

HOUSING NEW ZEALAND LIMITED

CERTIFICATE APPROVING DISTRIBUTION OF INFORMATION MEMORANDUM

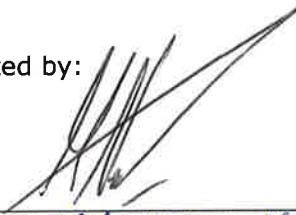
- 1 Housing New Zealand Limited (*HNZ*) approves the contents of the Information Memorandum dated 15 August 2019 for the HNZ Debt Issuance Programme for the issue of unsubordinated, unsecured medium term notes (*Information Memorandum*), a true and complete copy of which is attached hereto.
- 2 HNZ also authorises the Dealers (as defined in the Dealer Agreement dated 17 January 2018 (as amended and restated from time to time) entered into between HNZ and ANZ Bank New Zealand Limited and Westpac Banking Corporation ABN 33 007 457 141 (acting through its New Zealand branch) as programme arrangers (*Dealer Agreement*)) to distribute the Information Memorandum in accordance with clause 9 of the Dealer Agreement.

Agreed on behalf of Housing New Zealand Limited by:



Name: ANDREW MCKENZIE
Position: Chief Executive Officer

Date: 15 August 2019



Name: MATTHEW NEEDHAM
Position: Chief Financial Officer

Date: 15 August 2019

INFORMATION MEMORANDUM



Housing New Zealand Limited

Debt Issuance Programme

For the issue of unsubordinated, unsecured medium term notes

Programme Arrangers

ANZ Bank New Zealand Limited

Westpac Banking Corporation ABN 33 007 457 141 (acting through its New Zealand branch)

Dealers

ANZ Bank New Zealand Limited

Bank of New Zealand

Westpac Banking Corporation ABN 33 007 457 141 (acting through its New Zealand branch)

Date: 15 August 2019

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Important Notices

This document is the Information Memorandum for the Housing New Zealand Limited (HNZ) Debt Issuance Programme (*Programme*) for the issue of unsubordinated, unsecured medium term notes (*Notes*).

Programme Documentation and Conditions of Notes

The Notes are issued under terms and conditions (*Terms and Conditions*) in the form appended to the note deed poll made by HNZ dated 21 December 2017 as amended from time to time (*Note Deed Poll*).

Each Tranche of Notes will be subject to those Terms and Conditions as supplemented, modified and/or replaced by Final Terms in the form included in this Information Memorandum, or as otherwise contemplated under the definition of “Final Terms” (together, the *Conditions*).

Holders of Notes will have the benefit of and be bound by the Conditions and the Note Deed Poll.

This Information Memorandum should be read and construed in conjunction with the Final Terms of each Tranche of Notes and each supplemental Information Memorandum (if any).

Selling restrictions

The Programme is a wholesale programme and the Notes may only be offered or sold to wholesale investors in accordance with applicable laws. For New Zealand offers or sales, please refer to “Selling Restrictions (New Zealand)” in the Summary of Programme on pages 6 and 7.

HNZ has not prepared or registered an investment statement, prospectus, product disclosure statement or other regulated offer document in relation to the Programme or Notes. This Information Memorandum is not a registered prospectus or other offering document under the securities laws of any jurisdiction.

No action has been taken or is proposed to be taken by HNZ to register the Notes or the Programme under the laws of any jurisdiction (including New Zealand) for which such registration is required or otherwise to enable the Notes to be offered to the public or under a regulated offer.

Notes may only be offered or sold in conformity with all applicable laws and regulations in any jurisdiction in which Notes are offered, sold or delivered. No information memorandum, investment statement, prospectus, circular, terms sheet, application form, advertisement or other offering document or information relating to the Programme or the Notes may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws.

Each Holder, by subscribing for or otherwise acquiring Notes, agrees to indemnify HNZ for any loss suffered by it as a result of any breach of the above selling restrictions.

