

RYMAN HEALTHCARE LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

| | Note | Six Months Ended 30 Sept 2015 unaudited \$000 | Six Months Ended 30 Sept 2014 unaudited \$000 | Year Ended 31 March 2015 audited \$000 |
|---|------|---|---|---|
| Revenue | | | | |
| Care fees | | 101,728 | 88,011 | 182,371 |
| Management fees | | 24,452 | 20,400 | 43,397 |
| Interest received | | 419 | 317 | 644 |
| Other income | | 186 | 435 | 700 |
| Total revenue | | 126,785 | 109,163 | 227,112 |
| Fair value movement of investment properties | 3 | 119,328 | 93,551 | 217,624 |
| Total income | | 246,113 | 202,714 | 444,736 |
| Operating expenses | | (99,434) | (87,365) | (182,344) |
| Depreciation expense | | (6,384) | (4,925) | (10,767) |
| Finance costs | | (4,879) | (4,326) | (9,594) |
| Total expenses | | (110,697) | (96,616) | (202,705) |
| Profit before income tax | | 135,416 | 106,098 | 242,031 |
| Income tax (expense)/credit | | (2,833) | 1,811 | (113) |
| Profit for the period | | 132,583 | 107,909 | 241,918 |
| Earnings per share | | | | |
| Basic & diluted (cents per share) | | 26.5 | 21.6 | 48.4 |

Note: all profit and total comprehensive income is attributable to Parent Company shareholders and is from continuing operations.

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

| | Six Months Ended 30 Sept 2015 unaudited \$000 | Six Months Ended 30 Sept 2014 unaudited \$000 | Year Ended 31 March 2015 audited \$000 |
|---|--|--|---|
| Profit for the period | 132,583 | 107,909 | 241,918 |
| <u>Items that may be reclassified subsequently to profit or loss</u> | | | |
| Fair value movement of interest rate swaps | (2,636) | (710) | (2,864) |
| Movement in deferred tax related to interest rate swaps | 738 | 199 | 802 |
| Gains / (Losses) on hedge of foreign owned subsidiary net assets | (4,056) | 912 | 1,765 |
| Gains / (Losses) on translation of foreign operations | 5,228 | (990) | (2,081) |
| | (726) | (589) | (2,378) |
| <u>Items that will not be reclassified subsequently to profit or loss</u> | | | |
| Revaluation of Property, plant and equipment | - | - | - |
| | - | - | - |
| Other comprehensive income | (726) | (589) | (2,378) |
| Total comprehensive income | 131,857 | 107,320 | 239,540 |

Note: all profit and total comprehensive income is attributable to Parent Company shareholders and is from continuing operations.

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

| | Issued Capital \$000 | Asset Revaluation Reserve \$000 | Interest Rate Swap Reserve \$000 | Foreign Currency Translation Reserve \$000 | Treasury Stock \$000 | Retained Earnings \$000 | Total Equity \$000 |
|---|----------------------------|--|--|--|----------------------------|-------------------------------|--------------------------|
| Six months ended 30 Sept 2014 | | | | | | | |
| (unaudited): | | | | | | | |
| Opening balance | 33,290 | 176,806 | (1,272) | - | (8,890) | 726,812 | 926,746 |
| Total comprehensive income for the period | - | - | (511) | (78) | - | 107,909 | 107,320 |
| Treasury stock movement | - | - | - | - | (2,465) | - | (2,465) |
| Dividends paid to shareholders | - | - | - | - | - | (31,000) | (31,000) |
| Closing balance | 33,290 | 176,806 | (1,783) | (78) | (11,355) | 803,721 | 1,000,601 |
| Year ended 31 March 2015 | | | | | | | |
| (audited): | | | | | | | |
| Opening balance | 33,290 | 176,806 | (1,272) | - | (8,890) | 726,812 | 926,746 |
| Total comprehensive income for the period | - | - | (2,062) | (316) | - | 241,918 | 239,540 |
| Treasury stock movement | - | - | - | - | (2,465) | - | (2,465) |
| Dividends paid to shareholders | - | - | - | - | - | (62,500) | (62,500) |
| Closing balance | 33,290 | 176,806 | (3,334) | (316) | (11,355) | 906,230 | 1,101,321 |
| Six months ended 30 Sept 2015 | | | | | | | |
| (unaudited): | | | | | | | |
| Opening balance | 33,290 | 176,806 | (3,334) | (316) | (11,355) | 906,230 | 1,101,321 |
| Total comprehensive income for the period | - | - | (1,898) | 1,172 | - | 132,583 | 131,857 |
| Treasury stock movement | - | - | - | - | (4,665) | - | (4,665) |
| Dividends paid to shareholders | - | - | - | - | - | (36,500) | (36,500) |
| Closing balance | 33,290 | 176,806 | (5,232) | 856 | (16,020) | 1,002,313 | 1,192,013 |

