

Final Terms Sheet dated 2 September 2020



NZ\$500,000,000 Wellbeing Bonds

This Terms Sheet is a summary only. Full details of the offer are set out in the Offer Documentation described in this Terms Sheet and can be obtained by contacting Bank of New Zealand, Commonwealth Bank of Australia ABN 48 123 123 124 (acting through its New Zealand Branch), or Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) as Joint Lead Managers for the offer.

Issuer	Housing New Zealand Limited (“HNZ” or “Issuer”), a subsidiary of Kāinga Ora – Homes and Communities
Joint Lead Managers	Bank of New Zealand Commonwealth Bank of Australia ABN 48 123 123 124 (acting through its New Zealand Branch) Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) (together, the “Joint Lead Managers”)
Instrument	Unsubordinated, Unsecured Wellbeing Bonds (“Notes”). The Notes are not guaranteed by Kāinga Ora – Homes and Communities or any other person. The Notes will be issued as Wellbeing Bonds under Kāinga Ora’s Sustainability Financing Programme and HNZ’s Debt Issuance Programme. Wellbeing Bonds are a type of Sustainability Bond that are also aligned with the New Zealand Treasury’s Living Standards Framework.
Status	The Notes are to be issued pursuant to the Note Deed Poll dated 21 December 2017 (“Note Deed Poll”). Principal amounts of, and interest on, the Notes will be direct, unsubordinated, unsecured and unconditional obligations of the Issuer, ranking equally among themselves and at least equally with all other present and unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law
Negative Pledge	The Notes contain a negative pledge as described in Condition 14 of the Terms and Conditions contained in Schedule 1 of the Note Deed Poll
Purpose	Kāinga Ora and HNZ intend to allocate the net proceeds of the issuance of the Notes in accordance with Kāinga Ora’s Sustainability Financing Framework (“Framework”) to financing (or refinancing) projects (“Eligible Projects”) that: <ul style="list-style-type: none">• fall under the Eligible Categories for Green Bonds and/or Social Bonds set out in the Framework; and• are aligned with the Living Standards Framework; and• also support and contribute towards meeting the United Nations Sustainable Development Goals. Eligible Projects will be identified by Kāinga Ora and will initially include projects that (in addition to meeting the wellbeing and other criteria described above) fall



	subject to suspension, revision or withdrawal at any time by the relevant credit rating agency
Issue Amount	NZ\$500,000,000
Opening Date	Tuesday, 1 September 2020
Closing Date	Wednesday, 2 September 2020
Rate Set Date	Wednesday, 2 September 2020
Issue Date	Thursday, 10 September 2020
Maturity Date	Monday, 10 September 2035
Interest Rate/Coupon	The Interest Rate for the Notes is 1.534% per annum, being the sum of the applicable: <ul style="list-style-type: none"> • Base Rate; and • Issue Margin
Issue Yield	Equal to the Interest Rate
Base Rate	The semi-annual mid-market swap rate for an interest rate swap from the Issue Date to the Maturity Date as calculated by the Joint Lead Managers in conjunction with the Issuer on the Rate Set Date in accordance with market convention, by reference to Bloomberg page ICNZ4 (or any successor page) and expressed on a semi-annual basis, rounded to 3 decimal places if necessary, with 0.0005 being rounded up
Issue Margin	0.70 % per annum
Issue Price	Par (100.00%)
Interest Payments	Semi-annually in arrear in two equal payments on 10 March and 10 September each year up to and including the Maturity Date, with the first interest payment being 10 March 2021, subject to adjustment in accordance with the Business Day Convention
Business Day Convention	Following Business Day (unadjusted)
Day Count Convention	Actual/Actual (ICMA) for any broken period
ISIN	NZHNZD0935L6
Settlement Price Formula	RBNZ pricing formula
Record Date	5pm on the date that is 10 days before the due date for a payment or, if that day is not a Business Day, the immediately preceding Business Day
Business Days	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Wellington and Auckland
Minimum Holding	Minimum holding of NZ\$50,000 with multiples of NZ\$10,000 thereafter
Registrar and Paying Agent	Link Market Services Limited

The Notes may be cleared, settled, held and transferred via NZClear and by way of sub-custodial cross-trading through Euroclear and Clearstream, Luxembourg

Offer Documentation

This Terms Sheet

Final Terms dated on or around 2 September 2020

Information Memorandum dated 1 July 2020

Sustainability Financing Framework dated March 2019 and amended September 2019

Note Deed Poll dated 21 December 2017

Registrar and Paying Agency Agreement dated 21 June 2017

By subscribing for or acquiring Notes, each Holder agrees to be bound by the terms of the above Offer Documentation

Withholding Tax

Issuer to pay approved issuer levy ("AIL") on its own account where such payment removes the liability to deduct New Zealand non-resident withholding tax from payments of interest in respect of the Notes, provided the Issuer is lawfully able to make such payment of AIL (and unless otherwise directed by the relevant holder in writing).

AIL payable by the Issuer will not be deducted from the relevant interest payment.

