



# Ryman Healthcare Limited

Retail Bond Presentation | 26 November 2020



# Disclaimer

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## Please read carefully before the rest of the presentation

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# Today's speakers



## **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 he is a Fellow of Chartered Accountants Australia and New Zealand.

His association with Ryman dates back to 1994 when his Nana moved into Margaret Stoddart Retirement Village in Christchurch.



## **David Bennett, Chief Financial Officer**

Dave joined Ryman in 2013 and was promoted to Chief Financial Officer in 2017. Dave is responsible for ensuring Ryman's strong financial performance. This includes building relationships with shareholders, the wider investment community and Ryman's banking partners. He is a board member of the New Zealand Retirement Villages Association. Dave has a Bachelor of Commerce degree and is a Chartered Accountant. Before joining Ryman, he worked as an accountant and auditor.



## **Michelle Perkins, Investor Relations Manager**

Michelle joined Ryman in 2017. Prior to joining Ryman, Michelle was a Senior Research Analyst at Craigs Investment Partners and member of the company's Investment Committee where her responsibilities included strategic asset allocation for the group.

Michelle's association with the company dates back to the early 2000s when she was the healthcare analyst covering Ryman for Craigs Investment Partners.

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# Offer highlights

The purpose of the Offer is to provide diversity of funding sources and tenor. The proceeds of the Offer will be used to repay a portion of Ryman’s existing bank debt. This will provide Ryman with additional headroom under Ryman’s Bank Facility Agreement which it can drawdown as required.

<b>Retail bond offer</b>	
Issuer	Ryman Healthcare Limited (Ryman)
Bonds	Fixed rate, secured, unsubordinated Bonds
Guarantee and security	Payments on the Bonds are guaranteed by each of Ryman’s Subsidiaries under a cross guarantee in the Security Trust Deed. The Bondholders have the benefit of the same security package as Ryman’s bank lenders and any other debt funding providers who become Beneficiaries under the Security Trust Deed
Issue size	Up to \$100 million (plus oversubscriptions of up to \$50 million at the sole discretion of Ryman)
Maturity	6 year Bonds maturing Friday, 18 December 2026
Rating	Not rated
Quotation	The Bonds are expected to be quoted on the NZX Debt Market on Monday, 21 December 2020
Joint lead managers	ANZ, Forsyth Barr, Hobson Wealth, Westpac

# Introducing Ryman Healthcare

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Nellie Melba,  
Melbourne



## Ryman overview

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- The largest retirement village operator in New Zealand, Ryman was founded in 1984 on the basis that older people deserve dignity and the highest standard of care
- Founding philosophy is that Ryman's care has got to be good enough for Mum or Dad
- NZX Listed in 1999, Ryman is currently by market capitalisation in the top 6 New Zealand-Incorporated listed companies
- Owner and operator of 39 retirement villages in New Zealand and Australia and is home to more than 12,000 residents
- Named by Reader's Digest as the most trusted brand in the New Zealand retirement industry in 2020 for a sixth time
- "Gold Standard" of care, with 81% of Ryman's New Zealand Villages receiving the highest government accreditation, compared to 50% for other large operators†

† Operators with more than 15 facilities



# Our competitive advantage

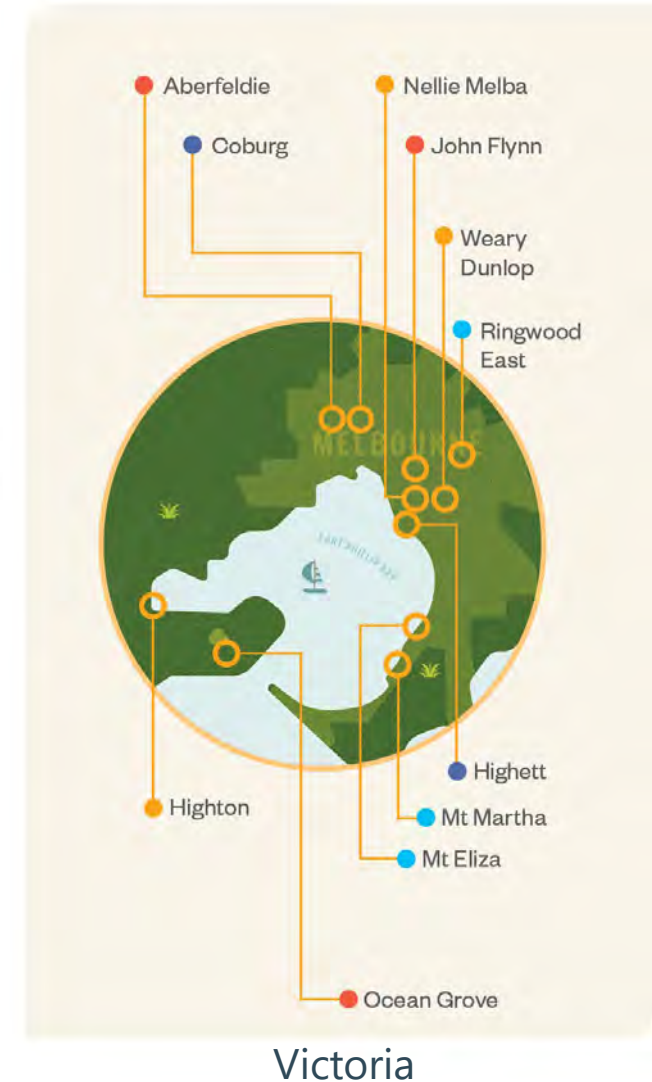
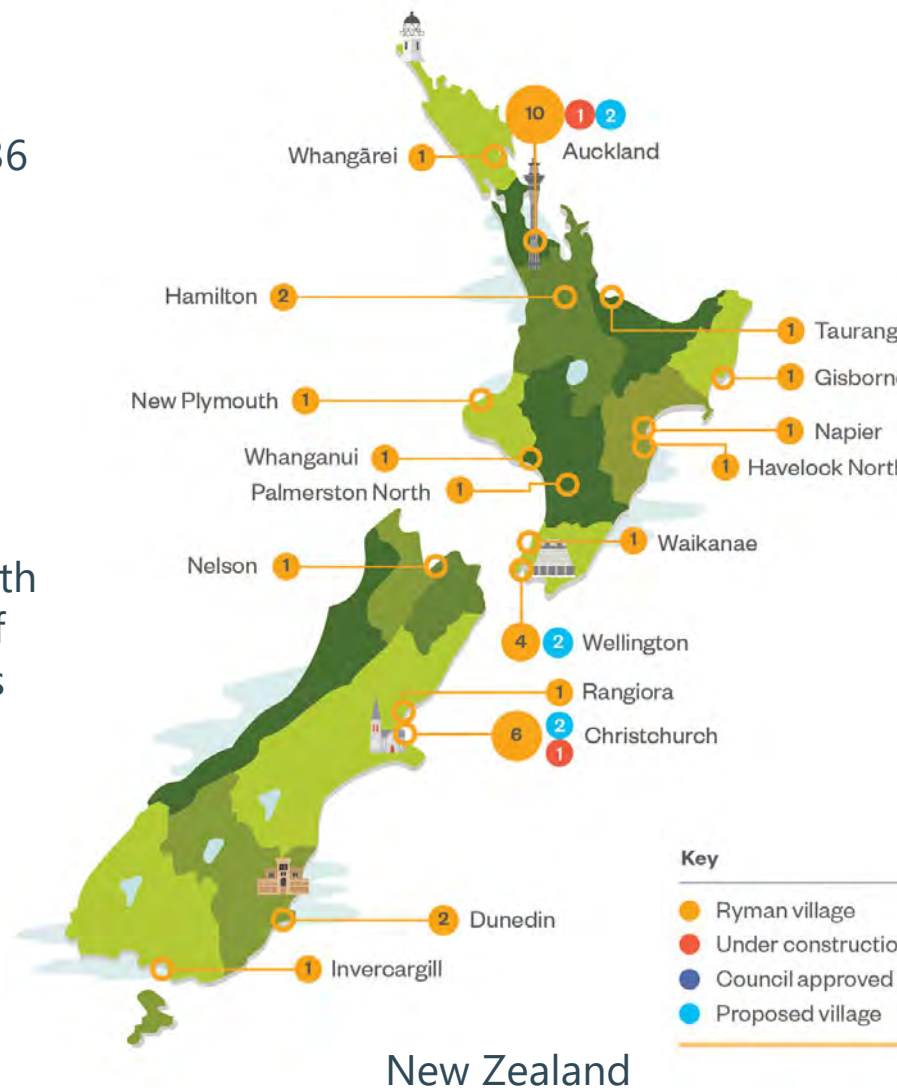
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- Brand reputation, 36 years, over 30,000 residents over this time
- Experienced leadership team
- Bespoke Ryman designed villages
- In-house development and construction
- Ryman peace of mind guarantees
- Full continuum of care – including dementia care
- Continued innovation for residents and staff
- Benefits of increasing scale
- Established operations and development pipeline in Victoria
- “It’s got to be good enough for Mum or Dad”



# Village locations

- 39 strategically located villages, 36 in New Zealand and 3 in Victoria, Australia
- Geographically diverse, with the majority of villages located in established markets with high population centres
- 25 villages are located in the North Island of New Zealand, with 10 of these in Auckland, New Zealand's most populous urban area
- A pipeline of 16 future villages across New Zealand and Victoria



# COVID-19 care response

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- Both New Zealand and Australia have responded to the virus with strong public health measures and a range of economic stimulus packages
- Ryman is not unfamiliar with infectious diseases, and activated its infectious diseases protocol in January 2020
- Ryman has infection control and pandemic plans in place and its clinical governance committee has been overseeing plans
- Early measures taken included:
  - purchasing additional supplies of personal protective equipment
  - closing care centres and serviced apartments to external visitors
  - arranging grocery and food deliveries to villages
- Flexible protocols adopted, allowing Ryman staff and residents to adapt quickly to varying alert levels and lockdown restrictions
- No cases of COVID-19 have been reported among Residents or staff as at 25 November 2020

# Continuum of care

Independent living  
Average age of entry 79.6 years

Assisted living  
Average age of entry 86.0 years

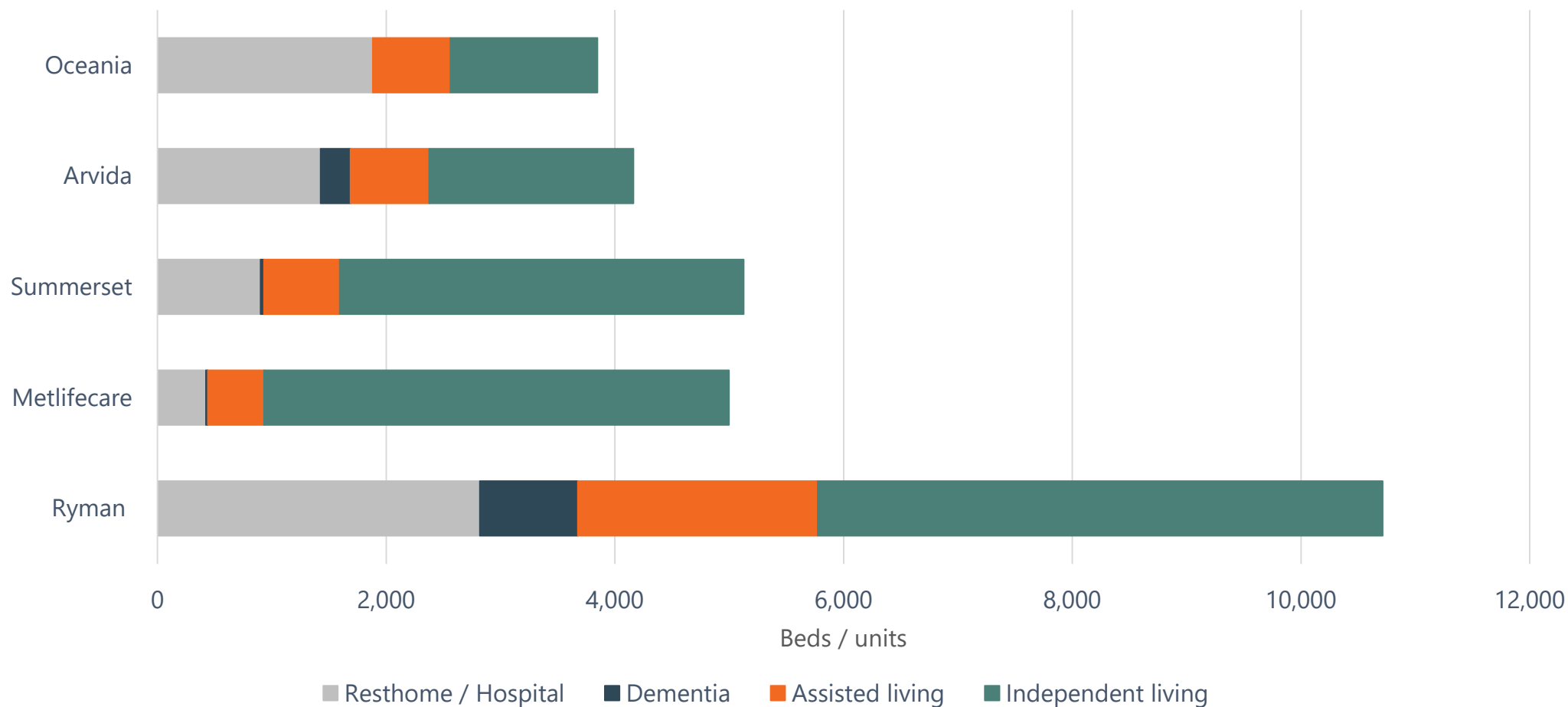
Aged care: rest home / hospital  
/ dementia



- The continuum of care offering plays an important role in the decision-making process of residents considering moving into a retirement village
- The certainty, security and peace of mind that comes from this offering is of importance for residents as they age
- Couples are able to stay together as they age, and the offering gives families the comfort of knowing their parents or grandparents can be cared for as their health needs change

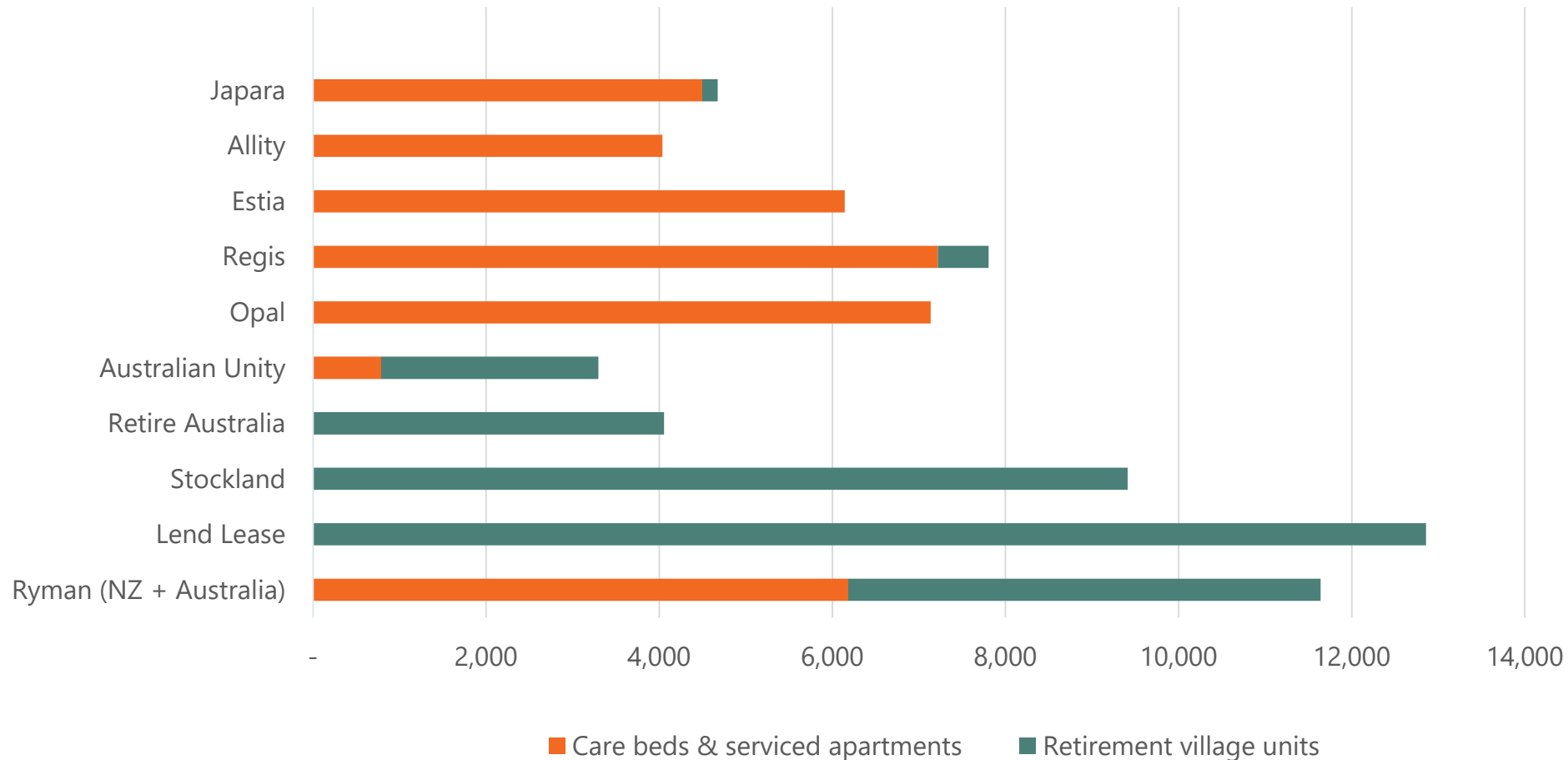
Average age of entry is the median age that the current residents at Ryman villages (at 30 September 2020) were when they entered their unit.

# Around 50% of Ryman's portfolio is needs based



Source: Oceania does not disclose the split of care beds in their villages. Figures based on each company's latest financial reports and disclosures published on NZX as at 20 November 2020.

# Continuum of care offering is rare in Australia



Source: Data based on ASX disclosures as at 21 November 2020 for ASX listed operators. For unlisted operators, data was sourced from their websites and the Aged Care Services List, Australia as at 21 November 2020

# Ryman's earnings streams

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## Care fees

Receive weekly fee for service and achieve margin

## New sales

Development margin on the initial occupation right sale (typically 20% to 25%)

## Resales

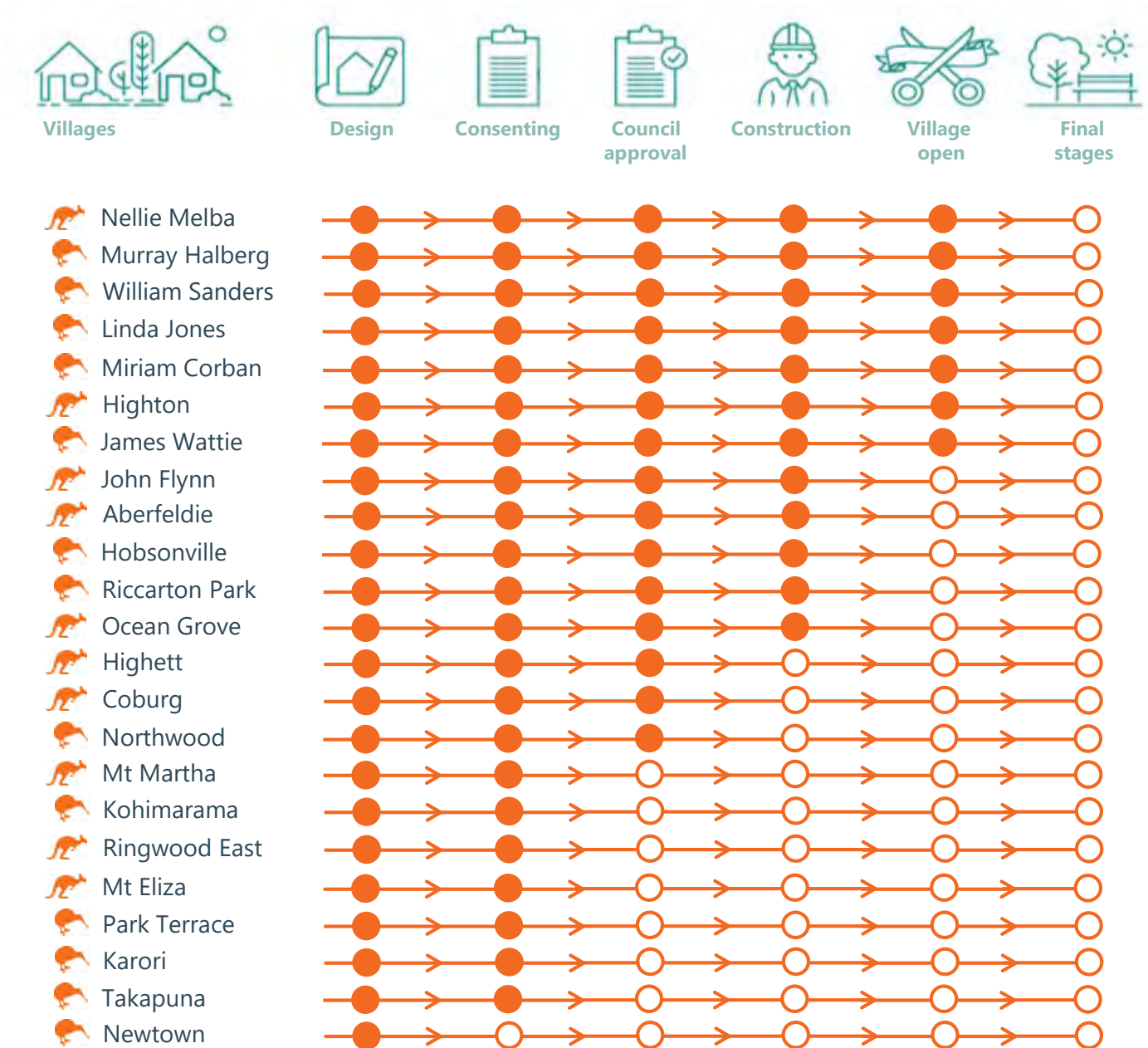
Collect price to price gain for existing unit occupation rights when residents change

## Management fee

20% of the occupancy advance paid by independent and serviced unit residents, collected on repayment