Important information, limitations and disclaimers

This Information Memorandum is authorised and provided by HNZ to prospective investors in the Notes solely for general information and introductory purposes. It does not, and is not intended to, constitute any advice, recommendation or opinion with respect to the purchase of any Notes.

This Information Memorandum:

- is not intended to provide the sole basis of any credit or other evaluation of HNZ, the Notes or the Programme;
- does not contain all of the information that prospective investors in Notes may require; and
- is provided to prospective investors on the basis that they will be responsible for making their own independent assessment of the Programme, and of the financial condition and affairs of

HNZ, and for undertaking such investigations as are necessary to enable them to reach their own decision.

Prospective investors must determine whether the Programme is appropriate having regard to their own investment objectives and financial circumstances, including in relation to legal, accounting and taxation issues. Prospective investors are encouraged to seek independent advice on these matters.

In accepting receipt of this Information Memorandum, the recipient acknowledges that neither HNZ nor its employees, agents or advisers gives any warranty or representation of accuracy or reliability. HNZ excludes any liability (including for negligence) for any acts, errors or omissions which may impact on the accuracy or reliability of this Information Memorandum, and each recipient waives all claims in relation to such matters.

None of the Registrar for the Programme, the Programme Arrangers, the Dealers or any arranger, lead manager or dealer in relation to the Programme or any particular issue of Notes has taken any part in preparing this Information Memorandum or in verifying the information contained in it. In accepting receipt of this Information Memorandum, the recipient acknowledges that none of the Registrar, any arranger or dealer, or their respective employees, agents or advisers gives any warranty or representation of accuracy or reliability and they exclude any liability (including for negligence) for any acts, errors or omissions which may impact on the accuracy or reliability of this Information Memorandum, and each recipient waives all claims in relation to such matters.

Where this Information Memorandum summarises the provisions of any document, that summary should not be relied upon and the relevant document must be referred to for its full effect.

This Information Memorandum does not constitute an offer or invitation of an offer to issue any Notes in any jurisdiction. None of the information contained in this Information Memorandum forms the basis of a contractual term, implied or express, between HNZ and prospective investors in Notes. Applications for Notes under the Programme will be considered and Notes issued solely on the basis of the Conditions of the relevant Tranche of Notes.

This Information Memorandum is strictly confidential. It may not be reproduced in whole or part. Its contents may not be disclosed to any other person for any purpose whatsoever. Upon request, a prospective investor will promptly return or (if sent electronically) delete from their systems this Information Memorandum, and all other information derived from it.

Any websites referenced in this Information Memorandum are intended as guides as to where other public information relating to HNZ may be obtained free of charge. Information appearing in such websites does not form part of this Information Memorandum or any relevant Conditions of the relevant Tranche of Notes and none of HNZ, the Programme Arrangers, the Dealers or the Registrar accepts any responsibility whatsoever that any information, if available, is accurate and/or up-to-date.

Currency of information

The information contained in this Information Memorandum is prepared as at its date. Neither the delivery of this Information Memorandum nor any sale made in connection with the Programme at any time implies that the information is correct at any time subsequent to its date.

Defined terms

Capitalised terms in this Information Memorandum have the meanings given in the Terms and Conditions. Please refer to pages 11 to 44 of this Information Memorandum.

Summary of Programme

- Issuer** : Housing New Zealand Limited (*HNZ*).
- Programme** : An uncommitted debt issuance programme under which HNZ may issue unsecured, unsubordinated medium term notes to wholesale investors from time to time.
- Programme Limit** : The limit for this programme is NZ\$5,000,000,000, as varied from time to time by HNZ.
- Programme Arrangers** : ANZ Bank New Zealand Limited (*ANZ*)

Westpac Banking Corporation ABN 33 007 457 141 (acting through its New Zealand branch) (*Westpac*).
- Dealers** : As at the date of this Information Memorandum, the Dealers are ANZ, Bank of New Zealand and Westpac.

HNZ may appoint additional Dealers from time to time at its sole discretion under a Dealer Agreement dated 17 January 2018.