Payments of interest in respect of the Notes will otherwise be subject to deduction of any New Zealand resident or non-resident withholding tax as may be applicable (unless in the case of resident withholding tax, the relevant holder produces to the Issuer or Registrar acceptable evidence of RWT-exempt status (as defined in the Income Tax Act 2007) on or before the record date for the relevant payment).

The Issuer may call the Notes for redemption (tax call) in the event it is required to pay additional AIL amounts as a result of changes to relevant New Zealand laws, regulations or rulings

Listing

Application will be made for a NZX Wholesale Debt Listing

Repo Eligibility

The Issuer intends to apply to the Reserve Bank of New Zealand for the Notes to be included as eligible securities for Domestic Market Operations

Governing Law

New Zealand

Selling Restrictions

The issue is a wholesale offer and no action has been taken by the Issuer to permit a public offering of Notes, or possession of offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required.

The Notes may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are sold, offered or delivered. Specific selling restrictions for New Zealand, the United States, the United Kingdom, European Economic Area, Australia, Japan, Singapore, Hong Kong, Switzerland and United Arab Emirates are described in the Schedule. By purchasing any Notes, each Holder agrees to indemnify the Issuer, the Joint Lead Managers and each of their respective directors, officers and employees (as applicable) for any loss, cost, liability or expense sustained or incurred by the Issuer or the Joint Lead Managers, as the case may be, as a result of the breach by that Holder of any of the selling restrictions described in this Terms Sheet

Schedule

By subscribing for Notes, each Holder represents, acknowledges and agrees that:

- (a) it is qualified to subscribe for Notes under the selling restriction(s) described in this Terms Sheet; and
- (b) it will not sell or offer the Notes for sale to any person, or publish, deliver or distribute any information memorandum, prospectus, advertisement or other material in respect of any Note, other than in compliance with all companies legislation and any other applicable laws and regulations in New Zealand or in any other relevant jurisdiction in which the Notes are sold or offered.

New Zealand

No action has been taken to permit the Notes to be offered or sold to any retail investor, or otherwise under any regulated offer, in terms of the Financial Markets Conduct Act 2013 (the "FMCA"). In particular, no prospectus has been registered in New Zealand and no investment statement or product disclosure statement has been prepared in relation to the Notes.

No person may offer or sell Notes, or distribute or publish any offering material or advertisement in relation to any offer of Notes, to any person in New Zealand other than to wholesale investors within the meaning of clause 3(2)(a), (c) or (d) of Schedule 1 to the FMCA, which includes a person who is: (i) an "investment business"; (ii) "large"; or (iii) a "government agency", in each case as defined in Schedule 1 to the FMCA, provided (for the avoidance of doubt) that Notes may not be offered or sold to any "eligible investor" (as defined in clause 41 of Schedule 1 to the FMCA) or to any person who, under clause 3(2)(b) of Schedule 1 to the FMCA, meets the investment activity criteria specified in clause 38 of that Schedule. For this purpose an "investment business" includes, without limitation, a DIMS licensee deciding whether to acquire Notes on behalf of a person in the course of supplying a discretionary investment management service to that person, in accordance with clause 7 of Schedule 1 to the FMCA.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

No communication, invitation or inducement to engage in "investment activity" (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA would apply to the Issuer.

All applicable provisions of the FSMA with respect to anything done in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with.

Public Offer selling restriction under the Prospectus Regulation

In relation to each Member State of the European Economic Area and the United Kingdom (each, a “**Relevant State**”), no offer of Notes which are the subject of the offering contemplated by this terms sheet or any Final Terms in relation thereto to the public in that Relevant State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Joint Lead Managers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Notes shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” to the public in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the “**Corporations Act**”)) in relation to the Notes has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission or any other regulatory authority in Australia. No person may:

- (a) make or invite (directly or indirectly) an offer of the Notes for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); or
- (b) distribute or publish, any Final Terms, terms sheet, information memorandum, prospectus or any other offering material or advertisement relating to the Notes in Australia,

unless:

- a) the aggregate consideration payable by each offeree or invitee (including any person who receives an offer or invitation or offering materials in Australia) is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- b) such action complies with all applicable laws, directives and regulations in Australia (including without limitation, the licencing requirements set out in Chapter 7 of the Corporations Act);
- c) such action does not require any document to be lodged with the Australian Securities and

Investments Commission or any other regulatory authority in Australia; and

- d) the offer or invitation does not constitute an offer to a "retail client" as defined for the purposes of section 761G and section 761GA of the Corporations Act.

For the purposes of this selling restriction, "**the Notes**" include interests or rights in the Notes held in the Austraclear System or any other clearing system.

Credit ratings are for distribution only to a person in Australia:

- (a) who is not a 'retail client' within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act; and
- (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, the Notes have not been and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

This terms sheet has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, this terms sheet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes have not been and will not be circulated or distributed, nor have the Notes been or will the Notes be offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- (A) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA;
- (B) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (C) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which

is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

Securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

The Notes have not been and will not be offered or sold in Hong Kong, by means of any document, other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

No advertisement, invitation or document relating to the Notes has been or will be issued or be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

United Arab Emirates

The Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates (the "**UAE**") other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.