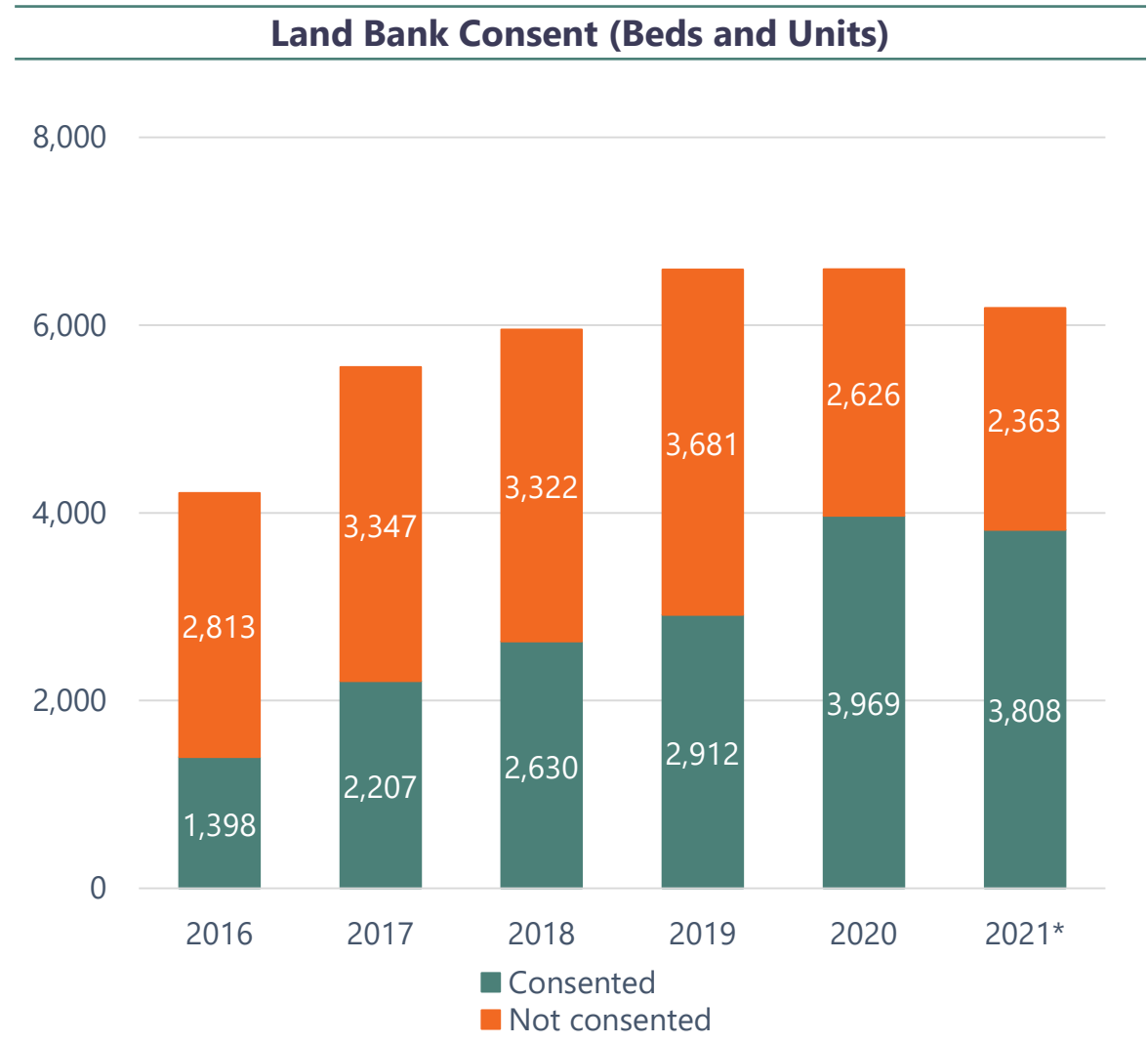
# Development activity (at 30 Sept 2020)

- Ryman is diligent in site selection for its new villages
- Development is primarily managed in-house by Ryman's experienced development, design and construction teams
- This strategy has allowed Ryman to develop new villages in well-established areas and invest for future growth



# Land bank of 6,171 beds and units

- Ryman's land bank consists of undeveloped land on both existing and new village sites
- Local councils issue the required building consents to permit the development of new villages
- Land bank at existing village sites represents opportunities to expand the village to meet local demand and enhance residents' experiences
- Ryman's current land bank supports around four years of its targeted medium-term build rate of 1,600 beds and units per year







**Murray Halberg**



**Linda Jones**



**Nellie Melba**



**William Sanders**



**James Wattie**



**Highton**



**Miriam Corban**



**John Flynn**



**Ocean Grove**



**Hobsonville**



**Aberfeldie**



**Riccarton**

Construction is underway at all sites shown. All images are artist impressions of the completed villages based on latest designs.



# Our corporate citizenship

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- Our commitment to be a good corporate citizen focuses on doing the right things for our residents and their families, staff, the broader community and stakeholders
- We believe it is a privilege to care for our elderly and share in their life story. We are committed to continued innovation in the way we care for our residents – from the sustainable design and construction of our villages ([11 principles of sustainable design](#)) through to improving the health and wellbeing of our residents ([Ryman Prize](#), [Medications Advisory Committee](#))
- We have a strong culture anchored in providing care that has got to be “good enough for Mum and Dad”
- Health, safety & wellness is a top priority and we are dedicated to the ongoing betterment of the health, safety and general wellness of our employees, residents and broader Ryman family
- Experienced leadership team with a long-term focus and high ethical standards
- We build warm, energy-efficient homes and communities specifically designed for the needs of older people, freeing up homes in the broader community for families to live in
- We’re building critical aged care infrastructure that is otherwise not being built alleviating pressure on the public healthcare system
- We’re committed to a journey of reducing greenhouse gas emissions, waste minimisation and conserving water resources ([Ryman Healthcare sustainability framework](#), member of [Toitū carbonreduce programme](#) since 2017)
- Sustainability leadership group established in 2018 with the aim of bringing a co-ordinated approach to the way Ryman approaches sustainability
- Key to Ryman’s success is its people and culture. We are committed to the professional & personal development of our team members and ensuring all staff are treated fairly and equally with respect and kindness, regardless of their gender or heritage
- Supporter of local communities, national charities and organisations through sponsorship and volunteering

# Funding and security structure

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**Bert Sutcliffe,  
Auckland**

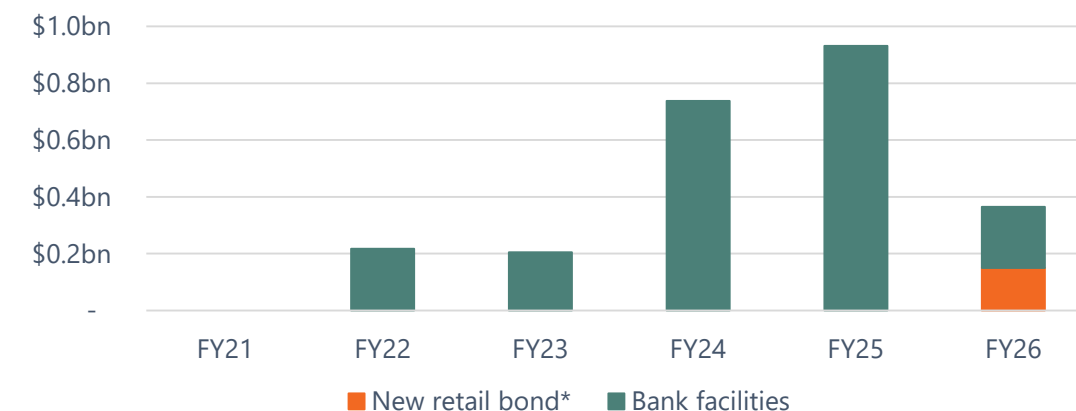
# Purpose of debt

- Debt is primarily used to develop Ryman villages
- The Ryman Group's principal use of debt is to facilitate the acquisition of land for development, the development and construction of Villages, and to manage the timing of Unit sales to Residents for developed and existing Villages
- The debt is working capital debt with the proceeds from the first time sale of Units used to repay debt
- Debt fluctuates depending on the level of land acquisition and development activities
- The purpose of the Offer is to provide diversification of funding sources and tenor. The proceeds from the proposed bond issue will be used to repay a portion of Ryman's existing bank debt. This will provide Ryman with additional headroom under its Bank Facility Agreement to drawdown further amounts as required

<b>As at 30 September 2020 – excluding bond issuance</b>	
Net drawn debt (\$m)	2,109.4
Facilities' limit (\$m)	2,309.6
Facilities' headroom (\$m)	200.2
Bank lenders	ANZ, Bank of China, BNZ/NAB, CBA, ICBCNZ, MUFG and Westpac

As documented in the Group's facility agreement the Group has a right to off-set cash balances held against bank debt. Net drawn debt is total secured bank loans net of cash held at 30 September 2020.

## Debt facility maturity profile (NZD)



\* Assumes the issuance of a 6 year \$150m retail bond  
AUD debt converted to NZD using the exchange rate as at 30 September 2020

# Additional funding

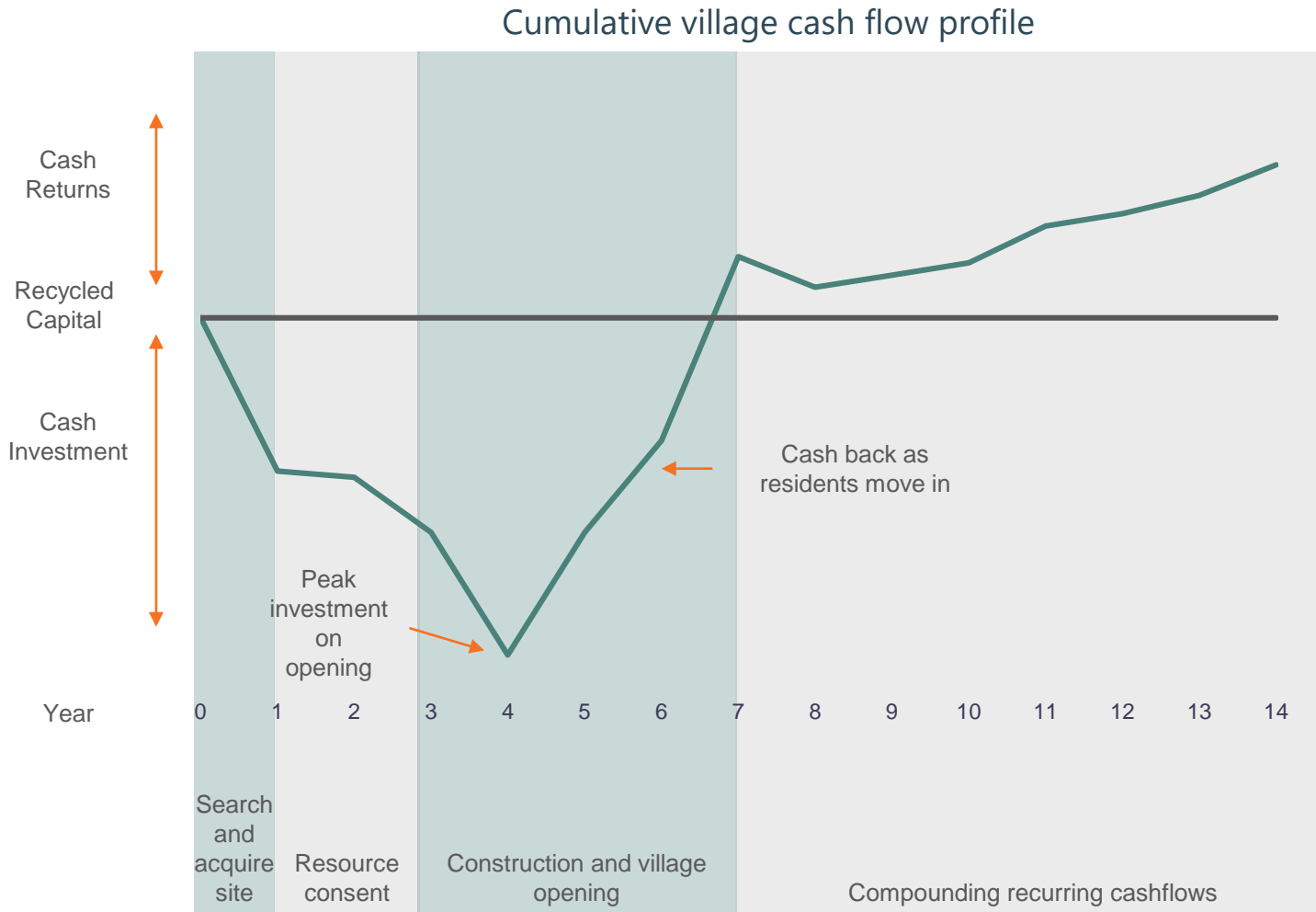
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As at 24 November 2020, the limit of the facilities available under the Bank Facility Agreement is \$2,395m. To further diversify sources and tenor of debt funding, Ryman is investigating a number of additional debt funding options, including an issue of USPP notes and other arrangements with institutional lenders. These transactions may be completed relatively soon after the date of this PDS.

While details of such funding arrangements have not been confirmed as at the date of this PDS:

- as the proceeds of such funding are intended to be solely used to repay a portion of Ryman's existing bank debt, it is not expected that such additional funding will itself result in an increase in Ryman's total liabilities; and
- it is expected that the providers of such debt funding will be Beneficiaries entitled to the benefit of the Security under the Security Trust Deed (and will rank equally for repayment with the Bonds).

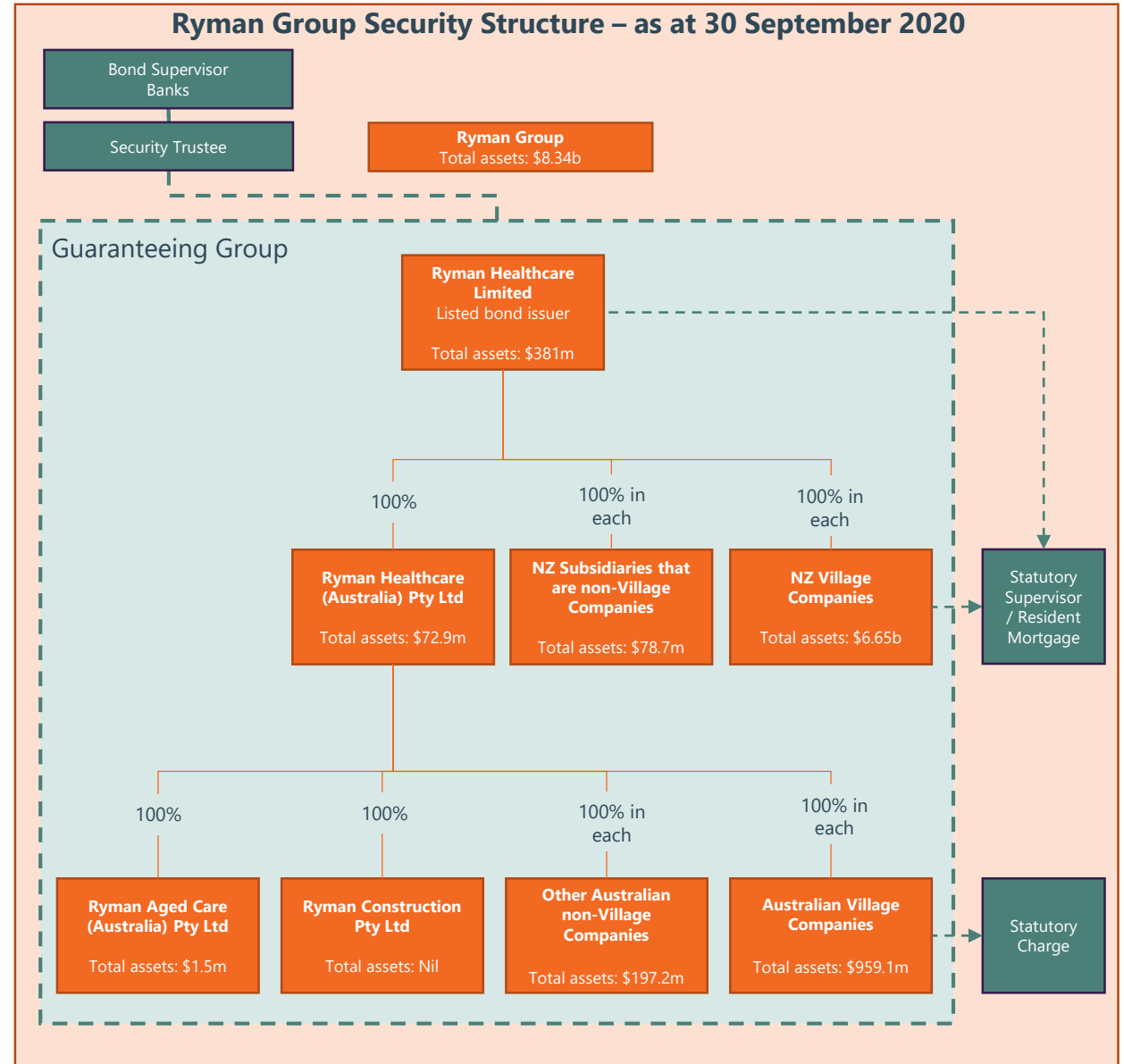
# Capital recycling



- Optimally, cash flow generated from the sale of Occupation Agreements for its independent units and serviced apartments supports the development of the entire village including the communal and aged care facilities
- Refundable Accommodation Deposits provide an additional source of capital

# Security structure

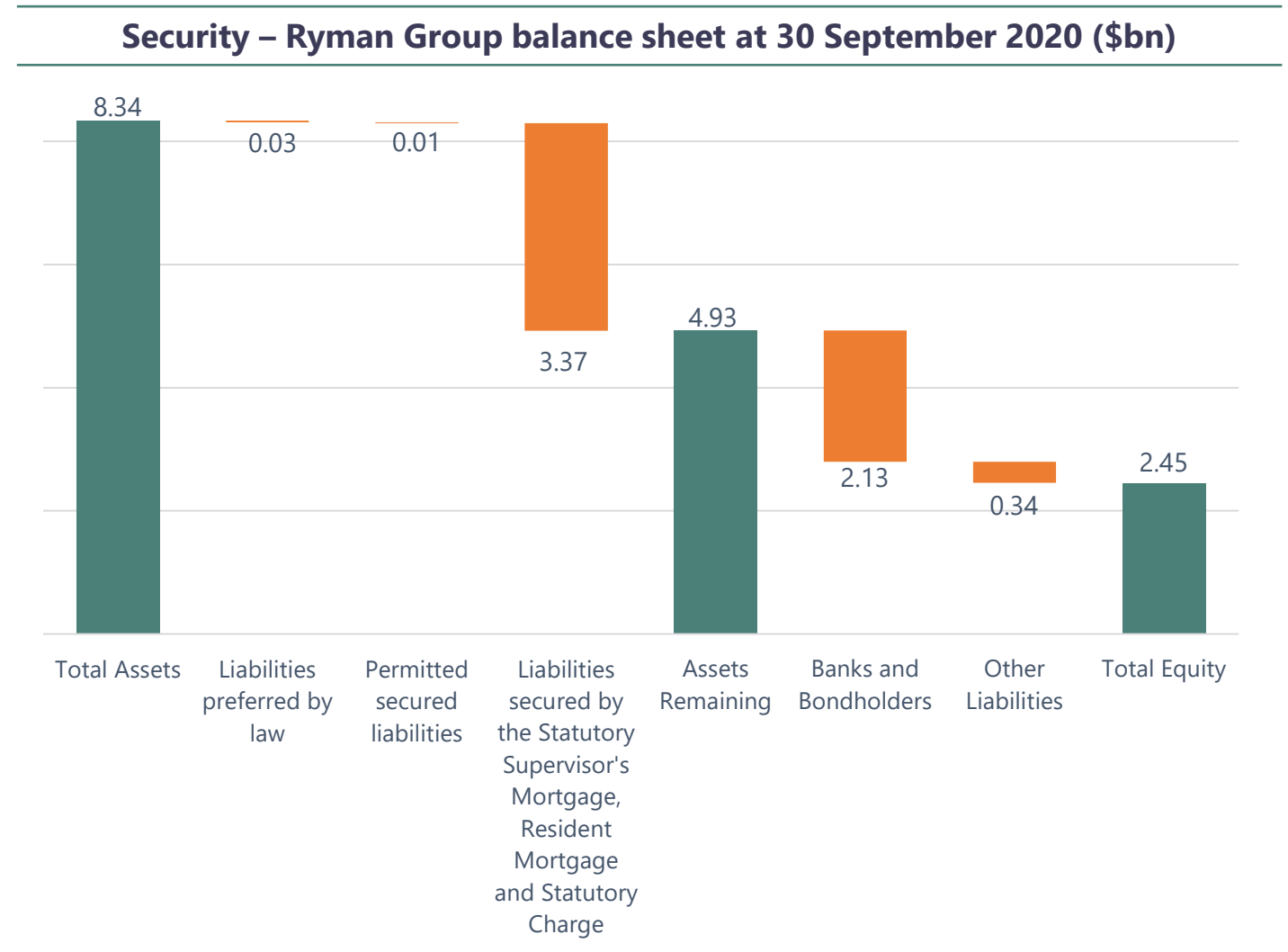
- Ryman ultimately owns all the companies within the Ryman Group, including each Village Company
- Ryman is listed on the NZX and is the issuer of the Bonds
- The Ryman Group provides general security over all its assets in favour of the Security Trustee (subject to the security sharing arrangements with the Statutory Supervisor)



Note: Assets of each entity/category exclude shares held by that entity/category in subsidiaries of that entity/category and intercompany loan balances within the Guaranteeing Group. Also, further details of the securities held by the Security Trustee and their ranking is contained on slides 24 to 26.

# Assets of \$4.93bn available as security at 30 September 2020

- Total assets as at 30 September 2020 of \$8.34bn
- Assets of \$4.93bn after deducting amounts payable to Residents, supporting liabilities secured by the Security of approximately \$2.13bn
- New Zealand Permanent Trustees Limited is the Security Trustee
- Public Trust is the Bond Supervisor



\* Assuming \$150 million of Bonds are issued under the Offer, which will be applied towards repaying an equivalent portion of bank debt. Figures included in the chart above are rounded to two decimal places.



# Security

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- The Bondholders will share the benefit of the same security package as Ryman's banks and any other debt funding providers who become Beneficiaries under the Security Trust Deed on a pro rata basis. This security is held by the Security Trustee.
- The Securities held by the Security Trustee are:
  1. first ranking registered mortgages over:
    - a. all land and buildings owned by NZ Guarantors that are not NZ Village Companies. This includes bare land and land that is under development and not yet used for operational retirement villages;
    - b. any land and buildings owned by NZ Guarantors that are NZ Village Companies which are on separate legal titles to any land allocated for Units. This generally includes hospital facilities, Community Facilities and care centres (but only if that care centre does not contain any Care Suites);
  2. second ranking registered mortgages over the care centre of any NZ Village Company but only if that care centre includes any Care Suites; and
  3. general security interest over all the assets of Ryman and each Guarantor under the General Security Agreements.
- No registered mortgages are held in respect of any Australian Guarantor. However, the Security Trustee has an unregistered security interest in each Australian land holding Guarantor under the general security (which will rank behind the Statutory Charge).

# Security (continued)

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- Each NZ Village Company provides first ranking mortgages to the Statutory Supervisor over all land and buildings owned by that NZ Village Company containing Units and the land on which a care centre of any NZ Village Company is located where the care centre includes Care Suites.
- All proceeds of enforcement received under the Security Trustee's New Zealand GSA and/or the Security Trustee's Mortgages and the Statutory Supervisor's Mortgage are applied in accordance with the Security Sharing Deed and the Security Trust Deed.
- Under the Security Sharing Deed the Statutory Supervisor is entitled to the proceeds of enforcement in priority to the Security Trustee to the extent that the proceeds relate to a Unit, the land on which the Unit is located and/or land on which a care centre is located (but only where that care centre includes any Care Suites). The remaining enforcement proceeds will be shared between the Beneficiaries (including the Bondholders) on a pro rata basis.
- Each Resident of an Australian Village Company has the benefit of a Statutory Charge over the land of the relevant Australian Village Company to secure that company's obligation to repay the Australian Resident Loan paid by a Resident. This charge ranks ahead of the security interest held by the Security Trustee over the assets of the Australian Village Company.

