Aute Road

Whanganui
- Jane Winstone

Palmerston North
- Julia Wallace

Waikanae
- Charles Fleming

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

Nelson
- Ernest Rutherford

Rangiora
- Charles Upham

Christchurch
- Anthony Wilding
- Diana Isaac
- Essie Summers
- Margaret Stoddart
- Ngaio Marsh
- Park Terrace
- Woodcote

Dunedin
- Frances Hodgkins
- Yvette Williams

Invercargill
- Rowena Jackson

Our villages in Victoria, Australia

Key
- Ryman village
- Under construction
- Proposed village

Our villages in Victoria, Australia

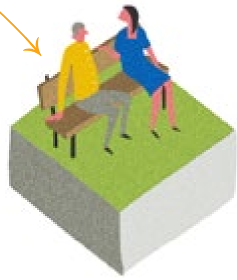
- Aberfeldie
- Burwood East
- Coburg
- Geelong
- Mt Eliza
- Mt Martha
- Nellie Melba
- Weary Dunlop

Our business model is unique

Ryman's development team identifies an area with a shortage of aged care and independent-living options, and buys a suitable site close to good amenities.

1

The development and community relations teams consult with neighbours, health professionals, and the community. **The development and design teams** develop detailed plans and submit them for approval.



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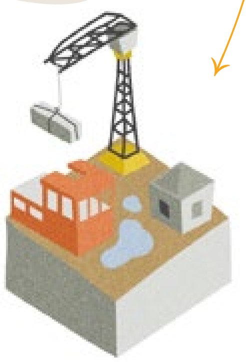

3

The construction team begins work on the new village and the **sales and marketing teams** begin work to attract residents.

4

The operations team recruits village staff and begins day-to-day operations at the village. Independent residents move in, closely followed by care and serviced apartment residents.

5

The village grows until it is fully built and occupied, and becomes fully operational. The capital paid by residents moving in is recycled to buy the next site, and the cycle begins again.

At every stage, it's got to be **good enough for Mum.**

Our business model revolves around care

Our business model revolves around care. It starts with finding the right site, developing a village and a community, recycling cash, and reinvesting in the next village.

Our development and design teams design the village to meet the residents' needs, our construction team builds it, our sales team sells it down, and the operations team runs it.

Looking after our people

We put our residents' quality of life, companionship, and security first.

Our culture is to look after and support each other. We invest in our people to support their health and wellbeing.

We develop our people and build our in-house capability. Doing things ourselves means that we're better placed to evolve our offering to residents. We can maintain quality control, build our knowledge, and be more nimble in supporting the business to grow.

Developing communities within communities

When we develop a village, we develop a community within the residents' wider community. We make it possible for older people to move into a lifestyle that directly benefits them. In turn, that move benefits the local area as homes are released for other families to live in.

Social connectedness for older people is important for their health and wellbeing. Our residents feel connected to their neighbours and friends, and secure in their homes.

When we put our residents first, all of our stakeholders benefit

Ryman's stakeholders include residents and their families, team members, neighbours and local communities, investors, funders, suppliers, and our sponsorship partners.

Creating financial certainty

Our business model provides a high level of financial certainty. For the residents in our townhouses and apartments, it's the financial certainty of fixed and capped fees for life.

For the shareholders, it's the constant pay-out and constant growth recipe. Our aim is always to distribute 50 percent of our underlying profits to our shareholders and to invest the other 50 percent back into the business. And so far, that's exactly what we've done.

For the banks, it's the knowledge that we're not a risk. We recycle capital. We build and develop a village and sell it down, so we can get on with the next one. If we were to stop developing, we'd have very little bank debt while still generating strong earnings and cash flows.

Sharing our knowledge

Our integrated thinking leads to the best possible outcomes for our residents. Everyone at Ryman is encouraged to share their ideas with others in different areas of the business.

Our institutional knowledge includes years of experience and information handed down from Ryman leaders who have been with the company for almost 30 years. We value clear communication and train our team members in communicating effectively.

We invest heavily in innovative technology to increase our ability to share and access information that will improve the resident experience. We believe it's a risk not to invest.

Identifying material issues for our business

At Ryman, we identify material issues through a range of regular communications with our residents and their families, our team members, and other stakeholders in New Zealand and overseas.

We review and collate the information and assess its effect on our ability to create value in the short, medium, and long term.

Caring about the environment

As long-term owners, we're careful to build energy-efficient buildings that will take us well into the future. Having 400 or 500 people living in one of our villages is more thermally efficient than running 400 houses on quarter-acre sections.

A Ryman village improves the environment for people living in the neighbourhood. The demand on infrastructure is low. Our traffic generation is 20 percent of a typical residential household. It's small and it's generally off-peak.

Continuing to build our assets

Ryman's two founders invested $10,000 when they started the first development. The same model has evolved to enable us to turn $25 million into over $5 billion worth of assets.

Today, we continue to recycle our cash investment and establish future recurring income streams.

By the time we've sold the occupation rights to the apartments and townhouses in a new village, they've paid for the construction of those apartments and townhouses as well as the community assets and the care centre of that village.


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CREATING VALUE

How we create value over time

Each village we build represents a long-term investment in care for the communities we operate in. And each village creates a new economic engine to support our future growth as a company.

Community and care for older people was at the heart of the business model 34 years ago. Today, using the same model, we offer independent and assisted living, resthome care, hospital care, and specialised dementia care. We look after our residents no matter how their health needs might change.

> *We build our own operational assets and recycle capital. That's how we create value for our shareholders.*

We constantly evolve what we do but stay true to our business model

When Gordon MacLeod first took over as chief executive, Ryman's leaders were often asked about his vision for the business.

Having been part of the Ryman family since 2007, Gordy's transition to the role was seamless. His approach is to constantly evolve what we do but stay true to our business model.

"Gordy's been very clear that he's here to honour what we've always done and to keep moving us forward so that the business model continues to be as successful in the next 5, 10, and 20 years as it is now."

David Bennett, Chief Financial Officer

Everyone is encouraged to share their ideas

Everyone at Ryman is encouraged to share their ideas with others in different areas of the business. And that's because our goal is to keep improving every aspect of the resident experience.

"The board and the executives have unified conversations. We're all on the same team, rowing the boat in a way that synchronises the oars. The board's not an enquiry panel where the execs are lining up to have their homework checked."

George Savvides, Director

Providing integrated care is one of our points of difference

Providing integrated care adds a massive amount of complexity, risk, and cost to what we do. If we wanted to de-risk our business and focus purely on the short term, we would build our villages with fewer care beds. But developing integrated care is critical if New Zealand and Victoria are to meet the needs of their ageing populations.

Residents moving into independent living in our villages are aged, on average, 79. The average age of residents moving into our assisted living is 86.

We'll always have older people who need help and who can't live at home. Being able to provide integrated care is a real strength of our company compared to lifestyle operators with only independent-living units and a more limited care offering.

The demand for our style of village in Victoria is high. One reason is that many couples who've been together for 50 years are having to be separated because many of the villages don't cater for people at the different stages of their health span.

We recognised the need for integrated care 30 years ago because we've always focused on the needs of the residents.

We build critical aged-care infrastructure

We build critical aged-care infrastructure, for the benefit of older people, which is otherwise not being built.

Developing our aged-care offering takes pressure off the public healthcare system and alleviates funding pressures for district health boards. Hospitals have limited beds available, and the cost of caring for someone in our care centres is significantly cheaper than caring for them in a public hospital.

The council may not need to build a new subdivision – we do it for them

We help solve a problem that councils also have – the availability of housing. When we build a village, it becomes home to over 400 people. That means there'll be around 400 houses on the market, which helps to solve a major housing problem. Effectively, the council may not need to build a new subdivision in that area. We do it for them.

A house one of our residents vacates will already have water and electricity going up to it. It'll be on a road with a bus stop nearby. There'll be a school and library just down the road. It's a lot easier for council.

Our villages create an economic cycle of benefits to the community

When we develop a village, there's an economic cycle of benefits to the community. Some intrinsic value is generated by people releasing their homes onto the market. It also takes considerable pressure off the public health system.

We have 11 villages in Auckland now: seven operating, two under construction, and two in design. When we finish building the remaining four villages, 1,600 more houses will be freed up in Auckland and we'll have built another 1,600 homes.

Our business also creates value for other businesses. The trusted relationships that we've built with suppliers create considerable value over time.

We've got plumbers, electricians, and equipment suppliers who've been there for us, any time of the day or night, for a long time.

"My business has been supplying the joinery for Ryman villages for 31 years. Because Ryman grows by about 15 percent a year and doubles in size every 5 years, we're growing at the same rate. Today, we operate two factories and employ around 30 staff to meet the demand. We invest heavily in training and bringing apprentices through the system."

Bernie Hunt, owner of Sydenham Joinery and Aspire Joinery

People are welcoming what the retirement village model has to offer

People are getting busier in their lives and having Mum or Dad, or both, move in with them is not always an option.

When our grandparents reached retirement age, not many villages were around, and most people stayed in their homes until they needed care. As the generations come through, more and more people are welcoming what the retirement-village model has to offer.

Village life meets older people's social needs as well as their physical healthcare needs. The rate of depression and loneliness in older people is a major societal issue. People can underestimate the social isolation and disconnectedness that exists in the broader community.

It's a matter of making sure we're top of mind

A risk for us in the medium and longer term would be a reversal in residential property prices. We have all sorts of mitigations to reduce the impact of that. We're careful about where we buy land. The demographics have to be right and the property prices have to be right so that our villages are affordable in the local area.

A person's decision to come into one of our villages is usually based on needs. Often things happen on the medical front that mean a person needs more care and support, or they may not be enjoying living on their own anymore.

We keep a good eye on our occupancy rates. Even when we had only seven villages, the goal was full occupancy. With 32 villages, it's still non-negotiable.

We're one big family

Murray and Margaret Daniels made the move to their Ryman townhouse 6 years ago, and Murray says they're now "part of the furniture".

"They call us the early settlers," Margaret jokes.

The pair had a busy life managing a courier business until they retired and moved to their holiday home at the beach.

"We lived there for 14 years. We loved it. But we were getting to the stage where we were too far away – 50 kilometres to the nearest doctor and the nearest shop. So, we decided it was time."

They first went to see another Ryman village and were impressed with the way it was run. Diana Isaac was yet to be constructed, but the couple signed up early, along with a friend who now lives just across the road.

In fact, 28 people from Murray and Margaret's square-dancing club are now also living at the village. They've made lots of new friends too.

"We really are quite busy. We do a lot of voluntary work here," says Murray. "We've done it for 5 years. It gives us a real interest." Margaret looks after the raffles in the bar every Thursday and works in the village shop on Friday mornings.

They go to Triple A exercises and enjoy regular trips with other residents – picnics in the park, days at the beach, and trips to restaurants and wineries.

It's a very social life for those who choose to mix and mingle. There are opportunities for the quiet life too if that's what people prefer.

Margaret enjoys tending the garden outside their townhouse. The gardeners do the lawns and the edges and Margaret knows she only needs to ask if she needs help looking after the plants.

Family come to visit – a daughter, son-in-law, and grandson visit on Saturday mornings.

"And our daughter comes one day during the week and has lunch with us. It's a family atmosphere in the village, as well. We say it often: we're one big family."

It's a very social life for those who choose to mix and mingle. There are opportunities for the quiet life too if that's what people prefer.

Being Ryman in Australia

We've got 34 years of reputation in New Zealand, and we're only getting started in Victoria, in Australia.

We need to make sure that the Ryman culture is preserved as we expand into Victoria. We're looking now to find the right people and to bring them into the Ryman family.

In Victoria, Ryman has become known as a disruptor in the aged-care sector because people can see that we've come in and disrupted the market place. Providers in Victoria are mostly in aged care or retirement living, but generally not both.

One of the biggest risks for us in the Australian market is the amount of negative media attention the sector has had over the last year.

Ryman supports opportunities for more resident protections in Australia such as those established 10 years ago in New Zealand.

Debbie McClure is the chair of the Property Council of Australia's Retirement Living Committee in Victoria. She is working with our colleagues in the sector to enhance the perception of retirement villages.

"In Victoria, we were quickly seen as being trustworthy. I wasn't over here long before I started to get phone calls from people asking when a Ryman village was coming to their neighbourhood."

Debbie McClure, Chief Sales and Marketing Officer

Our offer is affordable for people

Security for our residents is about more than looking after their physical safety. As we see it, security also includes having financial certainty.

Most of our residents come from within 10 kilometres of the village. Based on the local property market, our village living is affordable for people in the local area who want to stay in their own community.

When people decide to move into one of our villages, they sell their house – often the family home. A portion of that money buys their occupancy right in the village. They will have money left over to give them financial certainty.

"We concentrate on making sure that the offer we have available is affordable for people. We look at residential property prices in the area and pitch the offering so that it is luxurious, but still leaves them with enough of a buffer that they don't feel vulnerable."

Dr David Kerr, Chair

Our agreement sets us apart in the market

Ryman offers some of the most resident-friendly terms in Australasia. The weekly fees for townhouses and apartments are fixed for life, and the deferred management fee is one of the lowest in the retirement sector.

The waiting list tells us that people know what they want – whether it's a townhouse, an independent apartment, a serviced apartment, or aged care.

Our agreement is written in plain language. The terms and conditions are transparent and easy for everyone to understand.

Many agreements, especially in Australia, are dense and hard to understand, causing confusion and unexpected costs when it comes time to leave.

Someone buying a townhouse or an independent or serviced apartment with us knows exactly how much they're paying and what they're going to get back at the end of their occupancy.

They know their fees are fixed for life. They know the deferred management fee is capped at 20 percent. They know they don't have to pay refurbishment, selling, or administration costs when they leave. And they know their fees will stop the day they move out.

> *Our promise to residents is 'no surprises'.*

Ryman's Peace of Mind Guarantees

We've developed nine peace of mind guarantees to protect residents and their families.

1

Fixed weekly fee

We know how important it is for you to have certainty regarding your living costs.

"We guarantee that we will never increase your base weekly fee for the entire time you occupy your townhouse or apartment at the village, regardless of any changes to the operating costs at the village. Your base weekly fees are permanently fixed for you."

2

Continuum of care

This gives you the peace of mind of knowing that if the need arises, you can remain living within the village community and in close contact with your spouse or friends in the village.

"We guarantee that you will be granted priority access to the care facilities within the village or to another Ryman care facility if you so choose."

3

Fees stop immediately

You will also want to know that you do not continue to carry the cost of outgoings when you leave your unit. We see it as our responsibility (not yours) to carry the cost of outgoings once you have left your unit and we are in the process of on-selling your unit. This gives us an incentive to on-sell your unit quickly.

"We guarantee that the weekly fee and deferred management fees will cease on the day you permanently vacate your unit."

4

Deferred management fee is capped

The deferred management fee is your contribution to the refurbishment and management of the village. It is charged on an "enjoy now, pay later" basis, and is deducted when your occupancy advance is repaid to you. If you wish to transfer to another unit or to another Ryman village, you will want to be assured that your deferred management fees will be no more than 20 percent overall.

"We guarantee that our deferred management fee will be capped at a maximum of 20 percent of the occupancy advance – even if you transfer to another unit within the village or transfer to another Ryman village."

5

No hidden costs

You will want to know that there are no hidden costs when you move into a retirement village, or when you leave your unit.

We accept total responsibility for undertaking the refurbishing, marketing, and sale of your unit. These costs are covered by the deferred management fee.

"We guarantee not to charge for any sales, administration, marketing, or refurbishment (except where there is more than fair wear and tear to your unit) when we on-sell your unit."

6

Repayment protection

It is standard practice for retirement villages to repay your occupancy advance when the unit has been on-sold. However, you will want to know that if the on-sale is delayed for some reason, you will be repaid.

*"We guarantee that if the new resident has not settled within six months of you vacating your unit, we will pay you interest on your occupancy advance until it is paid in full."**

Over 30 years, the longest time a Ryman resident has ever waited to be repaid their occupancy advance is 6 months.

** Terms differ in Australia.*

7

No capital loss

It will be important to you and your family that you have certainty about the amount you are repaid when you leave the village, and that you are not exposed to any capital loss when the unit is on-sold.

"We guarantee to repay you the balance of your occupancy advance, and that the amount repaid will not be affected by a decline in the value of the unit."

8

Changing your mind

Buying your new home in a retirement village is an important decision, and we want you to be confident you have made the right choice in selecting a Ryman village.

"We guarantee that if you change your mind within 15 working days of signing your occupancy agreement (and you have not yet taken up residence), then we will agree to cancel the agreement and refund your deposit in full."*

**Australia: 21 days of signing your application form or 3 working days of signing the resident's agreement.*

9

90-day money-back guarantee

We're so confident you'll be happy with your decision to move to one of our villages, we will provide you with a 90-day money-back guarantee.

"We guarantee that if you are unhappy with your decision to move into your unit, on the expiry of 90 days after you take up permanent residence and you wish to leave the village, then we will repay your occupancy advance in full." (Some conditions apply)

For more information on how our guarantees work, see our residents' disclosure statement.


RYMAN
ADRIAN
RYMAN
CONSTRUCTION

CREATING VALUE

We do it safely or not at all

Our goal is to continue to increase awareness and commitment to safety throughout the business to our team members, residents, contractors, and visitors at all sites.

Protecting people's health, safety, and wellbeing is a core value at Ryman

We strive to continually develop an organisational culture with safety at its core. Providing safe equipment, systems, and procedures is not enough if the culture doesn't drive people to do things safely.

We make sure we create an environment where people feel comfortable and confident discussing safety.

This year, we have further developed our processes, resources, training programmes, and audit tools.

Areas of focus include critical risks, contractor management, worker engagement, and safety leadership.

We invest heavily in health and safety because we want people to go home safe every night.

Our staff survey now goes out to our sub-contractors whose insights help us to strengthen our health and safety management.