Issues under the Programme may be syndicated or non-syndicated.
- Note Deed Poll and Conditions** : Notes are constituted by and issued pursuant to the Note Deed Poll made by HNZ dated 21 December 2017 (as amended from time to time) and the Terms and Conditions appended to the Note Deed Poll. All Holders have the benefit of, and are bound by the Note Deed Poll and Terms and Conditions, as supplemented, modified and/or replaced by the applicable Final Terms for the relevant Tranche of Notes.
- Types of Notes** : A Note may be:
- a Fixed Rate Note;
 - a Floating Rate Note; or
 - a Zero Coupon Note,
- or any other type of Note specified in the applicable Final Terms. Notes may be puttable or callable in accordance with the relevant Conditions.
- Series and Tranches** : Notes are issued in Series. Each Series may comprise one or more Tranches on terms that are identical, except for their Issue Dates, Issue Prices, first Interest Payment Dates and/or Interest Commencement Dates.
- Credit Rating** : HNZ has been rated AA/Positive (Foreign Currency) and AA+/Positive (Local Currency) by S&P Global Ratings in respect of its long term unsecured, unsubordinated indebtedness.

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts. A rating is not a recommendation to buy, sell or hold any Note. Ratings

may be changed, withdrawn or suspended by a ratings agency at any time.

- Status of Notes** : Unless otherwise stated in respect of any Series in the Conditions for that Series, the Notes constitute direct, unconditional, unsubordinated and unsecured obligations of HNZ, ranking equally among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of HNZ, except for liabilities mandatorily preferred by law.
- Negative Pledge** : The Notes will contain a negative pledge provision as described in Condition 14 of the Terms and Conditions.
- Form and Denomination of Notes** : Each Note:
- is a registered debt obligation of HNZ, constituted by, and owing under, the Note Deed Poll;
 - is in uncertificated book entry form;
 - is denominated in New Zealand dollars (unless otherwise specified in the relevant Final Terms); and
 - has a face value of NZ\$1.00 or such other amount as may be specified in the relevant Final Terms.
- Issue Price** : Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.
- Tenor** : Notes issued under the Programme will have an original tenor of 365 days or more.
- Redemption of Notes** : Unless previously redeemed or purchased and cancelled, the outstanding principal amount of each Note (or such other amount as is specified in the relevant Final Terms) and any accrued interest on that Note (if applicable) will, subject to any deductions on account of tax or the approved issuer levy, be payable on its maturity date to the person registered as the Holder of the Note to the bank account (including under the NZClear System) specified by the Holder.
- Selling Restrictions (New Zealand)** : The Programme is a wholesale programme. 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 (*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 transferred 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.

Selling Restrictions generally

- : No action has been taken or is proposed to be taken by HNZ to register Notes or the Programme under the laws of any jurisdiction for which such registration is required. Notes may only be offered or sold in conformity with all applicable laws and regulations in any jurisdiction in which Notes are offered, sold or delivered.

Selling Restrictions may differ between Tranches of Notes. Refer to the applicable Final Terms for any selling restrictions specific to a Tranche of Notes.

Transfer

- : A Holder may transfer any Note held by it by:
- a written instrument of transfer in any commonly used form that complies with the standard form and procedures of the Registrar and applicable law;
 - instructing the Registrar to transfer the Note into the name(s) of the transferee(s) through NZClear in accordance with the standard form and procedures of the Registrar; or
 - any other method of transfer of marketable securities that is not contrary to any law and that is approved by HNZ.

Interests in Notes entered into a Clearing System will be transferable in accordance with the rules and regulations of that Clearing System.

A Holder may transfer part of its holding of Note. However, no transfer of any part of its holding may be made if it would result in the transferor or the transferee holding or continuing to hold Notes with an aggregate principal amount of less than the Minimum Principal Amount (as specified in the Terms and Conditions or as otherwise specified in the relevant Final Terms).

Payments and Record Dates

- : Payment of the Redemption Amount of, and interest (if any) on, a Note (less any amount required to be deducted on account of tax) will be made to the person whose name appears in the Register as the Holder of the Note on the Record Date in respect of the relevant payment. If more than one person is so named in the Register, payment will be made to the first person so named.

Record Date means, for a payment due in respect of a Note (other than a Zero Coupon Note), close of business on the tenth calendar day before the due date for that payment and in respect of Zero Coupon Notes, close of business on the calendar day before the due date for payment (as any such due date for payment may be adjusted according to any applicable Business Day Convention) or any other date specified in, or determined in accordance with, the applicable Final Terms.

Taxation

- : Payments in respect of Notes will be subject to deduction of any New Zealand resident or non-resident withholding

tax or approved issuer levy as may be applicable from time to time (unless, in the case of resident withholding tax, the relevant Holder produces to the Registrar a valid certificate of exemption or other acceptable evidence of resident withholding tax exempt status on or before the record date for the relevant payment).

HNZ intends to register the Notes with the IRD under the approved issuer levy regime. In respect of any payment of interest (or payment deemed by law to be interest) to a non-resident Holder, where payment of approved issuer levy would remove the liability to deduct non-resident withholding tax, and if HNZ is lawfully able to pay approved issuer levy then HNZ, or the Paying Agent on its behalf, shall (except where the relevant Holder elects for the Registrar not to deduct approved issuer levy or it is not possible under any law, in which case a withholding tax deduction will apply) pay approved issuer levy.

- If specified in the relevant Final Terms, HNZ will pay such approved issuer levy on its own account and will not deduct it from the relevant interest payment.
- In any other case, HNZ will deduct an amount equal to the approved issuer levy from payments to that Holder of Notes in lieu of deducting non-resident withholding tax at the rate otherwise applicable, provided that HNZ reserves the right not to pay approved issuer levy in the event of any change of law to the approved issuer levy regime.

Except as described above, HNZ will not be obliged to make any additional payment by way of gross-up or otherwise with respect to the tax deduction, levy or withholding from any payment made in respect of the Notes.

HNZ shall deduct all applicable taxes and/or levy at the highest rate applicable unless the Holder has demonstrated to the satisfaction of HNZ or the Registrar that a lesser rate is applicable.

The Notes may also contain a tax call as specified in the relevant Final Terms. In such cases, HNZ may elect to redeem the Notes before their maturity date in certain limited circumstances.

HNZ may request certain information from you in order to comply with laws commonly known as the Foreign Account Tax Compliance Act (*FATCA*) (which includes any regulations or official interpretations issued, agreements entered into, or non-US laws enacted with respect to *FATCA*). HNZ may provide this information to Inland Revenue, who in turn may provide this information to the US Internal Revenue Service in certain cases.

The above is a general guide and is not exhaustive of the tax considerations that may apply to particular holders or in relation to particular Notes. Prospective holders of Notes should consult their professional advisers on the tax

implications of an investment in the Notes for their particular circumstances.

- Programme Documentation:** : A copy of the Note Deed Poll and copies of the Final Terms applicable to a Tranche of Notes may be obtained free of charge from HNZ by any Holder or prospective Holder by contacting HNZ at the address specified in the Directory.
- Registrar and Paying Agent** : Link Market Services Limited.
- Clearing System** : The Notes may be cleared, settled, held and transferred via NZClear and by way of sub-custodial cross-trading through Euroclear and Clearstream, Luxembourg or any other clearing system specified in the applicable Final Terms.
- If Notes are held in a Clearing System, the rights of each Holder and any other person holding an interest in those Notes are subject to the rules and regulations of that Clearing System. HNZ is not responsible for anything a Clearing System does or omits to do or for any loss occasioned by the failure of a Clearing System.
- Listing** : The Notes may be unlisted, listed by NZX Limited as wholesale debt securities (*NZX Wholesale Debt Listing*) or listed on any other stock exchange(s) as may be specified in the applicable Final Terms.
- Governing Law** : New Zealand law.

Background Information

Description of HNZ

Housing New Zealand Limited (*HNZ*) is a company registered in New Zealand with incorporation number 544867. HNZ's registered office in New Zealand is located at 80 Boulcott Street, Wellington 6011.