# Occupation Agreement and Resident protection

## New Zealand

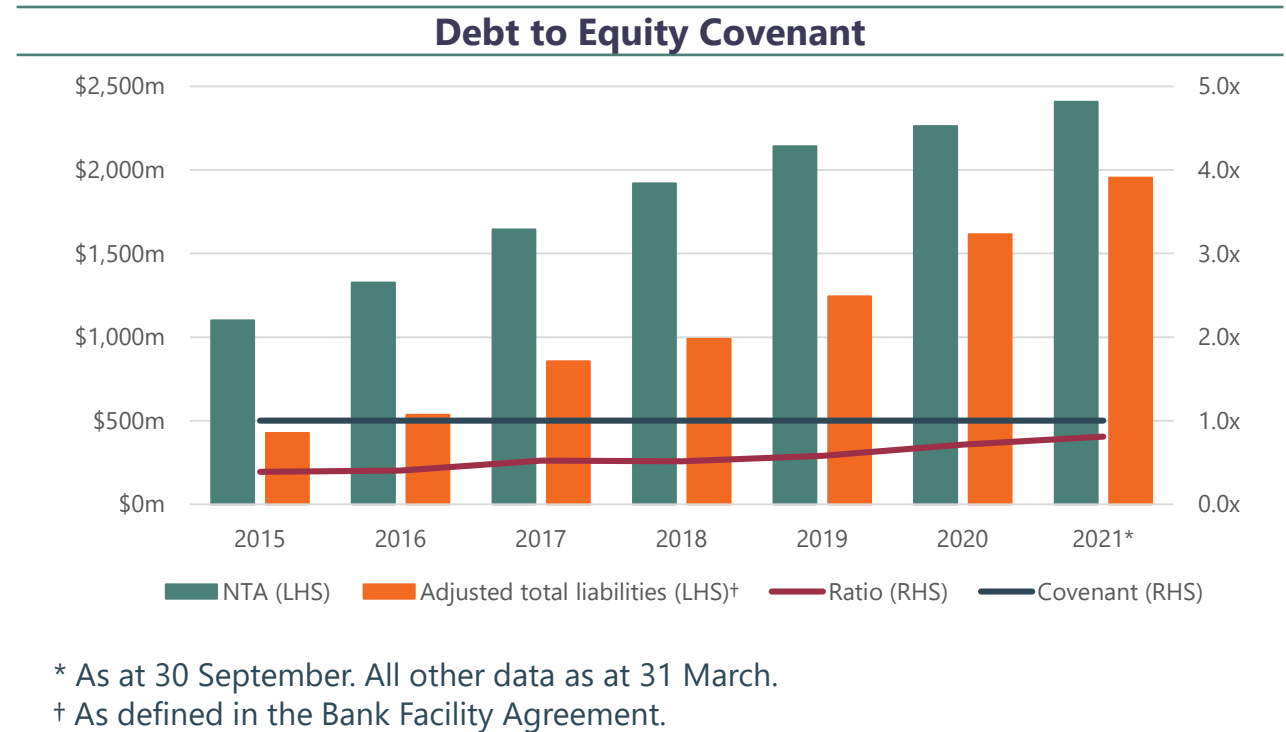
- Resident rights are protected in New Zealand by a statutory supervisor. Residents acquire occupation rights under an Occupation Agreement by providing a repayable, interest free loan
- Residents' loans have no set term, are generally repayable on resale of an Occupation Agreement (using proceeds received from the new Resident), and are non-interest bearing
- The rights of the Resident under an Occupation Agreement are protected by the Statutory Supervisor
- If a Village Company had financial problems the Residents' right to continue to occupy their Unit is protected, and the Residents' right to receive their repayment sum on receipt of funds from a new Resident is protected

## Victoria

- There is no statutory supervisor regime in Victoria
- The rights of Residents in an Australian Village Company are protected by a Statutory Charge over the land of the relevant Australian Village Company to secure repayment of the refundable component of the Resident's Australian Resident Loan under the Australian RV Act. If Ryman fails to pay amounts owing to Residents after they have obtained judgment against Ryman, the Statutory Charge can be enforced by the Residents on application to the Supreme Court
- The relevant Australian Village Company is obliged to repay an Australian Resident Loan (less any applicable deductions) within six months after the Resident permanently vacating their Unit, noting the relevant Australian Village Company is obliged to repay earlier if the unit is sold and settled within the 6 month period.

# Debt to Equity Covenant

- Covenant is aligned to the bank facility covenant
- Under this covenant: the ratio of Total Liabilities of the Ryman Group (after deducting the total value of Resident Occupancy Advances, Australian Resident Loans and Accommodation Bonds owing or held by the Ryman Group) to Net Tangible Assets of the Ryman Group must be no greater than 1.0:1.0
- If there is a breach of this covenant, Ryman must, within 6 months of the date of a 6 monthly compliance report being delivered specifying that breach (or the date on which it should have been delivered, if earlier), remedy the breach or (if not remedied within 6 months) give notice to the Bond Supervisor within 20 Business Days after such date of its plan to remedy the breach
- If the breach is not remedied within 6 months of the date of that notice (or the date on which it should have been delivered, if earlier), an Event of Default will occur
- Ryman is compliant with this covenant



- The Bond Supervisor does not have the benefit of a distribution stopper for a breach of the Debt to Equity Covenant unless that breach becomes an Event of Default. But, under the Bank Facility Agreement Ryman is not permitted to make a distribution if an Event of Default occurs from a breach of the equivalent covenant in the Bank Facility Agreement (unless the lenders under the Bank Facility Agreement waive their rights)

# Guaranteeing Group Coverage covenant

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- Covenant is aligned to the bank facility covenant
- Under this covenant: the Total Tangible Assets and Adjusted EBIT of the Guaranteeing Group must represent not less than 90% of the Total Tangible Assets and Adjusted EBIT of the Ryman Group taken as a whole
- Currently the Guaranteeing Group comprises 100% of the Ryman Group
- A breach of this covenant is an Event of Default if: (1) it is not remedied within 30 days after Ryman becoming aware of the breach; and (2) the default is, or is likely to be (in the reasonable opinion of the Bond Supervisor) materially prejudicial to Bondholders
- Ryman is compliant with this covenant

## **Financial covenants may change**

Under the Trust Deed these financial covenants are subject to change but only where the equivalent covenant in the Bank Facility Agreement is changed and Ryman has certified to the Bond Supervisor that the change is more favourable to the Bondholders (if it applied to the Bondholders) than the relevant financial covenant.

# Financial performance

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Bruce McLaren,  
Auckland

# Historical annual financial performance (31 March)

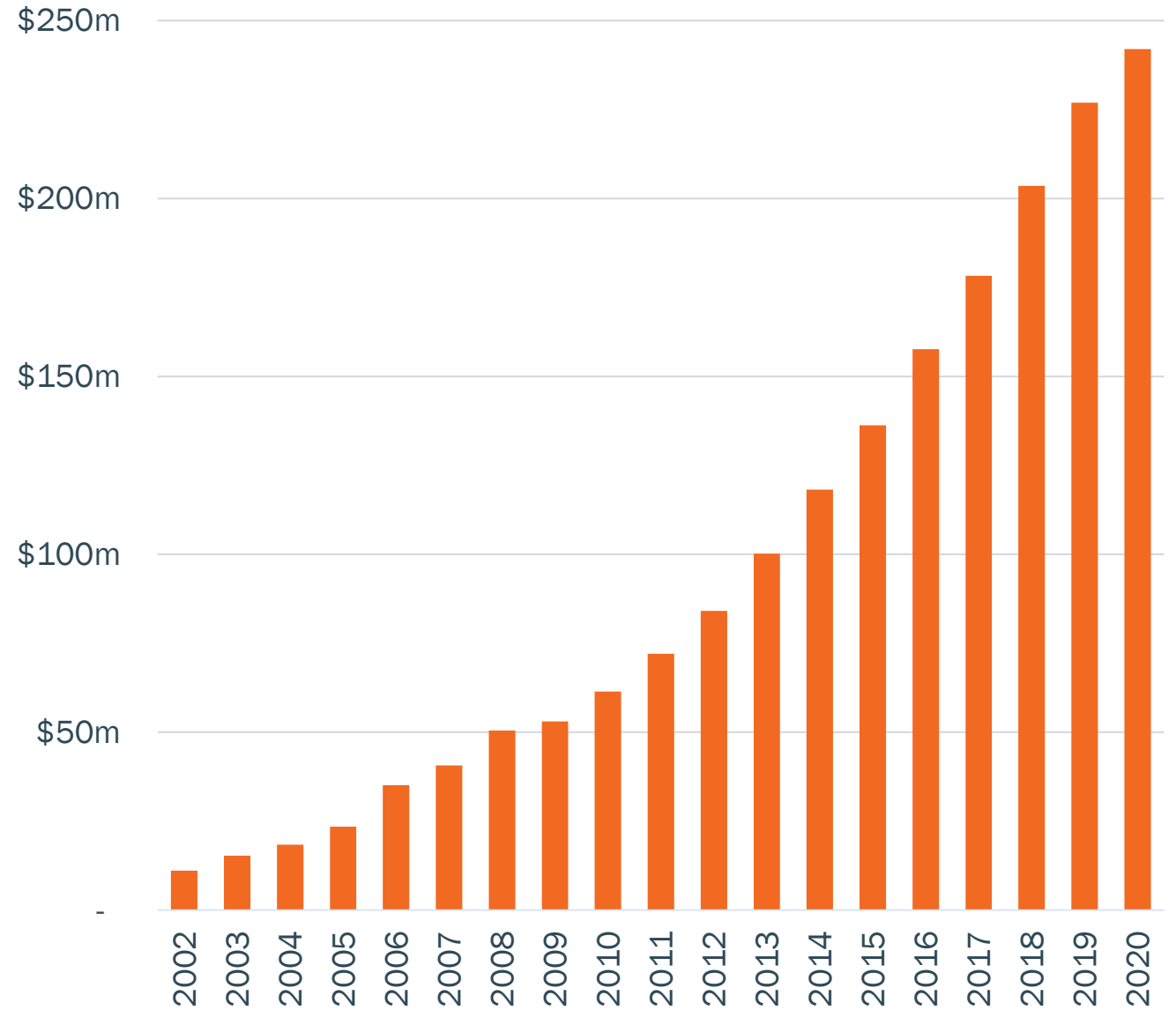
- Underlying profit increased from \$136.3m in 2015 to \$242.0m in 2020
- Similarly, net operating cash flows increased at a CAGR of 14.0% since 2015, from \$234.0m to \$449.8m in 2020
- Total assets increased from \$3.3bn to \$7.7bn during this period

Year ended 31 March		2015	2016	2017	2018	2019	2020
Revenue	\$m	227.1	261.1	289.2	342.5	382.3	423.9
Underlying profit (non-GAAP)	\$m	136.3	157.7	178.3	203.5	227.0	242.0
Reported net profit after tax	\$m	241.9	305.4	356.7	388.2	326.0	264.7
Net operating cash flows	\$m	234.0	315.5	322.8	349.3	401.4	449.8
Total assets	\$m	3,312.1	3,973.5	4,944.8	5,796.9	6,651.5	7,677.2
Total interest bearing debt	\$m	407.2	544.9	837.5	1,060.5	1,324.0	1,741.6
Net assets	\$m	1,101.3	1,327.5	1,652.1	1,940.5	2,170.1	2,301.0
Interest-bearing debt to interest bearing debt plus equity ratio	%	27%	29%	34%	35%	38%	43%

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

Underlying profit excludes deferred taxation, taxation expense, and unrealised gains on investment properties because these items do not reflect the trading performance of the Ryman Group. Underlying profit is used as the basis for determining the dividend pay-out to shareholders.

# Historical annual underlying profit growth



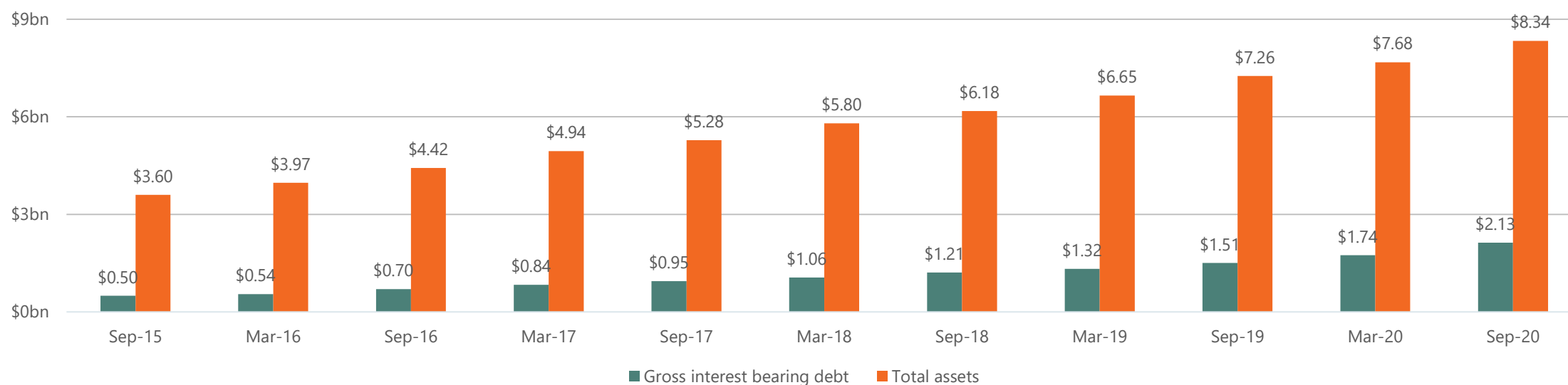


# Capital management

Gearing (\$m)	30 Sept 2020	31 March 2020	31 March 2019
Interest bearing debt	\$2,130	\$1,742	\$1,324
Net assets	\$2,454	\$2,301	\$2,170
Total assets	\$8,337	\$7,677	\$6,651
<b>Interest bearing debt / (Interest bearing debt + equity)</b>	<b>46.5%</b>	<b>43.1%</b>	<b>37.9%</b>
<b>Interest bearing debt /total assets</b>	<b>25.6%</b>	<b>22.7%</b>	<b>19.9%</b>

- At 30 September 2020, Ryman's assets totalled \$8.34bn with interest bearing debt of \$2.13bn, representing a gearing level of 25.6%
- Interest bearing debt / (interest bearing debt + equity) was 46.5% at 30 September 2020

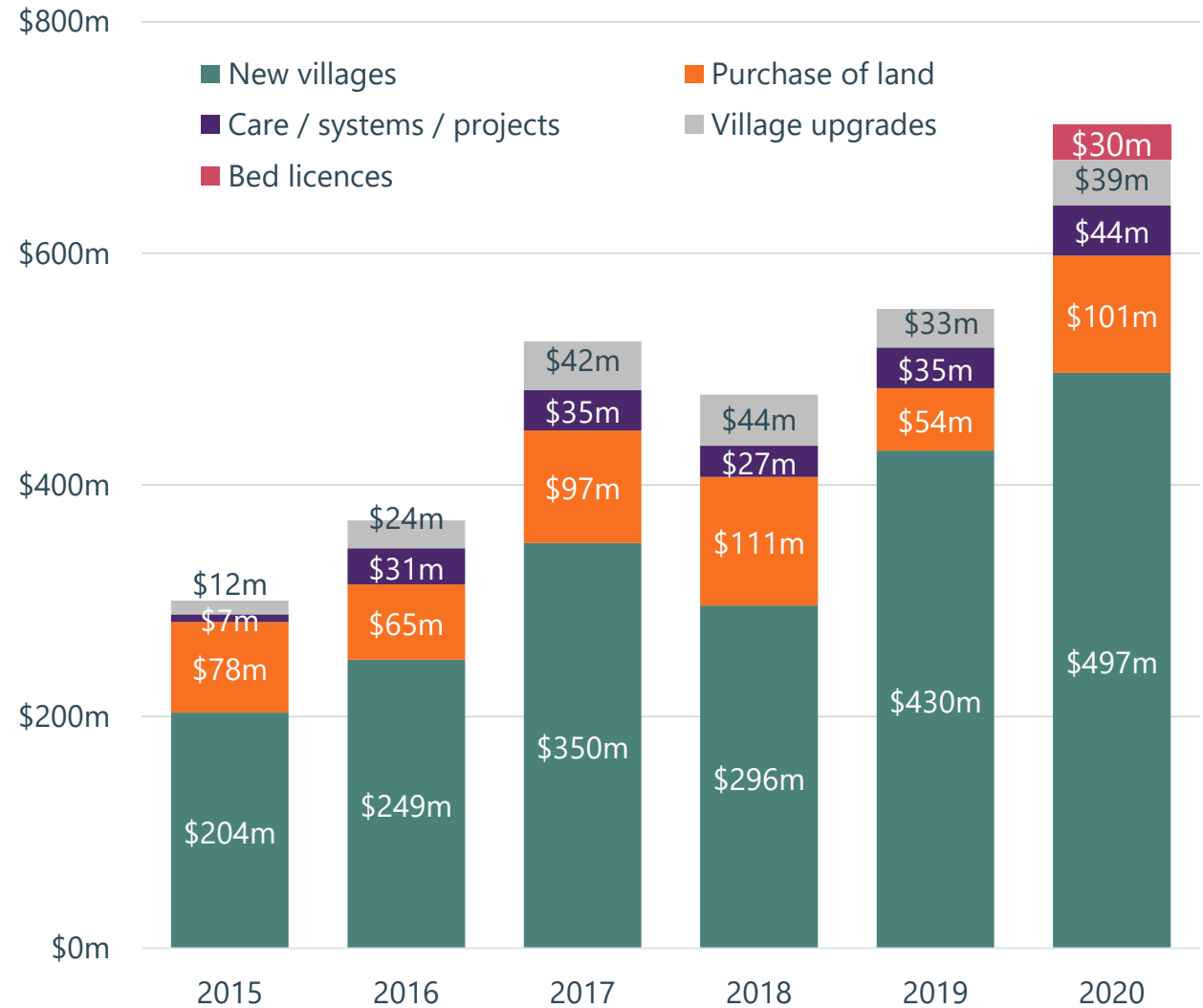
## Total assets & interest bearing debt



# Annual investing cash flow



## Investing cash flow



# Offer terms and timetable

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# Key terms of the offer

<b>Issuer</b>	<b>Ryman Healthcare Limited</b>
Description	The Bonds are fixed rate, secured, unsubordinated bonds
Guarantee	Payments on the Bonds are guaranteed by each Subsidiary of Ryman (including the Village Companies) under a cross guarantee in the Security Trust Deed
Security	Bondholders have the benefit of the same security package as Ryman's bank lenders and any other debt funding providers who become Beneficiaries under the Security Trust Deed
Term and maturity date	6 years, maturing 18 December 2026
Offer amount	Up to \$100 million plus oversubscriptions of up to \$50 million at the sole discretion of Ryman
Interest rate	Sum of the Issue Margin and the Swap Rate, but in any case will be no less than the minimum Interest Rate. The Interest Rate will be announced by the Issuer via NZX on or shortly after the Interest Rate Set Date
Interest payment	Interest will be paid quarterly in arrear in equal amounts on 18 March, 18 June, 18 September and 18 December (or if that day is not a Business Day, the next Business Day) of each year up to and including the Maturity Date The first Interest Payment Date will be 18 March 2021
Purpose	The purpose of the offer is to provide diversification of funding sources and tenor for Ryman
Financial covenants	Bondholders have the benefit of the following covenants: <ul style="list-style-type: none"> <li>• <i>Debt to Equity Covenant</i> - the ratio of Total Liabilities of the Ryman Group (after deducting the aggregate value of all Resident Occupancy Advances, Australian Resident Loans and Accommodation Bonds owing or held by the Ryman Group) to Net Tangible Assets of the Ryman Group is no greater than 1.0:1.0; and</li> <li>• <i>Guaranteeing Group Coverage Covenant</i> - the Total Tangible Assets and Adjusted EBIT of the Guaranteeing Group must represent not less than 90% of the Total Tangible Assets and Adjusted EBIT of the Ryman Group taken as a whole</li> </ul>
Minimum application amount	\$5,000 and multiples of \$1,000 thereafter
Brokerage	0.50% brokerage plus 0.50% on firm allocations paid by Ryman
Credit rating	Not rated
Early redemption	Neither Bondholders nor Ryman can redeem the Bonds before the Maturity Date. However, Ryman may be required to repay the Bonds early if there is an Event of Default (as described in the PDS and the Master Trust Deed)
Listing	Application has been made to NZX to quote the Bonds on the NZX Debt Market under the ticker code RYM010

# Key dates of the offer

<b>Retail bond offer</b>	<b>Date</b>
PDS lodgement date	Thursday, 26 November 2020
Opening date	Monday, 7 December 2020 The minimum Interest Rate and the Indicative Margin are expected to be announced on this date
Closing date	Thursday, 10 December 2020, 1pm
Interest Rate Set date	Thursday, 10 December 2020
Issue date and allotment date	Friday, 18 December 2020
Expected date of initial quotation and trading of the Bonds on the NZX Debt Market	Monday, 21 December 2020
Interest payment dates	18 March, 18 June, 18 September, 18 December in each year until Maturity Date
First interest payment date	18 March 2021
Maturity Date	18 December 2026

# Key investment highlights

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Experienced leadership team with a long-term focus and high ethical standards

Provide essential aged-care infrastructure with high barriers to entry

Strong demand supported by demographic shift to older population

Strong cash flow, financial performance and earnings growth

Sustained occupancy rates above industry average

Resilient through property market cycles



# Questions

# Appendices

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# Board of directors



**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 Centcare Limited and a director of Forté Health.



**Jo Appleyard**  
LLB (HONS)

Jo is a partner at Chapman Tripp. She is a skilled advocate and litigator specialising in commercial, employment, and resource management law. Jo was a member of the New Zealand Markets between 2011 and 2020.



**Warren Bell**  
MCOM, FCA

Warren joined the board in 2011. 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.



**George Savvides**  
AM, BE (HONS),  
MBA, FAICD

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 NextScience Limited and Special Broadcasting Service. He is also a Fellow of the Australian Institute of Directors. In 2020 he was made a Member of the Order of Australia.



**Claire Higgins**  
BCOM, FCPA,  
FAICD

Based in Victoria, 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 holds director positions in the property, health, and philanthropic sectors. Claire is chair of the Audit and Financial Risk Committee and the Health, Safety and Wellbeing Committee.



**Geoffrey Cumming**  
BA (HONS), MSC  
(ECON), LLD

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.



**Anthony Leighs**  
NZCB

Anthony is managing director of Leighs Construction, which he founded in 1995 and built into one of New Zealand's leading commercial construction contractors. He is a former chairman of the New Zealand Registered Master Builders' Association. Anthony joined the Ryman board in 2018.



**Paula Jeffs**  
BA (Psych &  
Media), Grad Dip  
(IR), GAICD, CAHRI

Paula is a Melbourne-based human resources executive with experience across healthcare, finance and government sectors and deep expertise in workforce planning, organisational capability and executive coaching. In the early stages of her working life, Paula spent several years as a carer in the Aged and Disability sector.

# Senior executive team



**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 he is a Fellow of Chartered Accountants Australia and New Zealand. His association with Ryman dates back to 1994 when his Nana moved in to Margaret Stoddart Retirement Village in Christchurch.



**David Bennett**  
CHIEF FINANCIAL  
OFFICER

Dave joined Ryman in 2013 and was promoted to Chief Financial Officer in 2017. Dave is responsible for ensuring Ryman's strong financial performance. This includes building relationships with shareholders, the wider investment community and Ryman's banking partners. He is a board member of the New Zealand Retirement Villages Association. Dave has a Bachelor of Commerce degree and is a chartered accountant. Before joining Ryman, he worked as an accountant and auditor.