During the year, we:

- introduced *Stop Think! What could go wrong?* – this home-grown initiative has been rolled out across Ryman and gives staff a simple framework to assess risks and stay safe
- rolled out Assura safety software at all our sites and trialled new apps for construction equipment safety checks
- reviewed competency assessment and improved on-site training for mobile-plant operators and safety spotters
- broadened the staff survey to encompass sub-contractors, whose experience, opinions, and observations enable us to strengthen our health and safety management practices
- expanded the health and safety team by creating additional roles to assist and advise construction and village teams
- continued our education in critical risk for the senior executive and senior leadership teams
- achieved the highest possible rating in the ACC Partnership Programme – Ryman was awarded tertiary status for the sixth consecutive year.

The future of health and safety management throughout Ryman will see continued efforts in proactively managing critical risks. Supporting these efforts with confident, well-trained leaders helps to reinforce this health and safety culture and maintain consistently high standards. We are committed to safety as a core value in the way Ryman does business.

Sharing this commitment with all our people encourages more engaging and empowering strategies.

"Over the past year, we've worked collaboratively with our contractors and suppliers on health and safety. Our leadership teams at the villages, construction sites, and offices have received further training on contractor management and on leading safety. We've appointed additional resources for each part of the business to extend our reach and reinforce clear expectations."

Matt Poskitt, Group Health and Safety Manager

CREATING VALUE

A strong focus on our day-to-day operations

People come to us with varying needs. Some residents are completely independent, still driving and doing everything for themselves. Others need 24-hour nursing care or secure dementia care. Or they could be anywhere in between.

A great resident experience depends on staff who are passionate about caring for people

Of Ryman's 4,700 staff, more than 4,000 work in our villages. Our teams need to be enormously responsive and flexible as they focus on providing the best possible experience for our residents.

We're constantly looking to improve. We're always prepared, and we've got good systems. When we need to improve our systems, we do it.

The risk in day-to-day operations is considerable. The reality is we're caring for thousands of residents, and a lot of them are very unwell.

A great resident experience depends on staff who are passionate about caring for people. We make sure everyone understands our values and that our values are indisputable. The standard is always: it's got to be good enough for Mum.

We've been providing specialist dementia care for 20 years

Ryman villages have an exceptional activities programme for residents in dementia care. We have dedicated lounge carers plus activities staff 7 days a week, so that in itself is quite different from most other providers.

"Our dementia team is amazing. They just have something special about them – the way they interact with the residents and talk to them. It's such a nice feeling to walk into that space. It's on the top floor so it has beautiful views and plenty of sunshine. The residents have lots of outings. And relatives will take them out into the garden, or one of our team will. They just need to always have someone with them."

Adrienne Sincock, Clinical Manager, Diana Isaac

We use clever design to create resident-friendly secure environments

Our dementia areas feature a raft of innovative design features in lighting, textures, furniture, and wayfinding.

For people with cognitive impairments, a beige hotel corridor is confusing. Each of our hallways is a different colour with distinct visual images that the residents can identify as they make their way around.

Bright lighting, low sound levels, and making good use of large open areas are among the keys to good design.

By using clever design, we can create secure environments that make it easy for residents to find their way around and feel comfortable.

If we stopped listening to our residents, we'd lose touch with what they really want

We ask a lot of questions and we take a lot of notice of what our residents and their families tell us. We've done that for a long time now.

If we stopped listening to our residents, we'd lose touch with what they really want.

We've had a lot of feedback from our residents over the years about what they like and don't like. We've got the will and the in-house capability to respond effectively.

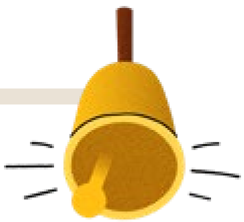
We do regular surveys, and our residents' happiness scores are the highest they've ever been. Our residents and their families are telling us how they're feeling in the village, what the food is like, how the laundry service works, and how the staff are communicating with them.

We identify areas for improvement, and this year the survey results led us to focus on improving the gardens and grounds in some of our villages.

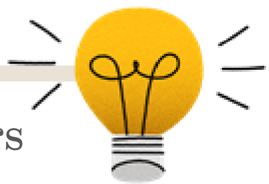
We've installed emergency power generators at all our villages

We've invested over $10 million in having our own on-site electricity generator at every village. These powerful hardwired generators keep the essential services functioning in a power outage. We're not required to provide them, but we believe it's important.

Since the roll-out, the generators have fired up on 142 different occasions.



Our caregivers answered over **4 million call bells** this year.



Our generators have fired up **142 times**.


IRISH
Ireland

It's got to be good enough for Dad

When Karen Nickson leaves her desk at 3pm every Tuesday and Thursday, her workmates at the bank know exactly where she's going.

"I tell them I'm off for a wine at Hilda Ross!" she laughs.

Karen's father Colin moved into dementia care at Ryman's Hilda Ross village in Hamilton last year. While life has now settled into a good routine, Karen is the first to admit that the journey to this point has been hard.

Colin has dementia, and for some years Karen's mum Lynette was his primary caregiver. When Lynette became unwell early in 2017 and died within just a few weeks, life turned upside down for the whole family.

The shock of the change in Colin's life affected him more than the family had expected. Within a short space of time, he lost the ability to shower himself and get dressed. "I was in denial and fought what the experts were saying," Karen says.

The family investigated the various dementia care facilities in the Hamilton area and chose Hilda Ross. While the beautiful aesthetics immediately drew her in, what made it really stand out was the standard of care.

"We were worried that Dad was going to be lonely because he's the sort of person who likes company, and I felt there was more engagement for him here. The activities programme has impressed me the most."

"What really blows me away is how caring the staff are and how much they engage the residents in what's going on outside these doors. On the day of the Melbourne Cup, the staff all made a special effort to build the Cup theme into the day and help the residents enjoy everyday life. It was great to see the residents dressed up – the women wore hats and fascinators."

Karen is open about the fact that there is nothing easy about leaving a loved one in a locked environment. "I was really struggling. I had to come to terms with my sense of guilt and accept that Dad's in the best place. And I'm confident now that he is."

Karen says she recommends to anyone she meets who has a family member with dementia that they start having a conversation about care, sooner rather than later. "The assessment can take time, so it's better to start early."

As Colin has settled in, Karen has learned to delight in the simple joys of time with her father. "We go for a walk around the garden for some fresh air and then I say, 'Let's go and have a wine'. He and Mum used to do that, so that's our routine now."

Delicious goes down a treat with the residents

We deliver over 10,000 *Delicious* meals a day to our residents.

Food is really important for older people. They look forward to meal time, and the food needs to taste good and be nutritious.

Last year, residents' feedback told us that the meals didn't suit everyone's taste. We want to delight all of our residents, so we set up *Project Delicious* to work out what we could change.

We decided if we were going to really change our food offering, we needed to review all of our catering processes and resourcing.

Within 8 months, *Project Delicious* became simply *Delicious* – the name of our new food offering. Our *Delicious* menu offers residents more choice at every meal, including a vegetarian dish.

We deliver over **10,000 meals** every day.

19 of our villages have achieved the '**gold standard**' in external auditing.

Delicious provides good old-fashioned home-cooked meals, as well as some exotic new creations, all made by our in-house village chefs.

The feedback tells us that *Delicious* is going down a treat with residents.

"Over the years our organisation has come of age. Ideas are tabled and very quickly the best ones become reality. Once we come up with a good idea, we really go for it and make it happen fast."

Barbara Reynen-Rose, Chief Operations Officer

Ryman has the highest proportion of care centres with the 'gold standard' in care

The Ministry of Health regularly audits our care centres. Of all the large providers with 15 villages or more in New Zealand, Ryman has the highest proportion of care centres with 4 years' certification, which we regard as the gold standard in care.

We have our own in-house quality and training team who ensure that all our villages are consistently operating at a high standard. We don't talk a lot about compliance. We just make it happen so that, to the resident, it appears seamless.

This approach has helped us gain the 4-year certification status that we now have in so many of our villages.

> *Our residents' happiness scores are the highest they've ever been.*

We constantly monitor our clinical data

We constantly monitor our clinical data and look to see what we can do better.

Three times a year, our clinical governance committee meets. It's an opportunity for our clinicians to meet with members of the board to review our clinical indicators – anything from falls to norovirus.

The committee provides a useful sounding board for our clinical team. We can draw on the collective wisdom of George Savvides, who ran a large healthcare insurance company; Dr David Kerr, a general practitioner; Jo Appleyard, a lawyer; and Tim Wilkinson, a professor at Otago Medical School and a consulting geriatrician.

Innovative technology allows us to record personalised care data in real time

We've developed our own app that streamlines the administrative and reporting tasks involved in providing care.

The app, called myRyman Care, gives nurses and caregivers all the personalised care information they need, at the bedside, to provide the best care for every resident.

Innovative technology allows us to record data in real time on a tablet in the resident's room. We can record measurements and observations; create and assign tasks; and record the outcome of those tasks.

The data also helps us to identify trends and patterns in our residents' daily lives. These insights can help us to continue to improve the outcomes for our residents.

It's essential that we continue to innovate

By August this year, myRyman Care will have been rolled out to every Ryman village in New Zealand with Victoria next. Feedback from our team is that they're enjoying working in a paperless environment and being freed up to spend more time with residents. It's another way we can provide exceptional care.

It's essential that we continue to innovate with improvements such as myRyman Care. Writing up notes on paper was unsatisfactory. It made us vulnerable to errors and took up a lot of time.

Our myRyman Care engages residents and their families in the care plan. Our staff can sit down with them in the resident's room and talk about the information on screen together.

> *Our myRyman Care app engages residents and their families in the care plan.*

We have endless opportunities to continue to innovate

We hear a lot about how smart technology is going to revolutionise our industry. We believe one of the ways in which technology can truly revolutionise the industry is by increasing the amount of human interaction that older people experience.

We believe myRyman Care is the biggest investment in technology by any aged-care provider in Australasia.

As well as investing in the myRyman Care app, we also designed and installed Never Alone. It's a system that uses motion-sensor technology to alert us if there's been no movement in an independent apartment or townhouse over the course of a day. It gives us another layer of assurance that our independent residents are safe.

Our innovation has wider applications. The technologies used to create Never Alone and myRyman Care can be applied to other functions, in other parts of the business.

We have endless opportunities to continue to innovate and make some remarkable advances with the technology that's available.

The Ryman Prize promotes innovation to support the wellbeing of older people

Through the Ryman Prize, we create an international focus on advances for older people. Because older people are an often overlooked group of society, our association with the prize has enormous potential.

A prizewinner's work could benefit the entire aged-care sector. We want to recognise and reward those who have dedicated themselves to working for the benefit of older people.

Making a material difference to our chosen charities

Every year we make a material difference to a chosen organisation through our charity work. We choose one charity and make a real difference to it. We connect that charity into the villages.

This year, we chose to support charity partners Alzheimers New Zealand and Dementia Australia, with a combined donation of $415,000.

CREATING VALUE

Our residents are connected to vibrant communities

We bring life into the villages so that people who can't get out and about as much can still experience a lot of life and a lot of fun. There's always plenty going on.

We want our residents to enjoy living with us. Our residents can see art exhibitions, fashion shows, music and dance performances, and enjoy a colourful mix of visitors.

Young parents' groups bring children into the villages, and our residents go out into schools and help children with their reading.

It's not unusual to find farm animals in our villages: we have had visits from horses, lambs, rabbits, dogs, and chickens.

People moving into our independent or serviced apartments may bring their cat with them. Some of our townhouse and independent apartment residents have a dog.

People who have no experience of a Ryman village can have the idea that we build impersonal, gated communities. Actually, we create the kind of community environment that the residents grew up in.

"The reality is that residents love the village environment and they feel connected to neighbours and friends. People in their seventies and eighties often may not drive. At a village, they can zip down to the café or village centre, have a cup of tea, and catch up with people. It's right there. It's all covered. It's perfect for them."

Gordon MacLeod, Chief Executive

Each week around 3,200 residents take part in our Triple A exercise programme.

Our villages are transformed with music and dance

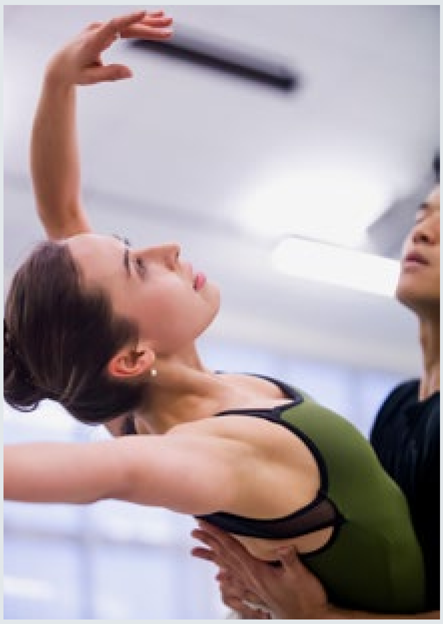
The arts are really important to our residents, so we sponsor the Royal New Zealand Ballet and the New Zealand Symphony Orchestra. We don't just write a cheque; our sponsorships are a two-way engagement for both sides to really get something out of it.

Our villages are transformed with music and dance, and our residents love it.

Residents feel connected to their neighbours and friends

Our Engage programme offers daily activities to keep residents stimulated and entertained in a social setting. There are plenty of events they can attend inside the village or out and about. Residents catch the village van to the shops and go on day trips together.

Triple A (Ageless, Active and Aware) is a fun exercise programme for any residents who want to join in. Residents tell us that taking part in the programme improves their balance and mobility.



Breaking through the fourth wall

Ryman is a season sponsor of the Royal New Zealand Ballet (RNZB). The RNZB's Executive Director Frances Turner says the relationship that began in 2014 very quickly became one of RNZB's most enjoyable and rewarding partnerships.

"Ryman has used the relationship with us as a way of engaging with their people, with staff, and with residents in a whole new way. And what they've done has inspired us."

What started out as quite a traditional sponsorship has changed into a celebration of creativity, connection, and movement designed to enrich the residents' experience. The partnership is no longer just a case of putting a logo on some promotional material and giving out free tickets to the ballet.

"Ryman is an unusual company in the way they put people at the heart of their business," Frances says.

For *The Wizard of Oz* season, Ryman's team turned every village into Oz.

"They put down yellow brick roads and emerald cities and used the ballet as a way to get together and tell stories, dress up, and have fun."

Last year, with Ryman sponsoring the season of *Romeo and Juliet*, the villages have been celebrating history and love stories. The residents have built balconies, had tea for two in the dining room, and taken part in quizzes, movie nights, and a masquerade ball.

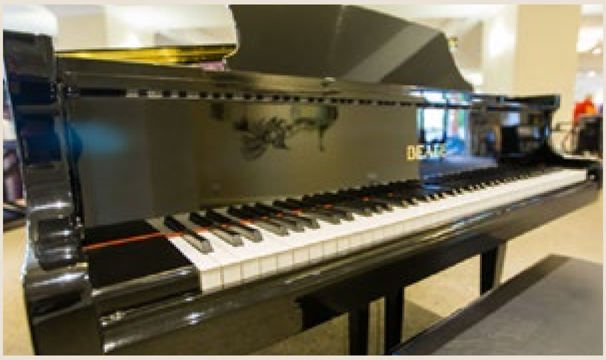
RNZB visits Ryman villages regularly. "Over the last few years, our own super senior Sir Jon Trimmer has gone out to villages to chat to residents and share stories about his life."

When residents and staff celebrated 10 years of Ryman's Triple A indoor exercise programme, five RNZB dancers joined an exercise session at Bob Scott village in Petone.

"The young bodies in the ballet company do extraordinary things," Frances says. "The investment that Ryman puts into keeping older bodies moving is also an extraordinary thing. It was wonderful to have both ends of extraordinary meet in that celebration."

Frances says ballet is part of a lot of people's pasts and a lot of people's memories.

"In theatre, you often hear the expression 'breaking through the fourth wall', the invisible wall that separates the world on stage from the audience. Our relationship with Ryman has broken through that fourth wall. It's joined up what happens at the RNZB and on stage with what happens in the villages with the residents. And that makes it something much bigger."



Rae's special place to live

Ninety-year-old Rae Blackmore first came to the Diana Isaac village 3 years ago when her husband Stan was being admitted to the hospital wing.

Stan was losing his sight and needed more care than he could get at home. Rae became a regular visitor, making her own way there initially, then supported by her children.

"I've got three girls, all with families, and they live nearby. I'm very lucky, I get a lot of good support."

The family suggested Rae might like to move into Diana Isaac to be closer to Stan.

"So, I came over and we all had a look through the serviced apartments and I loved it."

Rae's home was auctioned off in 6 weeks. "That was interesting – I went to the auction. It was time to start giving stuff away, you know."

Rae remembers well the day Stan passed away.

"I had been sitting with Stan all morning and went away to have some lunch. It was quite strange the way it happened. I got the message to come quickly. I ran through the corridors, and just got there. Our daughters were there. I just sat down and put my arm around Stan and he gave me a wee smile. We were all crying, you know."

Rae enjoys the activities and keeps herself fit with exercise classes and walking around the bowling green. "I did it eight times yesterday."

Rae's friends in other apartments take trips out to the country, maybe for lunch or afternoon coffee. "I like the library here and I can always find lots of books to read."

Rae loves all the music and entertainment in the village. "The pianists are my favourite."

A highlight of the year for Rae was when the over-70s brass band played at the village. They surprised Rae by asking her to conduct as they played The Invercargill March.

"It was a real thrill. I came back and started to cry. I was emotional about it all and thought it couldn't have been me up there conducting a band. It was lovely."

Rae likes to make her own breakfast in her apartment and gets specially prepared meals at other times in the dining room.

"It's easier for me. It's always nicely cooked and the gravy is lovely."

Though supported by our team, Rae likes to help out with keeping her own place tidy.

"I said to just tell me which days you're coming because I forget, and I want to make sure I've done the dusting before they come in with the vacuum cleaner."

Rae has some advice for anyone considering a move to Ryman.

"Don't even worry about it. Just come. You have to be on a waiting list, so get your name on the list. It's such a special place to live."


Kumar

CREATING VALUE

We care about and invest in our people

At Ryman, it's all about people.
We care about our people, we want them to enjoy the work they do, and we want them to get home safely every day.

Kindness underpins everything we do

We believe in treating people with kindness – our residents, their families, our teams, and every person we come into contact with. We show kindness in many different ways – from thinking about how we can help others, to having the courage to have a tough conversation.

"When it's got to be good enough for Mum, being kind is non-negotiable. I want my loved ones to be treated with kindness; we all do. That kindness starts with us."

Nicole Forster, Chief People and Technology Officer

Communication is key

We don't use jargon at Ryman: we use simple, clear language with honesty and respect.

We have a diverse group of people from different cultures and backgrounds working for us. To work as a strong team, we need to understand and trust each other. Positive, honest communication helps to build that understanding and trust.

We stay close to our people by communicating directly with them. We receive their feedback in its clearest and most open form, and act on it quickly.

We still recruit 'above the line'

We've got a saying at Ryman: 'Recruit above the line'. It comes from our co-founder Kevin Hickman who would walk into a village manager's office, draw a line on the wall, and say, "That's your best caregiver. When you're employing a new caregiver, recruit above that line".

We look for people who have the right attitude and passion for what we do. We can train people in the technical skills, and we often do. If they have the aptitude to learn, the energy, and the commitment, we will invest in people whose values align with ours.

As Ryman has grown to become a large organisation, we've been able to keep our 'family business' feel. This is the result of our commitment to recruit people who are a good fit with our culture and who keep our values strong.

We're investing in developing our people for the future

We want our people to grow and to become the best they can be. Kevin Hickman took many of our current leaders under his wing and coached them to success. Those leaders are now doing the same for our future leaders through support and mentoring.

This year, we rolled out the first phase of our leadership development programme, LEAP (Lead, Energise and Perform). LEAP helps to develop what we know are the characteristics of a successful Ryman leader. By the end of the year, over 300 of our leaders will have completed their first year of the programme.

We're excited about the growth ahead. We're doing the work now to make sure we have the people strength to enable our growth and maintain our culture. At the same time as our staff numbers increase, we're providing higher remuneration, more benefits, and greater development opportunities.

To keep up with our growing teams, this year we expanded our office space in Christchurch and in Auckland. We are planning to move into bigger premises in Melbourne next year.

We do it differently and we do it ourselves

Ryman has always focused on building capability in-house. It's part of our business model. Analysts often ask why we would have our own chefs and gardeners and designers, and not get specialist contractors in.

We develop and promote our own people for many reasons. Doing things ourselves means that we're better placed to evolve our offering to residents. We can maintain quality control, build our knowledge, and be more nimble in supporting the business to grow.

Our most recent staff survey told us that our people are happier than ever.

"We work hard to make sure that as we grow, we maintain our culture. Who we are, why we do what we do, and how we do it are very important to us. It's what makes us Ryman."

Nicole Forster, Chief People and Technology Officer

Ryman named the most trusted brand in the retirement village industry

For the fourth time, Ryman has won the top award in the retirement village category in the Reader's Digest 2018 Most Trusted Brands awards. The awards profile the brands that Kiwis recognise and trust the most.

Working in aged care means that there has to be a high degree of trust between our staff, our residents, and their families. We've spent the past 34 years building this trust and we work hard to maintain it.

"We were delighted to win the first time. To win four times is testament to the amazing work our staff do. As a company that cares for thousands of older New Zealanders, I can't think of a better accolade to win."

Gordon MacLeod, Chief Executive

CREATING VALUE

Our villages are people's homes

Because we've got our own design and construction teams, we can be quite flexible. We can quickly come up with solutions to a complex set of problems. That's the beauty of the way we operate.

We design villages that are specifically for older people. We think about how we can make it easier for our residents to move around the village unaided. We think about how we can keep them feeling warm and comfortable around the village, all year round.

We always ask ourselves the simple question: Is it good enough for Mum? Our designers also ask: Is it homely – would you have that in your own home? If the answer is no, it doesn't go in. Some things are regulatory, but we work hard to hide them from view.

"I was at a business breakfast in Melbourne with a lot of aged-care providers in the room. Because they knew I was from Ryman, I was asked to comment on my view of the industry. I said the thing that strikes me with aged care in Australia is the language being used. They were talking about their 'facilities'. And I challenged them on that. Actually, these villages are people's homes. They're not facilities."

Claire Higgins, Director

We're not building 'cookie cutter' townhouses

There's no one size fits all. Every site has different attributes and so we design different villages to suit the sites.

Whenever we bring technicians in and show them a development, they're shocked to find we're not building 'cookie cutter' townhouses. They often don't realise how challenging the work is, how diverse our buildings are.

At Bob Scott village, for example, we've got one of the only apartment blocks in New Zealand built on base isolators, as a safeguard against earthquakes.

A construction company runs alongside our villages

Generally, people don't realise we do all the construction as well. We've got a large construction company that runs alongside our care centres and retirement villages.

The main difference for people working on a Ryman construction is they get to see people move in. They see the construction site turn into a home. The people who've been with us for a long time feel a real sense of pride.

Around 5 years ago, we were building villages for around $100 million each. Now we're building villages for around $200 million. The returns are greater, basically double, but the risk involved when one stage of a development is late also doubles.

Because we build our own villages, we can mitigate that risk by being flexible in the construction process. We can speed up and slow down the process to match demand.

We think about the fit of the village in the local community as well.

"We don't buy existing villages, we design and build our own. That gives us the opportunity to create something unique. We have a continuous improvement programme for how they should be built, refurbished, and maintained. Buying and developing your own and making sure they're kept up to scratch creates long-term value."

Warren Bell, Director

We constantly look to improve how we do things

Integrated thinking enables us to constantly improve how we do things.

Sometimes our design thinking changes, and we'll incorporate new thinking even if the building is under construction.

"A technical 'draughty' suggested we flip an apartment around at the end of a building to give a better aspect out to the bush. I was designing for the sun. Flipping it around meant the resident would still get sun until about 2 o'clock and a beautiful outlook. Sometimes you can miss this stuff. We definitely encourage everybody to share their ideas."

Taylor Allison, Group Concept and Design Manager

Finding the site is a science in itself

Finding the site is a science in itself. There's a lot of risk involved in building in the wrong place. We need to find the right site, the right-sized site, then draft and draw, design, get it through the council, keep the neighbours happy, and build it.

When we're buying the land, we do a lot of research and analysis up front. We look at the demographics in the area to make sure there are enough people nearing 70 years of age. No matter how beautifully designed a village is or how good our marketing is, if we're not in the right area, it's not going to go well.

We have procedures in place to identify and manage risk

We're good worriers: we think and plan and talk to add value to our processes for identifying and managing risk.

Getting consents through is a risk, and we deal with that by having robust procedures in place.

Right from when we buy a site, Debbie (Sales) and Andrew (Development) get involved in talking to the neighbours and anyone else who might be affected by the construction.

David (Corporate Affairs) and Jenn (Marketing) get involved in building Ryman's reputation through communications and marketing within the area.

We incorporate our neighbours' concerns into our design thinking

Mainly we look at how to avoid shading, overlooking, and dominance for our neighbours. We know the demand on infrastructure is going to be low.

A Ryman village makes the best neighbour: the gardens look good; the traffic is low; and the residents are lovely. There'll be no loud parties keeping anyone awake at night.

Our construction team is part of the community

We think about our neighbours. A lot of residential builders who turn up in neighbourhoods don't need to, because there's no reputational comeback for them.

When we build, we want to be good neighbours and protect our brand. If people have a complaint, we respond swiftly and constructively.

"We put a lot of effort into communicating with our neighbours to make sure they're happy throughout the construction process. At our Devonport site, we've built a safe viewing platform with a perspex window so locals can come and watch progress. Kids love having a look at the diggers."

Tom Brownrigg, Chief Construction Officer

A Ryman village makes the best neighbour: the gardens look good; the traffic is low; and the residents are lovely.

We build energy-efficient buildings that will take us into the future

As long-term owners, we build energy-efficient buildings that will take us well into the future. For all our new sites, we use leading design and construction techniques that are more sustainable.

Ryman meets the Green Star rating in Australia, and all of our villages in Victoria meet environmentally sustainable design (ESD) requirements.

With the decreasing cost of harnessing solar energy, we're thinking about how we can continue to reduce our impact.

We can do more, environmentally

The reality is the construction industry in New Zealand is responsible for more than half of what goes into landfill. We can do more, environmentally, to offset that.

Our villages are already energy-efficient in their design. We reduce vehicle traffic in the areas where they're built.

We've signed up to CEMARS (Certified Emissions Measurement and Reduction Scheme). CEMARS supports us in calculating and reducing our carbon footprint. Third-party certification is important for accurate carbon measurement and reporting.

CREATING VALUE

An extraordinary curve of demand lies ahead

We're building our capability to meet the demand.

The United Nations has described the ageing of the world's population as "unprecedented and unparalleled", and we are only just at the start of it.

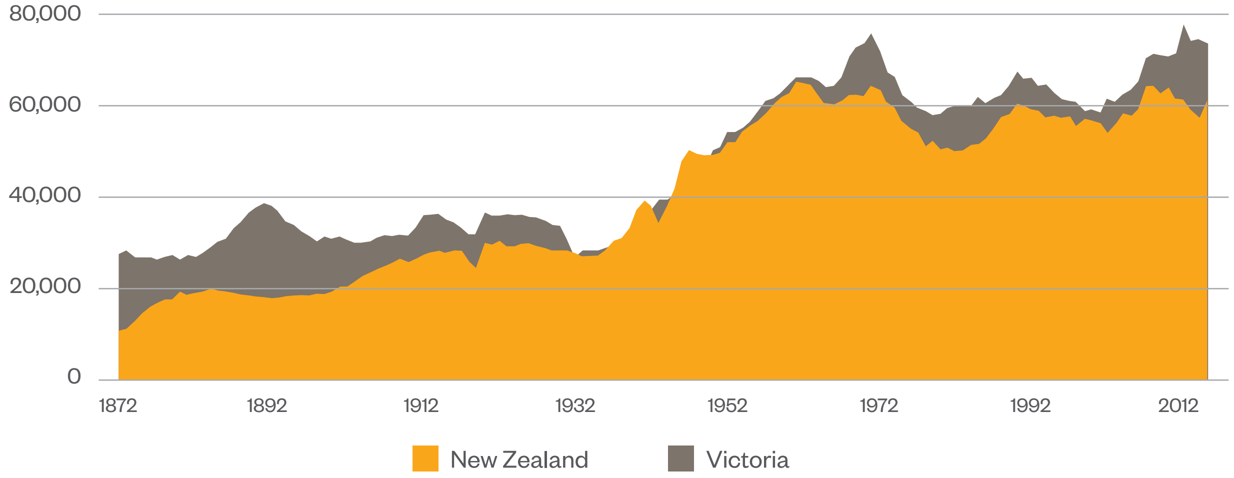
The number of people aged 75+ in New Zealand and Victoria is forecast to nearly triple over the next 30 years. In New Zealand, the population in this age group will rise from around 300,000 today to over 850,000 by 2048. In Victoria, it will lift from around 400,000 today to over 1.2 million by 2048.

In 1936, the birth rate in New Zealand and Victoria increased for the first time since the end of WWI. For another 35 years, the birth rate in both countries continued to grow.

Most of Ryman's residents were born in the late 1930s or early 1940s, so we are just at the start of this demographic change. The baby-boomer (people born after WWII) phenomenon that has been talked about for years still lies ahead.

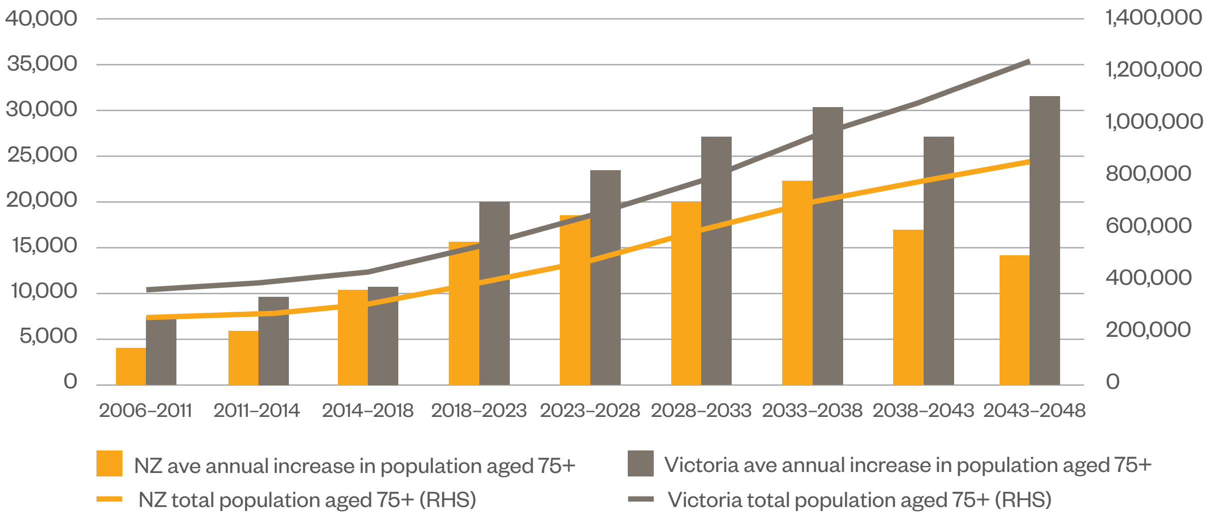
> *The number of people aged 75+ in Victoria is 40 percent greater than the number of people aged 75+ in New Zealand.*

Number of births in New Zealand and Victoria



Source: Statistics NZ, Australian Bureau of Statistics, number of births in New Zealand and Victoria.

Population growth 75+: next 30 years



Source: Statistics NZ, Australian Bureau of Statistics

Developing a great pipeline of villages

We're busy getting the next generation of villages through the design and consenting process to create future growth. By 2020, we plan to have five villages in Victoria. Our goal is to keep the land banks in both countries at a supply of not less than 4 years. And we're well on the way to achieving that.

From that point, we want to open four villages a year: two in Victoria, one in Auckland, and one somewhere else in New Zealand.

Our future growth depends on having a solid land bank at different stages of development – planning, design, consenting, and construction. We continue to progress the sites through these stages.

The long-term opportunities for Ryman in Victoria are significant. We want to develop more villages in Victoria and prove ourselves in the market.

In 7 years' time, Victoria alone will have a population of seven million people. That in itself creates enormous potential for Ryman.

> *We've only just got started on growth.*

Our land bank

Villages	Design	Consenting	Construction	Village open	Final stages
Petone – NZ	●	●	●	●	●
Rangiora – NZ	●	●	●	●	●
Birkenhead – NZ	●	●	●	●	●
Greenlane – NZ	●	●	●	●	●
Brandon Park – Victoria	●	●	●	○	○
Lynfield – NZ	●	●	●	○	○
Devonport – NZ	●	●	●	○	○
River Road – NZ	●	●	●	○	○
Coburg – Victoria	●	●	○	○	○
Burwood East – Victoria	●	●	○	○	○
Geelong – Victoria	●	●	○	○	○
Mt Eliza – Victoria	●	○	○	○	○
Hobsonville – NZ	●	○	○	○	○
Newtown – NZ	●	○	○	○	○
Lincoln Road – NZ	●	○	○	○	○
Park Terrace – NZ	●	○	○	○	○
Mt Martha – Victoria	●	○	○	○	○
Karori – NZ	●	○	○	○	○
Aberfeldie – Victoria	●	○	○	○	○
Havelock North – NZ	●	○	○	○	○

CREATING VALUE

We are in a strong financial position

We are pleased to be able to report a solid full-year result and excellent progress in developing our people and care systems.

Our balance sheet is stronger than ever with total assets of $5.8 billion. With 16 villages in the pipeline, we have a strong development programme stretching out ahead in New Zealand and Victoria.

Resales volumes at our existing villages grew by 15 percent while sales numbers in the wider real estate market in New Zealand were down by 14 percent.

Ryman ended the year with less than one percent of its portfolio available for resale. Occupancy in our care centres was 97 percent compared with an industry average of 87 percent.

Ryman Healthcare's full-year underlying profit has risen 14.2 percent to $203.5 million as a result of growing demand for independent living and aged care. And the company's expansion into Victoria is on track with the purchase of an eighth site.

Ryman shareholders will receive an increased final dividend of 10.9 cents per share in line with the growth in underlying profits, taking the total dividend for the year to 20.4 cents per share.

Increased earnings at our villages have driven the result, as our high-quality care offering and unique villages continue to be in strong demand.

Ryman's performance in the year to 31 March 2018 in a snapshot

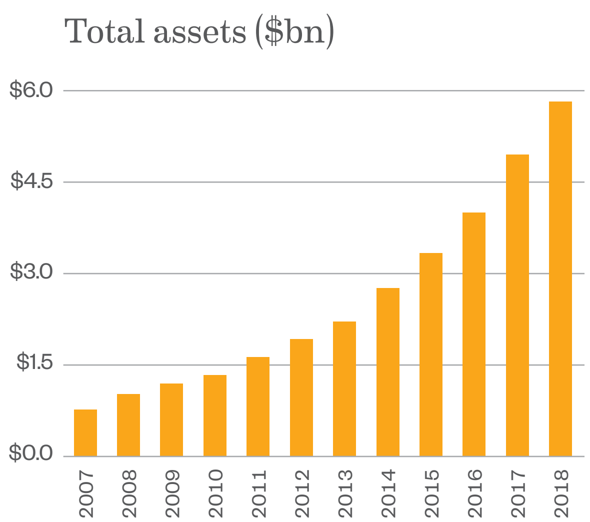
- Underlying profit up 14.2 percent to $203.5 million
- Reported (IFRS) profit up 8.8 percent to $388.2 million
- Full-year dividend up 14.6 percent to 20.4 cents per share
- Site for eighth village in Victoria secured; target remains to open five villages by 2020
- New villages in Karori and Havelock North planned
- 16 new villages in the pipeline
- Residents and staff happier than ever

The company's expansion into Victoria is on track with the purchase of an eighth site.