HNZ has been rated AA/Positive (Foreign Currency) and AA+/Positive (Local Currency) by S&P Global Ratings in respect of its long term unsecured, unsubordinated indebtedness. A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts. A rating is not a recommendation to buy, sell or hold any Note. Ratings may be changed, withdrawn or suspended by a ratings agency at any time.

HNZ was established in 2001 as part of a legislated consolidation of housing functions. Its principal activity is providing high quality social housing to people in the greatest need, for the duration of their need.

HNZ is a wholly-owned subsidiary of Housing New Zealand Corporation (*HNZC*), a statutory entity set up under the Housing Corporation Act 1974 (as amended by the Housing Corporation Amendment Act 2001). HNZC is a Crown agent under the Crown Entities Act 2004. At the date of this Information Memorandum, it is proposed under the Kāinga Ora-Homes and Communities Bill (*Bill*) that HNZC will be disestablished and its existing functions and assets will be vested in a new Crown agent to be known as Kāinga Ora-Homes and Communities (*KOHC*). Under the Bill, HNZ will continue to operate as a wholly-owned subsidiary of KOHC. The Bill was introduced to the New Zealand Parliament in May 2019 and is currently undergoing parliamentary processes.

Other information about HNZ

For further information relating to HNZ and HNZC, prospective investors should refer to:

- HNZC's latest annual report, a copy of which is contained on HNZC's website (www.hnzc.co.nz/publications/annual-report);
- HNZC's latest statement of intent, a copy of which is contained on HNZC's website (www.hnzc.co.nz/publications/statement-of-intent); and
- HNZC's latest statement of performance expectations, a copy of which is contained on HNZC's website (www.hnzc.co.nz/publications/statement-of-performance-expectations); and
- Any equivalent information published by KOHC if and when it is established, and any government policy statement on housing and urban development issued by the relevant Ministers.

Terms and Conditions

The following are the general terms and conditions which, as supplemented, modified and/or replaced by any supplemental or additional terms or conditions and the relevant Final Terms, will apply to each Note issued under the wholesale Programme of Housing New Zealand Limited. Definitions and interpretation provisions are set out in Condition 25.

PART 1: PROGRAMME AND CONDITIONS

1 PROGRAMME

1.1 Programme

The Issuer has established the Programme for the issuance of Notes from time to time.

The Issuer is not required to issue any Notes under the Programme.

1.2 Note Deed Poll

The Notes are constituted by, and issued in accordance with, the Note Deed Poll.

1.3 Inspection of documents

Copies of each Note Document, including the Note Deed Poll and the relevant Final Terms, are available for inspection upon request by Holders or prospective Holders during normal business hours at the registered office of the Issuer (or such other office as the Issuer may notify the Holders from time to time).

2 TYPES AND CONDITIONS OF NOTES

2.1 Conditions of each Tranche of Notes

Each Tranche of Notes is issued under Final Terms which supplement, modify and/or replace these terms and conditions.

2.2 Series of Notes

Notes are issued in Series that may comprise one or more Tranches. For each Tranche, the Notes in that Tranche will be issued on terms that are identical in all respects. For each Series, the Notes in that Series will be issued on terms that are identical, except for their Issue Dates, Issue Prices, first Interest Payment Dates and/or Interest Commencement Dates.

Unless the context requires otherwise, all subsequent references in the Conditions to "Notes" are to the Notes in the relevant Series only, and not to all Notes that may be issued under the Programme.

2.3 **Types of Notes**

A Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or any other type of Note specified in the relevant Final Terms. Notes may be puttable or callable in accordance with Condition 13.

2.4 **Issue Price**

Notes may be issued at par or at a premium or at a discount, as set out in the relevant Final Terms.

3 **ISSUE PROCEDURE**

When the Issuer has agreed to issue Notes, the relevant Tranche or Series of Notes will be constituted and issued by:

- (a) the Issuer entering into Final Terms in respect of that Tranche or Series; and
- (b) the Registrar entering the details of the relevant Notes in the Register in accordance with the Conditions and the Agency Agreement.