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2015

| | Note | As at 30 Sept 2015 unaudited \$000 | As at 30 Sept 2014 unaudited \$000 | As at 31 March 2015 audited \$000 |
|---|------|---|---|--|
| Assets | | | | |
| Cash and cash equivalents | | 1,722 | 3,831 | 409 |
| Trade and other receivables | | 201,994 | 124,527 | 196,853 |
| Advances to employees | | 3,608 | 3,782 | 3,549 |
| Property, plant and equipment | | 695,121 | 661,537 | 676,706 |
| Investment properties | 3 | 2,699,424 | 2,224,674 | 2,434,631 |
| Total assets | | 3,601,869 | 3,018,351 | 3,312,148 |
| Equity | | | | |
| Issued capital | 6 | 33,290 | 33,290 | 33,290 |
| Asset revaluation reserve | | 176,806 | 176,806 | 176,806 |
| Interest rate swap reserve | | (5,232) | (1,783) | (3,334) |
| Foreign currency translation reserve | | 856 | (78) | (316) |
| Treasury stock | | (16,020) | (11,355) | (11,355) |
| Retained earnings | | 1,002,313 | 803,721 | 906,230 |
| Total equity | | 1,192,013 | 1,000,601 | 1,101,321 |
| Liabilities | | | | |
| Trade and other payables | 8 | 62,211 | 103,005 | 100,986 |
| Employee entitlements | | 13,143 | 11,213 | 12,090 |
| Revenue in advance | | 34,663 | 29,616 | 32,081 |
| Interest rate swaps | | 7,267 | 2,477 | 4,631 |
| Refundable accommodation deposits | | 21,179 | 1,654 | 11,846 |
| Bank loans (secured) | | 495,419 | 389,196 | 407,175 |
| Occupancy advances (non interest bearing) | 4 | 1,712,032 | 1,420,063 | 1,580,172 |
| Provision for income tax | | - | 74 | - |
| Deferred tax liability (net) | | 63,942 | 60,452 | 61,846 |
| Total liabilities | | 2,409,856 | 2,017,750 | 2,210,827 |
| Total equity and liabilities | | 3,601,869 | 3,018,351 | 3,312,148 |
| Net tangible assets per basic and diluted share (cents) | | 238.4 | 200.1 | 220.3 |

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

| | Note | Six Months Ended 30 Sept 2015 unaudited \$000 | Six Months Ended 30 Sept 2014 unaudited \$000 | Year Ended 31 March 2015 audited \$000 |
|---|------|--|--|---|
| Operating activities | | | | |
| Receipts from residents | | 337,654 | 290,550 | 582,085 |
| Interest received | | 388 | 309 | 827 |
| Payments to suppliers and employees | | (101,132) | (87,904) | (184,719) |
| Payments to residents | | (75,803) | (84,152) | (155,365) |
| Interest paid | | (3,673) | (3,539) | (8,820) |
| Net operating cash flows | 2 | 157,434 | 115,264 | 234,008 |
| Investing activities | | | | |
| Purchase of property, plant and equipment | | (87,730) | (92,713) | (122,198) |
| Purchase of investment properties | | (104,550) | (92,563) | (166,323) |
| Capitalised interest paid | | (6,630) | (5,510) | (11,143) |
| Advances to employees | | (59) | (954) | (721) |
| Net investing cash flows | | (198,969) | (191,740) | (300,385) |
| Financing activities | | | | |
| Drawdown of bank loans | | 83,915 | 112,018 | 129,997 |
| Dividends paid | | (36,500) | (31,000) | (62,500) |
| Purchase of treasury stock (net) | | (4,665) | (2,465) | (2,465) |
| Net financing cash flows | | 42,750 | 78,553 | 65,032 |
| Net increase in cash and cash equivalents | | 1,215 | 2,077 | (1,345) |
| Cash and cash equivalents at beginning of period | | 409 | 1,754 | 1,754 |
| Translation of foreign cash balances | | 98 | - | - |
| Cash and cash equivalents at the end of period | | 1,722 | 3,831 | 409 |

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE LIMITED

ACCOUNTING POLICIES

I. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The financial statements presented are those of Ryman Healthcare Limited (“the Company”), and its subsidiaries (collectively, “the Group”). Ryman Healthcare Limited is a profit-oriented entity incorporated in New Zealand and 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 for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013, and its financial statements comply with these Acts.

