

**We invest in winners.** That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

#### **Ryman Healthcare Ltd.**

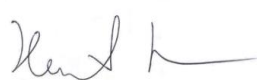
Ryman was established in Christchurch in 1984, and is New Zealand's leading provider of senior residences. The company has gained an excellent reputation for operating outstanding residences with professional and caring staff. The company's living and support model is comprised of independent residences and flats, assisted living as well as a competence centre consisting of a hospital, care home and dementia care. As the only company in the market, Ryman offers the entire spectrum of living, leisure activities and care, which is usually required by people in their last phase of life. At this time, Ryman has 30 residences in New Zealand, and a first residence in Australia. As a vertically integrated provider, Ryman plans, builds and operates its facilities on its own. The occupancy rate is 99%. A total of 4,500 employees look after approximately 10,500 residents.

New residents pay Ryman an occupancy advance for the right to move into a new independent or supported unit. Prices are 20-25% above the construction costs, but below the market value of an alternative residential unit. When a resident vacates the unit, the occupancy advance (less a management fee) is returned to him. The fee is 4% per year, and is limited to a maximum of 20%. In addition, Ryman generates its income from ongoing care fees and the resale of occupancy advances. These earnings represent a strong

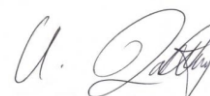
driver for the business model. They allow Ryman to generate freed-up capital from completed projects for the construction of new residences. At the same time, annually recurring earnings from management and care fees have also been growing (to over NZD 200 million). In addition, Ryman benefits from the long-term trend of rising real estate values. Unrealised capital gains from future occupancy advances amount to NZD 770 million.

Since the company's IPO in 1999, when it generated proceeds of NZD 25 million and had total assets of only NZD 69 million, Ryman was able to use its enormous internal financing capability to invest NZD 2.8 billion in total assets of NZD 5.3 billion, expand the equity capital to NZD 1.8 billion and also distribute NZD 0.6 billion in dividends. Interest-bearing net indebtedness of NZD 0.9 billion is used to buy land and build additional facilities. During the next few years, Ryman will be completing 14 facilities to meet growing demand. It is expected that in the next ten years alone, the number of people over 75 years of age will double in the metropolitan areas of New Zealand and Australia. In this context, adjusted profits and dividends are likely to continue to grow by 15% p.a., i.e. Ryman will double its fair value every five years. We would like to participate in this trend.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky