



Ryman Healthcare Limited

**INDICATIVE TERMS SHEET FOR AN ISSUE OF UP TO \$100,000,000
FIXED RATE BONDS (PLUS UP TO \$50,000,000 OF OVERSUBSCRIPTIONS)**

DUE 18 DECEMBER 2026

DATED 7 DECEMBER 2020

JOINT LEAD MANAGERS



The product disclosure statement for the Bonds ("PDS"), which contains full details of the offer, is available at www.rymanhealthcare.co.nz/investors/bonds or can be obtained from the Joint Lead Managers or your usual financial advisor. Investors must obtain a copy of the PDS before they apply for Bonds.

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| Issuer | Ryman Healthcare Limited ("Ryman") |
| Instrument | Fixed rate, secured, unsubordinated bonds ("Bonds") |
| Status | The Bonds will be issued under the Master Trust Deed dated 24 November 2020. Principal and interest amounts in respect of the Bonds will be direct, secured, unsubordinated obligations of Ryman and rank <i>pari passu</i> with all other unsubordinated obligations of Ryman, except indebtedness preferred by law. |
| Guarantors | Consistent with the Guarantors for Ryman's bank facilities. |
| Purpose | 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 Ryman's Bank Facility Agreement which it can drawdown as required. |
| Security | <p>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.</p> <p>The Security held by the Security Trustee is:</p> <ol style="list-style-type: none"> 1. first ranking registered mortgages over: <ol style="list-style-type: none"> (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 over all the assets of Ryman and each Guarantor under the General Security Agreements. <p>Separately, 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.</p> <p>All proceeds of enforcement received under the Security Trustee's NZ GSA and/or the Security Trustees Mortgages and the Statutory Supervisor's Mortgage are applied in accordance with each Security Sharing Deed. The Security Trust Deed also contains rules regarding the distribution of proceeds received by the Security Trustee on enforcement of the Security (these are subject to the security arrangements in the Security Sharing Deed).</p> <p>Under each 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 proceeds of enforcement will be shared between the Beneficiaries (including the Bondholders) on a pro rata basis.</p> <p>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 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.</p> <p>No registered mortgages are held in respect of any Australian Guarantor. But the Security Trustee has an unregistered security interest in each Australian Guarantor's land holdings under the general security (which will rank behind the statutory charge).</p> <p>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 terms sheet. 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).</p> <p><i>Refer to the PDS for more detail on Security.</i></p> |

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| Financial Covenants | <p>Ryman must ensure at all times that:</p> <ul style="list-style-type: none"> • Debt to Equity Covenant – 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 • Guaranteeing Group Coverage 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. <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>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.</p> <p>A breach of the Guaranteeing Group Coverage Covenant is an Event of Default if: (1) it is not remedied within 30 days after Ryman or a Ryman Group member 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.</p> <p>Distribution stopper</p> <p>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).</p> <p><i>Refer to the PDS and Master Trust Deed for more detail on covenants that will apply to the Bonds.</i></p> |
| Credit Ratings | The Bonds will not be rated. |
| Issue Amount | Up to \$100,000,000 with the ability to accept oversubscriptions of up to an additional \$50,000,000 at Ryman's sole discretion. |
| No Public Pool | All Bonds, including oversubscriptions, will be reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other persons invited to participate in the bookbuild. |
| Interest Rate | <p>To be determined by Ryman in conjunction with the Arranger following the bookbuild, and be announced by Ryman via NZX on or about the Interest Rate Set Date.</p> <p>The Interest Rate will be equal to the sum of the Swap Rate and the Issue Margin but in any case will be no less than the minimum Interest Rate of 2.50% per annum.</p> |
| Issue Margin | <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.</p> <p>The indicative Issue Margin is 2.00% to 2.20% per annum.</p> |
| Swap Rate | The mid-market swap rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date, as calculated by Ryman in conjunction with the Arranger, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Interest Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up). |
| Interest Payments and Interest Payment Dates | <p>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.</p> <p>The first Interest Payment Date will be 18 March 2021.</p> |
| Record Date | 10 days before the due date for a payment or, if that day is not a Business Day, the immediately preceding Business Day. |
| ISIN | NZRYMD0010L2 |

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| Listing | Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet 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 Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013. NZX Ticker code RYM010 has been reserved for the Bonds. |
| Denominations | Minimum denomination of \$5,000 with multiples of \$1,000 thereafter |
| Arranger | ANZ Bank New Zealand Limited ("ANZ") |
| Joint Lead Managers | ANZ, Forsyth Barr Limited, Hobson Wealth Partners Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) |
| Bond Supervisor | Public Trust |
| Security Trustee | New Zealand Permanent Trustees Limited |
| Registry & Paying Agent | Link Market Services Limited |
| Statutory Supervisor | Anchorage Trustee Services Limited |
| Early Redemption | Neither Bondholders 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 in the PDS and the Master Trust Deed). |
| Brokerage | 0.50% brokerage plus 0.50% on firm allocations paid by Ryman |
| Governing Law | New Zealand |
| 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 Bonds in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered. This Terms Sheet 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 and their respective directors, officers, employees and agents in respect of any loss, cost, liability or damages suffered as a result of an investor breaching these selling restrictions. |

Important Dates

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| PDS Lodgement | Thursday, 26 November 2020 |
| Opening Date | Monday, 7 December 2020 |
| Closing Date | 1pm, Thursday, 10 December 2020 |
| Interest Rate Set Date | Thursday, 10 December 2020 |
| Issue Date | Friday, 18 December 2020 |
| Expected Quotation | Monday, 21 December 2020 |
| Maturity Date | Friday, 18 December 2026 |

The dates set out in this Terms Sheet are indicative only and subject to change. Ryman may vary the timetable in its absolute discretion and without notice. Any such changes will not affect the validity of any applications received. Ryman reserves the right to cancel the Bond offer, in which case all application monies received will be refunded (without interest) as soon as practicable.

Capitalised terms used but not defined in this Terms Sheet have the meanings given to them in the PDS.