The Group is a Tier 1 for profit entity in terms of XRBA1.

Basis of preparation

The unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with the New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) “Interim Financial Reporting” and International Accounting Standard 34 (IAS 34) “Interim Financial Reporting”.

The financial statements for the six months ended 30 September 2015 and the comparative six months ended 30 September 2014 are unaudited.

These financial statements have been prepared under the same accounting policies and method of computation as the Company’s Annual Report as at 31 March 2015. These financial statements should be read in conjunction with the financial statements and related notes included in the Company’s Annual Report for the year ended 31 March 2015.

The financial statements were approved by the Board of Directors on 19 November 2015.

The information is presented in thousands of New Zealand dollars (\$).

RYMAN HEALTHCARE LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. RECONCILIATION OF NET PROFIT AFTER TAX FOR THE PERIOD WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

| | Six Months Ended 30 Sept 2015 unaudited \$000 | Six Months Ended 30 Sept 2014 unaudited \$000 | Year Ended 31 March 2015 audited \$000 |
|--|--|--|---|
| Net profit after tax | 132,583 | 107,909 | 241,918 |
| <i>Movements in balance sheet items:</i> | | | |
| Occupancy advances | 150,284 | 126,463 | 301,823 |
| Refundable accommodation deposits | 9,333 | 1,654 | 11,846 |
| Accrued management fees | (17,424) | (11,933) | (27,222) |
| Revenue in advance | 2,582 | 2,334 | 4,799 |
| Trade and other payables | (758) | (2,623) | (2,622) |
| Provision for income tax | - | 74 | - |
| Trade and other receivables | (5,141) | (18,578) | (90,904) |
| Employee entitlements | 1,053 | 553 | 1,430 |
| <i>Non-cash items:</i> | | | |
| Depreciation | 6,384 | 4,925 | 10,767 |
| Deferred tax | 2,833 | (1,885) | 113 |
| Translation of foreign operations | (4,967) | (78) | (316) |
| <i>Adjusted for:</i> | | | |
| Fair value movement of investment properties | (119,328) | (93,551) | (217,624) |
| Net operating cash flows | 157,434 | 115,264 | 234,008 |

Net operating cash flows include occupancy advance receipts from retirement village residents of \$235.1 million (six months ended 30 September 2014: \$202.5 million and year ended 31 March 2015: \$390.7 million). Net operating cash flows also include management fees collected of \$10.5m (six months ended 30 September 2014: \$11.0 million and year ended 31 March 2015: \$22.4 million).

3. INVESTMENT PROPERTIES

| | Six Months Ended 30 Sept 2015 unaudited \$000 | Six Months Ended 30 Sept 2014 unaudited \$000 | Year Ended 31 March 2015 audited \$000 |
|---|--|--|---|
| Balance at beginning of financial period | 2,434,631 | 2,034,549 | 2,034,549 |
| Additions | 136,627 | 94,081 | 184,719 |
| Net foreign currency exchange differences | 8,838 | 2,493 | (2,261) |
| <i>Fair value movement:</i> | | | |
| Realised fair value movement: | | | |
| - New retirement village units | 28,245 | 26,752 | 61,597 |
| - Existing retirement village units | 25,920 | 27,003 | 50,312 |
| | 54,165 | 53,755 | 111,909 |
| Unrealised fair value movement | 65,163 | 39,796 | 105,715 |
| | 119,328 | 93,551 | 217,624 |
| Net movement for period | 264,793 | 190,125 | 400,082 |
| Balance at end of financial period | 2,699,424 | 2,224,674 | 2,434,631 |

RYMAN HEALTHCARE LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. INVESTMENT PROPERTIES (continued)

The realised fair value movement arises from the sale and resale of occupation rights to residents. Investment properties are not depreciated and are fair valued.

The carrying value of completed investment properties is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Limited as at 30 September 2015. Principal assumptions are unchanged from the prior periods. Significant assumptions used by the valuer include long term house price inflation (which ranges from 1% to 3% nominal) and discount rate (which ranges from 13% to 16%).