**Jeremy Moore**  
CHIEF  
DEVELOPMENT  
OFFICER

Jeremy is an experienced property executive in the retirement sector. He has been a senior member of the Ryman development team since 2012 and was appointed Chief Development Officer in January 2020. He holds a Bachelor of Commerce and Management degree.



**Cheyne Chalmers**  
CHIEF OPERATIONS  
OFFICER

Cheyne joined Ryman in 2020. She has worked in senior roles in public health, including as Executive Director of Residential and Support Services, Chief Nursing and Midwifery Officer at Monash Health, Victoria, and has been influential at a state and national level. She is also an adjunct professor at Deakin University. Cheyne is a Registered Nurse and has built a successful career in New Zealand, including being the nurse lead on various significant healthcare initiatives



**Mary-Anne Stone**  
ACTING CHIEF SALES  
AND MARKETING  
OFFICER

Mary-Anne has over 25 years' experience in the healthcare sector in roles ranging from village manager (with Ryman several years ago) to business development and general practice management. Mary-Anne has a Masters in Population Health focused on health systems for ageing populations and health equity. Mary-Anne re-joined Ryman in 2020.



**Andrew Crerar**  
HEAD OF PEOPLE  
AND CULTURE

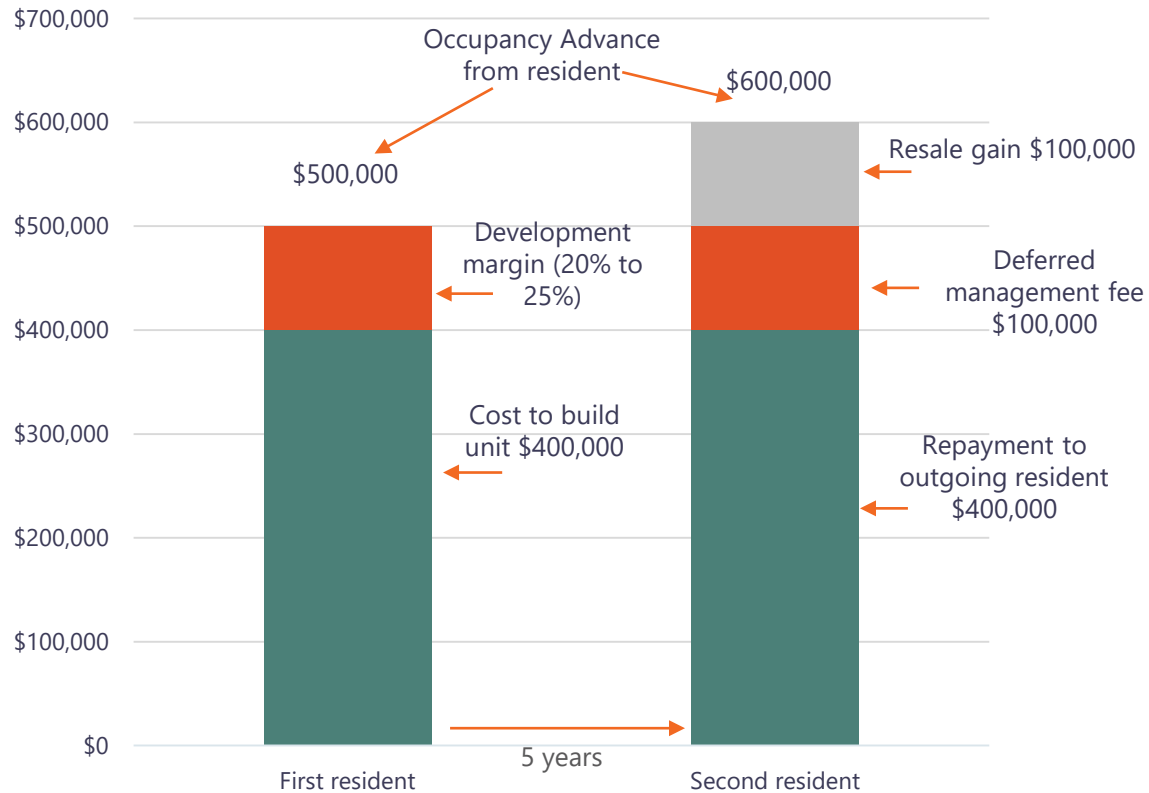
Andrew joined Ryman in early 2018 as People Development Manager. Before joining Ryman, Andrew completed a Masters of Economic Psychology and worked in the public health sector in the UK. He was promoted to Group People Development Manager in 2019 before moving into his current role in 2020.



**Rick Davies**  
HEAD OF  
TECHNOLOGY AND  
INNOVATION

Rick joined Ryman in 2019. He has a Bachelor of Science degree and previously worked for nine years at Trade Me in a variety of senior leadership roles spanning digital product management, commercial management and running Trade Me's new goods marketplace business.

# Retirement village model



The above graph is provided for illustration purposes on how Occupation Agreements typically work

Note: Retirement village model applies to independent units and assisted living units

Receive \$500,000 capital sum from first resident. Cost to build \$400,000, net cash gain (development margin) \$100,000

Receive \$600,000 from second resident, repay first resident \$400,000. Deferred management fee collected on repayment \$100,000 (20% of \$500,000) and resale gain is \$100,000 (\$600,000 less \$500,000 original occupancy advance).

- Residents enter an Occupation Agreement under which they are granted a right to occupy a Unit for the remainder of their life and a bundle of services
- In return the Resident pays an interest free Occupancy Advance, weekly fees and deferred management fees
- Generally, the outgoing Resident is repaid their Occupancy Advance, less the accrued deferred management fee, when a new Resident settles their Occupancy Advance (usually on the possession date)
- Units are typically priced below a standard residential dwelling in the surrounding area, allowing buyers to free up capital when they sell their home to purchase rights under an Occupation Agreement

# Retirement village model cash flows

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## Single retirement village unit

## Cash flows

### When first built

Cost to build unit	-\$400,000
Receive capital sum from first resident	+\$500,000
Net cash gain	+\$100,000

### When unit vacated (eg. after 5 years)

Repay capital sum to first resident	-\$400,000 <sup>1</sup>
Receive capital sum from second resident	+\$600,000 <sup>2</sup>
Net cash gain	+\$200,000

1 Initial capital sum of \$500,000 less 20% deferred management fee (being 4% for 5 years for an independent unit)

2 Initial capital sum of \$500,000 plus 20% capital gain (at 4% for 5 years for an independent unit)

# Glossary

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<b>Australian RV Act</b>	The Retirement Villages Act 1986 (Vic)	<b>Occupation Agreement</b>	An occupation right agreement within the meaning of the NZ RV Act (for Villages in New Zealand) or a residence contract with the meaning of the Australian RV Act (for Villages in Australia)
<b>Australian Resident Loan</b>	Any incoming contribution and/or loan provided to the Ryman Group by a Resident of an Australian village	<b>PDS</b>	Product disclosure statement for the offer dated 26 November 2020
<b>Australian Subsidiary</b>	Any Subsidiary of Ryman incorporated in Australia	<b>Resident Occupancy Advance</b>	The aggregate amount of all moneys payable by the Ryman Group to a Resident on the termination of that Resident's Occupation Agreement in relation to that Resident's Unit or Care Suite pursuant to the NZ RV Act
<b>Australian Village Company</b>	Any Subsidiary which owns and operates a Village in Australia	<b>Ryman</b>	Ryman Healthcare Limited
<b>Bank Facility Agreement</b>	The syndicated facility agreement dated 13 October 2008 (as amended and restated from time to time) between (among others) Ryman and Ryman Healthcare (Australia) Pty Limited as borrowers, the Guarantors as obligors, and the Agent	<b>Security Sharing Deed</b>	Each deed between a NZ Village Company, the Security Trustee and the Statutory Supervisor, which sets out how the proceeds of the security held by the Statutory Supervisor and the Security Trustee are to be applied
<b>Bonds</b>	Offer of bonds described in the presentation	<b>Security Trust Deed</b>	The security trust deed dated 13 October 2018 between (among others) Ryman, the Guarantors and the Security Trustee (as amended from time to time)
<b>Care Suite</b>	A unit in a care centre operated by a NZ Village Company which has been designated as a care suite	<b>Unit</b>	Any independent unit or serviced unit at a Village
<b>NZ RV Act</b>	Retirement Villages Act 2003	<b>Village</b>	Any retirement village owned by a Group Member that: <ul style="list-style-type: none"><li>▪ in New Zealand is registered as a retirement village under the NZ RV Act; and</li><li>▪ in Australia is registered as a retirement village under the Australian RV Act</li></ul>
<b>NZ Village Company</b>	Any Subsidiary of Ryman that operates a Village in New Zealand		
<b>Occupancy Advance</b>	The loan payable by a Resident to the relevant Village Company under an Occupation Agreement, in exchange for the right to occupy a Unit or Care Suite (as applicable) for life		





# Product Disclosure Statement

**OFFER OF 6 YEAR FIXED RATE,  
SECURED, UNSUBORDINATED BONDS**

**ISSUED BY  
RYMAN HEALTHCARE LIMITED**

**DATE: 26 NOVEMBER 2020**

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

Ryman Healthcare Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

**JOINT LEAD MANAGERS**



# 1 Key information summary

## What is this?

This is an offer (**Offer**) of fixed rate, secured, unsubordinated bonds (**Bonds**). The Bonds are debt securities issued by Ryman Healthcare Limited (**Ryman**). You give Ryman money, and in return Ryman promises to pay you interest and repay the money at the end of the term. If Ryman runs into financial trouble, you might lose some or all of the money you invested.

## About the Ryman Group

Ryman and the Subsidiaries make up the Ryman Group. The Ryman Group is the largest retirement village operator and developer of retirement villages in New Zealand and in 2014 expanded its development and operation of retirement villages into Victoria, Australia.

At the date of this product disclosure statement (**PDS**) the Ryman Group owns and operates 39 retirement villages in New Zealand and Victoria which are home to more than 12,000 Residents and which employ more than 6,000 staff. Ryman is listed on the NZX Main Board. As at close of the Business Day before the date of this PDS, it has a market capitalisation on the NZX of approximately \$7,300m.

## Purpose of this Offer

The purpose of the Offer is to provide diversity of funding sources and tenor, and the proceeds of this Offer are intended to be used to repay a portion of Ryman's existing bank debt. This will provide Ryman with additional headroom under the Bank Facility Agreement which it can drawdown as required.

## Key terms of the Offer

<b>Issuer</b>	Ryman Healthcare Limited.
<b>Description of the Bonds</b>	The Bonds are fixed rate, secured, unsubordinated bonds.
<b>Term</b>	6 years maturing on 18 December 2026.
<b>Offer Amount</b>	Up to \$100 million (with the ability to accept oversubscriptions of up to an additional \$50 million at Ryman's discretion).
<b>Interest Rate</b>	<p>The Bonds will pay a fixed rate of interest until the Maturity Date.</p> <p>The Interest Rate will be no lower than a minimum interest rate. This minimum interest rate and the Indicative Margin will be determined by Ryman in conjunction with the Joint Lead Managers and announced via NZX on or about 7 December 2020.</p> <p>The Interest Rate will be determined by Ryman in conjunction with the Arranger on the Interest Rate Set Date (10 December 2020) and will be the greater of:</p> <ul style="list-style-type: none"> <li>• the minimum Interest Rate; or</li> <li>• the sum of the Swap Rate on the Interest Rate Set Date and the Issue Margin.</li> </ul> <p>The Issue Margin will be determined by Ryman in conjunction with the Joint Lead Managers following a bookbuild on the Interest Rate Set Date. A bookbuild is a process whereby a margin is determined by reference to bids from market participants for an allocation of Bonds at different margins. The Interest Rate will be announced via NZX on the Interest Rate Set Date.</p>
<b>Interest payments</b>	<p>Interest will be paid quarterly in arrear in equal amounts on 18 March, 18 June, 18 September and 18 December in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date.</p> <p>The First Interest Payment Date is 18 March 2021.</p>
<b>Opening Date</b>	Monday, 7 December 2020.
<b>Closing Date</b>	Thursday, 10 December 2020 at 1pm.
<b>Further payments, fees or charges</b>	<p>Taxes may be deducted from interest payments on the Bonds. See section 7 (<i>Tax</i>) for further details.</p> <p>Ryman will pay brokerage to market participants in respect of the Offer.</p> <p>You are not required to pay brokerage or any other fees or charges to Ryman to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds. Please contact your broker for further information on any brokerage fees.</p>
<b>Selling restrictions</b>	The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. See section 5 ( <i>Key features of the Bonds</i> ) for further details.
<b>Minimum application amount</b>	\$5,000 and multiples of \$1,000 thereafter.



### Who is responsible for repaying you?

Ryman as Issuer is responsible for paying interest on, and repaying, the Bonds.

The Bonds are guaranteed by the Guaranteeing Group under the Guarantee. As Issuer, Ryman is not a guarantor of the Bonds (despite being a member of the Guaranteeing Group).

As at the date of this PDS, all Subsidiaries of the Ryman Group are Guarantors.

Other members of the Ryman Group may become (or cease to be) Guarantors from time to time.

More information on the Guarantee can be found in section 5 (*Key features of the Bonds*).

### How you can get your money out early

Neither you nor Ryman are able to redeem the Bonds before the Maturity Date. However, Ryman may be required to repay the Bonds early if there is an Event of Default (see section 5 (*Key features of the Bonds*)).

Ryman intends to quote these Bonds on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Bonds, the price you get will vary depending on factors such as the financial condition of the Ryman Group and movements in the market interest rates. You may receive less than the full amount that you paid for them.

### How Bonds rank for repayment

The Bonds are secured on an equal ranking basis with certain other secured creditors, including Ryman's bank lenders and any other debt funding providers who become Beneficiaries under the Security Trust Deed, and have the benefit of the Security given by the Guaranteeing Group. This means that on a liquidation of Ryman the Bonds will rank:

- below, and be repaid after, creditors preferred by law and any limited permitted security interest (such as security arising by law);
- equally with, and be repaid at the same time and pro-rata with, all other liabilities secured under the Security Trust Deed, such as other Bondholders, Ryman's bank lenders under the Bank Facility Agreement and any other debt funding providers who become Beneficiaries under the Security Trust Deed; and
- ahead of, and would be repaid before, any unsecured creditors and shareholders of Ryman.

Further information on how the Bonds rank for repayment on a liquidation of the Ryman Group, including the ranking of the relevant securities held by the Statutory Supervisor can be found in section 5 (*Key features of the Bonds*).

### What assets are these Bonds secured against?

The Bonds are secured, under the Security Trust Deed, by:

- first ranking registered mortgages over:
  - all land and buildings owned by NZ Guarantors that are not NZ Village Companies. This includes bare land and land that is under development and not yet used for operational retirement villages; and

- any land and buildings owned by NZ Guarantors that are NZ Village Companies which are on separate legal titles to any land allocated for Units. This generally includes hospital facilities, Community Facilities and care centres (but only if that care centre does not contain any Care Suites);
- second ranking registered mortgages over the care centre of any NZ Village Company, but only if that care centre includes any Care Suites; and
- general security over all the assets of each Guarantor under the General Security Agreements and Guarantee. This includes security over the shares held by Ryman in Village Companies.

Each NZ Village Company provides first ranking mortgages to the Statutory Supervisor over all land and buildings owned by that NZ Village Company containing Units and the land and buildings on which a care centre of any NZ Village Company is located where the care centre includes Care Suites (together the **Statutory Supervisor's Mortgages**).

Prior to 1 September 2014, NZ Village Companies granted a Resident Mortgage to a Resident over the NZ Village Company's reversionary interest in the land on which the Resident's Unit is located.

The Bondholders do not have the benefit of the Statutory Supervisor's Mortgages or any Resident Mortgage.

Also, each Resident of an Australian Village Company has the benefit of a Statutory Charge over the land of the relevant Australian Village Company to secure that company's obligation to repay the Australian Resident Loan to the Resident. This charge ranks ahead of the general security held by the Security Trustee over all of the assets of the Australian Village Company.

More information on these arrangements can be found in section 5 (*Key features of the Bonds*).

### Key risks affecting this investment

Investments in debt securities have risks. A key risk is that Ryman does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this PDS (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the Offer is fair.

Ryman considers that the most significant risk factors are the following.

- 1 **Caring for older people/operations:** The Ryman Group provides care to a large number of older people in New Zealand and Victoria, which carries an inherent risk due to the vulnerable nature of this group. A greater level and proportion of care (including hospital and specialised dementia care) is offered in Ryman villages than by many other operators. Because these higher levels of care reflect a greater dependency by residents, this risk is heightened for the Ryman Group. Incidents of substandard care of Residents or improper conduct by

## RYMAN HEALTHCARE LIMITED

staff members (including a failure to comply with care standards) could undermine the public's confidence in Ryman's ability to provide professional, high quality care to Residents. Incidents of this nature could reduce demand for care in Ryman Group villages, and induce a corresponding decline in Ryman's financial performance. The same is true if a significant health, safety or wellbeing incident within an operating village resulted in harm to a Resident or staff member.

The number of Residents and nature of community living in aged care centres carries a risk that an outbreak of a virus (whether Covid-19 or another virus), particularly where older persons are more susceptible to the virus, may adversely affect Residents in one or more Ryman care centres. Because the Ryman Group provides a greater level and proportion of care than many other operators, this risk is intensified. An outbreak of a virus in a Ryman village, or perception that Ryman is inadequately caring for Residents in a village, could undermine confidence in Ryman's ability to provide care to Residents during a pandemic. This in turn may cause a significant reduction in demand to live in Ryman villages. Such an event could also require Ryman to establish alternative facilities or increase staffing to care for affected Residents, at increased cost to Ryman. A significant decline in Residents at affected care centres could also see Ryman's costs of operating its care centres not reducing in line with any decline.

- 2 **Property market:** A reduction in demand for properties, or a downturn in the value of properties, could occur in a market in which the Ryman Group operates. This may result in a downward revaluation of assets of the Ryman Group or slow Ryman's capacity to sell occupation rights to new units or resell occupation rights to existing units. A reduced demand or downturn in a property market could therefore impact on the timeframes for the acquisition and development of sites or impact on Ryman's ability to meet its bank and Bond covenants.
- 3 **Construction:** Ryman's construction activities may be adversely impacted by a range of risks. These include an interruption in the supply of building materials to Ryman Group villages under construction, a significant one-off event that stalls or delays construction of a village (especially where the village includes large-scale buildings or the event has a widespread impact at the village), and/or a material delay in Ryman obtaining necessary consents to undertake construction activities or in completing construction. A significant one-off event might include a material health, safety and wellbeing incident or other regulatory breach, or a severe weather event, fire or similar event. In addition, an outbreak or ongoing presence of a disease (whether Covid-19 or another pandemic) may result in regular or prolonged interruptions to Ryman's construction programme, which could reduce Ryman's build rate. Individually or collectively these events could result in an inferior cash flow position or delay revenues for the Ryman Group, as well as Ryman's ability to meet its targets.

- 4 **Labour/immigration:** Ryman's ability to develop new and existing villages within Ryman's intended timeframes and to operate care facilities as the Ryman Group expands depends on Ryman being able to attract and retain sufficient quality and experienced employees in the Ryman Group's construction and care teams. Changes in immigration policy in New Zealand or Australia could make this exercise more difficult. Events that result in border closures or restrictions (including due to a pandemic such as Covid-19) may limit the number of potential overseas-trained staff available for Ryman to recruit as Ryman requires. Both situations could lead to slower growth in the Ryman Group or delays in development. This may impede Ryman's financial performance.

This summary does not cover all of the risks of investing in the Bonds. You should also read section 6 (*Risks of investing*) and section 5 (*Key features of the Bonds*).

### No credit rating

Ryman's credit worthiness has not been assessed by an approved rating agency. This means that Ryman has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

### Where you can find other market information about Ryman

This is a short-form offer document that Ryman is permitted to use for this Offer because these Bonds rank in priority to existing quoted financial products of Ryman.

The existing quoted financial products are ordinary shares in Ryman, which are traded on the NZX Main Board.

Ryman is subject to a disclosure obligation that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Ryman's page on the NZX website, which includes information made available under the disclosure obligation referred to above, can be found at [www.nzx.com/companies/RYM](http://www.nzx.com/companies/RYM).

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## Chair's letter

Dear Investor,

On behalf of Ryman's directors, I am pleased to invite you to invest in this offer of secured fixed rate bonds to be issued by Ryman Healthcare Limited.

Ryman was founded in Christchurch in 1984 and has grown to become the largest retirement village operator in New Zealand, as well as a substantial operator in Victoria (Australia).

The aim back in 1984 was to improve the range of quality retirement living options on offer for older Kiwis and to provide the best of care for our residents – care that has got to be 'good enough for mum (or dad)'. Those aims have never changed.

Today, more than 36 years later, Ryman is an experienced retirement village developer and operator.

Ryman's 39 villages in New Zealand and Victoria provide homes and care for more than 12,000 residents and employ more than 6,000 staff.

Ryman is recognised as the most trusted brand in aged care and retirement living in New Zealand (2020 Reader's Digest Awards) and we consider ourselves an industry leader.

Ryman has consistently lifted standards in the industry by innovating the way villages are built and the amenities provided, by pioneering new systems of care and by aiming for excellence in clinical outcomes.

Ryman has consistently reinvested in growing its portfolio and landbank in order to meet the forecast growth in the population aged over 70 in its two key markets. These markets are set to more than double over the next 30 years.

Ryman is seeking to raise up to \$100 million under the Offer, with the ability to accept oversubscriptions of up to an additional \$50 million at Ryman's discretion. The proceeds will be used to repay a portion of Ryman's existing bank debt, providing diversity of funding and tenor and helping to facilitate further growth.

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all related requirements of NZX that can be complied with on or before the distribution of this PDS have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this PDS.

There are risks associated with the Bonds that may affect your returns and repayment of your investment. An overview of these risks is set out in this PDS. You should read this before deciding whether to invest in the Bonds.

I encourage you to seek financial, investment or other advice from a qualified professional adviser as you take the time to consider this Offer.

On behalf of Ryman's directors, I welcome your participation in the Offer and your support of Ryman. For more information on the Bonds, please visit our website: [www.rymanhealthcare.co.nz/investors/bonds](http://www.rymanhealthcare.co.nz/investors/bonds).

Yours sincerely,



**Dr David Kerr**  
Chair, Ryman Healthcare Limited

## 2 Key dates and offer process

<b>Opening Date</b>	Monday, 7 December 2020 The minimum interest rate and the Indicative Margin is expected to be determined and announced on this date.
<b>Closing Date</b>	Thursday, 10 December 2020 at 1pm
<b>Interest Rate Set Date</b>	Thursday, 10 December 2020
<b>Issue Date and allotment date</b>	Friday, 18 December 2020
<b>Expected date of initial quotation and trading of the Bonds on the NZX Debt Market</b>	Monday, 21 December 2020
<b>Interest Payment Dates</b>	18 March, 18 June, 18 September and 18 December in each year until the Maturity Date
<b>First Interest Payment Date</b>	18 March 2021
<b>Maturity Date</b>	Friday, 18 December 2026

The timetable is indicative only and subject to change.

Ryman may, in its discretion and without notice, vary the timetable (including by opening or closing the Offer early, accepting late applications and extending the Closing Date).