The investments we're making are paying dividends right now

Our growth will be supported by the ageing population, ongoing development, and the maturing of our villages. Each new village takes about 6 or 7 years to mature after the initial influx of capital from the first sales. That's the point where the village matures in its earnings potential and becomes business as usual.

We've built 12 large villages since 2011, so we have a lot of potential earnings due to come on stream as those villages mature. When you consider that we have another 16 villages in the pipeline, that's a lot of potential future earnings yet to be realised.



We aim to double underlying profits every five years

Looking back on Ryman's history since we listed on the NZX, we have doubled our underlying profits every 5 years. Our plan is to continue to do this, at a steady pace. What we don't want to do is put ourselves at undue risk by going too quickly.

Our growth is sure and steady

Demand for what we do is needs-based and growing. We're planning to keep on growing and to do it really well. We're committed to bringing Ryman to as many communities as we can while preserving our culture and looking after our residents and team members.

People from all over the world tell us we need to take our model to their country. And investors often ask why we're not developing faster.

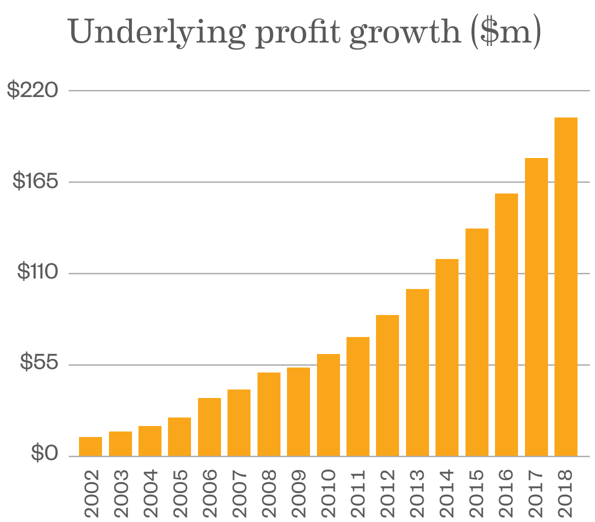
Our answer is that Ryman could be a huge multinational company, but it'd be a huge risk. We want to get everything right so that our care is right for residents, and we want our people to be Ryman-trained.

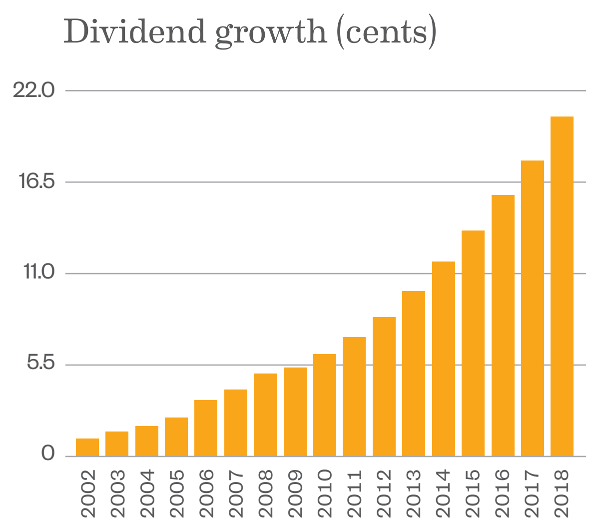
It's up to us to be the best in the market and that's where we want to stay. We've managed to do it so far. You're only as good as your track record. The market is very unforgiving if you don't continue to deliver to high standards.

While it has been another good year for Ryman, there is plenty of work to be done to meet the needs of an ageing society.

"We see it as a privilege to care for older people. Ryman was founded 34 years ago with the aim of providing the best of care for older people, because they deserve it."

Dr David Kerr, Chair





A valuable investment for the future

Nearly 20 years ago, Sam Williams' mother acted on some advice from her financial advisor and bought shares in Ryman Healthcare for her three children. Sam says it was good advice, and he now looks at those shares as a valuable investment in the future for his two daughters who are five and three.

"Everything I look at now is with them in mind. Aged care is a good investment. It's only going to get bigger with the ageing population we have."

"I think Ryman has done a great service to New Zealanders with their aged care. Dementia, especially, is something that could affect any of us. Two thumbs up for Ryman for the work they're doing in dementia care."

Sam describes himself as "your average Kiwi bloke with old-school values who enjoys putting his feet up to watch *Country Calendar*".

"I'm a proud Kiwi and I really like the way Ryman honours and remembers people who've done great things for New Zealand, in their village names. I think Ryman sticks to those old-school values that people remember."

A concierge at the Commodore Hotel in Christchurch, Sam's been in the hospitality business for many years.

"The Commodore hotel is a great place to work because it's family owned. Everyone works together to do their part to create the best overall experience for our guests. And it can be just the little things, like remembering people's names. I reckon if you focus on the quality of care you provide, doing well is a natural consequence of that."

Sam enjoys reading Ryman's shareholders' newsletter and feels well informed about what's going on.

"You can see in the photos – staff and residents are all smiles. They're not fake smiles. Those people are genuinely happy. They're being looked after. They're having fun. And that's important to see when it's all ahead of you." For Sam, getting older used to be "a picture of doom and gloom".

"I see it more positively now. Those retirement years can actually be some of your most fun years, and I think more people now can actually look forward to that time."

Sam adds that the shares are doing really well. "As a family, we can go about our busy lives and have complete confidence that Ryman is working for us."

Finan

ncials

FINANCIAL RESULTS

The numbers speak for themselves

We have a strong balance sheet with total assets of $5.8 billion. With 16 villages in the pipeline, we have a significant development programme stretching out ahead in New Zealand and Victoria.

6-year summary

For the year ended 31 March 2018

		2018	2017	2016	2015	2014	2013
Financial							
Underlying profit	$m	203.5	178.3	157.7	136.3	118.2	100.2
Reported net profit after tax	$m	388.2	356.7	305.4	241.9	194.8	136.7
Net operating cash flows	$m	349.3	322.8	315.5	234.0	238.4	222.2
Net assets	$m	1,940.5	1,652.1	1,327.5	1,101.3	926.7	734.5
Interest bearing-debt to interest bearing-debt plus equity ratio	%	35%	34%	29%	27%	23%	23%
Dividend per share	cents	20.4	17.8	15.8	13.6	11.8	10.0
Villages							
New sales of occupation rights	no.	458	600	518	545	436	506
Resales of occupation rights	no.	825	718	690	630	541	479
Total sales of occupation rights	no.	1,283	1,318	1,208	1,175	977	985
Land bank (to be developed)[1,2]	no.	5,952	5,554	4,211	4,228	4,208	2,402
Portfolio:							
Aged-care beds	no.	3,367	3,281	3,121	2,807	2,517	2,400
Retirement-village units	no.	6,414	5,968	5,347	4,792	4,207	3,791
Total units and beds	no.	9,781	9,249	8,468	7,599	6,724	6,191

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

2 In May 2018, Ryman entered into an unconditional sale and purchase agreement for the acquisition of land at Aberfeldie, Melbourne. This site adds an additional 120 retirement-village units and 80 residential-care beds to the land bank.

		2018	2017	2016	2015	2014	2013
Underlying profit	$m	203.5	178.3	157.7	136.3	118.2	100.2
Plus unrealised gains on retirement-village units	$m	185.3	184.7	151.6	105.7	85.1	50.0
Less deferred tax movement	$m	(0.6)	(6.3)	(3.9)	(0.1)	(8.5)	(13.5)
Reported net profit after tax	$m	388.2	356.7	305.4	241.9	194.8	136.7

Underlying profit excludes deferred taxation, taxation expense, and unrealised gains on investment properties because these items do not reflect the trading performance of the company. Underlying profit determines the dividend payout to shareholders.

Consolidated income statement

For the year ended 31 March 2018

	Notes	2018 $000	2017 $000
Care fees		270,483	227,391
Management fees		70,087	60,988
Interest received		441	456
Other income		1,528	355
Total revenue		**342,539**	**289,190**
Fair-value movement of investment properties	7	351,514	324,966
Total income		**694,053**	**614,156**
Operating expenses	1	(268,040)	(225,573)
Depreciation and amortisation expense	2	(20,580)	(14,934)
Finance costs	3	(16,577)	(10,660)
Total expenses		**(305,197)**	**(251,167)**
Profit before income tax		**388,856**	**362,989**
Income-tax expense	4	(640)	(6,295)
Profit for the year		**388,216**	**356,694**
Earnings per share			
Basic and diluted (cents per share)	13	77.6	71.3

Consolidated statement of comprehensive income

For the year ended 31 March 2018

	Notes	2018 $000	2017 $000
Profit for the year		**388,216**	**356,694**
Items that may be reclassified subsequently to profit or loss			
Fair-value movement and reclassification of interest-rate swaps	14	(725)	1,790
Movement in deferred tax related to interest-rate swaps	14	203	(501)
Gains on hedge of foreign-owned subsidiary net assets	14	2,193	1,102
(Loss) on translation of foreign operations	14	(5,502)	(1,392)
		(3,831)	999
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment (unrealised)	6, 14	–	56,513
		–	56,513
Other comprehensive income		**(3,831)**	**57,512**
Total comprehensive income		**384,385**	**414,206**

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

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2018

	Notes	Issued capital	Asset revaluation reserve	Interest-rate swap reserve	Foreign-currency translation reserve	Treasury stock	Retained earnings	Total equity
		$000	$000	$000	$000	$000	$000	$000
Balance at 1 April 2016		**33,290**	**176,806**	**(6,680)**	**1,356**	**(15,900)**	**1,138,653**	**1,327,525**
Profit and total comprehensive income for the year		–	56,513	1,289	(290)	–	356,694	414,206
Treasury stock movement	14	–	–	–	–	(4,640)	–	(4,640)
Dividends paid to shareholders	15	–	–	–	–	–	(85,000)	(85,000)
Closing balance at 31 March 2017		**33,290**	**233,319**	**(5,391)**	**1,066**	**(20,540)**	**1,410,347**	**1,652,091**
Balance at 1 April 2017		**33,290**	**233,319**	**(5,391)**	**1,066**	**(20,540)**	**1,410,347**	**1,652,091**
Profit and total comprehensive income for the year		–	–	(522)	(3,309)	–	388,216	384,385
Treasury stock movement	14	–	–	–	–	(1,957)	–	(1,957)
Dividends paid to shareholders	15	–	–	–	–	–	(94,000)	(94,000)
Closing balance at 31 March 2018		**33,290**	**233,319**	**(5,913)**	**(2,243)**	**(22,497)**	**1,704,563**	**1,940,519**

The accompanying notes form part of these financial statements.

Consolidated balance sheet

At 31 March 2018

	Notes	2018	2017
		$000	$000
Assets			
Trade and other receivables	5	357,483	256,614
Advances to employees	24	5,836	4,884
Property, plant and equipment	6	1,014,514	1,013,547
Investment properties	7	4,398,304	3,661,445
Intangible assets		20,713	8,329
Total assets		**5,796,850**	**4,944,819**
Equity			
Issued capital	13	33,290	33,290
Asset revaluation reserve	14	233,319	233,319
Interest-rate swap reserve	14	(5,913)	(5,391)
Foreign-currency translation reserve	14	(2,243)	1,066
Treasury stock	14, 24	(22,497)	(20,540)
Retained earnings	14	1,704,563	1,410,347
Total equity		**1,940,519**	**1,652,091**
Liabilities			
Trade and other payables	9	98,308	149,855
Employee entitlements	10	20,237	16,167
Revenue in advance		51,955	44,702
Interest-rate swaps	18	8,212	7,488
Refundable accommodation deposits		30,757	28,473
Bank loans (secured)	11	1,060,493	837,520
Occupancy advances (non-interest bearing)	12	2,514,683	2,137,274
Deferred tax liability (net)	4	71,686	71,249
Total liabilities		**3,856,331**	**3,292,728**
Total equity and liabilities		**5,796,850**	**4,944,819**
Net tangible assets			
Basic and diluted (cents per share)	13	388.1	330.4

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2018

	Notes	2018 $000	2017 $000
Operating activities			
Receipts from residents	21	875,140	759,829
Interest received		515	476
Payments to suppliers and employees		(270,231)	(214,028)
Payments to residents		(241,676)	(212,548)
Interest paid		(14,491)	(10,930)
Net operating cash flows	21	**349,257**	**322,799**
Investing activities			
Purchase of property, plant and equipment, and intangible assets		(185,304)	(192,364)
Purchase of investment properties		(269,936)	(314,920)
Capitalised interest paid		(22,701)	(16,991)
Advances to employees		(952)	(1,477)
Net investing cash flows		**(478,893)**	**(525,752)**
Financing activities			
Drawdown of bank loans (net)		225,592	293,554
Dividends paid		(94,000)	(85,000)
Purchase of treasury stock (net)		(1,956)	(4,640)
Net financing cash flows		**129,636**	**203,914**
Net increase in cash and cash equivalents		**–**	**961**
Cash and cash equivalents at the beginning of the year		–	(961)
Cash and cash equivalents at the end of the year		**–**	–

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 31 March 2018

Statement of compliance

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

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

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

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

Basis of preparation

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2018, and the comparative information presented in these financial statements for the year ended 31 March 2017.

The information is presented in thousands of New Zealand dollars.

All reference to AUD refers to Australian dollars.

Measurement base

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

- certain property, plant and equipment is subject to revaluation (note 6)
- investment property is measured at fair value (note 7)
- certain financial assets and liabilities are measured at fair value (note 18).

Critical judgements in applying accounting policies

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period. Revisions to accounting estimates are recognised in the period of the revision and future periods, if the revision affects both current and future periods.

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

- Valuation of property, plant and equipment – policy (e) and note 6
- Valuation of investment property – policy (d) and note 7

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

Summary of significant accounting policies

Significant accounting policies

The following significant accounting policies have been adopted to prepare and present the financial statements of the Group.

(a) Basis of consolidation – purchase method

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company (the parent entity) and its subsidiaries as defined in NZ IFRS 10 *Consolidated Financial Statements*. A list of subsidiaries appears in note 22 to the financial statements.

Consistent accounting policies are used to prepare and present the consolidated financial statements. All significant inter-company transactions and balances are eliminated in full on consolidation.

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

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

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

(b) Revenue recognition

Care fees

Care facility and retirement village service fees are recognised on an accruals basis.

Management fees

Management fees for retirement-village units are recognised on a straight-line basis over the period of service, being the greater of the expected period of tenure, or the contractual right to revenue.

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

Interest received

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

(c) 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 cost of those assets until the assets are substantially ready for use.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

(d) Investment properties

Investment properties include land and buildings, 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.

Retirement-village units and community facilities are revalued on a semi-annual basis and restated to fair value as determined by an independent registered valuer. Any change in fair value is taken to the income statement. The fair value is determined using discounted cash flow methodology.

Rental income from investment properties, being the management fee and retirement village service fees, is accounted for in accordance with accounting policy (b).

(e) Property, plant and equipment

Property, plant and equipment comprises completed care facilities, corporate assets and land, and care facilities under development.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

Summary of significant accounting policies (continued)

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

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

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance-sheet date.

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

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

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

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

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

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

(f) Depreciation

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	10 – 20% SL
• Furniture and fittings	20% SL
• Motor vehicles	20% SL

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

No depreciation is provided for investment properties.

(g) Impairment of assets

At each interim and annual balance-sheet 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 the 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.

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 value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

Summary of significant accounting policies (continued)

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but 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 this case, the reversal of the impairment loss is treated as a revaluation increase.

(h) Operating leases

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the periods of expected benefit.

(i) Revenue in advance

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

(j) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

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.

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 (recognised in the income statement when objective evidence shows the receivable is impaired).

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate calculated at initial recognition. Advances to employees are on the same basis.

Occupancy advances

Occupation agreements confer to residents the right of occupancy of the retirement-village unit for life, or until the resident terminates the agreement.

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

As the resident may terminate their occupancy with limited notice, and the occupancy advance is not interest bearing, the occupancy advance has demand features and so is carried at face value, which is the original advance received.

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

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

Summary of significant accounting policies (continued)

Refundable accommodation deposits
Refundable accommodation deposits relate to deposits held on behalf of residents who reside in rooms in the care centre in Australia. Refundable accommodation deposits confer to residents the right of occupancy of the room for life, or until the resident terminates the agreement.

Amounts payable under refundable accommodation deposits are non-interest bearing and recorded as a liability in the balance sheet.

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

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.

Interest-bearing loans and borrowings
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, with any differences from the initial amount recognised and the redemption value being recognised in profit and loss using the effective interest-rate method.

In practice, this means that Group interest-bearing borrowings are recognised at face (or nominal) value due to the repayment and cost of borrowing terms associated with them.

Interest-rate swaps
The Group enters into interest-rate swaps to manage cash-flow interest-rate risk.

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

When Group-swap arrangements meet the requirements of cash-flow hedge accounting, changes in the fair value of interest-rate swaps are recognised in other comprehensive income, and accumulated as a separate component of equity.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit.

Fair-value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

The face (or nominal) value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in two ways. Gains or losses relating to the effective portion of the 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.

(k) Employee entitlements

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

(l) Taxation

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

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

Summary of significant accounting policies (continued)

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance-sheet date, and any adjustment to tax payable for previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is provided using the comprehensive balance-sheet liability method. This method provides for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation. Deferred tax is not provided for in non-depreciating assets included within property, plant and equipment, and investment properties.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, and against which the asset can be used. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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.

(m) Treasury stock

Shares purchased on market under the senior management share scheme are treated as treasury stock on acquisition at cost. On vesting to the 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 by the Company (for example, when the employee elects not to take full responsibility for the loan, or leaves before the end of the 3-year restrictive period) accrues to the Company and is taken directly against equity.