4. OCCUPANCY ADVANCES (non interest bearing)

Occupancy advances comprise the following balances:

| | Six Months Ended 30 Sept 2015 unaudited \$000 | Six Months Ended 30 Sept 2014 unaudited \$000 | Year Ended 31 March 2015 audited \$000 |
|--|--|--|---|
| Gross occupancy advances (see below) | 1,922,135 | 1,596,491 | 1,771,851 |
| Less: management fees & resident loans | (210,103) | (176,428) | (191,679) |
| Closing balance | 1,712,032 | 1,420,063 | 1,580,172 |
| <i>Movement in gross occupancy advances:</i> | | | |
| Opening balance | 1,771,851 | 1,470,028 | 1,470,028 |
| Net foreign currency exchange differences | 6,074 | 1,578 | (4,682) |
| Plus: Increases in occupancy advances: | | | |
| - New retirement village units | 103,226 | 101,645 | 249,096 |
| - Existing retirement village units | 25,920 | 27,003 | 50,312 |
| Increase/(Decrease) in occupancy advance receivables | 15,064 | (3,763) | 7,097 |
| Closing balance | 1,922,135 | 1,596,491 | 1,771,851 |

Gross occupancy advances are non interest bearing.

5. DIVIDEND

On 19 November 2015 an interim dividend of 7.30 cents per share was declared and will be paid on 11 December 2015 (Prior year: 6.30 cents per share). The record date for entitlements is 4 December 2015.

6. SHARE CAPITAL

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (30 September 2015: 500,000,000 and 31 March 2015: 500,000,000). All shares rank equally in all respects.

Basic and diluted earnings per share has been calculated on the basis of 500,000,000 ordinary shares (30 September 2014: 500,000,000 and 31 March 2015: 500,000,000).

Shares purchased on market under the senior executive share scheme are treated as treasury stock until vesting to the employee.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

7. COMMITMENTS

The Group had commitments relating to construction contracts amounting to \$44.0 million as at 30 September 2015 (30 September 2014: \$29.4 million and 31 March 2015: \$26.3 million).

8. TRADE AND OTHER PAYABLES

Trade payables are typically paid within 30 days of invoice date or the 20th of the month following invoice date. Other payables at 30 September 2015 includes \$23.1m (30 September 2014: \$65.9m and 31 March 2015: \$61.6m) in relation to the purchase of land.

9. OPERATING SEGMENTS

The Ryman Group operates in one industry, being the provision of integrated retirement villages for the elderly. The Group operates predominantly in New Zealand with some operations now within Australia. In presenting information on the basis of geographical segments, segment net profit, underlying profit, segment revenue is based on the geographical location of operations. Segment assets are based on the geographical location of the assets.

| | New Zealand \$000 | Australia \$000 | Group \$000 |
|--|----------------------|--------------------|----------------|
| Six months ended 30 Sept 2015 unaudited | | | |
| Revenue | 121,414 | 5,371 | 126,785 |
| Underlying profit | 58,820 | 11,433 | 70,253 |
| Less: Current tax expense | - | - | - |
| Plus: Unrealised fair value movement | 59,395 | 5,768 | 65,163 |
| Less: Deferred tax (expense)/benefit | (2,833) | - | (2,833) |
| Profit for the period | 115,382 | 17,201 | 132,583 |
| Non-current assets | 3,157,955 | 236,590 | 3,394,545 |
| Six months ended 30 Sept 2014 unaudited | | | |
| Revenue | 108,073 | 1,090 | 109,163 |
| Underlying profit | 63,270 | 3,032 | 66,302 |
| Less: Current tax expense | (74) | - | (74) |
| Plus: Unrealised fair value movement | 31,587 | 8,209 | 39,796 |
| Less: Deferred tax (expense)/benefit | 1,885 | - | 1,885 |
| Profit for the period | 96,668 | 11,241 | 107,909 |
| Non-current assets | 2,724,106 | 162,105 | 2,886,211 |
| Year ended 31 March 2015 audited | | | |
| Revenue | 222,005 | 5,107 | 227,112 |
| Underlying profit | 127,941 | 8,375 | 136,316 |
| Less: Current tax expense | - | - | - |
| Plus: Unrealised fair value movement | 94,281 | 11,434 | 105,715 |
| Less: Deferred tax (expense)/benefit | (113) | - | (113) |
| Profit for the period | 222,109 | 19,809 | 241,918 |
| Non-current assets | 2,931,711 | 179,626 | 3,111,337 |

RYMAN HEALTHCARE LIMITED NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. SUBSEQUENT EVENTS

Other than the dividends as per note 5, there are no other subsequent events.