If the Closing Date is extended, the Interest Rate Set Date, the Issue Date, the expected date of initial quotation and trading of the Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may also be extended. Any such changes will not affect the validity of any applications received.

Ryman reserves the right to cancel the Offer and the issue of the Bonds, in which case any application monies received will be refunded (without interest) as soon as practicable and in any event within 5 Business Days of the cancellation.

## 3 Terms of the Offer

<b>Issuer</b>	Ryman Healthcare Limited.
<b>Description of the Bonds</b>	Fixed rate, secured, unsubordinated bonds.
<b>Term</b>	6 years maturing on 18 December 2026.
<b>Offer amount</b>	Up to \$100 million plus oversubscriptions of up to an additional \$50 million at the sole discretion of Ryman.
<b>Issue price</b>	\$1.00 per Bond, being the Principal Amount.
<b>Interest Rate</b>	<p>The Bonds will pay a fixed rate of interest until the Maturity Date.</p> <p>The Interest Rate will be no lower than a minimum Interest Rate. This minimum Interest Rate and the Indicative Margin will be determined by Ryman in conjunction with the Joint Lead Managers and announced via NZX on or about 7 December 2020.</p> <p>The Interest Rate will be determined by Ryman in conjunction with the Arranger on the Interest Rate Set Date (10 December 2020) and will be the greater of:</p> <ul style="list-style-type: none"> <li>• the minimum Interest Rate; or</li> <li>• the sum of the Swap Rate on the Interest Rate Set Date and the Issue Margin.</li> </ul> <p>The Issue Margin will be determined by Ryman in conjunction with the Joint Lead Managers following a bookbuild on the Interest Rate Set Date. A bookbuild is a process whereby a margin is determined by reference to bids from market participants for an allocation of Bonds at different margins. The Interest Rate will be announced via NZX on the Interest Rate Set Date.</p>
<b>Interest Payment Dates</b>	<p>Interest will be paid quarterly in arrear in equal amounts on 18 March, 18 June, 18 September and 18 December in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date.</p> <p>The First Interest Payment Date is 18 March 2021.</p>

**RYMAN HEALTHCARE LIMITED**

<b>Interest payments and entitlements</b>	<p>Payments of interest on the Interest Payment Dates will be of equal quarterly amounts.</p> <p>On Interest Payment Dates interest will be paid to the person registered as the Bondholder as at the record date immediately preceding the relevant Interest Payment Date.</p> <p>The record date for the Interest Payment Dates is 5.00pm on the date that is 10 days before the relevant Interest Payment Date. If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.</p>
<b>Opening Date</b>	Monday, 7 December 2020.
<b>Closing Date</b>	Thursday, 10 December 2020 at 1pm.
<b>Scaling</b>	Ryman may scale applications at its discretion, but will not scale any application to below \$5,000 or to an amount that is not a multiple of \$1,000.
<b>Refunds</b>	If Ryman does not accept your application (whether because of late receipt or otherwise) or accepts it in part, all or the relevant balance of your application money received will be repaid to you as soon as practicable and, in any event, within 5 Business Days of the Issue Date.
<b>Minimum application amount</b>	\$5,000 and multiples of \$1,000 thereafter.
<b>How to apply</b>	<p>Application instructions are set out in section 11 (<i>How to apply</i>).</p> <p>Ryman may refuse all or any part of any application for Bonds under the Offer without giving a reason.</p>
<b>Quotation</b>	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this PDS have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this PDS. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.</p> <p>NZX ticker code RYM010 has been reserved for the Bonds.</p>
<b>Brokerage</b>	<p>Ryman will pay brokerage to market participants in respect of the Offer.</p> <p>You are not required to pay brokerage or any other fees or charges to Ryman to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds. Please contact your broker for further information on any brokerage fees.</p>
<b>Transfer restrictions</b>	Ryman may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000.
<b>Ranking</b>	<p>The Bonds rank equally with Ryman's other secured, unsubordinated creditors, including Ryman's bank lenders and any other debt funding providers who become Beneficiaries under the Security Trust Deed, and have the benefit of the Security given by the Guaranteeing Group. This means that if Ryman goes into liquidation the Bonds will rank:</p> <ul style="list-style-type: none"> <li>• below, and be repaid after, creditors preferred by law and any limited permitted security interest (such as security arising by law);</li> <li>• equally with, and be repaid at the same time and pro-rata with, all other liabilities secured under the Security Trust Deed, such as other Bondholders, Ryman's bank lenders under the Bank Facility Agreement and any other debt funding providers who become Beneficiaries under the Security Trust Deed; and</li> <li>• ahead of, and would be repaid before, any unsecured creditors and shareholders of Ryman.</li> </ul> <p>Further information on how the Bonds rank for repayment on a liquidation of the Ryman Group, the securities held by the Statutory Supervisor, the Resident Mortgage and their ranking can be found in section 5 (<i>Key features of the Bonds</i>).</p>
<b>Guarantee and Security</b>	<p>Bondholders will share the benefit of the same Guarantee and Security as the Ryman Group's bank lenders and any other debt funding providers who become Beneficiaries under the Security Trust Deed on a pro-rata basis, being:</p> <ul style="list-style-type: none"> <li>• the cross guarantee contained in the Security Trust Deed provided by (as at the date of this PDS) each member of the Ryman Group;</li> <li>• first ranking registered mortgages over: <ul style="list-style-type: none"> <li>• all land and buildings owned by NZ Guarantors that are not NZ Village Companies. This includes bare land and land that is under development and not yet used for operational retirement villages; and</li> <li>• any land and buildings owned by NZ Guarantors that are NZ Village Companies which are on separate legal titles to any land allocated for Units. This generally includes hospital facilities, Community Facilities and care centres (but only if that care centre does not contain any Care Suites);</li> </ul> </li> <li>• second ranking registered mortgages over the care centre of any NZ Village Company, but only if that care centre includes any Care Suites; and</li> <li>• general security over all the assets of each Guarantor under the General Security Agreements and Guarantee. This includes security over the shares held by Ryman in Village Companies.</li> </ul>

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<b>Guarantee and Security (continued)</b>	More information on the Guarantee and the Security can be found in section 5 of this PDS ( <i>Key features of the Bonds</i> ).
<b>Financial covenants</b>	<p>Ryman must ensure at all times that:</p> <p><b>Debt to Equity Covenant</b> – the ratio of Total Liabilities of the Ryman Group (after deducting the aggregate value of all Resident Occupancy Advances, Australian Resident Loans and Accommodation Bonds owing or held by the Ryman Group) to Net Tangible Assets of the Ryman Group is no greater than 1.0:1.0; and</p> <p>As at 30 September 2020 this ratio was 0.81:1.0 (giving headroom of \$454.75m).</p> <p><b>Guaranteeing Group Coverage Covenant</b> – the Total Tangible Assets and Adjusted EBIT of the Guaranteeing Group must represent not less than 90% of the Total Tangible Assets and Adjusted EBIT of the Ryman Group taken as a whole.</p> <p>As at the date of this PDS, all members of the Ryman Group are Guarantors.</p> <p>Under the Trust Deed these financial covenants are subject to change but only where the equivalent covenant in the Bank Facility Agreement is changed and Ryman has certified to the Supervisor that the change is more favourable to the Bondholders (if it applied to the Bondholders) than the relevant financial covenant.</p> <p>See section 5 of this PDS (<i>Key features of the Bonds</i>) for further information about these covenants.</p>
<b>Early redemption</b>	Neither you nor Ryman are able to redeem the Bonds before the Maturity Date. However, Ryman may be required to repay the Bonds early if there is an Event of Default (as described below).
<b>Events of Default</b>	<p>If an Event of Default occurs, and is continuing, the Bond Supervisor may, and must upon being directed to do so by an Extraordinary Resolution (or, if certain Events of Default occur), declare the Bonds to be immediately due and payable.</p> <p>The Events of Default are set out in condition 18.1 of Schedule 1 to the Trust Deed, a copy of which is contained on the Disclose Register and are summarised in section 5 (<i>Key features of the Bonds</i>).</p>
<b>Further payments, fees or charges</b>	Taxes may be deducted from interest payments on the Bonds. See section 7 ( <i>Tax</i> ) for further details.
<b>No underwriting</b>	The Offer is not underwritten.
<b>Selling restrictions</b>	<p>The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these.</p> <p>More information on this can be found in section 5 (<i>Key features of the Bonds</i>).</p>
<b>Bond Supervisor</b>	Public Trust
<b>Security Trustee</b>	New Zealand Permanent Trustees Limited
<b>Securities Registrar</b>	Link Market Services Limited
<b>No reliance</b>	None of the Bond Supervisor, the Arranger or any Joint Lead Manager, nor their respective directors, employees, agents or advisers have independently verified the information contained in the PDS or the Disclose Register.
<b>Governing law</b>	New Zealand

### Trust Deed and Guarantee

The terms of the Bonds, and other terms key to the Offer, are set out in:

- the Trust Deed, as supplemented by the Supplemental Deed;
- the Security Trust Deed (including the Guarantee); and
- the Security.

You should read these documents. Copies of these documents may be obtained from the Disclose Register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

## 4 Purpose of the Offer

The purpose of the Offer is to provide diversity of funding sources and tenor, and the proceeds of the Offer will be used to repay a portion of Ryman's existing bank debt. This will provide Ryman with additional headroom under the Bank Facility Agreement which it can drawdown as required.

The use of the money raised under the Offer will not change depending on the total amount that is raised.

The Offer is not underwritten.

# 5 Key features of the Bonds

A number of key features of the Bonds are described in section 3 (*Terms of the Offer*). The other key features of the Bonds are described below.

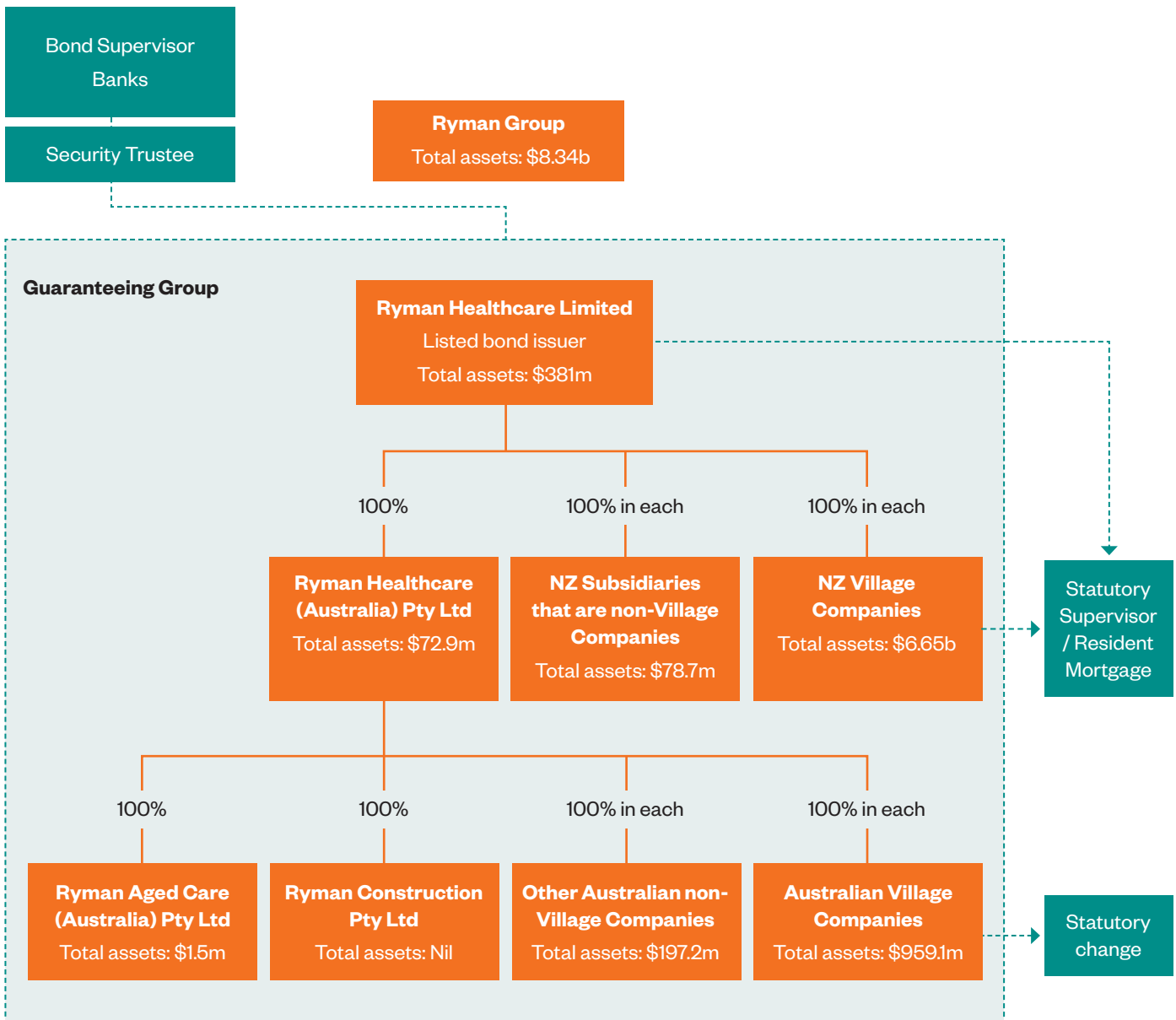
## Ranking and Security

### The Guaranteeing Group

As the issuer of the Bonds, Ryman is responsible for repaying, and paying interest on, the Bonds.

Payments on the Bonds are guaranteed by the Guarantors under the Guarantee contained in the Security Trust Deed. As at the date of this PDS all members of the Ryman Group are Guarantors (although Ryman itself is the person responsible for repaying and paying interest on the Bonds, so is not a guarantor of the Bonds).

### Ryman Group Security Structure – as at 30 September 2020



Note: Assets of each entity exclude shares held by that entity in subsidiaries of that entity and intercompany loan balances within the Guaranteeing Group.

## RYMAN HEALTHCARE LIMITED

Each Guarantor (other than Ryman) is 100% owned by Ryman. The Guarantors (other than Ryman) fall within the following three categories:

1. Subsidiaries that operate a retirement village which is registered under the NZ RV Act i.e. NZ Village Companies;
2. Subsidiaries that operate and/or own a retirement village which is registered under the Australian RV Act i.e. Australian Village Companies; or
3. Subsidiaries that are not NZ Village Companies or Australian Village Companies, including:
  - (i) Subsidiaries that hold bare land and/or land that is under development and not yet used for operational retirement villages;
  - (ii) Ryman Healthcare (Australia) Pty Ltd ACN 142 241 110 (which is the holding company of the Ryman Group in Australia);
  - (iii) Ryman Construction Pty Ltd ACN 639 119 681 (which undertakes the Ryman Group's construction activities in Australia); and
  - (iv) Ryman Aged Care (Australia) Pty Ltd ACN 152 245 988 (which is the Ryman Group's provider of aged care in its Australian villages).

If a Subsidiary which is not a Village Company builds a retirement village and registers that village under the:

- NZ RV Act, it becomes a NZ Village Company; or
- Australian RV Act, it becomes an Australian Village Company.

Further information on the Guaranteeing Group can be found under the heading "Guarantees" below on page 16.

### Ranking

The ranking of the Bonds on a liquidation of the Ryman Group is summarised in the diagram below. The diagram is a summary of indicative amounts only and in the event of a liquidation of the Ryman Group, the actual priority amounts may differ.

#### Diagram showing ranking of Bonds on liquidation of the Ryman Group

	Ranking on liquidation	Type of liability/equity	Amount <sup>1</sup>
	Liabilities that rank above the Bonds	Liabilities preferred by law (for example, Inland Revenue for certain unpaid taxes) <sup>2</sup>	\$29 million
		Permitted secured liabilities (other than liabilities to the Statutory Supervisor) <sup>3</sup>	\$14 million
		Liabilities secured by the Statutory Supervisor's Mortgage, the Resident Mortgage (including amounts owing to Residents of a Village) <sup>4</sup> and the Statutory Charge <sup>5</sup>	\$3,368 million
	Liabilities that rank equally with the Bonds <sup>6</sup>	Bonds	\$150 million
		Other unsubordinated liabilities that have the benefit of the Security, including Ryman's bank debt	\$1,980 million
	Liabilities that rank below the Bonds	Unsubordinated and unsecured liabilities <sup>7</sup>	\$247 million
Subordinated liabilities		Nil	
Lower ranking / Later priority	Equity <sup>6</sup>	Shares, reserves and retained earnings	\$2,454 million

Notes:

- 1 Amounts shown above are indicative amounts based on the financial position of the Ryman Group as at 30 September 2020, adjusted for the issue of the Bonds. They are subject to rounding adjustments.
- 2 Liabilities that rank above the Bonds on a liquidation of the Ryman Group include employee entitlements for unpaid salaries and wages, holiday pay, bonuses and PAYE, and amounts owing to the Inland Revenue for unpaid taxes and goods and services tax. There are typically other liabilities which are preferred by law or secured, including enforcement costs and similar, which arise when a company is in liquidation which are not possible to foresee and cannot therefore be quantified.
- 3 Other permitted secured liabilities include those secured over particular assets under a perfected purchase money security interest, such as finance leases and title retention arrangements. These are shown as ranking above the Bonds for reasons of simplicity, as on liquidation the secured party in relation to a perfected purchase money security interest has first rights to the particular asset or its sale proceeds.



## RYMAN HEALTHCARE LIMITED

- 4 On liquidation, the Statutory Supervisor is entitled to be paid in priority to the Security Trustee all amounts owing to the Statutory Supervisor (including legal fees and expenses) other than amounts owing to the Statutory Supervisor on behalf of New Zealand Residents. But the Statutory Supervisor also has first rights to the proceeds of security enforcement relating to the assets subject to the Statutory Supervisor's Mortgage or a Resident Mortgage (in respect of amounts owing to the Statutory Supervisor on behalf of New Zealand Residents). Ryman Group members that are not Village Companies are not liable for amounts owing to Residents. The amount owing to Residents of a Village may increase over time where: (1) more Units and Care Suites are developed; and/or (2) an Occupation Agreement is entered into with a new Resident for a higher price than the price for which it was sold to the previous Resident.
- 5 Each Resident of an Australian Village Company has the benefit of a Statutory Charge over the land of the relevant Australian Village Company to secure that company's obligation to repay the Australian Resident Loan paid by that Resident. This charge ranks ahead of the general security held by the Security Trustee over the assets of the Australian Village Company.
- 6 Assuming \$150 million of Bonds are issued under the Offer. The final size of the Offer will not materially impact the other unsubordinated liabilities number as the proceeds of the Offer will be applied towards repaying a portion of bank debt which ranks equally with the Bonds.
- 7 Unsubordinated and unsecured liabilities of the Ryman Group are shown as ranking behind the Bonds because, although these amounts are not legally subordinated to the Bonds (or other secured debt), they do not have the benefit of the Security. In effect the Bonds (and other secured debt, including bank debt and any other debt funding providers who become Beneficiaries under the Security Trust Deed) would have priority over unsubordinated and unsecured liabilities if the Security was enforced, to the extent of the proceeds of the Security Trustee's Security to which the Security Trustee is entitled under each Security Sharing Deed.
- 8 The amount of equity stated above includes an amount in relation to Ryman's existing quoted equity securities (i.e. Ryman's ordinary shares).

### **Additional debt funding**

As at 24 November 2020, the limit of the facilities available under the Bank Facility Agreement is \$2,395m. To further diversify sources and tenor of debt funding, Ryman is investigating a number of additional debt funding options, including an issue of USPP notes and other arrangements with institutional lenders. These transactions may be completed relatively soon after the date of this PDS.

While details of such funding arrangements have not been confirmed as at the date of this PDS:

- as the proceeds of such funding are intended to be solely used to repay a portion of Ryman's existing bank debt, it is not expected that such additional funding will itself result in an increase in Ryman's total liabilities; and
- it is expected that the providers of such debt funding will be Beneficiaries entitled to the benefit of the Security under the Security Trust Deed (and will rank equally for repayment with the Bonds).

### **The Security Trustee**

The Security Trustee (currently New Zealand Permanent Trustees Limited) holds the Security for all creditors entitled to the benefit of the Security under the Security Trust Deed. As at the date of this PDS the creditors entitled to the benefit of the Security include (in addition to the Bond Supervisor and Bondholders) the Security Trustee, Ryman's banks and the Agent (as agent of the banks in relation to the bank lending).

It is likely that further creditors will become entitled to the benefit of the Security in the future, and/or that the total amount of debt secured by the Security will increase. For example, Ryman may drawdown additional funds from time to time under the Bank Facility Agreement, obtain additional debt funding or undertake further bond issuances. Ryman is investigating a number of additional debt funding options. See the section above headed "*Additional debt funding*".

The Statutory Supervisor is not a "Beneficiary" under the Security Trust Deed.

The basis on which the Security Trustee holds the Security, and otherwise acts for the Beneficiaries, is set out in the Security

Trust Deed. More information on the Security Trust Deed is set out below under the heading "*Security Trust Deed*".

### **The Statutory Supervisor**

Under the NZ RV Act every operator of a retirement village in New Zealand must appoint a licensed statutory supervisor of that village. Anchorage Trustee Services Limited is the Statutory Supervisor of every NZ Village.

Pursuant to informal arrangements with Ryman, the Statutory Supervisor also acts as "Resident advocate" in respect of each Australian Village (under which Residents may raise complaints directly with the Statutory Supervisor) but the Statutory Supervisor has no statutory role or powers in respect of the Ryman Group's Australian Villages.

The role of the Statutory Supervisor in New Zealand is to protect the interests of Residents of the relevant Village. More detail in relation to the Statutory Supervisor and its rights and powers is set out below under the heading "*Statutory Supervisor's Mortgage and memorial*".

### **The Bond Supervisor**

The Bond Supervisor is appointed to act as supervisor and trustee for Bondholders on the terms contained in the Trust Deed. As at the date of this PDS, the Bond Supervisor is Public Trust.

You can only enforce your rights under the Bonds, or under the Guarantee and Security, through the Bond Supervisor. However you can enforce your rights under the Bonds (but not the Guarantee or Security) against Ryman directly if the Bond Supervisor is obliged to enforce but has failed to do so within a reasonable period.

### **The Security**

The Bonds rank equally with the liabilities owed by the Ryman Group to the Beneficiaries including Ryman's bank lenders and any other debt funding providers who become Beneficiaries under the Security Trust Deed. The Bondholders (and the other Beneficiaries) have the benefit of the Guarantee and Security provided by the Guaranteeing Group to the Security Trustee described below:

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- (a) the Guarantee described under the heading “Guarantees” below;
- (b) the General Security Agreements;
- (c) first ranking registered mortgages over:
- (i) all land and buildings owned by NZ Guarantors that are not NZ Village Companies. This includes bare land and land that is under development and not yet used for an operational retirement village; and
- (ii) all land and buildings owned by NZ Guarantors that are NZ Village Companies which are on separate legal titles to any land allocated for Units. This generally includes hospital facilities, Community Facilities and care centres but only if that care centre does not contain any Care Suites (paragraph (d) below applies where the care centre contains Care Suites); and
- (d) second ranking registered mortgages over the care centre of any NZ Village Company, but only if that care centre includes any Care Suites.

The Beneficiaries do not have the benefit of any registered mortgages in respect of land and buildings owned by an Australian Guarantor. But the Security Trustee has an unregistered security interest in each Australian Subsidiary’s land holdings under the general security (which will rank behind the Statutory Charge).