The directors estimate the fair value of these employee advances when purchasing the shares on market. The fair value is then spread over the employee's 3-year vesting period and taken to the income statement.

(n) Consumables

Purchases of supplies by the villages are expensed in the period they are incurred.

(o) Maintenance costs

Maintenance costs are accounted for in the period they are incurred.

(p) GST

Revenues, expenses, assets, and liabilities are recognised net of the amount of Goods and Services Tax (GST) except when:

- the GST incurred on a purchase of goods and services is not recoverable from the taxation authority
- the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables are stated with the amount 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 balance sheet.

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

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

Summary of significant accounting policies (continued)

(q) Statement of cash flows

The statement of cash flows is prepared exclusive of GST. This is consistent with the method used in the income statement.

Cash and cash equivalents comprise:

- cash on hand and demand deposits
- other short-term, highly liquid investments.

Short-term, highly liquid investments are investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These investments include all call borrowing such as bank overdrafts used by the Group as part of their day-to-day cash management.

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

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

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

All cash funds at balance date are applied against term loans as per the bank facility.

(r) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Ryman Healthcare Limited and its New Zealand subsidiaries is New Zealand dollars ($). The functional currency for its Australian subsidiaries is Australian dollars (AUD$).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange-rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance-sheet date.

All exchange differences on foreign-currency borrowings relating to the following two items are recognised in other comprehensive income and accumulated in reserves.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

(s) Intangible assets

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

An internally generated intangible asset arising from development (or from the development phase of an internal project) is only recognised if all of 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.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

Summary of significant accounting policies (continued)

- Adequate technical, financial, and other resources are available to complete the development and to 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, on the same basis as intangible assets that are acquired separately.

(t) Adopting new and revised standards and interpretations

In the current year, the Group adopted all mandatory new and amended standards and interpretations. None of the new and amended standards and interpretations had a material impact on the amounts recognised in these financial statements.

NZ IFRS Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual report period ending 31 March 2018 are outlined below.

NZ IFRS 15 Revenue from Contracts from Customers – effective for the Group for the period beginning 1 April 2018
The new standard provides detailed revenue recognition guidance.

The Group has reviewed the impact of NZ IFRS 15 and has identified care fees and management fees as the two main revenue streams that will be impacted by the new standard.

The recognition of revenue from care fees is specifically linked to the day the service is delivered. We assessed that under the new standard revenue will be recognised with this service date, consistent with how we currently recognise this revenue.

As detailed in policy (b), management fees for retirement-village units are recognised on a straight-line basis over the period of service. The Group's initial assessment of NZ IFRS 15 is that the Group will continue to recognise management fees on a straight-line basis.

NZ IFRS 9 Financial Instruments – effective for the Group for the period beginning 1 April 2018
NZ IFRS 9 *Financial Instruments* addresses the classification and measurement of financial assets and liabilities, the impairment of financial assets, and hedge accounting.

The Group has reviewed NZ IFRS 9 and has concluded that applying the standard will not have a significant impact on the financial statements.

NZ IFRS 16 Leases – effective for the Group for the period beginning 1 April 2019
The new standard introduces a single lessee accounting model that brings all leases on balance sheet except low-value or short-term leases.

The Group is currently reviewing the impact of NZ IFRS 16. The assessment to date has identified operating leases that are currently off balance sheet that will be brought on balance sheet under NZ IFRS 16 through the recognition of right-of-use assets and associated liabilities. This recognition will result in lease expenses being classified as finance cost and amortisation, as opposed to only operating costs.

Based on this assessment the Group does not expect there to be any material impact on the financial statements from adopting this standard.

Many of the Group's leases have been identified as short-term or leases of low-value assets, and will qualify for an exemption from the new standard.

The Group will not be early adopting NZ IFRS 16.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

1. Operating expenses

	2018 $000	2017 $000
Employee costs (see below)	179,555	148,294
Property-related expenses	32,251	28,951
Other operating costs (see below)	56,234	48,328
Total operating expenses	**268,040**	**225,573**
Employee costs and other operating costs include:		
Post-employment benefits (KiwiSaver/Superannuation)	4,521	3,853
Auditor's remuneration to Deloitte Limited comprises:		
• Audit of financial statements	186	185
• Australia aged-care reporting	6	6
• IT and cyber security assurance	10	–
Directors' fees (note 17)	828	867
Donations^	315	132
Lease and rental payments	1,577	1,196

^ No donations have been made to any political party (2017: $Nil)

2. Depreciation and amortisation

	2018 $000	2017 $000
Depreciation		
• Buildings	6,597	5,309
• Plant and equipment	5,776	3,870
• Furniture and fittings	5,874	4,584
• Motor vehicles	1,020	957
	19,267	14,720
Amortisation		
• Software	1,313	214
	1,313	214
Total	**20,580**	**14,934**

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

3. Finance costs

	2018 $000	2017 $000
Total interest paid on bank loans	36,427	25,571
Release of interest-rate swap reserve	2,851	2,080
Amount of interest capitalised	(22,701)	(16,991)
Net interest expense on bank loans	**16,577**	**10,660**

4. Income tax

	2018 $000	2017 $000
(a) Income tax recognised in income statement		
Tax expense comprises:		
Current tax expense	–	–
Deferred tax expense	640	6,295
Total income-tax expense	**640**	**6,295**

The accepted income-tax expense on pre-tax accounting profit from operations reconciles to the income-tax expense in the financial statements as follows.

	2018 $000	2017 $000
Profit before income-tax expense	388,856	362,989
Income-tax expense calculated at 28%	108,880	101,637
Tax effect of:		
Non-taxable income	(98,423)	(90,990)
Other	(9,817)	(4,352)
Total tax expense	**640**	**6,295**

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

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2017: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

Total Group tax losses available in New Zealand amounted to $114.9 million (2017: $46.8 million). Recognition of the deferred tax asset is based on expected taxable earnings in future periods. There are no unrecognised tax losses in New Zealand (2017: $Nil).

Australian tax losses have not been recognised in the current year. Total tax losses available in Australia amounted to $35.2 million (2017: $26.6 million).

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

4. Income tax (continued)

	2018		2017	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		388,856		362,989
Income tax using the corporate tax rate	28.0%	108,880	28.0%	101,637
Non-taxable income	(25.3)%	(98,423)	(25.1)%	(90,990)
Other	(2.5)%	(9,817)	(1.2)%	(4,352)
Total income-tax expense	**0.2%**	**640**	**1.7%**	**6,295**

(b) Taxable and deductible temporary differences arise from the following items.

	Opening balance	Recognised in income	Recognised in equity	Closing balance
	$000	$000	$000	$000
2018				
Property, plant and equipment	(46,958)	(5,507)	–	(52,465)
Investment properties	(40,740)	(3,930)	–	(44,670)
Deferred management-fee revenue in advance	(1,833)	(10,911)	–	(12,744)
Interest-rate swap	2,097	–	203	2,300
Other	3,083	627	–	3,710
Tax value of loss carry-forwards recognised	13,102	19,081	–	32,183
Total deferred taxation	**(71,249)**	**(640)**	**203**	**(71,686)**
2017				
Property, plant and equipment	(45,998)	(960)	–	(46,958)
Investment properties	(34,339)	(6,401)	–	(40,740)
Deferred management-fee revenue in advance	5,439	(7,272)	–	(1,833)
Interest-rate swap	2,598	–	(501)	2,097
Other	2,827	256	–	3,083
Tax value of loss carry-forwards recognised	5,020	8,082	–	13,102
Total deferred taxation	**(64,453)**	**(6,295)**	**(501)**	**(71,249)**

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

4. Income tax (continued)

(c) Imputation credit memorandum account

	2018 $000	2017 $000
Closing balance	**108**	**96**
Imputation credits available directly and indirectly to shareholders of the parent company, through:		
• parent company	–	–
• subsidiaries	108	96
Closing balance	**108**	**96**

5. Trade and other receivables

	2018 $000	2017 $000
Trade debtors	349,694	251,722
Other receivables	7,789	4,892
Total trade and other receivables	**357,483**	**256,614**

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

Occupancy advances are payable by residents on occupation of a retirement-village unit. Care fees are received from residents (payable 4-weekly in advance) and various government agencies. Government-agency payment terms vary, but are typically paid fortnightly in arrears for care services provided to residents.

There is no significant concentration of credit risk as trade debtors are either individual residents or government agencies. No allowance has been made for doubtful debts in the current period (2017: $Nil).

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

6. Property, plant and equipment

	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	Total
	$000	$000	$000	$000	$000	$000	$000
2018							
Gross carrying amount							
Balance at 1 April 2017	268,837	251,776	447,689	50,281	35,131	9,214	1,062,928
Additions	1,215	12,498	130,217	7,488	2,085	854	154,357
Net foreign-currency exchange difference	(837)	(324)	(4,775)	(26)	(15)	(3)	(5,980)
Transfer from property under development	22,445	74,393	(111,946)	9,035	6,073	–	–
Transfer from property under development to investment property	–	–	(125,034)	–	–	–	(125,034)
Disposals	–	(3,199)	–	–	–	–	(3,199)
Balance at 31 March 2018	**291,660**	**335,144**	**336,151**	**66,778**	**43,274**	**10,065**	**1,083,072**
Accumulated depreciation							
Balance at 1 April 2017	–	(155)	–	(17,995)	(26,374)	(4,857)	(49,381)
Current-year depreciation	–	(6,597)	–	(5,776)	(5,874)	(1,020)	(19,267)
Disposals	–	90	–	–	–	–	90
Balance at 31 March 2018	**–**	**(6,662)**	**–**	**(23,771)**	**(32,248)**	**(5,877)**	**(68,558)**
Total book value	**291,660**	**328,482**	**336,151**	**43,007**	**11,026**	**4,188**	**1,014,514**
2017							
Gross carrying amount							
Balance at 1 April 2016	212,164	253,655	262,861	33,967	32,828	8,117	803,592
Additions	240	13,764	214,977	16,330	2,318	1,099	248,728
Net foreign-currency exchange difference	(80)	(162)	(1,249)	(16)	(15)	(2)	(1,524)
Transfer from property under development	–	–	–	–	–	–	–
Transfer from property under development to investment property	–	(1,080)	(28,900)	–	–	–	(29,980)
Revaluation	56,513	(14,401)	–	–	–	–	42,112
Balance at 31 March 2017	**268,837**	**251,776**	**447,689**	**50,281**	**35,131**	**9,214**	**1,062,928**
Accumulated depreciation							
Balance at 1 April 2016	–	(9,247)	–	(14,125)	(21,790)	(3,900)	(49,062)
Current-year depreciation	–	(5,309)	–	(3,870)	(4,584)	(957)	(14,720)
Revaluation	–	14,401	–	–	–	–	14,401
Balance at 31 March 2017	**–**	**(155)**	**–**	**(17,995)**	**(26,374)**	**(4,857)**	**(49,381)**
Total book value	**268,837**	**251,621**	**447,689**	**32,286**	**8,757**	**4,357**	**1,013,547**

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

6. Property, plant and equipment (continued)

All completed resthomes and hospitals included within the definition of freehold land and buildings were revalued to fair value based on an independent valuation report prepared by registered valuers, CBRE Limited, as at 31 March 2017 in accordance with NZ IFRS 13. These revaluations are undertaken every 3 years, unless there is sustained market evidence of a significant change in fair value.

To estimate and determine fair value, the valuer made key assumptions that include capitalisation of earnings (using capitalisation rates ranging from 11 percent to 15 percent), together with observed transactional evidence of the market value per care bed (ranging from $75,000 to $140,000 per care bed).

As the fair value of land and buildings is determined using inputs that are unobservable, the Group has categorised property, plant and equipment as Level 3 under the fair-value hierarchy in line with NZ IFRS 13 – *Fair Value Measurements*.

The significant unobservable inputs used in the fair-value measurement of the Group's freehold land and buildings are the capitalisation rate and the market value per care bed.

A significant decrease in the capitalisation rate would result in a significantly higher fair-value measurement. Conversely, a significant increase in the capitalisation rate would result in a significantly lower fair-value measurement.

A significant increase in the market value per care bed would result in a significantly higher fair-value measurement. Conversely, a significant decrease in the market value per care bed would result in a significantly lower fair-value measurement.

Property under development includes land held pending the development of a retirement village amounting to $258.7 million (2017: $337.1 million) and is valued at cost.

Interest for the Group of $22.7 million (2017: $17.0 million) has been capitalised during the period of construction in the current year. The weighted-average capitalisation rate on funds borrowed is 3.64 percent per annum (2017: 3.81 percent per annum).

The assets shown at cost are care-facility assets under development, plant and equipment, furniture and fittings, and motor vehicles, plus additions since the last valuation.

The carrying amount at which each revalued class of property, plant and equipment would have been carried had the assets been measured under historical cost is shown below.

	Freehold land	Buildings	Total
	$000	$000	$000
Carrying amount (at cost)			
Carrying amount at 31 March 2018	75,380	312,216	**387,596**
Carrying amount (at cost)			
Carrying amount at 31 March 2017	52,557	235,355	**287,912**

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

7. Investment properties

	2018 $000	2017 $000
At fair value		
Balance at beginning of financial year	3,661,445	2,996,305
Additions	391,221	342,869
Fair-value movement:		
Realised fair-value movement:		
• new retirement-village units	58,955	62,959
• existing retirement-village units	107,233	77,286
	166,188	140,245
Unrealised fair-value movement	185,326	184,721
	351,514	324,966
Net foreign-currency exchange differences	(5,876)	(2,695)
Net movement for the year	736,859	665,140
Balance at end of financial year	**4,398,304**	**3,661,445**

The realised fair-value movement arises from the sale and resale of occupancy advances to residents. Investment properties are not depreciated and are fair valued. 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 Measurements*.

The carrying value of completed investment property is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Limited, at 31 March 2018. This report combines discounted future cash flows and occupancy advances received from residents for retirement-village units that are complete or nearing completion, for which there is an unconditional agreement to occupy.

The valuer used significant assumptions that include long-term house-price inflation (ranging from 0.5 percent to 3.5 percent nominal) (2017: 1 percent to 3 percent) and discount rate (ranging from 12 percent to 16 percent) (2017: 12 percent to 16 percent). Other unobservable inputs used in the fair-value measurement of the Group's investment property portfolio include the average age of residents and the occupancy period.

A significant decrease in the discount rate or the unit occupancy period would result in a significantly higher fair-value measurement. Conversely, a significant increase in the discount rate or the unit occupancy period would result in a significantly lower fair-value measurement.

A significant increase in the average age of entry of residents or the long-term nominal house-price inflation rate would result in a significantly higher fair-value measurement. Conversely, a significant decrease in the average age of entry of residents or the long-term nominal house-price inflation rate would result in a significantly lower fair-value measurement.

Investment property includes investment property work in progress of $252.9 million (2017: $186.5 million), which has been valued at cost.

The CBRE valuation also includes within its forecast cash flows the Group's expected costs relating to rebuild works at Malvina Major. The estimate of the gross cash outflows included for remediation works is $17.5m over an 18-month period. The estimates are based on currently available information.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

7. Investment properties (continued)

Operating expenses

Direct operating expenses arising from investment property that generated income from management fees during the period amounted to $4.8 million (2017: $4.2 million). All investment property generated income from management fees during the period for the Group, except for investment property work in progress.

Security

Residents make interest-free advances (occupancy advances) to the retirement villages in exchange for the right of occupancy to retirement-village units. Under the terms of the occupancy agreement, the resident receives a unit title for life and a first mortgage over the residual interest for security purposes, or a first mortgage is held over the individual title by the statutory supervisor.

8. Bank overdraft

The bank overdraft facilities are 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 11). The interest rate on all overdraft facilities at 31 March 2018 was 10.05% (2017: 10.05%).

9. Trade and other payables

	2018	2017
	$000	$000
Trade payables	48,663	45,467
Other payables	49,645	104,388
Total trade and other payables	**98,308**	**149,855**

Trade payables are typically paid within 30 days of the invoice date or on the 20th of the month following the invoice date. Other payables at 31 March 2018 includes $45.5 million (2017: $95.6 million) for the purchase of land.

10. Employee entitlements

	2018	2017
	$000	$000
Holiday-pay accrual and other benefits	20,237	16,167

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

11. Borrowings

	2018 $000	2017 $000
Bank loans (secured) – NZD	880,007	744,614
Bank loans (secured) – AUD in NZD	180,486	92,906
Total bank loans (secured)	**1,060,493**	**837,520**
Less than 1 year	14,007	17,614
Within 1 – 5 years	1,046,486	819,906
Average interest rates – NZD	3.72%	3.40%
Average interest rates – AUD	3.80%	3.35%

The bank loans 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 7).

The subsidiary companies listed at note 22 have all provided guarantees for the Group's secured loans as parties to the general security agreement.

The average interest rates disclosed above exclude the impact of interest-rate swap agreements described in note 18.

Full payment terms are disclosed in note 18.

12. Occupancy advances (non-interest bearing)

	2018 $000	2017 $000
Gross occupancy advances (see below)	2,836,314	2,407,644
Less management fees and resident loans	(321,631)	(270,370)
Closing balance	**2,514,683**	**2,137,274**
Movement in gross occupancy advances		
Opening balance	2,407,644	2,081,386
Plus net increases in occupancy advances:		
• new retirement-village units	307,282	263,282
• existing retirement-village units.	107,233	77,286
Net foreign-currency exchange differences	(4,457)	(2,189)
Increase/(decrease) in occupancy advance receivables	18,612	(12,121)
Closing balance	**2,836,314**	**2,407,644**

Gross occupancy advances are non-interest bearing.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

13. Share capital

Issued and paid-up capital consists of 500,000,000 fully paid ordinary shares (2017: 500,000,000) less treasury stock of 2,477,076 shares (2017: 2,320,851 shares) (note 24). All shares rank equally in all respects.

Basic and diluted earnings and net tangible assets per share have been calculated on the basis of 500,000,000 ordinary shares (2017: 500,000,000 shares). Net tangible assets are represented by net equity.

Shares purchased on market under the senior management share scheme (note 24) are treated as treasury stock until vesting to the employee.

14. Reserves

	2018 $000	2017 $000
Asset revaluation reserve		
Opening balance	233,319	176,806
Revaluation	–	56,513
Closing balance	**233,319**	**233,319**
Interest-rate swap reserve		
Opening balance	(5,391)	(6,680)
Valuation of interest-rate swap	(3,576)	(290)
Released to income statement	2,851	2,080
Deferred tax movement on interest-rate swap reserve	203	(501)
Closing balance	**(5,913)**	**(5,391)**
Treasury stock		
Opening balance	(20,540)	(15,900)
Acquisitions	(9,420)	(9,421)
Vesting/forfeiture of shares	7,463	4,781
Closing balance	**(22,497)**	**(20,540)**
Foreign currency translation reserve		
Opening balance	1,066	1,356
Gain on hedge of foreign-owned subsidiary net assets	2,193	1,102
(Loss) on translation of net assets of foreign-owned subsidiary	(5,502)	(1,392)
Closing balance	**(2,243)**	**1,066**
Retained earnings		
Opening balance	1,410,347	1,138,653
Net profit attributable to shareholders	388,216	356,694
Dividends paid	(94,000)	(85,000)
Closing balance	**1,704,563**	**1,410,347**

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

15. Dividends

	2018 Cents per share	2018 Total $000	2017 Cents per share	2017 Total $000
Recognised amounts				
Final dividend paid – prior year	9.30	46,500	8.50	42,500
Interim dividend paid – current year	9.50	47,500	8.50	42,500
		94,000		85,000
Unrecognised amounts				
Final dividend – current year	10.90	54,500	9.30	46,500
Full-year dividend – current year	20.40	102,000	17.80	89,000

16. Related-party transactions

Parent company

The parent entity in the Group is Ryman Healthcare Limited.

Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 22.

Salaries and consulting fees paid to directors

Payments to directors are disclosed in note 17.

Transactions with companies associated to directors

	2018 $000	2017 $000
Rental expense	1,089	875

In August 2012, Ryman Healthcare Limited entered into a new office lease agreement with Airport Business Park Christchurch Limited (the Airport Business Park).

Kevin Hickman has a significant financial interest in this agreement through a trust that is a shareholder of the Airport Business Park. Mr Hickman is also a director of the Airport Business Park.

Key terms of the agreement have been amended effective from 1 August 2017 with rental of $970,087 per annum (excluding GST) for the remainder of the 8-year term ending July 2020, with a 2-year right of renewal (2017: $985,730 for 8 years, with a 2-year right of renewal). Extra car park spaces are additional to this agreement.

Warren Bell is a trustee of certain Airport Business Park shareholders, but has no personal financial interest.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

17. Key management personnel compensation

	2018 $000	2017 $000
Compensation		
Short-term employee benefits (senior management team)	4,495	3,895
Salary to managing director (resigned June 2017)	844	1,116
Directors' fees	828	867
Total key management personnel and directors' compensation	**6,167**	**5,878**

Key management personnel are the senior management team of the Group and include the chief executive and nine senior management team members at 31 March 2018 (2017: 10 excluding the managing director). In April 2018, the senior management team was restructured. This restructure created the senior executive team and reduced the number of members in the senior leadership group to seven (from 10). The short-term employee benefits detailed above are those of the 10 members of the senior management team in place at 31 March 2018.

In addition, NZ IAS 24 *Related Party Disclosures* requires directors' fees to be included within key management personnel compensation. All directors are non-executive and are not involved in the day-to-day operations of the Group (2017: all directors except the managing director). Directors' fees above exclude remuneration paid to the managing director in 2017 and 2018.

Post-employment benefits (KiwiSaver/Superannuation) employer contributions included in short-term employee benefits (senior management team) above is $110,881 and included in the salary to the managing director is $62,909 (2017: $94,521 and included in the salary to the managing director in 2017: $32,513).

In addition, the Company provides certain senior employees (2017: including the managing director) with limited recourse loans on an interest-free basis to support employees' participation in the Company share scheme (note 24).

Simon Challies, the managing director, resigned with effect from 30 June 2017. The salary and bonuses paid to the outgoing managing director during the period to 30 June 2017 totalled $0.84 million. This was made up of salary $0.19 million, annual leave $0.26 million, short-term incentives $0.33 million, and KiwiSaver $0.06 million. In addition to the compensation detailed above, Simon Challies, following his resignation, received additional payments totalling $1.32 million including in his role as an advisor to the board.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

18. Financial instruments

The financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, occupancy advances, refundable accommodation deposits, employee advances, loans, overdrafts, and interest-rate swaps.

Categories of financial instruments

	2018	2017
	$000	$000
Financial assets		
Loans and receivables	363,319	261,498
	363,319	**261,498**
Financial liabilities		
Amortised cost	3,704,241	3,153,122
Derivative instruments in designated hedge accounting relationships (interest-rate swaps)	8,212	7,488
	3,712,453	**3,160,610**

(a) Credit risk management

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

Financial assets, which potentially subject the Group to credit risk, consist principally of cash and cash equivalents, trade and other receivables, and advances to employees. The maximum credit risk at 31 March 2018 is the fair value of these assets. The Group's cash equivalents are placed with high-credit, quality financial institutions. The Group does not require collateral from its debtors.

The directors consider the Group's exposure to any concentration of credit risk to be minimal, given that (typically):

- the occupation of a retirement-village unit does not take place until an occupation advance has been received
- care fees are payable 4-weekly in advance when due from residents
- care fees not due from residents are paid by government agencies.

The total credit risk to the Group at 31 March 2018 was $363.3 million (2017: $261.5 million) and there were no material overdue debtors at 31 March 2018 (2017: $Nil). The composition of financial assets is shown in the table below.

	2018	2017
	$000	$000
Trade and other receivables	357,483	256,614
Advances to employees	5,836	4,884
	363,319	**261,498**

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

18. Financial instruments (continued)

(b) Interest-rate risk

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

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

At 31 March 2018, the Group had several interest-rate swaps in place, which are set out in the table below. The agreement effectively changes the Group's interest-rate exposure on the principal of $120.0 million (2017: $120.0 million) from a floating rate to a fixed rate of 4.26% (2017: 4.32%).

The fair value of the swaps at 31 March 2018 was a liability of $8.2 million (2017: liability of $7.5 million). The interest-rate swaps cover notional debt amounts for a term of 5 years at a composite interest rate of 4.26% (2017: 4.32%).

No interest-rate swaps have been taken out for the Australian dollar borrowings.

The balance of the interest-rate swap reserve is expected to be released to the income statement over the maturity profile of the underlying debt as detailed in the table below. At the end of the reporting period, 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.

The notional amortising principal amounts and remaining terms of interest-rate swap contracts outstanding at 31 March are shown below.

Cash-flow hedges

	Average contracted fixed-interest rate		Notional principal amount	
	2018	2017	2018	2017
	%	%	$000	$000
Outstanding				
Less than 1 year	4.26%	4.32%	120,000	120,000
1 to 2 years	4.26%	4.32%	110,000	117,500
2 to 3 years	4.26%	4.32%	110,000	110,000
3 to 4 years	4.26%	4.32%	90,000	105,000
4 to 5 years	4.26%	4.32%	90,000	90,000

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

18. Financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Without incurring unacceptable losses or risking reputational damage, the Group manages liquidity to ensure that it has sufficient liquidity to meet its liabilities when due. This includes under both normal and stressed conditions.

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

Following termination of the agreement, in New Zealand the occupancy advance is repaid at the earlier of:

- receipt of the new occupancy advance from the incoming resident
- at the end of 3 years.

Following termination of the agreement, in Australia the occupancy advance is repaid at the earlier of:

- 14 days after a new resident takes up residence
- receipt of the new occupancy advance from the incoming resident
- at the end of 6 months.

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.

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

At balance date, the Group had $239.5 million (2017: $165.3 million) of undrawn facilities at its disposal to further reduce liquidity risk.

Maturity profile

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

	Contractual maturity dates							
	2018				2017			
	On demand	Less than 1 year	Greater than 1 year	Total	On demand	Less than 1 year	Greater than 1 year	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Financial liabilities:								
Trade and other payables	–	98,308	–	98,308	–	149,855	–	149,855
Interest-rate swaps	–	8,212	–	8,212	–	7,488	–	7,488
Refundable accommodation deposits	30,757	–	–	30,757	28,473	–	–	28,473
Bank loans (secured)	–	23,358	1,046,487	1,069,845	–	22,510	820,356	842,866
Occupancy advances (non-interest bearing)	–	315,460	2,199,223	2,514,683	–	259,927	1,877,347	2,137,274
	30,757	**445,338**	**3,245,710**	**3,721,805**	**28,473**	**439,780**	**2,697,703**	**3,165,956**

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

18. Financial instruments (continued)

Gross occupancy advances and refundable accommodation deposits are non-interest bearing.

The above figures have been calculated on the anticipated level of occupancy advance repayments based on historical experience. To date, new occupancy advances received have always exceeded repaid occupancy advances (net of management fees), and represent a positive net operating cash flow to the Group.

The Group maintains the following lines of credit.

- $2.8 million (2017: $2.8 million) overdraft facility that is secured. Interest would be payable at the 3-month BKBM rate, plus a specified margin (note 8).
- A loan facility of $1.3 billion (2017: $1.0 billion), of which $35.0 million (2017: $35.0 million) is for 1 year, $316.25 million (2017: $965.0 million) is for 3 years, $632.5 million (2017: $0.0 million) is for 4 years, and $316.25 million (2017: $0.0 million) is for 5 years.
- In 2018, the loan facility of $1.3 billion is provided by ANZ Bank New Zealand Ltd ($315.0 million), Commonwealth Bank of Australia ($305.0 million), Bank of New Zealand / National Australia Bank ($300.0 million), Westpac ($255.0 million), and MUFG, previously the Bank of Tokyo-Mitsubishi, ($125.0 million) under the terms of a syndicated loan agreement. The facility allows for the funds to be drawn down in either AUD or NZD, up to the $1.3 billion NZD limit.
- In 2017, the loan facility of $1.0 billion was provided by ANZ Bank New Zealand Ltd ($280.0 million), Commonwealth Bank of Australia ($280.0 million), Bank of New Zealand / National Australia Bank ($245.0 million), and Westpac ($195.0 million) under the terms of a syndicated loan agreement.

The Group renews its facilities annually to ensure an appropriate portion matures on a rolling 3, 4, and 5-year basis.

(d) Fair values

The carrying amounts of financial instruments in the Group's balance sheet 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 fair value of interest-rate swaps is derived using inputs supplied by third parties that are observable, either directly (prices) or indirectly (derived from prices). The Group has therefore categorised these liabilities as Level 2 under the fair-value hierarchy contained within NZ IFRS 13.

(e) Market risk

The Group is primarily exposed to interest-rate risk (note 18 (b)) and foreign-currency risk (note 18 (f)).

Based on the Group's average net level of interest-bearing debt, the Group's profit and total comprehensive income for the year ended 31 March 2018 would not change materially if there was a movement of plus/(minus) 50 basis points.

(f) 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 primarily exposed to currency risk as a result of its subsidiaries in Australia.

The risk to the Group is that the value of the overseas subsidiaries' financial position and financial performance will fluctuate in economic terms and, as recorded in the consolidated accounts, due to changes in the overseas exchange rates.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

18. Financial instruments (continued)

The Group's profit and total comprehensive income for the year ended 31 March 2018 would not change materially by a movement of plus/(minus) 1 cent in AUD/NZD.

The Group hedges the currency risk relating to its Australian subsidiaries by holding a portion of its bank borrowings in Australian dollars. Any foreign-currency movement in the net assets of the Australian subsidiary is partially offset by an opposite movement in the Australian dollar debt.

(g) Capital management

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

The Group's capital is managed at parent-company level. The Group is subject to capital requirements imposed by its bank through covenants agreed as part of the lending facility arrangements. The Group has met all externally imposed capital requirements for the 12 months ended 31 March 2018 and 31 March 2017.

The Group's capital structure is managed and adjustments are made, with board approval, to the structure in light of economic conditions at the time. There were no changes to objectives, policies, or processes during the year.

19. Commitments

Capital expenditure commitments

The Group had commitments relating to construction contracts amounting to $101.2 million at 31 March 2018 (2017: $68.6 million).

Operating lease and other commitments

Operating lease expenditure committed to, but not recognised, in the financial statements relating to property rental.

	2018 $000	2017 $000
Commitments within:		
less than 1 year	1,445	1,041
between 1 and 5 years	2,271	2,333
more than 5 years	187	–
	3,903	**3,374**

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

20. Contingent liabilities

The Group had no contingent liabilities at 31 March 2018 (2017: $Nil).

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

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

	2018 $000	2017 $000
Net profit after tax	**388,216**	**356,694**
Adjusted for:		
Movements in balance-sheet items		
Occupancy advances	428,670	326,259
Refundable accommodation deposits	2,284	171
Accrued management fees	(51,571)	(44,966)
Revenue in advance	7,253	7,670
Trade and other payables	(2,402)	13,100
Trade and other receivables	(100,869)	(36,798)
Employee entitlements	4,070	1,739
Non-cash items:		
Depreciation and amortisation	20,580	14,934
Deferred tax	640	6,295
Unrealised foreign-exchange loss	3,900	2,667
Adjusted for:		
Fair-value movement of investment properties	(351,514)	(324,966)
Net operating cash flows	**349,257**	**322,799**

Net operating cash flows includes occupancy advance receipts from retirement village residents of $603.7 million (2017: $531.0 million).

Also included in operating cash flows are net receipts from refundable accommodation deposits of $3.1 million (2017: $0.6 million).

Net operating cash flows also include management fees collected of $34.7 million (2017: $28.7 million).

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

22. Subsidiary companies

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

- Anthony Wilding Retirement Village Limited
- Bert Sutcliffe Retirement Village Limited
- Bob Owens Retirement Village Limited
- Bob Scott Retirement Village Limited
- Bruce McLaren Retirement Village Limited
- Charles Fleming Retirement Village Limited
- Charles Upham Retirement Village Limited
- 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
- Jane Mander Retirement Village Limited
- Jane Winstone Retirement Village Limited
- Jean Sandel Retirement Village Limited
- Julia Wallace Retirement Village Limited
- Kiri Te Kanawa Retirement Village Limited
- Logan Campbell Retirement Village Limited
- Malvina Major Retirement Village Limited
- Margaret Stoddart Retirement Village Limited
- Ngaio Marsh Retirement Village Limited
- Possum Bourne Retirement Village Limited
- Rita Angus Retirement Village Limited
- Rowena Jackson Retirement Village Limited
- Ryman Aged Care (Australia) Pty Limited
- Ryman Healthcare (Australia) Pty Limited
- Ryman Healthcare (Australia) No. 2 Pty Limited
- Ryman Napier Limited
- Shona McFarlane Retirement Village Limited
- Wheelers Hill Properties Pty Limited
- Yvette Williams Retirement Village Limited

23. Segment information

Products and services from which reportable segments derive their revenue

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

Segment revenues and results

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

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

Information about major customers

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

The Group derives care-fee revenue for eligible government-subsidised, aged-care residents who receive resthome, hospital, or dementia-level care. The government aged-care subsidies received from the Ministry of Health included in group care fees amounted to $96.7 million (2017: $86.6 million). There are no other significant customers.

Geographical information

The Group operates in New Zealand and Australia.

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

	New Zealand	Australia	Group
	$000	$000	$000
Year ended 31 March 2018			
Revenue	324,672	17,867	342,539
Underlying profit	184,813	18,717	203,530
less deferred tax expense (note 4)	(640)	–	(640)
plus unrealised fair-value movement (note 7)	179,164	6,162	185,326
Profit for the year	363,337	24,879	388,216
Non-current assets	4,939,996	493,535	5,433,531

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

23. Segment information (continued)

	New Zealand $000	Australia $000	Group $000
Year ended 31 March 2017			
Revenue	275,493	13,697	289,190
Underlying profit	172,830	5,438	178,268
less deferred tax expense (note 4)	(6,295)	–	(6,295)
plus unrealised fair-value movement (note 7)	173,817	10,904	184,721
Profit for the year	340,352	16,342	356,694
Non-current assets	4,269,071	414,250	4,683,321

24. Employee share scheme

Senior management share scheme

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

The Group provides the employees with limited recourse loans on an interest-free basis to support employees' participation in the scheme. These shares are treated as treasury stock when purchased on market, due to the features of the scheme.

The loans are applied to the purchase of shares on market, so the number of shares and the consideration for each share is determined by the market price at that time. The scheme holds 2,477,076 fully allocated shares, which represents 0.50% of the total shares on issue (2017: 2,320,851 fully allocated shares, which represented 0.46% of the total shares on issue).

Shares purchased under the scheme are held by two directors as custodians, and the shares carry the same rights as all other ordinary shares. The loan is repayable if the employee is no longer employed by the Group.

The following table reconciles the shares purchased on market under the scheme at the beginning and end of the financial year.

	2018 Number of shares	2017 Number of shares
Balance at beginning of the financial year	2,320,851	2,000,372
Purchased on market during the year	1,008,945	986,491
Forfeited during the financial year	(334,773)	(124,883)
Vested during the financial year	(517,947)	(541,129)
Balance at end of the financial year	**2,477,076**	**2,320,851**

Shares were purchased under the scheme in August 2017 at a price of $9.32 per share. Remaining shares held by the scheme were purchased in July 2016 ($9.55) and July 2015 ($8.29).

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

24. Employee share scheme (continued)

Shares vested in August 2017 were originally purchased at $8.44 per share in 2014 and are now held directly by employees. The amounts owed by employees in these vested shares are included within advances to employees. This balance includes $4,176,836 owing by management personnel in the share scheme (2017: $2,916,548 and $856,228 owing by the Managing Director).

