

Final Terms Sheet dated 20 April 2021



NZ\$600,000,000 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 ANZ Bank New Zealand Limited, 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	ANZ Bank New Zealand Limited 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. The Notes will be issued as an increase to the existing tranche of the Fixed Rate Notes described below.
Status	The Notes are to be issued pursuant to the Note Deed Poll dated 21 December 2017 (as amended and/or restated from time to time) (“ 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 under one or more of the following Eligible Categories for Green Bonds and/or Social Bonds:

Eligible Categories – Green	Green Buildings Pollution Prevention and Control
-----------------------------	---

Eligible Categories – Social	Affordable Housing Socioeconomic Advancement and Empowerment
------------------------------	---

The list of Eligible Categories may be expanded over time. Further details of the Eligible Categories, sample eligible projects and exclusionary criteria are set out in the Framework.

Pending allocation and earmarking, the net proceeds from the Notes will be invested according to the Kāinga Ora Treasury Policy, subject to the exclusionary criteria in the Framework.

Failure by Kāinga Ora or HNZ to allocate the proceeds of the Notes as described in the Framework, undertake annual reviews as described below, or in any other way ensure that the Notes maintain sustainability or wellbeing attributes, is not an event of default under the Notes (or other default or breach under the Notes or the Note Deed Poll).

Classification and reporting

The Notes are issued in accordance with the Framework, and aligned with:

- the February 2018 Living Standards Framework prepared by the New Zealand Treasury; and
- the 2018 Green Bond Principles, 2020 Social Bond Principles and 2018 Sustainability Bond Guidelines published by the International Capital Markets Association.

At Kāinga Ora's request, Sustainalytics has provided an external review in the form of a Second Party Opinion on the Framework, and confirmed alignment of the Framework with the 2018 Green Bond Principles, 2020 Social Bond Principles and 2018 Sustainability Bond Guidelines.

Sustainalytics has also confirmed it considers that Wellbeing Bonds can contribute to achieving the impacts intended by the Living Standards Framework. Kāinga Ora will retain a suitably qualified Second Party Opinion provider to conduct an annual review of the Notes.

The Framework, Second Party Opinion and each annual review will be made available on the Kāinga Ora – Homes and Communities website (currently at <https://kaingaora.govt.nz/investors>). Refer to the Framework for the Eligible Categories, additional ongoing reporting details and other relevant information

Credit Ratings

Credit Rating Agency	Issuer Credit Rating	Issue Credit Ratings for Notes
S&P Global Ratings	AAA (Stable)	AAA
Moody's Investors Service	Aaa (Stable)	Aaa

A rating is not a recommendation by any rating organisation to buy, sell or hold Notes. The above ratings are current as at the date of this Terms Sheet and may be subject to suspension, revision or withdrawal at any time by the relevant credit rating agency

Issue Amount NZ\$600,000,000, taking total outstanding 2028 Notes to NZ\$1,125,000,000

Tranche 2028 Notes (to be consolidated, form a single series and be interchangeable for trading purposes with the existing Fixed Rate Notes due 18 October 2028)

Opening Date Monday, 19 April 2021

Closing Date Tuesday, 20 April 2021

Rate Set Date Tuesday, 20 April 2021

Issue Date Wednesday, 28 April 2021

Maturity Date Wednesday, 18 October 2028

Interest Rate/Coupon 3.42% per annum

Issue Yield The Issue Yield for the Notes is 1.805% per annum, being the sum of the:

- Base Rate; and
- Issue Margin

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 0.29% per annum

Issue Price 111.242151% + 10 days accrued interest

Interest Payments Semi-annually in arrear in two equal payments on 18 April and 18 October each year up to and including the Maturity Date, with the first interest payment being 18 October 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	NZHNZDo628L7
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	<p>Link Market Services Limited</p> <p>The Notes may be cleared, settled, held and transferred via NZClear and by way of sub-custodial cross-trading through Euroclear and Clearstream, Luxembourg</p>
Offer Documentation	<p>This Terms Sheet</p> <p>Final Terms dated on or around 20 April 2021</p> <p>Information Memorandum dated 1 March 2021</p> <p>Sustainability Financing Framework dated 1 October 2020</p> <p>Note Deed Poll dated 21 December 2017 (as amended and/or restated from time to time)</p> <p>Registrar and Paying Agency Agreement dated 21 June 2017</p> <p>By subscribing for or acquiring Notes, each Holder agrees to be bound by the terms of the above Offer Documentation</p>
Withholding Tax	<p>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).</p> <p>AIL payable by the Issuer will not be deducted from the relevant interest payment.</p> <p>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).</p> <p>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</p>
Listing	The Notes have a NZX Wholesale Debt Listing

Repo Eligibility	The existing Notes are included as eligible securities for Domestic Market Operations with the Reserve Bank of New Zealand
Governing Law	New Zealand
Selling Restrictions	<p>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.</p> <p>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</p>

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

European Economic Area

In relation to each Member State of the European Economic Area, 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 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**” in relation to any Notes in any 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.

United Kingdom

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 the United Kingdom other than:

- (a) to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom, 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 section 86 of the FSMA, provided that no such offer of Notes shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to section 85 of the FSMA, or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes 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 “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it

forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

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, 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.