Ryman estimates that as at 30 September 2020:

- The total amount of liabilities secured by the Security was approximately \$2,130m, with all Beneficiaries under the Security Trust Deed ranking equally. The issue of the Bonds will not materially impact this amount, as the proceeds of the issue will be used to repay existing bank debt which also has the benefit of the Security.
- The total value of the Ryman Group’s assets available as Security, after deducting amounts preferred by law and amounts owing to the Statutory Supervisor and under the Resident Mortgage and Statutory Charge and liabilities that rank ahead of the Bonds, was \$4,927m.

Details of the Security (based on the financial position of Ryman as at 30 September 2020, as adjusted for expected issue proceeds of \$150 million) are:

GUARANTORS				
Security Information	NZ Village Companies	Australian Village Companies	Subsidiaries that are not Village Companies with land	Subsidiaries that are not Village Companies without land
<b>Assets subject to Security</b>	Land and buildings are subject to the Security Trustee’s Mortgages  All assets are subject to the NZ General Security Agreement	All assets are subject to the Australian General Security Agreements (but there are no registered mortgages over land)	Land and buildings of NZ Guarantors only are subject to the Security Trustee’s Mortgages  All assets of the Guarantors are subject to the General Security Agreements	All assets are subject to the relevant General Security Agreements (but any assets are likely to be minimal)
<b>Nature of Security</b>	First ranking registered mortgages over land and buildings owned by NZ Village Companies which are on separate legal titles to any land allocated for Units. This generally includes care centres (but only if that care centre does not contain any Care Suites), hospital facilities and Community Facilities <sup>1</sup>  A second ranking mortgage over the land on which a care centre of any NZ Village Company is located where the care centre includes Care Suites  General Security Agreements (to the extent it relates to a Unit or the land on which a Unit is located, the Statutory Supervisor has first rights to the proceeds of security enforcement to which the Security Trustee is entitled)	General Security Agreements	First ranking registered mortgages over land and buildings owned by NZ Guarantors only <sup>1</sup>  General Security Agreements	General Security Agreements
<b>Total value of assets available as Security</b>	\$7,028m before deducting amounts owing to the Statutory Supervisor <sup>2</sup> and under the Resident Mortgage  \$4,023m after deducting amounts owing to the Statutory Supervisor <sup>2</sup> and under the Resident Mortgage	\$959m before deducting amounts owing under the Statutory Charge <sup>3</sup>  \$596m after deducting amounts owing under the Statutory Charge <sup>3</sup>	\$276m	\$74m

- <sup>1</sup> The priority amount is the maximum amount for which the Security Trustee's Mortgages will have priority over any subsequent mortgage relating to the relevant property. The priority amount in each mortgage is different and depends on when the mortgage was granted.
- <sup>2</sup> The Statutory Supervisor has a first ranking registered mortgage over all land and buildings owned by a NZ Village Company containing Units (other than a NZ Village Company's interest in the Units against which a Resident Mortgage has been registered). This is discussed under the heading "*New Zealand – Statutory Supervisor's Mortgage and memorial*" below.
- <sup>3</sup> Each Resident of an Australian Village Company has the benefit of a Statutory Charge over the relevant Australian Village Company's land to secure repayment of the Resident's Australian Resident Loan. This is discussed under the heading "*Statutory Charge*" below.

## New Zealand – Statutory Supervisor's Mortgage and memorial

New residents moving into a Unit at a Ryman Group NZ Village must enter into an Occupation Agreement. Under an Occupation Agreement a Resident receives the right to occupy their Unit for life in exchange for paying the Occupancy Advance to the relevant Village Company. Legal ownership of the Unit remains with the relevant Village Company.

Some Village Companies offer Care Suites in a NZ Village Company's care centre. Each Care Suite Resident will receive the right to occupy a Care Suite in a care centre for life in exchange for paying the Occupancy Advance to the relevant Village Company. Legal ownership of the Care Suite will remain with the relevant Village Company.

The Occupancy Advance received by the relevant Village Company is treated as a loan to the relevant Village Company under NZ GAAP. However, no interest is payable by the relevant Village Company on the Occupancy Advance, and the relevant Village Company is generally only obliged to repay the Occupancy Advance (less the deductions described below) when the Resident leaves their Unit and the relevant Village Company has entered into an Occupation Agreement for that Unit with a new resident and the new Occupancy Advance has been received. A Care Suite Resident must be repaid his or her Occupancy Advance within 30 working days of the Resident leaving their Care Suite.

The relevant Village Company is entitled to make certain deductions when it is repaying a Resident's Occupancy Advance. The main deduction is a deferred management fee that is calculated as a percentage of the Occupancy Advance for Units (up to a maximum of 20%). No deferred management fee is payable for Care Suites.

### **The Statutory Supervisor's Mortgage**

The Statutory Supervisor's Mortgage secures the NZ Village Companies' obligations under, and any amounts owing by the relevant NZ Village Company to the Statutory Supervisor or any Resident (such as repayment of the residual Occupancy Advance) under the Deed of Supervision, any Occupation Agreement or the Statutory Supervisor's Mortgage. The Statutory Supervisor does not hold any guarantee or security from any Australian member of the Ryman Group.

Bondholders do not have the benefit of the Statutory Supervisor's Mortgage.

### **Existing Resident's security**

The security position is different in respect of Occupation Agreements entered into with Residents prior to 1 September 2014. Prior to this date Residents, on providing an Occupancy Advance to the NZ Village Company, were granted:

- a Life Title for the Resident's Unit which remained in place during the lifetime of the Resident; and
- a Resident Mortgage registered against the NZ Village Company's reversionary interest in the land on which the Resident's Unit was situated. The Resident Mortgage is discharged at the time the Resident's Occupancy Advance is repaid by the NZ Village Company.

Ryman stopped granting Life Titles and Resident Mortgages on 1 September 2014, but Resident Mortgages are in place as at the date of this PDS in respect of Residents who entered into an Occupation Agreement prior to 1 September 2014 who remain in the Unit to which that Occupation Agreement relates. The obligations of a NZ Village Company to Residents under Occupation Agreements entered into between a NZ Village Company and Residents on and from 1 September 2014 (including the obligation to repay the Resident's Occupancy Advance) are secured by the Statutory Supervisor's Mortgage and no Life Title or Resident Mortgage is put in place.

The Statutory Supervisor's Mortgages are granted on a "village by village" basis. This means that the Statutory Supervisor's Mortgage in respect of each NZ Village Company only secures amounts owing to the Statutory Supervisor and Residents in relation to that particular Village. It does not secure amounts owing in relation to other Villages.

### **Memorial protections for Residents**

In addition to the Statutory Supervisor's Mortgages, the NZ RV Act requires a memorial to be placed on the title of any property that forms part of the Village (i.e. property containing Units or Care Suites) that is owned or leased by a NZ Village Company. This memorial gives Residents security of tenure to occupy their Unit for life even if the relevant NZ Village Company becomes insolvent. This means that, unless all Residents of the Village have received independent legal advice and at least 90% of those Residents have consented in writing, the holder of a security interest or any receiver, liquidator or statutory manager of property comprising the Village or of any NZ Village Company must not:

- dispose of the NZ Village other than as a going concern;
- disclaim any Occupation Agreement relating to that NZ Village as onerous property; or
- evict any Resident or exclude any Resident from the use of any facilities or any part of the NZ Village to which that Resident is ordinarily entitled.

### **Security sharing and ranking with Statutory Supervisor's Mortgage**

The Security Trust Deed contains the rules regarding the distribution of proceeds received in respect of the Security on enforcement between Beneficiaries (see the section headed "*Security Trust Deed*" on page 15 of this PDS).

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These arrangements are subject to the Security Sharing Deed arrangements set out below.

Under the terms of each Security Sharing Deed, the Statutory Supervisor and the Security Trustee agree that:

- (a) the Security Trustee's NZ GSA (to the extent it relates to a Unit or the land on which a Unit is located) and the Security Trustee's Care Centre Land Mortgage, each ranks behind the Statutory Supervisor's Mortgage;
- (b) all proceeds of enforcement received under the Security Trustee's NZ GSA and/or the Security Trustee Mortgages and the Statutory Supervisor's Mortgage will be applied as follows:

### **Before Bondholders and other Beneficiaries**

- (i) first, in payment of all reasonable costs and expenses incurred by the Security Trustee or Statutory Supervisor in exercising their powers under their relevant securities;
- (ii) secondly, in payment of all moneys owing to the Statutory Supervisor including its fees and legal expenses (other than amounts owing under the following point);
- (iii) thirdly, to the extent that proceeds relate to a Unit, the land on which the Unit is located and/or land on which a care centre is located (but only where that care centre includes any Care Suites), in payment of all moneys owing to any Resident under Occupation Agreements in respect of such Units and/or Care Suites, Deed of Supervision relating to that Village, Resident Mortgage or Statutory Supervisor Mortgage;

### **Bondholders and other Beneficiaries**

- (iv) fourthly, in payment to the Security Trustee of all amounts owing under the Security – this includes the amounts owing under the Bonds, the bank facilities and any other debt funding providers who become Beneficiaries under the Security Trust Deed. These proceeds will be shared between the Beneficiaries on a pro-rata basis (see the section headed "*Security Trust Deed*" on page 15 for further information); and

### **After Bondholders and other Beneficiaries**

- (v) fifthly, in payment of any surplus to the NZ Village Company or to such other person that has a prior claim on such surplus.

The Security held by the Security Trustee is also subject to the rights of Residents and the Statutory Supervisor under each Occupation Agreement entered into by a NZ Village Company, each Resident Mortgage and the Statutory Supervisor's Mortgage and to the Statutory Supervisor's rights and benefits under the Deed of Supervision.

To enable the Resident Mortgage and the Statutory Supervisor's Mortgage to be first-ranking securities, the Security Trustee under each Security Sharing Deed:

- waives its rights and remedies under the NZ GSA for each Unit that is subject to an Occupation Agreement once the relevant NZ Village Company has paid the net sale proceeds from the sale of the occupation rights to a Unit to the Security Trustee in accordance with the relevant Security Sharing Deed until the relevant Occupation Agreement is at an end and the relevant Occupancy Advance has been repaid;

- agrees, that if Care Suites are designated in a Village in New Zealand where the Security Trustee has a first ranking mortgage over the care centre, the Security Trustee's mortgage is subordinated and becomes a second-ranking mortgage behind the Statutory Supervisor's Mortgages; and
- subordinates its rights in respect of each Unit and Care Suite (as applicable) under the NZ GSA behind the Resident Mortgage and the Statutory Supervisor's Mortgage and agrees to only exercise its rights and powers under the NZ GSA subject to the rights of Residents and the Statutory Supervisor under the Occupation Agreements, Resident Mortgage and Statutory Supervisor's Mortgage.

### **Australia – Statutory Charge**

In Australia, when a Resident pays an amount in consideration of the right to become a Resident in a Retirement Village where part of that amount is refundable when the Resident leaves the village, the Resident has the benefit of a Statutory Charge under the Australian RV Act over the land of the relevant Australian Village Company to secure repayment of the refundable component. The relevant Australian Village Company is obliged to repay an Australian Resident Loan (less any applicable deductions) within six months after the Resident permanently vacates their Unit, (noting the relevant Australian Village Company is obliged to repay earlier if the Unit is sold and settled within the 6 month period).

The Statutory Charge applies regardless of whether or not it is registered against the title to the land of the Australian Village Company and takes priority over the Security Trustee's Security.

Where funds have been received from Residents or prospective residents, Statutory Charges have been registered on the titles to all of the Ryman Group's Australian Village Companies.

The Australian RV Act also provides a mechanism for the enforcement of a Statutory Charge.

A Resident may apply to the Supreme Court for an order for the enforcement of a Statutory Charge if the Resident has:

- brought proceedings against the owner of the land for recovery of the refundable component of the Resident's Australian Resident Loan;
- obtained judgement; and
- attempted to execute the judgment,

but has been unable to recover the amount judged to be refundable from the Resident's Australian Resident Loan.

To make an order for enforcement, the Court must be satisfied that the order is in the interests of all Residents of the relevant Village. If an order is granted it must provide for (amongst other things) the sale of the land subject to the Statutory Charge. The sale proceeds would be applied towards payment of the amounts owing to Residents in priority to amounts owing to the Security Trustee.

### **Further borrowing and security**

After the issue of the Bonds, the Ryman Group may (without the consent of Bondholders) borrow money or otherwise incur liabilities that:

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- rank equally with the Bonds on a liquidation of the Ryman Group. This may include, for example, further bank or other debt funding, or the issue of USPP notes or further bonds; or
- rank above the Bonds on a liquidation of the Ryman Group. This may include, for example, other borrowings with permitted security as described below and liabilities preferred by law.

Also, the amounts owing to Residents by Village Companies and secured by the Statutory Supervisor's Security or the Statutory Charge may increase over time. These amounts rank ahead of the Bonds. Village Companies may also incur liabilities to other parties from time to time.

The financial covenants and other terms described below limit the ability of the Ryman Group to:

- borrow money that ranks equally with, or above, the Bonds; or
- grant security which ranks equally with, or above, the Security.

### Restrictions on borrowing

#### **Trust Deed**

Under the Trust Deed, Ryman must ensure at all times that the ratio of Total Liabilities of the Ryman Group (after deducting the total value of Resident Occupancy Advances, Australian Resident Loans and Accommodation Bonds owing or held by the Group) to Net Tangible Assets of the Ryman Group is no greater than 1.0:1.0 (the *Debt to Equity Covenant*).

This covenant is also contained in the Bank Facility Agreement.

If there is a breach of the Debt to Equity Covenant, Ryman must, within 6 months of the date of a 6 monthly compliance report being delivered specifying that breach (or the date on which it should have been delivered, if earlier) remedy the breach or (if not remedied within 6 months) give notice to the Bond Supervisor within 20 Business Days after such date of its plan to remedy the breach. If the breach is not remedied within 6 months of the date of that notice (or the date on which it should have been delivered, if earlier), an Event of Default will occur.

Therefore a continued breach of the Debt to Equity Covenant will be an Event of Default approximately 13 months after that breach is disclosed to the Bond Supervisor in the 6 monthly compliance report.

#### **Bank Facility Agreement**

Certain terms under the Bank Facility Agreement limit the ability of the Ryman Group to borrow money (although Bondholders do not have the benefit of these, and they may be amended or waived by the Banks). If these terms are breached, an event of default would occur under the Bank Facility Agreement (subject to certain grace periods). These terms include:

- a minimum "interest cover ratio" (this is a measure of the Guaranteeing Group's ability to meet its interest payments and measures the Ryman Group's Adjusted EBIT against the Ryman Group's Interest Expense) for Ryman's financial year to date must be more than 2.25:1.0 at all times;
- a minimum "debt to equity" ratio and "guaranteeing group coverage" ratio which is the same as the Debt to Equity

Covenant and the Guaranteeing Group Coverage Covenant in the Trust Deed;

- restrictions on Financial Indebtedness. The Ryman Group can only incur Financial Indebtedness to the extent permitted under the Bank Facility Agreement. Financial indebtedness is permitted:
  - between members of the Guaranteeing Group;
  - if it is a loan or ingoing contribution provided by a Resident to a Village Company in connection with an Occupation Agreement (e.g. Occupancy Advances);
  - if it is an Approved Lender Facility (Ryman may give notice to the Security Trustee under the Security Trust Deed designating a loan, other debt or financial accommodation (including the issue of bonds) as an Approved Lender Facility);
  - if incurred with the Agent's prior written consent; and
  - in certain other limited circumstances permitted under the Bank Facility Agreement.

### Restrictions on granting security

#### **Restrictions under each Security Sharing Deed**

Under each Security Sharing Deed each NZ Village Company has agreed in favour of the Security Trustee, not to grant or permit any further security over any of its land or assets without the Security Trustee's prior written consent (other than the Statutory Supervisor's Mortgage).

#### **Restrictions under the Trust Deed**

Under the Trust Deed, Ryman has agreed that it will not, and will ensure that each Guarantor does not, without the Bond Supervisor's prior written consent create or permit to exist any security interest over the whole or any part of its assets, except as expressly permitted by the Trust Deed as permitted security interests. These permitted security interests include:

- securities in favour of the Statutory Supervisor;
- any charge or other encumbrance in favour of a Resident of a Village that is created or required under any legislation regulating retirement villages;
- securities approved by the Bond Supervisor;
- security arising by the operation of law; and
- security interests under which the aggregate principal amount secured when aggregated with the principal amount secured under all security interests relying on this exception, does not exceed 5% of the Total Tangible Assets of the Ryman Group (this is in addition to the other permitted security interests).

This summary does not cover all of the permitted security interests. For full details see the definition of "Permitted Security Interests" in condition 22 of the Trust Deed.

#### **Restrictions under the Bank Facility Agreement**

Under the Bank Facility Agreement Ryman agrees that it will not, and will ensure no member of the Guaranteeing Group will (without the Agent's prior written consent) create or permit to exist any security over its assets, except in limited permitted circumstances which include:

- security arising by operation of law;

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- the Statutory Supervisor's Mortgage and Resident Mortgage and any other charge or encumbrance in favour of a Resident of a Village that is created under any legislation regulating retirement villages;
- netting and set-off arrangements entered into in the ordinary course of banking arrangements;
- any security not otherwise permitted which, when aggregated with the principal amount secured under all security interests relying on this exception, does not exceed 5% of Total Tangible Assets of the Ryman Group; and
- certain other limited circumstances set out in the Bank Facility Agreement.

### **Restrictions under Occupation Agreements**

Under each New Zealand Occupation Agreement for Units each NZ Village Company agrees with Residents:

- not to offer security over a Resident's Unit to any bank or other lender during the term of the relevant New Zealand Occupation Agreement; and
- not to charge, pledge or encumber the Resident's Life Title to the Residents' detriment.

### **Restrictions under Deed of Supervision**

Under its Deed of Supervision, each NZ Village Company needs the Statutory Supervisor's prior written consent (such consent cannot be unreasonably withheld) to:

- give guarantees in respect of the obligations of any third party; or
- grant any security over any of its assets relating to a NZ Village Company.

Bondholders are not able to enforce these restrictions.

## Security Trust Deed

### **Sharing of Security proceeds between Beneficiaries**

The Security Trust Deed contains the rules regarding the distribution of proceeds received by the Security Trustee on enforcement of the Security. These are subject to the security arrangements in each Security Sharing Deed.

In short, funds received by the Security Trustee are payable first to fees and costs (including those of the Security Trustee and/or any receiver) and to any creditors that have a statutory preference (including the Statutory Supervisor) and then to the Beneficiaries (including Bondholders) under the Security Trust Deed on a pro-rata basis (based on the total amount owing to each Beneficiary).

### **Enforcement of Security**

The Security Trust Deed sets out how the Security can be enforced by the Bond Supervisor and other Beneficiaries.

*If default is a "Major Default" and there are no USPP notes issued and outstanding*

If:

- (a) there is a default event under the Trust Deed which is a "Major Default" under the Security Trust Deed (this includes a default relating to late payment on the Bonds, an insolvency event or default by a Guarantor under any financial covenant in any Financing Document (as defined in the Security Trust Deed)); and
- (b) no USPP notes are issued and outstanding,

the Bond Supervisor can, if that Major Default has not been remedied within 5 Business Days, instruct the Security Trustee on the enforcement steps it requires the Security Trustee to take; or

*If there is a default and USPP notes are issued and outstanding*

If there is a default event under the Trust Deed when there are USPP notes issued and outstanding (regardless of whether or not that default is a "Major Default") the Bond Supervisor can instruct the Security Trustee on the enforcement steps it requires the Security Trustee to take.

However, in both cases outlined above, if that default event under the Trust Deed is:

- (a) a Major Default under other funding arrangements that have the benefit of the Security Trust Deed at a time when no USPP notes are issued and outstanding; or
- (b) if USPP notes are issued and outstanding, an event of default under other funding arrangements that have the benefit of the Security Trust Deed,

and other Beneficiaries give conflicting instructions to those given by the Bond Supervisor in relation to how (but not whether) the Security should be enforced, then the Security Trustee must act on the instructions given by:

- (a) if no USPP notes are issued and outstanding, the Beneficiary or group of Beneficiaries giving instructions to enforce with the greater aggregate principal amount outstanding; and
- (b) if USPP notes are issued and outstanding, the Majority Beneficiaries, or if there are no instructions from the Majority Beneficiaries, the Beneficiary or group of Beneficiaries giving instructions to enforce with the greater aggregate principal amount outstanding.

If the Bond Supervisor or any other instructing Beneficiary requires the Security Trustee to enforce the Security, the Security Trustee must do so (unless the instructing Beneficiaries consent to the Security Trustee ceasing to take enforcement action).

*If default is not a "Major Default" and no USPP notes are issued and outstanding*

If no USPP notes are issued and outstanding and a default event under the Trust Deed occurs which is not a Major Default, the Beneficiaries must consult with each other to agree the appropriate action in the circumstances to protect the mutual interests of the Beneficiaries. Following such consultation, the Majority Beneficiaries may give notice to the Security Trustee setting out the enforcement steps the Security Trustee is required to take.

As the Majority Beneficiaries are determined by the respective principal amounts outstanding, Ryman's banks currently constitute the Majority Beneficiaries for the purposes of giving instructions to the Security Trustee, and it is expected that they will continue to do so after the Bonds are issued.

### **Limitations on Security Trustee's ability to enforce Security**

The Security Trustee's ability to take enforcement action and exercise other powers under the Security Trust Deed in relation to NZ Village Companies is subject to each Security Sharing Deed and Deed of Supervision and in relation to Australian Village Companies the Statutory Charge. For example, under the Deed of Supervision:

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- if the Statutory Supervisor believes the financial position of the relevant NZ Village, the security of the interests of the Residents, or the management of the relevant NZ Village is inadequate the Statutory Supervisor can:
  - direct that Village how to operate; and/or
  - apply for a court order under the NZ RV Act. Court orders under this section could include:
    - restrictions on the activities of that operator of the NZ Village that the court considers necessary to protect Residents' interests;
    - a prohibition on the NZ Village making further offers of occupation;
    - appointment of a receiver or manager of the assets of the NZ Village; and
    - restrictions on the transfer of any interest in all or part of the NZ Village; and
- the Statutory Supervisor's prior consent is required for a number of activities, including:
  - if the relevant operator wishes to dispose of the whole or any part of a NZ Village;
  - a change of control of a NZ Village or in the relevant operator; or
  - winding up a NZ Village.

### Events of Default

The Events of Default are included in condition 18.1 of the Trust Deed. They include:

- failure by Ryman to make a payment on the Bonds within any applicable grace period;
- if a breach of the Debt to Equity Covenant is not remedied within (approximately) 13 months of that breach being disclosed to the Bond Supervisor in a 6 monthly compliance report;
- a breach by Ryman of a material term of the Trust Deed or the Bonds (including a breach of the Guaranteeing Group Coverage Ratio), or by a member of the Ryman Group of a material undertaking in the Security Trust Deed, each Security Sharing Deed or the Security which (1) if capable of being remedied, is not remedied within 30 days after Ryman or a Ryman Group member becoming aware of the breach; and (2) in the reasonable opinion of the Bond Supervisor, is or is likely to be materially prejudicial to Bondholders;
- material misrepresentation by any Guarantor under the Trust Deed, the Bonds, the Security Trust Deed, each Security Sharing Deed or the Security (subject to applicable remedy periods);
- indebtedness of more than \$10 million in respect of other borrowed money of a Guarantor is declared to be due and payable or cancelled or terminated prior to its stated maturity date as a result of a default;
- insolvency events that affect a Guarantor;
- termination of the Security Trust Deed, each Security Sharing Deed or the Security.