The directors estimate the fair value of each employee advance granted at the time of the purchase of shares on market, on behalf of the selected employee. Due to the on-market purchase and sale features of the scheme, and the scheme agreement arrangements, the directors consider any such value to be immaterial. Shares subject to this scheme vest 3 years from the date of purchase.

All-employee share scheme

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

Participants of 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 the staff member purchase more shares, the Group advances an interest-free loan equal to the employee's contribution towards the share purchase (financial assistance).

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

25. Subsequent events

The directors resolved to pay a final dividend of 10.9 cents per share or $54.5 million, with no imputation credits attached, to be paid on 22 June 2018.

26. Authorisation

The directors authorised the issue of these financial statements on 17 May 2018.

Warren Bell
Non-Executive Director
and Chair of Audit and
Financial Risk Committee

Dr David Kerr
Chair

Deloitte.

Independent Auditor's Report

To the shareholders of Ryman Healthcare Limited

Opinion

We have audited the consolidated financial statements of Ryman Healthcare Limited and its subsidiaries (the Group). These comprise the consolidated balance sheet as at 31 March 2018, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 94 to 129, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with the 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 as required by Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities under these requirements.

Our firm carries out other assignments for the Group in the areas of Australian aged care and information technology and cyber security assurance 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).

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 consolidated financial statements to be $18m.

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. We do not provide a separate opinion on these matters.

Valuation of investment properties	How our audit addressed the key audit matter
As explained in policy (d) and note 7 in the financial statements, investment properties are carried at fair value on the balance sheet. The fair value was determined by independent registered valuers appointed by the Group. These properties were valued at $4,398m (2017: $3,661m). The revaluation gain recognised in the income statement was $352m (2017: $325m). We included the valuation of investment properties as a key audit matter for two key reasons: • The significance to the financial statements: the investment properties account for 76% of the total assets (2017: 74%), making it the most significant balance on the balance sheet. • The complexity of the valuation model: the valuation model relies on various estimates and underlying assumptions. It combines discounted future cash flows and occupancy advances received from residents. It uses significant assumptions, including long term house price inflation and discount rates. The valuation model also uses significant unobservable inputs regarding the average age of residents and occupancy period.	Our procedures focused on: • the appropriateness of the valuation methodology • the accuracy of the underlying data used for the valuation • reasonableness of underlying assumptions in the valuation model. Our procedures included, amongst others: • evaluating the Group's processes for the independent valuation of the investment properties • reviewing the valuation methodology and the reasonableness of the significant underlying assumptions • assessing the competence, objectivity and integrity of the independent registered valuers. We assessed their professional qualifications and experience. We also obtained representation from them regarding their independence and the scope of their work • meeting with the valuer to understand the valuation process adopted. The purpose of the meeting was to identify and challenge the critical judgement areas in the valuation model and to confirm the valuation approach was in accordance with NZ IFRS 13 *Fair Value Measurement* • utilising our in-house valuation specialists to assess the appropriateness of the valuation methodology and challenge the reasonableness of the underlying assumptions. Our specialist particularly focused on the assumptions in respect of long term house price inflation and discount rates applied • agreeing a sample of sales and resales to contracts, recalculating actual growth rates on resales, and challenging the assumptions in respect of the average age of residents and occupancy period • assessing the discount rates for reasonableness by comparing the rates to those adopted in the prior year and adjusting it for expected changes and the rates adopted by comparable entities.

Valuation of care facility land and buildings	How our audit addressed the key audit matter
As explained in policy (e) and note 6 in the financial statements, care facility land and building are carried at their fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. The net book value of care facility land and buildings as reflected in note 6 is $620m (2017: $520m). The Group obtains independent valuations at least every 3 years and performs annual internal assessments to ensure that the carrying amount does not differ materially from fair value at the balance sheet date. The last independent valuation was completed as at 31 March 2017. A revaluation gain of $56.5m was recognised in other comprehensive income in 2017. In the current year, the Group have used judgement to determine that there has been no significant changes to the assumptions used in the 2017 valuation and that there are no indicators that the fair value of developing villages not subject to valuation in 2017, differ materially from the fair values. They have therefore concluded that an independent valuation is not required in the current year. We included the valuation of care facility land and buildings as a key audit matter in the current year due to the significant judgement exercised by the Group in determining that the carrying values will not differ materially from the fair values as at 31 March 2018 and that no independent valuation is required in the current year.	Our audit procedures focused on the appropriateness of the Group's assessment that the carrying value of land and buildings classified as property, plant and equipment as at 31 March 2018 is not materially different to fair value. Our procedures included, amongst others: • critically assessing, together with our internal valuation specialist, the documentation prepared by the Group supporting their assessment of whether there have been any significant changes to the assumptions used in the 2017 valuation that would lead to the carrying value of care facility land and buildings as at 31 March 2018 being materially different to their fair values • critically assessing the documentation prepared by the Group supporting their assessment that there were no indicators that would result in the fair value of developing villages not subject to revaluation in 2017, being materially different to their fair values as at 31 March 2018 • agreeing material additions to supporting documentation.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report. The Annual Report will be made available to us after the date of this 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 it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, when we read the Annual Report, we conclude that there is a material misstatement, we are required to communicate this 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. They are also responsible for such internal control as they 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 and 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 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 was performed 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

Michael Wilkes, Partner
for Deloitte Limited
Christchurch, New Zealand
17 May 2018

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Statement of corporate governance

Ryman believes in the benefit of good corporate governance and the value it provides for our shareholders, residents, staff, and other stakeholders.

The company's approach to applying the recommendations outlined in the NZX Corporate Governance Code (the Code) are set out below. The section is set out in the order of the principles detailed in the Code and explains how Ryman is applying the Code's recommendations.

Ryman's policy documents referred to in this section are at www.rymanhealthcare.co.nz/investor-centre/governance.

Principle 1 – Code of ethical behaviour

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

Code of ethics

As part of the board's commitment to the highest standards of behaviour and accountability, the company has adopted a code of ethics to guide directors, senior management, and employees in carrying out their duties and responsibilities.

Ryman's code of ethics is the framework of standards by which the directors, senior management, and employees are expected to conduct their professional lives. It is intended to support decision-making that is consistent with Ryman's values, business goals, and legal and policy obligations, rather than to prescribe an exhaustive list of acceptable and non-acceptable behaviour.

The board approves the code of ethics, which covers matters such as:

- interacting with residents and their families, employees, and suppliers
- accepting gifts or other benefits
- dealing with conflicts of interest
- protecting company assets
- complying with laws and policies
- maintaining confidentiality
- reporting breaches.

New employees receive a copy of the code of ethics, which is accessible to all staff on the Ryman intranet and the company website.

The company has a whistleblower and protected disclosure policy. The purpose of the policy is to protect an employee who wishes to raise concerns of serious wrongdoing from reprisals or victimisation for reporting their concerns.

Financial product trading policy

Ryman supports the integrity of New Zealand's financial markets. This integrity is maintained, in part, through the insider trading laws that apply in New Zealand. Ryman's financial product trading policy outlines how those laws apply, as well as the rules that Ryman has put in place so that those laws are followed.

Directors, certain employees, and their related parties must seek approval from the company to trade in the company's shares. Trading is limited to two 'trading windows': between the full-year announcement date and 31 August, and between the half-year announcement date and 31 January each year.

The directors' shareholdings and all trading of shares during the year by the directors is disclosed in the section headed Directors' disclosures. A director or senior manager is obliged to advise the NZX promptly if they trade in the company's shares.

Principle 2 – Board composition and performance

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

The board of directors

The directors are responsible for the corporate governance practices of the company. The practices adopted by the board are prescribed in a charter that sets out the protocols for how the board operates.

The charter complies with the relevant recommendations in the NZX Corporate Governance Code and is reviewed annually.

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

Statement of corporate governance (continued)

The board carries out its responsibilities according to the following mandate.

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

The board consists entirely of non-executive directors. The directors of the company at 31 March 2018 are Dr David Kerr, Jo Appleyard, Warren Bell, Claire Higgins, Kevin Hickman, and George Savvides. Dr David Kerr, Jo Appleyard, Warren Bell, Claire Higgins, and George Savvides are all independent directors in accordance with the NZX Main Board Listing Rules.

More information on the directors, including their interests, qualifications, and shareholdings, is provided in the Directors' disclosures section of this report and is on the company's website.

Day-to-day management of Ryman is delegated to the chief executive and the senior executive team.

The board's responsibilities

The primary responsibilities of the board are to:

- ensure the company's goals are clearly established and that strategies are in place for achieving them
- establish policies for strengthening the performance of the company and ensure that management is proactively seeking to build the business
- monitor the performance of management
- appoint the chief executive and set the terms of the chief executive's employment agreement
- decide on what steps are needed to protect the company's financial position and its ability to meet its debts and other obligations when they fall due, and ensure that such steps are taken
- ensure the company's financial statements are true and fair and conform with the law
- ensure the company adheres to high standards of ethics and corporate behaviour
- ensure the company has appropriate risk management/regulatory compliance policies in place.

On appointment to the board by the shareholders, new directors sign a written agreement that covers the terms of their appointment.

Every year, the board and sub-committees critically evaluate their own performance, and their own processes and procedures. Through this process, the board identifies any training opportunities for individual directors to ensure they have relevant and up-to-date skills for performing their role.

In line with NZX Main Board Listing Rules, one third of the directors must retire by rotation each year. These directors may offer themselves for re-election.

The Governance, Remuneration, and Nominations Committee undertakes the process for nominating and appointing directors on behalf of the board, and makes appropriate recommendations to the board. The committee's terms of reference include the process for nominating and appointing directors.

Independent professional advice

With the prior approval of the chair, each director has the right to seek independent legal and other professional advice at the company's expense about any aspect of the company's operations or undertakings to assist in fulfilling their duties and responsibilities as directors.

Diversity

The board and management ensure that all eligible people get an equal opportunity to demonstrate that they

Statement of corporate governance (continued)

have the right skills and experience for a role, and this is the basis of our diversity policy.

Ryman embraces the uniqueness in all of our people and welcomes diversity. We encourage all of our employees to listen to each other and to our residents and their families, and to work to meet the needs of individual people.

Our approach to diversity is to continually develop a work environment that supports equality and inclusion, regardless of difference.

The board sets measurable objectives for assessing performance against Ryman's diversity policy (including achieving gender diversity) and will assess progress annually. The board will also ensure Ryman's objectives are appropriate for promoting diversity and inclusion.

Through this policy, we have achieved the following gender diversity.

- Of the six directors, two are women and four are men (2017: two women and six men, including the managing director).
- Of the seven members of the senior executive team, three are women and four are men (2017: four women and six men). The senior executive team includes the chief executive and his direct reports. *
- Of the 362 Ryman leaders, 257 are women and 105 are men.

* In April 2018, the senior management team was restructured, resulting in the creation of the senior executive team. At 31 March 2018, the senior management team consisted of 10 members: four women and six men.

Principle 3 – Board committees

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

Board committees

The board has four standing committees: Audit and Financial Risk; Health and Safety; Clinical Governance; and Governance, Remuneration, and Nominations. A separate Independent Directors' Committee meets as needed.

Each committee operates under specific terms of reference approved by the board. Any recommendations they make are recommendations to the board.

The terms of reference for each committee are reviewed annually.

Audit and Financial Risk Committee

The objective of the Audit and Financial Risk Committee (AFRC) is to assist the board in discharging its responsibilities for financial reporting, and risk and financial/secretarial compliance.

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

The committee provides a forum for the effective communication between the board and external auditors. The committee's responsibilities include:

- reviewing the appointment of the external auditor, the annual audit plan, and addressing any recommendations from the audit
- reviewing any dividend proposals and financial information to be issued to the public
- ensuring that appropriate financial systems and internal controls are in place.

The AFRC must consist of at least three directors, who must wherever possible be independent non-executive directors. The board chair must also not be the chair of the AFRC. The current members are Warren Bell (chair), Dr David Kerr, Claire Higgins, and Jo Appleyard, who are all independent non-executive directors. Warren Bell is a member of Chartered Accountants Australia New Zealand and Claire Higgins is a Fellow of CPA Australia.

The committee generally invites the chief executive, chief financial officer, and the external auditors to attend AFRC meetings as appropriate. The committee also meets and receives regular reports from the external auditors without management present, concerning any matters which arise in connection with the performance of their role.

Statement of corporate governance (continued)

Health and Safety Committee

The Health and Safety Committee assists the board in discharging its responsibilities in overseeing and reviewing health and safety matters arising out of Ryman's activities and the impact of these activities on staff, contractors, residents, and visitors to Ryman.

The committee recognises the critical role health and safety forms as part of its day-to-day operations and wants to ensure a safety-first culture across all business operations.

The members of the committee are Claire Higgins (chair), Dr David Kerr, and Jo Appleyard.

The committee's responsibilities include:

- considering and approving health and safety strategies, policies, and procedures
- setting health and safety indicators in consultation with management
- ensuring the board and directors are properly and regularly informed on matters relating to health and safety governance, performance, and compliance
- conducting regular assessments and audits of the risk profile and control processes.

Clinical Governance Committee

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

The committee assists the board in discharging its oversight of clinical reporting and clinical compliance and is focused on innovation in healthcare and ensuring alignment with emerging best clinical practice.

The committee consists of three non-executive directors: George Savvides (chair), Dr David Kerr, and Jo Appleyard, as well as Tim Wilkinson, a professor at Otago Medical School and a consulting geriatrician.

The committee's responsibilities are to:

- liaise with internal and external clinical auditors
- review internal and external clinical audit findings
- review significant changes to clinical policies
- review significant complaints and investigations relating to care of residents
- ensure appropriate clinical information systems and external controls are in place
- review changes in clinical practice in aged care.

The committee maintains direct lines of communication with the external clinical auditors, the chief executive, the chief operations officer, and the internal clinical auditor.

External clinical auditors are invited to attend a meeting each year and report to the committee, including presenting a review of the internal clinical audit function.

Governance, Remuneration, and Nominations Committee

The Governance, Remuneration, and Nominations Committee assists the board in establishing remuneration policies and practices for the company in discharging the board's responsibilities for remuneration. The committee also undertakes the process for nominating and appointing directors on behalf of the board, and makes appropriate recommendations to the board.

The committee's terms of reference include the process for nominating and appointing directors.

At 31 March 2018 the committee consists of Dr David Kerr (chair), George Savvides, and Kevin Hickman, which creates a majority of independent directors. Committee members must be non-executive directors.

Management attends committee meetings only at the invitation of the committee.

The committee's objectives are to:

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

Statement of corporate governance (continued)

The directors' and senior management's remuneration are set out in the Directors' disclosures section of this report.

Independent Directors' Committee

The Independent Directors' Committee is convened as needed and consists of independent non-executive directors who address significant conflicts of interest and any other matters referred by the board.

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

Principle 4 – Reporting and disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Reporting and disclosure

The board focuses on providing accurate, adequate, and timely information both to existing shareholders and to the market generally. This enables all investors to make informed decisions about the company.

Ryman, as a company listed on the NZX Main Board, has an obligation to comply with the disclosure requirements under the NZX Main Board Listing Rules. Ryman recognises that these requirements aim to provide equal access for all investors or potential investors to material price-sensitive information concerning issuers or their financial products. This in turn promotes confidence in the market.

Ryman's market disclosure policy outlines the obligations of Ryman and relevant Ryman personnel in satisfying the disclosure requirements. It also covers other related matters including external communications by Ryman.

The company has produced its first integrated report for the year ended 31 March 2018. The decision to adopt integrated reporting was made to further develop Ryman's disclosures. The integrated report provides more information on the company's business model and future value creation.

Ryman publishes its key governance and other relevant documents in the investor centre of the company's website at rymanhealthcare.co.nz/investor-centre/governance.

All significant announcements made to the NZX and reports issued are also posted on the company's website.

Principle 5 – Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

The Governance, Remuneration, and Nominations Committee makes recommendations to the board on remuneration matters in keeping with the committee's terms of reference. The committee does not have the authority to make decisions on behalf of the board.

The committee is also responsible for making recommendations to the board on the remuneration of the chief executive.

The total director remuneration pool is approved by shareholders at the annual general meeting (AGM) as required under the NZX Main Board Listing Rules. The board is responsible for the setting of individual directors' fees in accordance with the permitted pool.

Details of the directors' remuneration for the year are in the directors' disclosures section of this report.

Ryman has in place a remuneration policy that outlines the key principles that influence Ryman's remuneration practices.

The remuneration of the chief executive and the senior executive team is determined by the significance of their role and the industry. The total remuneration is made up of fixed remuneration and short-term cash-based incentives. The chief executive and senior executive team are also members of the senior management share scheme (see note 24 of the financial statements).

Statement of corporate governance (continued)

The short-term incentives are at-risk payments that reward performance. They are designed to motivate and incentivise senior staff in the delivery of performance over a 1-year operating cycle. The amount payable is set annually. The payment of the short-term incentive depends on achieving certain results and outcomes. Performance over the financial year is measured against 'stretch' performance targets. The performance metrics differ with each role.

Every year, the committee reviews the levels and appropriateness of these incentives and weighting.

There are no long-term incentives for the senior executive team that are subject to performance risk.

The senior management share scheme provides the employees with limited recourse loans on an interest-free basis to support employees' participation in the scheme.

These shares are treated as treasury stock when purchased on market, due to the features of the scheme.

Shares subject to this scheme have a restricted period of 3 years from the date of purchase, to appropriately incentivise participants over a longer period. The loan is repayable if the employee is no longer employed by Ryman.

Employees' remuneration

The table below details the number of Ryman employees who have earned over $100,000 during the year ended 31 March 2018. The remuneration includes salary, short-term incentives, and employer's contribution to KiwiSaver and Superannuation.