This summary does not cover all of the Events of Default.

If an Event of Default occurs, the Bond Supervisor may, in its discretion, and must on being directed to do so by an

Extraordinary Resolution of Bondholders (or, if certain Events of Default occur), declare the Principal Amount and any accrued interest on the Bonds due and payable. If this occurs, Ryman will need to repay the Principal Amount of the Bonds and any outstanding interest due. Outstanding interest will be calculated based on the number of days since the last Interest Payment Date and the total number of days in the current Interest Period based on an actual/actual day count convention basis.

Any enforcement of the Security must be by the Security Trustee and not the Bond Supervisor.

### Distribution stopper

While the Bond Supervisor does not have the benefit of a distribution stopper in respect of a breach of the Debt to Equity Covenant unless that breach becomes an Event of Default (as described above), under the Bank Facility Agreement, Ryman is not permitted to make a distribution if the ratio equivalent to the Debt to Equity Covenant in that agreement is breached (unless the lenders under the Bank Facility Agreement waive their rights).

### Guarantees

Ryman as Issuer is responsible for repaying, and paying interest on, the Bonds.

Payments on the Bonds are guaranteed by the Guarantors under the Guarantee in the Security Trust Deed. The Guarantee is a cross guarantee. A cross guarantee is a document under which each guarantor guarantees each other guarantor's liabilities. All Guarantors are members of the Ryman Group and, as at the date of this PDS, all members of the Ryman Group are Guarantors.

Ryman is a Guarantor under the Guarantee but as Issuer is not a guarantor of the Bonds.

Not all members of the Ryman Group are required to be Guarantors. Under the Guaranteeing Group Coverage Covenant, Ryman must ensure that the Total Tangible Assets and Adjusted EBIT of the Guaranteeing Group comprise at least 90% of the Total Tangible Assets and Adjusted EBIT of the Ryman Group as a whole.

Members of the Ryman Group may be added or removed as Guarantors from time to time.

Any person that becomes a guarantor of the Bank Facility Agreement under the Security Trust Deed will also become a Guarantor of the Bonds.

Under the Security Trust Deed, each Guarantor guarantees (jointly and severally) the payment of all amounts owed by Ryman to Bondholders and any amount owed to the Bond Supervisor (which would include the Bond Supervisor's fees and costs).

The Guarantee is not subject to any limits or conditions.

The Guarantee is secured by the Security as described above. There is no limit on the amount secured by the Security.

Ryman believes that the assets that constitute the Security are sufficient and are reasonably likely to be sufficient to:

- repay the liability under the Guarantee; and
- pay all other liabilities that a security interest over any of the Security secures and that rank above, or equally with, the liability under the Guarantee.

## Other relevant information about the Trust Deed and Security Trust Deed

The Trust Deed for the Bonds contains a number of standard provisions, including in relation to the powers and duties of the Bond Supervisor, and the process for amending the Trust Deed.

In addition, the Security Trust Deed sets out how the Security can be enforced and contains a number of other important terms including the role, powers and duties of the Security Trustee, and the procedure by which the Security may be extended to additional creditors.

You can find a copy of the Trust Deed and the Security Trust Deed on the Disclose Register. You should read these for further information.

## Selling Restrictions

Ryman does not intend that the Bonds be offered for sale, and no action has been taken or will be taken to permit a public offering of Bonds, in any jurisdiction other than New Zealand. You may only offer for sale or sell any Bond in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered. This PDS may not be published, delivered or distributed in or from any country other than New Zealand.

By subscribing for or otherwise acquiring any Bonds, you agree to indemnify Ryman, the Bond Supervisor, the Arranger and the Joint Lead Managers for any loss suffered as a result of any breach by you of the selling restrictions referred to in this section.

# 6 Risks of investing

## Introduction

This section 6 describes the following potential key risk factors:

- general risks associated with an investment in the Bonds; and
- specific risks relating to the Ryman Group's creditworthiness.

Key risks outlined in this section are based on an assessment of the probability of a risk occurring and its potential impact (individually or in combination with other key risks) at the date of this PDS.

There is no guarantee or assurance that key risks will not change, alter in their significance or that other risks will not emerge.

You should carefully consider these risk factors (together with the other information in this PDS) before deciding to invest in the Bonds.

Before making any investment decision it is important that investors consider the suitability of an investment in the Bonds in light of their own individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues). The risks described in this section do not take account of the personal circumstances, financial position or investment requirements of any particular person other than the Ryman Group.

## General risks

An investment in the Bonds is subject to the following general risks.

### **Credit Risk on Ryman**

The risk that Ryman becomes insolvent and is unable to meet its obligations under the Bonds. If the Security is insufficient to repay you in these circumstances, you might not recover the amount of your investment in the Bonds or receive the returns you expect.

### **Secondary Market Risk**

The risk that, if you wish to sell your Bonds before maturity:

- you may be unable to find a buyer; or
- the price at which you are able to sell them is less than the amount you paid for the Bonds.

These outcomes may arise because of factors related to Ryman Group's creditworthiness, or because of other factors. These other factors may include the following:

- The fact that a trading market for the Bonds may never develop, or if it develops is not very liquid. Although permission is expected to be granted to quote the Bonds on the NZX Debt Market, this does not guarantee any trading market in the Bonds.
- The level, direction and volatility of market interest rates. For example, if market interest rates go up, the market value of the Bonds would typically be expected to go down and vice versa.
- The fact that Bondholders seeking to sell relatively small or relatively large amounts of Bonds may not be able to do so at prices comparable to those available to other Bondholders.

### **Specific risks relating to Ryman's creditworthiness**

Ryman considers that the circumstances which could significantly affect, either individually or in combination, the Ryman Group's future financial position and financial performance, and therefore significantly increase the risk that Ryman may default on its obligations under the Bonds are as set out below. These circumstances, either individually or in combination, may affect Ryman's ability to pay interest on, or repay, the Bonds.

Included in this section are:

- Ryman's assessment of the nature, likelihood and potential magnitude of the impact of these circumstances; and
- the strategies that exist, or that have been adopted by the Ryman Group, to reduce or manage the risk of this impact arising.



**CARING FOR OLDER PEOPLE/OPERATIONS**

<p>Description of risk</p>	<p>The Ryman Group provides resthome, hospital and other specialised care to approximately 5,500 older people in its villages in New Zealand and Victoria. These Residents are a vulnerable group within society, requiring a high level and quality of care.</p> <p><i>Care quality</i></p> <p>Across the Ryman Group hospital and dementia care is provided to approximately 1,750 people. This type of care is more specialised and requires greater skill and attention, reflecting a greater dependency by residents, which generates increased risk of concerns arising.</p> <p>Incidents of substandard care of a Resident or improper conduct by a staff member may undermine the public’s confidence in Ryman’s ability to provide professional, high quality care to Residents. Similarly, this confidence could be negatively affected if a significant health, safety or wellbeing incident within an operating village resulted in harm to a Resident or staff member.</p> <p><i>Pandemic</i></p> <p>In addition, the number of Residents and nature of community living in aged care centres carries a risk that an outbreak of a pandemic (whether Covid-19 or another virus or disease) may adversely affect Residents in one or more Ryman care centres. This is particularly acute where older persons are more susceptible to the relevant virus/disease. A greater level and proportion of care is offered in Ryman villages than by many other operators, which exposes the Ryman Group to this risk to a greater extent.</p>
<p>Assessment of nature, likelihood and potential magnitude of risk</p>	<p><i>Care quality</i></p> <p>In order for the Ryman Group to suffer a material financial impact, the improper care or behaviour would generally need to be systemic, reflect a pattern or be egregious in nature, rather than isolated in nature.</p> <p>A significant loss of confidence in Ryman could reduce demand for spaces in care centres in Ryman Group villages, causing a downturn in occupancy levels and in turn revenue from care fees. This could lead to a possible breach of Ryman’s bank or Bond covenants.</p> <p>A particularly serious case of substandard care (or a pattern of substandard care) could result in the relevant Ryman Group member losing its certification to provide aged care under the Health and Disability Services (Safety) Act 2001 (or the equivalent Australian legislation) or an adverse finding by another body having oversight of Ryman’s care practices including the Health and Disability Commissioner or the Office of the Ombudsman.</p> <p><i>Pandemic</i></p> <p>A pandemic affecting one or more Ryman care centres could require Ryman to establish alternative facilities to care for affected Residents and/or result in increased staffing at these facilities, at increased cost to Ryman. It could also cause a significant decline in new residents at affected care centres, with Ryman’s costs of operating its care centres not reducing in line with any decline.</p> <p>Any perception that Ryman is inadequately caring for Residents in a village affected by a pandemic could undermine confidence in Ryman’s ability to provide care to Residents in the long term. This in turn may cause a significant reduction in demand to live in Ryman villages.</p> <p>Government-imposed restrictions on the movement of people or operation of businesses (as seen in New Zealand and Victoria during 2020) could also delay the ability for prospective residents to visit Ryman villages (delaying the sale of new occupation rights) and/or new residents to move into Ryman villages.</p>
<p>Mitigation strategies</p>	<p><i>Care quality</i></p> <p>Ryman has policies and procedures in place to provide care staff with training to deliver a high standard of care to residents. Ryman’s philosophy of care that it has “got to be good enough for mum or dad” aims to drive continuous improvement in the education of its care staff. Staff receive an induction and orientation programme on starting at Ryman. This is followed up with shift shadowing for new staff, and regular updates on clinical knowledge and skills through frequent education sessions covering a variety of areas relevant to caring for older people. Areas include resident rights, infection prevention and control, wound management, mental health and wellbeing and medication management.</p> <p>Over the last two years, Ryman has been working with specialist input to develop myRyman Life, a new model of person-centred dementia care. The model is supported by four eLearning modules for all Ryman staff to complete, in order to understand how to effectively engage with people with dementia. Ryman has also partnered with Otago Polytechnic to create a Ryman-specific Certificate in Person Centred Dementia care. This qualification sits on the New Zealand Qualifications Authority framework and has been endorsed by national and international specialists in dementia. This qualification is completed by all staff working in the dementia care areas immediately following their orientation period.</p>

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Mitigation strategies (continued)	<p>Ryman also endeavours to attain higher standards within its care centres than is required by law. 81% of New Zealand villages within the Ryman Group hold four-year certifications for rest home care under the Health and Disability Services (Safety) Act 2001, which recognise villages that consistently exceed the care standards required by law. The Ryman Group's Australian villages all exceed the government care standards imposed in Victoria.</p> <p>The Board has a standing Clinical Governance Committee, which includes external experts in the health of older people, whose role is to support and enhance the quality of the Ryman Group's clinical performance and care and service provision.</p> <p>Ryman has also established a Medications Advisory Committee to better understand the impact of medications on older people.</p> <p><i>Pandemic</i></p> <p>Ryman has an infectious diseases protocol, which has evolved over many years and is regularly updated. The protocol is designed to protect the safety of Ryman Group Residents and staff. It encompasses infection control and pandemic plans designed to prevent or contain any outbreak of infections in Ryman villages. These plans are overseen by the Clinical Governance Committee, which has access to external advice from specialists including geriatricians. These plans allow for a co-ordinated response to any pandemic across all villages in the Ryman Group.</p> <p>Ryman's approach to handling a pandemic also includes ensuring sufficient supplies of personal protective equipment (PPE) are available to staff, and that staff are appropriately trained in the use of PPE. Ryman has plans in place to provide additional support and resources to both Residents and staff throughout a pandemic, which are designed to improve security and wellbeing and bolster Ryman's reputation for providing care to older people.</p> <p>If Ryman sales staff cannot meet prospective residents in person due to government-imposed restrictions, they are able to conduct meetings online and to progress sales of occupation rights remotely.</p>
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### PROPERTY MARKET

Description of risk	<p>The value of occupation rights for units in Ryman Group villages is linked to the value of residential properties in the area in which the relevant village is situated. If a downturn in the property market was to occur in markets where the Ryman Group operates, or demand reduced relative to supply in that market, this could have a material adverse effect on the Ryman Group.</p> <p>A reduction in demand or a downturn may have an impact in two important ways. First, this could result in a revaluation of the Ryman Group's property assets which would weaken Ryman's balance sheet and have the potential to result in Ryman breaching its bank or Bond covenants.</p> <p>Secondly, prospective residents may refrain from (or have difficulty) selling their own houses or selling them at a sufficient price to enable them to acquire occupation rights to a unit at a Ryman Group village. This could slow the rate of sales of occupation rights to new units and/or resales of occupation rights to existing units, both of which could adversely impact Ryman's cash flow and revenue streams.</p>
Assessment of nature, likelihood and potential magnitude of risk	<p>The impact of a downturn in the property market will depend on both the extent of the downturn and the particular markets affected. For example, a downturn in the Auckland or Victoria property markets (where the Ryman Group has or will have many of its largest and highest-value villages) would be expected to have a greater impact on Ryman's cash flows and revenue streams than a downturn in a market where there are a smaller number of villages.</p> <p>Ryman's ability to acquire new sites for villages and develop those villages is also influenced by Ryman's endeavours to recycle capital from sales of units in developed villages. A downturn in a property market affecting Ryman could slow Ryman's ability to recycle capital, which may impact on the timeframes for the acquisition and development of sites.</p>

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Mitigation strategies	<p>Ryman's Occupation Agreements with Residents for independent and serviced units provide for Residents to pay a deferred management fee of up to 20% of their occupancy advance, payment of which is set off against the repayment of occupancy advances to Residents. This gives Ryman a resale bank which provides Ryman with a buffer in the event of a decline in house prices. There is also typically a material margin between the median house price in an area and the average occupancy advance for an independent or serviced unit at a Ryman village in that area. This further protects Ryman from a downturn in the property market.</p> <p>Ryman also has a degree of control over its construction and development timeframes. This enables Ryman to adjust its development activity according to demand for units in a Ryman village under construction, and in turn to reduce capital intensity and/or improve overall cash flow. This reduces the potential for Ryman to breach its bank or Bond covenants.</p> <p>Ryman's increasing geographical diversification across multiple regions further helps to reduce the impact of a downturn in the property market occurring in one region.</p>
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### CONSTRUCTION

Description of risk	<p>Ryman primarily manages most of the construction of villages within the Ryman Group itself rather than through contractors. While an inability to engage some contractors on time and on acceptable terms could have some impact on Ryman's development activities, Ryman is less exposed to the risk of engaging contractors than many of its major New Zealand competitors.</p> <p>Construction risk affecting the Ryman Group is more likely to occur in other ways, namely:</p> <ul style="list-style-type: none"> <li>• a significant one-off event at a site causing a material delay in construction activities on the site (this could include a health, safety or wellbeing incident or other regulatory breach, or a severe weather event, fire or similar event); and/or</li> <li>• consents to develop or complete construction of a new or existing village (including building consents, code compliance certificates and resource consents) taking longer to obtain than planned, resulting in delays to the completion of construction.</li> </ul> <p>In addition, a pandemic or other outbreak of a disease (whether Covid-19 or another pandemic/outbreak) may result in regular or prolonged interruptions to Ryman's construction programme, which could reduce Ryman's build rate. These interruptions could arise from government-imposed restrictions on building and construction activities during a lockdown aimed at reducing the spread of a virus/disease (as seen in New Zealand and Victoria during 2020).</p> <p>Each of these individually or combined could adversely affect cash flows and delay revenues for the Ryman Group, which in turn could impact on Ryman's ability to meet its debt repayment obligations or its bank and Bond covenants.</p>
Assessment of nature, likelihood and potential magnitude of risk	<p>It is likely that a health, safety and wellbeing incident or other regulatory issue or delayed consents would need to be serious in order to cause material delays in construction activities on a site. Ryman has taken a number of steps to mitigate the risk of this – see below. However, a serious health, safety and wellbeing, regulatory or consent issue could result in a substantial delay to construction on a site.</p> <p>A high proportion of Ryman's construction activities are generally centred in Auckland and Victoria, meaning interruptions to construction in these regions are likely to have a greater impact on Ryman's financial performance than where other regions are impacted by a similar occurrence. This will depend, however, on where Ryman's construction sites are located at any relevant time.</p>
Mitigation strategies	<p>In addition to primarily managing its construction activities, Ryman implements a number of actions to mitigate the effects of construction-related risks across the Ryman Group.</p> <p>Ryman has a number of health, safety and wellbeing initiatives in place across the Ryman Group. These include holding expos for all construction employees, having a campaign aimed at improving health, safety and wellbeing conversations, and having standing health, safety and wellness and development and construction board committees. Ryman is also in the process of refining its health, safety and wellbeing system across the group.</p> <p>To minimise the risk of a delay in construction caused by a consenting issue, Ryman seeks to engage early with local communities (including holding community meetings) and relevant local and municipal authorities to enable potential consenting issues to be addressed by Ryman at an early stage.</p> <p>The Ryman Group's distributed geography also means construction activity may be increased in one region to account for any delay to construction activity in another area due to a pandemic or other outbreak of disease. In these circumstances a change of construction programme for a village under construction may also be possible, to enable part of that village to become operational sooner.</p>

## LABOUR/IMMIGRATION

Description of risk	<p>As the Ryman Group develops further villages and increases its construction activities, it requires an increasing number of employees in both its construction division and in the care centres at its villages.</p> <p>Recruiting the number and quality of employees Ryman needs in these two areas requires constant attention. An inability to recruit and retain sufficient quality and experienced employees in the Ryman Group's construction and care teams could impede the Group's ability to develop new and existing villages within Ryman's intended timeframes or to operate care facilities as the Ryman Group expands.</p>
Assessment of nature, likelihood and potential magnitude of risk	<p>A significant proportion of Ryman's current staff in both construction and care areas come from overseas. Ryman is susceptible to changes in government immigration policy in both New Zealand and Australia, which is beyond Ryman's control. If increased restrictions were imposed on the ability for overseas people to work in New Zealand or Victoria, this could exacerbate a skills shortage in the construction and/or care areas.</p> <p>Events that result in border closures or restrictions (including due to a pandemic such as Covid-19) may limit the number of potential overseas-trained staff available for Ryman to recruit as Ryman requires.</p> <p>Either situation could have an adverse impact on Ryman's cashflows and revenues due to slower construction activity, or an inability to open or operate care centres.</p>
Mitigation strategies	<p>Ryman regularly assesses its workforce needs so that it can address any shortfalls and aims to pay its care staff and nurses remuneration within the upper quartile of market pay for these roles. Ryman has also introduced an additional pay step for nurses to recognise the advanced skills and knowledge of the most experienced nurses.</p> <p>These initiatives are designed to make the Ryman Group a more attractive employer and to attract and retain high quality people to enable the Ryman Group to provide high quality care services. This in turn is intended to minimise vacancies for roles within the Ryman Group.</p>

# 7 Tax

If you are tax resident in New Zealand or otherwise receive payments of interest on the Bonds that are subject to the resident withholding tax rules, resident withholding tax will be deducted from payments of interest to you, unless you notify the Securities Registrar that you have RWT-exempt status (as defined in the Income Tax Act 2007) and that status remains valid on the record date for the relevant payment date.

If you are not a tax resident in New Zealand and you receive payments of interest on the Bonds subject to the non-resident withholding tax rules, you may have non-resident withholding tax deducted from interest that is payable under the Bonds at the applicable rate.

However, if Ryman is lawfully able to do so, it (or the Securities Registrar on its behalf) will, in lieu of deducting non-resident withholding tax, pay approved issuer levy (**AIL**) payable in respect of interest that is payable under your Bonds. You may by notification to Ryman elect that non-resident withholding tax be deducted from your interest payments instead of applying the AIL regime.

If the AIL regime applies, Ryman will apply the zero rate of AIL if possible, and otherwise pay AIL at the applicable rate. The amount of any approved issuer levy paid by Ryman will be deducted from payments to you.

If the AIL regime changes, Ryman reserves the right not to pay AIL. See the Trust Deed for further details.

### Indemnity

If, in respect of any of your Bonds, Ryman becomes liable to make any payment of, or on account of, tax payable by you, then you will be required to indemnify Ryman in respect of such liability. Any amounts paid by Ryman in relation to any such liability may be recovered from you by withholding the amount from further payments to you in respect of Bonds. See the Trust Deed for further details.

### Generally

There may be other tax consequences from acquiring or disposing of the Bonds. If you have any queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences.

The above generalised summary is based on the taxation laws in force in New Zealand as at the date of this PDS. Future changes to these or other laws may affect the tax consequences of an investment in the Bonds.

# 8 Who is involved?

	Name	Role
Issuer	Ryman Healthcare Limited	Issuer of the Bonds.
Bond Supervisor	Public Trust	Holds certain covenants on trust for the benefit of the Bondholders, including the right to enforce Ryman's obligations under the Bonds.
Arranger	ANZ Bank New Zealand Limited	Provides advice and assistance to Ryman in arranging the Offer.
Joint Lead Managers	ANZ Bank New Zealand Limited Forsyth Barr Limited Hobson Wealth Partners Limited Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	Assist with the bookbuild for the Offer, and marketing and distribution of the Offer.  Except as described above, the Joint Lead Managers are not otherwise involved in the Offer. None of the Arranger, the Joint Lead Managers and their respective directors, employees, agents and advisers have independently verified the content of this PDS.  This PDS does not constitute financial advice from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase, any Bonds. You must make your own independent investigation and assessment of the financial condition and affairs of Ryman before deciding whether or not to invest in the Bonds.
Securities Registrar	Link Market Services Limited	Maintains the register of Bondholders.
Security Trustee	New Zealand Permanent Trustees Limited	Holds the Security for all creditors entitled to its benefit (including the Bond Supervisor and the Bondholders).
Solicitors to Issuer	Chapman Tripp	Provides legal advice to the Ryman Group in respect of the Offer.
Solicitors to Bond Supervisor	Lane Neave	Provides legal advice to the Bond Supervisor in respect of the Offer.

# 9 How to complain

Complaints about the Bonds can be directed to:

**Ryman Healthcare Limited at**

Attn: Company Secretary  
Airport Business Park  
92d Russley Road  
P.O. Box 771  
Christchurch 8140

Telephone: 0800 588 222

Email: [company.secretary@rymanhealthcare.com](mailto:company.secretary@rymanhealthcare.com)

If for any reason Ryman is unable to resolve your complaint, please contact:

**The Bond Supervisor at**

Manager Client Services  
Corporate Trustee Services  
Public Trust  
Level 9  
34 Shortland Street  
Auckland 1010

Telephone: 0800 371 471

Email: [cts.enquiry@publictrust.co.nz](mailto:cts.enquiry@publictrust.co.nz)

The Bond Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (FSCL) and approved by the Ministry of Consumer Affairs. If the Bond Supervisor has not been able to resolve your issue, you can refer the matter to FSCL by emailing [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz), or calling FSCL on 0800 347 257, or by completing the complaints form online at [www.fscl.org.nz/complaints/complaint-form](http://www.fscl.org.nz/complaints/complaint-form), or by writing to FSCL at PO Box, 5967, Wellington 6145.

The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be made to the Financial Markets Authority through their website [www.fma.govt.nz](http://www.fma.govt.nz)

# 10 Where you can find more information

Further information relating to Ryman and the Bonds is available on the online offer register maintained by the Companies Office known as 'Disclose'. The offer register can be accessed at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

A copy of the information on that register is also available on request to the Registrar of Financial Service Providers at [registrar@fspr.govt.nz](mailto:registrar@fspr.govt.nz). The information contained on that register includes a copy of the Trust Deed (including the Supplemental Deed) and a copy of the Security Trust Deed.

Ryman is subject to a disclosure obligation in relation to its shares that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Ryman's page on the NZX website, which includes information made available under the disclosure obligations referred to above, can be found at [www.nzx.com/instruments/RYM](http://www.nzx.com/instruments/RYM).

# 11 How to apply

The Offer will be open to institutional investors and members of the public who are resident in New Zealand.

There is no public pool for the Bonds. All of the Bonds offered under the Offer (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries invited to participate in a bookbuild conducted by the Joint Lead Managers.

This means you can only apply for Bonds through a Primary Market Participant or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting [www.nzx.com/investing/find-a-participant](http://www.nzx.com/investing/find-a-participant).

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this PDS (if you have not already received a copy);
- explain what you need to do to apply for Bonds; and
- explain what payments need to be made by you and by when.

The Primary Market Participant or approved financial intermediary can also explain what arrangements will need to be put in place for you to trade the Bonds (including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant) as well as the costs and timeframes for putting such arrangements in place.

# 12 Contact information

## Issuer

**Ryman Healthcare Limited**  
Attn: Company Secretary  
Airport Business Park  
92d Russley Road  
P.O. Box 771  
Christchurch 8140  
Telephone: 0800 588 222

## Securities Registrar

**Link Market Services Limited**  
Level 11, Deloitte Centre  
80 Queen Street  
Auckland 1010  
P.O. Box 91976, Auckland 1142  
Telephone: +64 9 375 5998

## Arranger

**ANZ Bank New Zealand Limited**  
Level 10, ANZ Centre  
171 Featherston Street  
Wellington 6011  
Telephone : 0800 269 476

## Joint Lead Managers

**ANZ Bank New Zealand Limited**  
Level 10, ANZ Centre  
171 Featherston Street  
Wellington 6011  
Telephone : 0800 269 476

**Forsyth Barr Limited**  
Level 23, Lumley Centre  
88 Shortland Street  
Auckland 1010  
Telephone: 0800 367 227

**Hobson Wealth Partners Limited**  
Level 4, Australis Nathan Buildings  
37 Galway Street  
Britomart  
Auckland 1010  
Telephone: 0800 742 737

**Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)**  
Westpac on Takutai Square  
Level 8, 16 Takutai Square  
Auckland 1010  
Telephone: 0800 942 822

# Glossary

\$	New Zealand dollars.
Accommodation Bonds	Accommodation bonds held by the Ryman Group in connection with any aged care facility regulated by the Aged Care Act 1997 (Cth).
Agent	ANZ Bank New Zealand Limited or any replacement agent appointed under the Bank Facility Agreement.
Adjusted EBIT	The relevant part of the Group's aggregate net operating profit before tax for a period: <ul style="list-style-type: none"> <li>• plus Interest Expense for that period less capitalised interest for that period;</li> <li>• excluding all unrealised portions of fair value movement (to the extent included in the above) in the relevant part of the Group's real property which is held for investment or future development; and</li> <li>• minus the non-cash element of deferred management fees.</li> </ul>
Approved Lender Facility	The meaning given to that term in the Security Trust Deed.
Arranger	ANZ Bank New Zealand Limited.
Australian Guarantor	Any Australian Subsidiary that has granted a Guarantee.
Australian Resident Loan	Any incoming contribution and/or loan provided to the Guaranteeing Group by a Resident of an Australian Village.
Australian RV Act	The Retirement Villages Act 1986 (Vic).
Australian Subsidiary	Any Subsidiary of Ryman incorporated in Australia.
Australian Village Company	Any Subsidiary which operates and/or owns, and has received from a Resident an Australian Resident Loan (or part thereof) in consideration of the right to become a Resident in, a Village in Australia. The Australian Village Companies as at the date of this PDS are set out in Part B of Schedule 1.
Bank Facility Agreement	The syndicated facility agreement dated 13 October 2008 (as amended and restated from time to time) between (among others) Ryman and Ryman Healthcare (Australia) Pty Limited as borrowers, the Guarantors as obligors, and the Agent.
Beneficiaries	The creditors of Ryman that are defined as beneficiaries for the purposes of the Security Trust Deed and therefore share the Security with Bondholders on a pro-rata basis, and Beneficiary means any one of them.
Bond Supervisor	Public Trust or such other supervisor as may hold office as supervisor under the Trust Deed from time to time.
Bondholder	A person whose name is entered in the Register as a holder of a Bond.
Bonds	The bonds constituted and issued pursuant to the Trust Deed and Supplemental Deed and offered pursuant to this PDS.
Business Day	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland, Christchurch and Wellington, except that in the context of the Listing Rules it means a day on which the NZX Debt Market is open for trading.
Care Suite	A unit in a care centre operated by a NZ Village Company which has been designated as a care suite.
Closing Date	Thursday, 10 December 2020 at 1pm.
Community Facilities	The community facilities at a Village such as a dining room, club lounge, hair salon, swimming pool, gym, bowling green and other recreational facilities.
Debt to Equity Covenant	The ratio of Total Liabilities of the Ryman Group (after deducting the total value of Resident Occupancy Advances, Australian Resident Loans and Accommodation Bonds owing or held by the Group) to Net Tangible Assets of the Ryman Group, which under the Trust Deed must not be greater than 1.0:1.0.
Deed of Supervision	A deed of supervision between each NZ Village Company and the Statutory Supervisor entered into pursuant to the NZ RV Act.
Development	The development of any land (including the construction of a retirement village or other aged care facility) by a member of the Ryman Group.
Disclose Register	The online offer register maintained by the Companies Office known as 'Disclose'.
Event of Default	Each event set out in condition 18.1 of Schedule 1 to the Trust Deed, some of which are summarised in section 5 ( <i>Key features of the Bonds</i> ).

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Extraordinary Resolution	A resolution passed at a meeting of Bondholders by Bondholders holding not less than 75% of the aggregate Principal Amount of Bonds held by those persons entitled to vote and voting.
Financial Indebtedness	Any indebtedness, present or future or actual or contingent in respect of moneys borrowed or raised or any financial accommodation, of whatever nature, including indebtedness under or in respect of: <ul style="list-style-type: none"> <li>(a) a negotiable or other financial instrument, guarantee, interest or currency swap or hedge agreement, financial option, futures contract or analogous transaction;</li> <li>(b) a hire purchase or deferred payment obligation (other than a deferred payment obligation which represents the purchase price of assets or services obtained on normal commercial terms in the ordinary course of trading);</li> <li>(c) a lease, licence or other arrangement in respect of any property (real or personal, tangible or intangible) entered into primarily for the purpose of raising finance or for the purpose of financing the acquisition of the property leased, licenced or subject to the relevant arrangement (other than a lease, licence or arrangement which may be accounted for as an operating lease under NZ GAAP).</li> </ul>
First Interest Payment Date	18 March 2021.
FMCA	Financial Markets Conduct Act 2013.
General Security Agreements	The general security agreements and other security agreements granted by the Guaranteeing Group in favour of the Security Trustee, being those defined in the definition of "General Security Agreements" in the Security Trust Deed.
Guarantee	The cross guarantee contained in the Security Trust Deed granted in favour of the Security Trustee.
Guaranteeing Group	Ryman and the other Guarantors.
Guaranteeing Group Coverage Covenant	The ratio of Total Tangible Assets and Adjusted EBIT of the Guaranteeing Group to Total Tangible Assets and Adjusted EBIT of the Ryman Group taken as a whole, which under the Trust Deed must not be less than 90%.
Guarantor	Ryman and each person who provides the Guarantee under the Security Trust Deed and is a party to the Security, being, at the date of this PDS, Ryman and each company set out in Schedule 1.
Inland Revenue	The New Zealand Inland Revenue Department.
Interest Expense	In respect of the relevant part of the Group for any period, the amount, calculated on a consolidated basis of all interest and financial costs, any amounts in the nature of interest, or having a similar purpose or effect to interest, included in its most recent consolidated profit and loss statement prepared at that time for the period as having been paid or incurred by the relevant part of the Group for the period and includes: <ul style="list-style-type: none"> <li>(a) any dividend payable on any share or stock the obligations in respect of which constitute Financial Indebtedness;</li> <li>(b) any discount on any bills or bonds, notes or other instruments drawn, accepted or endorsed;</li> <li>(c) any line, facility, acceptance, discount, guarantee or other fees and amounts incurred on a regular basis payable in relation to Financial Indebtedness;</li> <li>(d) finance lease charges comprising that portion of hire and rental payments under any finance lease entered into; and</li> <li>(e) any capitalised interest,</li> </ul> and, for the avoidance of doubt, for the purpose of this definition, <i>Interest Expense</i> shall be calculated on a net basis after deducting any interest income and shall be determined in accordance with NZ GAAP.
Interest Payment Dates	18 March, 18 June, 18 September and 18 December in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date.
Interest Period	Each period beginning on, and including, an Interest Payment Date (or the Issue Date) and ending on, but excluding, the next Interest Payment Date (or the Maturity Date).
Interest Rate	The interest rate for the Bonds, as announced by Ryman via NZX on or about the Interest Rate Set Date.
Interest Rate Set Date	Thursday, 10 December 2020.
Issue Date	Friday, 18 December 2020.
Issue Margin	The issue margin determined by Ryman in conjunction with the Joint Lead Managers as announced by Ryman via NZX on or about the Interest Rate Set Date.



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Indicative Margin	The indicative Issue Margin determined by Ryman in conjunction with the Joint Lead Managers as announced by Ryman via NZX on or about 7 December 2020.
Joint Lead Managers	ANZ Bank New Zealand Limited, Forsyth Barr Limited, Hobson Wealth Partners Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Life Title	A certificate of title issued to a Resident pursuant to that Resident's Occupation Agreement entered into before 1 September 2014 providing that Resident with a life estate in the Unit occupied by that Resident.
Listing Rules	The listing rules applying to the NZX Debt Market.
Major Default	Has the meaning given to that term in the Security Trust Deed.
Majority Beneficiaries	A Beneficiary or group of Beneficiaries whose outstanding principal amounts to more than 66.66% of the total outstanding principal amount of all Beneficiaries.
Maturity Date	Friday, 18 December 2026.
Net Tangible Assets	The amount by which Total Tangible Assets exceeds Total Liabilities.
NZ Guarantor	Ryman and any New Zealand Subsidiary that has granted a Guarantee.
NZ Village Company	Ryman and any Subsidiary which owns and operates a Village in New Zealand. The NZ Village Companies as at the date of this PDS are Ryman and those companies set out in Part A of Schedule 1.
NZ GAAP	Generally accepted accounting practice in New Zealand as defined in section 8 of the Financial Reporting Act 2013.
NZ GSA	The General Security Agreement (Composite) dated 10 September 2002 (as amended and restated from time to time) that is provided by New Zealand incorporated Guarantors in favour of the Security Trustee.
NZX	NZX Limited.
NZX Debt Market	The debt security market operated by NZX.
NZX Main Board	The main registered market for trading equity securities operated by NZX.
NZ RV Act	Retirement Villages Act 2003.
Occupancy Advance	The loan payable by a Resident to the relevant Village Company under an Occupation Agreement, in exchange for the right to occupy a Unit or Care Suite (as applicable) for life.
Occupation Agreement	An occupation right agreement within the meaning of the NZ RV Act (for Villages in New Zealand) or a residence contract within the meaning of the Australian RV Act (for Villages in Australia).
Offer	The offer of Bonds made by Ryman under this PDS.
Opening Date	Monday, 7 December 2020.
PDS	This product disclosure statement for the Offer dated 26 November 2020.
Primary Market Participant	Has the meaning given to that term in the NZX Participant Rules as amended from time to time.
Principal Amount	\$1.00 per Bond.
Register	The register in respect of the Bonds maintained by the Securities Registrar.
Resident	A person who is a resident of a Village Company pursuant to an Occupation Agreement with that Village Company.
Resident Mortgage	A mortgage granted by a NZ Village Company to a Resident pursuant to an Occupation Agreement entered into between that NZ Village Company and the Resident before 1 September 2014 over the NZ Village Company's reversionary interest in the land on which the relevant Unit is situated to secure the NZ Village Company's obligations to the Resident under the Resident's Occupation Agreement.
Resident Occupancy Advance	The aggregate amount of all moneys payable by the Ryman Group to a Resident on the termination of that Resident's Occupation Agreement in relation to that Resident's Unit or Care Suite pursuant to the NZ RV Act.
Ryman	Ryman Healthcare Limited.
Ryman Group	Ryman and the Subsidiaries.
Securities Registrar	Link Market Services Limited.
Security	The Security Trustee Mortgages and the General Security Agreements.
Security Sharing Deed	Each deed between a NZ Village Company, the Security Trustee and the Statutory Supervisor, which sets out how the proceeds of the security held by the Statutory Supervisor and the Security Trustee are to be applied.

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Security Trust Deed	The security trust deed dated 13 October 2008 between (among others) Ryman, the Guarantors and the Security Trustee (as amended from time to time).
Security Trustee	New Zealand Permanent Trustees Limited or such other security trustee as may hold office as security trustee under the Security Trust Deed from time to time.
Security Trustee Mortgages	Together: <ul style="list-style-type: none"> <li>(a) first ranking registered mortgages over: <ul style="list-style-type: none"> <li>(i) all land and buildings owned by NZ Guarantors that are not NZ Village Companies. This includes bare land and land that is under development and not yet used for operational retirement villages; and</li> <li>(ii) any land and buildings, owned by NZ Guarantors that are NZ Village Companies which are on separate legal titles to any land allocated for Units. This generally includes care centres (but only if that care centre does not contain any Care Suites), hospital facilities and Community Facilities; and</li> </ul> </li> <li>(b) the Security Trustee's Care Centre Land Mortgage.</li> </ul>
Security Trustee's Care Centre Land Mortgage	A second ranking registered mortgage over the care centre of any NZ Village Company, but only if that care centre includes any Care Suites.
Statutory Charge	The statutory charge created under the Australian RV Act in favour of Residents of Australian Village Companies.
Statutory Supervisor	Anchorage Trustee Services Limited or such other statutory supervisor as may be appointed from time to time as statutory supervisor in respect of a Village pursuant to the NZ RV Act.
Statutory Supervisor's Mortgage	A first ranking mortgage over: <ul style="list-style-type: none"> <li>(a) all land and buildings owned by a NZ Village Company containing Units (other than Units against which a Resident Mortgage has been registered); and</li> <li>(b) the land and buildings on which a care centre of any NZ Village Company is located where the care centre includes Care Suites,</li> </ul> <p>which secures the relevant NZ Village Company's obligations to Residents under Occupation Agreements and to the Statutory Supervisor under a Deed of Supervision.</p>
Subsidiary	A subsidiary of Ryman within the meaning of section 5 of the Companies Act 1993.
Supplemental Deed	The supplemental trust deed dated 24 November 2020 between Ryman and the Bond Supervisor constituting and setting out the terms and conditions of the Bonds (as amended or supplemented from time to time).
Swap Rate	The mid-market swap rate for an interest rate swap from the Issue Date to the Maturity Date, as calculated by Ryman in conjunction with the Arranger with reference to Bloomberg page "ICNZ4" (or any successor page) on the Interest Rate Set Date and expressed on a quarterly basis (rounded to two decimal places, if necessary, with 0.005 being rounded up).
Total Liabilities	The aggregate amount of liabilities of the Ryman Group set out in their most recent consolidated financial statements.
Total Tangible Assets	The aggregate value of all tangible assets of the Ryman Group or the Guarantors (as applicable) set out in their most recent consolidated financial statements less values allocated to goodwill, patents, trademarks, design rights, future tax benefits, underwriting and formation expenses, unreleased hedging gains and other items NZ GAAP recognises as intangible assets.
Trust Deed	The Master Trust Deed dated 24 November 2020 between Ryman and the Bond Supervisor pursuant to which certain bonds may be issued (as amended or supplemented from time to time), and where the context requires includes the Supplemental Deed.
Unit	Any independent unit or serviced unit at a Village.
USPP	Any private placement of debt securities by any Ryman Group member to investors in the United States of America.
Village	Any retirement village owned by a Group Member that: <ul style="list-style-type: none"> <li>• in New Zealand is registered as a retirement village under the NZ RV Act; and</li> <li>• in Australia is registered as a retirement village under the Australian RV Act.</li> </ul>
Village Company	A NZ Village Company or an Australian Village Company.

# Schedule 1: Subsidiaries

## Part A – New Zealand Subsidiaries

	<b>Company Name</b>	<b>Incorporation Number</b>	<b>NZ Guarantor</b>	<b>NZ Village Company</b>
1	Anthony Wilding Retirement Village Limited	647299	✓	✓
2	Bert Sutcliffe Retirement Village Limited	3395514	✓	✓
3	Bob Owens Retirement Village Limited	2191462	✓	✓
4	Bob Scott Retirement Village Limited	3395374	✓	✓
5	Bruce McLaren Retirement Village Limited	3015802	✓	✓
6	Cafe Ryman Russley Road Limited	7706386	✓	
7	Charles Fleming Retirement Village Limited	3038810	✓	✓
8	Charles Upham Retirement Village Limited	4033498	✓	✓
9	Diana Isaac Retirement Village Limited	2191463	✓	✓
10	Edmund Hillary Retirement Village Limited	511226	✓	✓
11	Ernest Rutherford Retirement Village Limited	1751468	✓	✓
12	Essie Summers Retirement Village Limited	235276	✓	✓
13	Evelyn Page Retirement Village Limited	1780664	✓	✓
14	Frances Hodgkins Retirement Village Limited	603950	✓	✓
15	Grace Joel Retirement Village Limited	1000225	✓	✓
16	Healthcare Shelf Company No. 22 Limited	4584919	✓	
17	Healthcare Shelf Company No. 23 Limited	4584830	✓	
18	Healthcare Shelf Company No. 28 Limited	4943639	✓	
19	Healthcare Shelf Company No. 30 Limited	5885427	✓	
20	Healthcare Shelf Company No. 33 Limited	6696613	✓	
21	Healthcare Shelf Company No. 34 Limited	6735513	✓	
22	Healthcare Shelf Company No. 35 Limited	6735518	✓	
23	Healthcare Shelf Company No. 36 Limited	6735594	✓	
24	Healthcare Shelf Company No. 37 Limited	6735526	✓	
25	Healthcare Shelf Company No. 38 Limited	7706296	✓	
26	Healthcare Shelf Company No. 39 Limited	7706416	✓	
27	Healthcare Shelf Company No. 40 Limited	7706437	✓	
28	Healthcare Shelf Company No. 41 Limited	7706382	✓	
29	Hilda Ross Retirement Village Limited	1000226	✓	✓
30	Hobsonville Retirement Village Limited	4943559	✓	✓
31	James Wattie Retirement Village Limited	5882314	✓	✓
32	Jane Mander Retirement Village Limited	1941838	✓	✓
33	Jane Winstone Retirement Village Limited	649184	✓	✓
34	Jean Sandel Retirement Village Limited	1080309	✓	✓
35	Julia Wallace Retirement Village Limited	646399	✓	✓
36	Kiri Te Kanawa Retirement Village Limited	2151757	✓	✓
37	Linda Jones Retirement Village Limited	4943439	✓	✓
38	Logan Campbell Retirement Village Limited	3297889	✓	✓
39	Malvina Major Retirement Village Limited	647381	✓	✓
40	Margaret Stoddart Retirement Village Limited	552897	✓	✓
41	Miriam Corban Retirement Village Limited	4943599	✓	✓
42	Murray Halberg Retirement Village Limited	4584640	✓	✓
43	Ngaio Marsh Retirement Village Limited	647380	✓	✓
44	Park Terrace No. 2 Limited	6735275	✓	
45	Possum Bourne Retirement Village Limited	4033279	✓	✓

**RYMAN HEALTHCARE LIMITED**

<b>Company Name</b>	<b>Incorporation Number</b>	<b>NZ Guarantor</b>	<b>NZ Village Company</b>
46 Riccarton Park Retirement Village Limited	5885409	✓	✓
47 Rita Angus Retirement Village Limited	1000229	✓	✓
48 Ravenstonedale Developments Limited	4595879	✓	
49 Rowena Jackson Retirement Village Limited	647382	✓	✓
50 Ryman Napier Limited	1000227	✓	✓
51 Shona McFarlane Retirement Village Limited	955855	✓	✓
52 William Sanders Retirement Village Limited	4584832	✓	✓
53 Yvette Williams Retirement Village Limited	1582772	✓	✓

**Part B – Australian Subsidiaries**

<b>Company Name</b>	<b>Australian Guarantor</b>	<b>Australian Village Company</b>
1 Ryman Construction Pty Ltd ACN 639 119 681	✓	
2 John Flynn Retirement Village Pty Ltd (formerly known as Ryman Healthcare (Australia) No.3 Pty Ltd) ACN 606 236 275 in its personal capacity and as trustee of the John Flynn Retirement Village Land Trust (formerly known as the Ryman Healthcare (Australia) No.3 Trust)	✓	✓
3 Nellie Melba Retirement Village Pty Ltd (formerly known as Ryman Healthcare (Australia) No. 2 Pty Ltd) ACN 169 513 508 in its personal capacity and as trustee of the Nellie Melba Retirement Village Land Trust (formerly known as the Ryman Healthcare (Australia) No. 2 Trust)	✓	✓
4 Ryman Aged Care (Australia) Pty Ltd ACN 152 245 988	✓	
5 Ryman Healthcare (Australia) Pty Ltd ACN 142 241 110	✓	
6 Ryman Healthcare (Australia) No.4 Pty Ltd ACN 606 236 284 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.4 Trust	✓	
7 Ryman Healthcare (Australia) No.5 Pty Ltd ACN 606 236 293 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.5 Trust	✓	
8 Ryman Healthcare (Australia) No.6 Pty Ltd ACN 614 242 661 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.6 Trust	✓	
9 Ryman Healthcare (Australia) No.7 Pty Ltd ACN 614 242 714 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.7 Trust	✓	✓
10 Ryman Healthcare (Australia) No.8 Pty Ltd ACN 614 242 867 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.8 Trust	✓	
11 Ryman Healthcare (Australia) No.9 Pty Ltd ACN 614 242 956 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.9 Trust	✓	✓
12 Ryman Healthcare (Australia) No.10 Pty Ltd ACN 614 243 024 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.10 Trust	✓	✓
13 Ryman Healthcare (Australia) No.11 Pty Ltd ACN 626 241 754 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.11 Trust	✓	
14 Ryman Healthcare (Australia) No.12 Pty Ltd ACN 626 241 772 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.12 Trust	✓	
15 Ryman Healthcare (Australia) No.13 Pty Ltd ACN 626 241 790 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.13 Trust	✓	
16 Ryman Healthcare (Australia) No.14 Pty Ltd ACN 626 241 816 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.14 Trust	✓	
17 Ryman Healthcare (Australia) No.15 Pty Ltd ACN 626 241 898 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.15 Trust	✓	
18 Ryman Healthcare (Australia) No.16 Pty Ltd ACN 626 241 932 in its personal capacity and as trustee of the Ryman Healthcare (Australia) No.16 Trust	✓	
19 Weary Dunlop Retirement Village Pty Ltd (formerly known as Wheelers Hill Properties Pty Ltd) ACN 153 937 163 in its personal capacity and as trustee of the Weary Dunlop Retirement Village Land Trust (formerly known as the Wheelers Hill Properties Unit Trust)	✓	✓