Remuneration	No. employees
990,000 – 1,000,000	1
580,000 – 590,000	1
570,000 – 580,000	1
560,000 – 570,000	1
480,000 – 490,000	1
320,000 – 330,000	1
270,000 – 280,000	2
260,000 – 270,000	1
250,000 – 260,000	1
240,000 – 250,000	1
230,000 – 240,000	3
220,000 – 230,000	3
210,000 – 220,000	3
200,000 – 210,000	3
180,000 – 190,000	4
170,000 – 180,000	2
160,000 – 170,000	6
150,000 – 160,000	10
140,000 – 150,000	8
130,000 – 140,000	15
120,000 – 130,000	26
110,000 – 120,000	25
100,000 – 110,000	29

Chief executive remuneration

Gordon MacLeod was appointed chief executive on 1 July 2017. Before this time, he was deputy chief executive. His remuneration for the year is as follows.

	Salary	KiwiSaver	Subtotal	Short-term incentive	Total remuneration	Loan provided under the senior management share scheme
FY18	$762,978	$28,889	$791,867	$200,000	$991,867*	$1,000,000

* There were no other benefits (including long-term incentives) received in this financial year.

The at-risk short-term incentive is payable on the achievement of certain key performance indicators (KPIs). These KPIs are focused on the financial performance of Ryman, specific operational targets, and people-related expectations.

At 31 March 2018, the total number of shares owned by and/or held for the benefit of the chief executive totalled 610,059. For these shares, loans totalling $2,533,974 are outstanding.

Statement of corporate governance (continued)

Principle 6 – Risk management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

The board is responsible for overseeing the company's system of internal controls to manage key risks and have overall responsibility for managing risk.

The company maintains a group risk register to identify and manage risk. Specific health and safety, and clinical risk registers are separately maintained given the significance of these areas to the business. The senior executive team is responsible for maintaining the risk registers.

Ryman operates an extensive internal accreditation programme that addresses issues such as service delivery, health and safety, and administration. Internal audits are undertaken regularly. The results of these audits and critical indicators are regularly reported to the board.

Through the AFRC, the board considers the recommendations and advice of external auditors, and ensures that those recommendations are investigated and, where considered necessary, appropriate action is taken.

Principle 7 – Auditors

"The board should ensure the quality and independence of the external audit process."

The Audit and Financial Risk Committee makes recommendations to the board on the appointment of the external auditor as set out in the terms of reference. The committee also monitors the independence and effectiveness of the external auditor and reviews and approves any non-audit services performed by the external auditor.

The committee regularly meets with the external auditor to approve the terms of engagement, audit partner rotation (at least every 5 years) and audit fee, and to review and provide feedback on the annual audit plan. Every year, a comprehensive review and formal assessment of the independence and effectiveness of the external auditor is undertaken. The assessment uses an external auditors' assessment tool, which is internationally recognised and endorsed by the Independent Directors Council. The committee routinely has time with Ryman's external auditor, Deloitte, without management present. Deloitte attends the company's AGM.

The company continually monitors its internal control environment. Clinical auditors and health and safety officers regularly test and assess controls and report their findings to the Clinical Governance Committee and the Health and Safety Committee.

Principle 8 – Shareholder rights and relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Information for shareholders

The company seeks to ensure that investors understand its activities by communicating effectively with them and providing access to clear and balanced information.

The company website rymanhealthcare.co.nz provides an overview of the business and information about Ryman. This information includes details of operational sites, latest news, investor information, key corporate governance information, and copies of significant NZX announcements. The website also provides profiles of the directors and the senior executive team.

Copies of previous annual reports, financial statements, and results presentations are available on the website.

Shareholders have the right to vote on major decisions of the company in accordance with requirements set out in the Companies Act 1993 and the NZX Main Board Listing Rules.

Communicating with shareholders

Ryman has a dedicated investor relations manager and corporate affairs manager. These two roles allow us to develop strong relationships and ensure our shareholders are kept informed.

Ryman's investor centre sets out the investor relations manager's and corporate affairs manager's contact details for communications from shareholders.

We send the notice of the AGM to shareholders and publish it on the company website at least 28 days before the meeting each year.

General disclosures of interest

For the year ended 31 March 2018

Jo Appleyard

Partner	Chapman Tripp^
Member	NZX Disciplinary Committee
Trustee	The Cathedral Grammar School Foundation

Warren Bell

Chair	Hallenstein Glasson Holdings Ltd Group
Chair	St Georges Hospital Inc
Director	Meadow Mushrooms Group of Companies
Director	Cyprus Enterprises Ltd
Director	Sabina Ltd
Director	Bildeford Holdings Ltd
Director	Warren Bell Ltd
Director	CHC Properties Limited
Director	Glasson Trustee Limited
Director	152 Hereford Limited
Director	CraigPine Timber Limited
Director	Amalgamated Holdings Limited
Trustee	Emerald Trust *(part shareholder of Airport Business Park)*
Trustee	Waiwetu Trust *(part shareholder of Airport Business Park)*
Bare trustee	Ryman Healthcare Share Scheme *(jointly with Dr David Kerr)*
Director	Alpine Energy Group*
Director	Maling and Co Ltd*
Director	Palms Services Ltd*
Director	Golflinks Holdings Ltd*

Kevin Hickman

Trustee	The Hickman Family Trust
Director	James Lloyd Developments Limited
Director	Valachi Downs Limited
Director/ Shareholder	Rita May Limited
Director	Airport Business Park Christchurch Limited
Director	Russley Estates No. 1 Limited
Director	Russley Estates No. 2 Limited
Trustee	Waiwetu Trust *(part shareholder of Airport Business Park)*
Director/ Shareholder	Fab Consortium

Claire Higgins

Chair	REI Superannuation Fund Pty Ltd
Chair	NorthWest Healthcare Properties Management Limited (previously known as Vital Healthcare Management Limited)
Acting chair	Pancare Foundation Inc
Director	Railway and Transport Health Fund Ltd
Director	Transport Health Pty Ltd
Trustee	Helen Macpherson Smith Trust

Dr David Kerr

Chair	EcoCentral Limited
Chair	Centercare Limited
Advisor	Canterbury District Health Board
Bare trustee	Ryman Healthcare Share Scheme *(jointly with Warren Bell)*
Director	Forté Hospital
Director	Health Workforce New Zealand
Director	Ngāi Tahu Property
Consultant	Pegasus Health*

George Savvides

Chair	Kings Group Pty Ltd
Chair	Macquarie University Hospital
Deputy chair	Special Broadcasting Service (SBS)
Director/ Shareholder	Teamflow Asset Management Pty Ltd
Partner	CFMC Consulting Pty Ltd (Sodia)
Chair	World Vision Australia*

Simon Challies (resigned June 2017)

Trustee	St Andrews College Foundation

Doug McKay (resigned July 2017)

Chair	Bank of New Zealand and subsidiaries
Director	IAG NZ Holdings Ltd
Director	IAG NZ Ltd
Director	Genesis Energy Ltd
Director	Tourism Transport Ltd
Chair	Eden Park Trust Board
Board member	National Australia Bank Limited

* Resigned during the year

^ Jo has been a director since 2009 and since that time has performed no professional services for the company in her capacity as a partner at Chapman Tripp.

Directors' disclosures

For the year ended 31 March 2018

Shareholdings at 31 March 2018

Director	Relevant interest	
Jo Appleyard	78,700	(1)
Warren Bell	22,000	
Kevin Hickman	35,834,955	(2)
Claire Higgins	12,650	(3)
Dr David Kerr	333,000	(4)
George Savvides	35,030	(5)

(1) Held as trustees of The Appleyard and Larkin Family Trust
(2) Held as trustees of The Hickman Family Trust
(3) Held as trustees of Adam Higgins Superannuation Fund Pty Ltd
(4) Shares held by DW & DJ Kerr and The DW Kerr Family Trust
(5) Shares held by Australian Executor Trustees Ltd
(6) Simon Challies, the managing director, resigned with effect from 30 June 2017. The salary, bonuses, and other remuneration paid to the outgoing managing director during the year totalled $2.16 million. This was made up of salary $0.19 million, annual leave $0.26 million, short-term incentives $0.33 million, and KiwiSaver $0.06 million paid in the period to 30 June 2017, and additional payments of $1.32 million, including in his role as an advisor to the board, following his resignation

Directors' remuneration for the year

Director	Directors' fees	Sub-committee chair	Foreign exchange	Total directors' fees	Salaries, bonuses and other remuneration
Jo Appleyard	103,000	–	–	103,000	–
Warren Bell	103,000	16,500	–	119,500	–
Kevin Hickman	103,000	–	–	103,000	–
Claire Higgins	103,000	16,500	11,011	130,511	–
Dr David Kerr	207,000	–	–	207,000	–
Doug McKay	34,333	–	–	34,333	–
George Savvides	103,000	16,500	11,011	130,511	–
Simon Challies (6)	–	–	–	–	2,159,882
	756,333	**49,500**	**22,022**	**827,855**	**2,159,882**

Directors of subsidiary companies

Dr David Kerr, Warren Bell, Gordon MacLeod, and David Bennett are directors of all the Company's New Zealand subsidiaries. Claire Higgins, George Savvides, Gordon MacLeod, and David Bennett are directors of Ryman Healthcare (Australia) Pty Ltd and its subsidiaries.

Kevin Hickman was a director of the Company's New Zealand subsidiaries until 30 June 2017.

Simon Challies was a director of the Company's New Zealand and Australian subsidiaries until 30 June 2017.

Membership of sub-committees

Directors do not receive additional fees for membership of sub-committees. Additional fees are paid to directors who act as the chair of a sub-committee. During the year Warren Bell, George Savvides, and Claire Higgins held sub-committee chair positions.

Specific disclosures

In line with the company's constitution and the Companies Act 1993, the company has provided insurance for, and indemnities to, directors of the company.

Directors' disclosures (continued)

For the year ended 31 March 2018

Share transactions during the year

Director	Nature of interest	Number of shares acquired/(disposed)	Consideration ($)	Date
Simon Challies	Beneficial	(1,000,000)	(9,080,000)	17/07/2017
Simon Challies	Beneficial	(212,914)	0*	17/07/2017
Warren Bell	Beneficial	2,000	18,300	10/08/2017
Warren Bell – Poraka Limited	Beneficial	(2,000)	(18,300)	10/08/2017

* Forfeiture of 212,914 shares not vested under employee share scheme on cessation of employment

Dr David Kerr and Warren Bell, as joint custodians of the Ryman Healthcare Employee Share Purchase Scheme, acquired 1,008,945 shares during the year, disposed of 852,720 shares during the year, and held 2,477,076 shares in total at 31 March 2018 (also refer note 24).

Shareholder information

Top 20 shareholders at 17 May 2018

Rank	Investor name	No. of shares	% issued capital
1	HSBC Nominees (New Zealand) Limited [1]	99,890,394	19.98
2	JPMORGAN Chase Bank [1]	60,056,685	12.01
3	Joanna Hickman & John Anthony Callaghan & Kevin James Hickman [2]	35,834,955	7.17
4	HSBC Nominees (New Zealand) Limited [1]	34,492,918	6.90
5	G A Cumming	25,425,000	5.09
6	Citibank Nominees (NZ) Ltd [1]	18,441,791	3.69
7	Forsyth Barr Custodians Ltd	11,306,548	2.26
8	Ngāi Tahu Capital Limited	9,895,669	1.98
9	Custodial Services Limited	9,610,751	1.92
10	Accident Compensation Corporation [1]	9,545,140	1.91
11	Tea Custodians Limited [1]	9,318,316	1.86
12	New Zealand Superannuation Fund Nominees Limited [1]	6,496,260	1.30
13	Premier Nominees Limited [1]	5,882,290	1.18
14	BNP Paribas Nominees NZ Limited [1]	5,630,183	1.13
15	Custodial Services Limited	4,885,118	0.98
16	FNZ Custodians Limited	4,238,853	0.85
17	Private Nominees Limited [1]	4,142,716	0.83
18	National Nominees New Zealand Limited [1]	3,911,110	0.78
19	Cogent Nominees Limited [1]	3,764,416	0.75
20	Custodial Services Limited	3,598,677	0.72

[1] Held by New Zealand Central Securities Depository Ltd as custodian
[2] Held as trustees of the Hickman Family Trust

Distribution of shareholders at 17 May 2018

Size of shareholding	Number of shareholders		Shares held	
1–1,000	4,421	30.88%	2,523,590	0.51%
1,001–5,000	6,425	44.88%	17,013,226	3.40%
5,001–10,000	1,809	12.64%	13,860,727	2.77%
10,001–50,000	1,391	9.72%	28,824,619	5.76%
50,001–100,000	143	1.00%	10,230,682	2.05%
Greater than 100,000	127	0.88%	427,547,156	85.51%
Total	**14,316**	**100%**	**500,000,000**	**100.00%**

Substantial product holder notices received at 31 March 2018

Shareholder	Relevant interest	%	Date of Notice
G A Cumming	50,949,900	10.20%	15 January 2014
K J Hickman, J Hickman & J A Callaghan [1]	35,834,955	7.20%	21 November 2006

[1] Held as trustees of the Hickman Family Trust.

A substantial product holder notice was received from FMR LLC and a number of other entities on 14 May 2018, disclosing a relevant interest in 33,662,403 ordinary Ryman shares (6.73 percent). These other entities comprise FMR Investment Management (UK) Limited, Fidelity Institutional Asset Management Trust Company, FMR Co., Inc, FIAM LLC, Fidelity Management and Research (Hong Kong) Limited, and Fidelity Capital Markets.

Directory

Registered office

Airport Business Park
92 Russley Road, Christchurch
PO Box 771, Christchurch 8042
New Zealand

Share registrar

Link Market Services
PO Box 91976, Auckland 1142
New Zealand

P: +64 9 375 5998
E: enquiries@linkmarketservices.com

Melbourne office

Level 1, Suite 11 & 12
2 Brandon Park Drive
Wheelers Hill, Melbourne
PO Box 5391, Brandon Park
Victoria 3150, Australia

Auckland office

93 Ascot Avenue, Remuera
Auckland 1051, New Zealand

Retirement villages

Anthony Wilding Retirement Village
5 Corbett Crescent, Aidanfield, Christchurch

Bert Sutcliffe Retirement Village
2 Rangatira Road, Birkenhead, Auckland

Bob Owens Retirement Village
112 Carmichael Road, Bethlehem, Tauranga

Bob Scott Retirement Village
25 Graham Street, Petone, Lower Hutt

Bruce McLaren Retirement Village
795 Chapel Road, Howick, Auckland

Charles Fleming Retirement Village
112 Parata Street, Waikanae

Charles Upham Retirement Village
24 Charles Upham Drive, Rangiora

Diana Isaac Retirement Village
1 Lady Isaac Way, Mairehau, Christchurch

Edmund Hillary Retirement Village
221 Abbotts Way, Remuera, Auckland

Ernest Rutherford Retirement Village
49 Covent Drive, Stoke, Nelson

Essie Summers Retirement Village
222 Colombo Street, Beckenham, Christchurch

Evelyn Page Retirement Village
30 Ambassador Glade, Orewa, Auckland

Frances Hodgkins Retirement Village
40 Fenton Crescent, St Clair, Dunedin

Grace Joel Retirement Village
184 St Heliers Bay Road, St Heliers, Auckland

Hilda Ross Retirement Village
30 Ruakura Road, Hamilton

Jane Mander Retirement Village
262 Fairway Drive, Kamo, Whangarei

Jane Winstone Retirement Village
49 Oakland Avenue, St Johns Hill, Whanganui

Jean Sandel Retirement Village
71 Barrett Road, New Plymouth

Julia Wallace Retirement Village
28 Dogwood Way, Clearview Park, Palmerston North

Kiri Te Kanawa Retirement Village
12 Gwyneth Place, Lytton West, Gisborne

Logan Campbell Retirement Village
187 Campbell Road, Greenlane, Auckland

Malvina Major Retirement Village
134 Burma Road, Khandallah, Wellington

Margaret Stoddart Retirement Village
23 Bartlett Street, Riccarton, Christchurch

Ngaio Marsh Retirement Village
95 Grants Road, Papanui, Christchurch

Possum Bourne Retirement Village
Lisle Farm Drive, Pukekohe

Princess Alexandra Retirement Village
145 Battery Road, Napier

Rita Angus Retirement Village
66 Coutts Street, Kilbirnie, Wellington

Rowena Jackson Retirement Village
40 O'Byrne Street North, Waikiwi, Invercargill

Shona McFarlane Retirement Village
66 Mabey Road, Lower Hutt

Weary Dunlop Retirement Village
242 Jells Road, Wheelers Hill, Melbourne

Woodcote Retirement Village
29 Woodcote Avenue, Hornby, Christchurch

Yvette Williams Retirement Village
383 Highgate, Roslyn, Dunedin

New villages in the pipeline

Aberfeldie
2 Vida Street, Aberfeldie, Melbourne

Burwood East
78 Middleborough Road, Burwood East, Melbourne

Christchurch
78 Park Terrace, Christchurch

Coburg
81a Bell Street, Coburg, Melbourne

Devonport
2 Ngataringa Road, Devonport, Auckland

Geelong
157 South Valley Road, Highton, Victoria

Hamilton
1765 River Road, Hamilton

Havelock North
94-148 Te Aute Road, Havelock North

Hobsonville
3 Scott Road, Hobsonville, Auckland

Karori
26 Donald Street, Karori, Wellington

Lincoln Road
221 Lincoln Road, Henderson, Auckland

Lynfield
20 Tropicana Drive, Lynfield, Auckland

Mt Eliza
70 Kunyung Road, Mt Eliza, Melbourne

Mt Martha
180 Bentons Road, Mt Martha, Melbourne

Nellie Melba
6 Brandon Park Drive, Wheelers Hill, Melbourne

Newtown
192 Adelaide Road, Newtown, Wellington

For more information on any of Ryman Healthcare's retirement villages:

(NZ) 0800 588 222
rymanhealthcare.co.nz

(AUS) 1800 922 988
rymanhealthcare.com.au

rymanhealthcare.co.nz
rymanhealthcare.com.au