4 **OBLIGATIONS BINDING**

4.1 **Conditions of the Notes**

Each Note will be issued and held subject to these terms and conditions as supplemented, modified and/or replaced by the relevant Final Terms.

The Conditions of each Note, the Final Terms and the Note Deed Poll shall be for the benefit of and binding on the Issuer and each Holder, and all persons claiming under or through them.

Each Holder and all persons claiming under or through them are deemed to have notice of all the Conditions of the relevant Note and all the provisions of the Note Deed Poll, including these terms and conditions.

4.2 **Hierarchy**

In the event of any inconsistency between the provisions of any Final Terms and these terms and conditions, the provisions of the relevant Final Terms will prevail.

4.3 **Independent obligations**

The obligations of the Issuer in respect of each Note are separate and independent obligations which the Holder is entitled to enforce independently without having to join any other Holder or any predecessor in title of a Holder.

PART 2: FORM, TITLE AND TRANSFER

5 FORM AND DENOMINATION

5.1 Form

Each Note will:

- (a) be a registered debt obligation of the Issuer, constituted by, and owing under, the Note Deed Poll;
- (b) be in uncertificated book entry form;
- (c) have an original tenor of 365 days or more;
- (d) be denominated in New Zealand dollars (unless otherwise specified in the relevant Final Terms); and
- (e) have a face value of NZ\$1.00 or such other amount as may be specified in the relevant Final Terms.

5.2 Specified Principal Amounts

The Notes may be held in Specified Principal Amounts only, which shall include a minimum principal amount for such holdings and multiples of an amount in excess of such minimum principal amount.

Unless otherwise specified in the relevant Final Terms and subject to the selling restrictions contained therein, the Specified Principal Amounts for each Series will be a minimum principal amount of NZ\$25,000 and multiples of NZ\$1,000 in excess of that minimum principal amount.

6 STATUS AND RANKING

Unless otherwise stated in the relevant Final Terms, the Notes constitute direct, unsubordinated, unsecured and unconditional obligations of the Issuer, ranking equally among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law.

7 OWNERSHIP AND REGISTER

7.1 Title to Notes

The Notes are debt obligations of the Issuer, issued in registered form by entries in the Register.

Entry in the Register in relation to a Note is conclusive evidence that the person so entered is the absolute owner of the Note, subject to correction for fraud or error.

7.2 Certificates

At the request of a Holder, or otherwise as required by any applicable law or listing rules, the Issuer shall procure the Registrar to issue to that Holder a holding statement or notice of registration in relation to the Notes held by that Holder. Such holding statement or notice of registration shall be in the form agreed between the Issuer and the Registrar and shall comply with any applicable law and listing rules.

A holding statement or notice of registration issued in respect of a Note will not constitute a document of title. Entitlement will be determined solely by entry in the Register and, in the case of the beneficial interest in Notes lodged in a Clearing System, the records of that Clearing System.

7.3 Details in the Register

The Issuer shall at all times while Notes are outstanding cause the Registrar to:

- (a) maintain the Register for the Series in New Zealand; and
- (b) record the Holders and such other details of the Notes as required by law, any applicable listing rules, and the relevant Conditions of the Notes, provided that any failure by the Registrar to record the relevant details of the Notes in the Register shall not affect the application of such Conditions to the relevant Notes.

7.4 Tax and other information required from Holders

Each Holder must notify the Registrar in writing of its country of residency for Tax purposes and such other information as may be required to determine the payment or withholding obligations of the Issuer or the Registrar, and if not resident in New Zealand for Tax purposes, whether the Holder receives payments from the Issuer in respect of the Notes subject to the New Zealand resident withholding Tax rules.

Each Holder must, within ten Business Days of a reasonable request by the Issuer or an Agent, supply to the Issuer or, as the case may be, the Agent such forms, documentation and other information relating to its status as that person reasonably requests for the purposes of that person's compliance with any law, regulation or exchange of information regime.

7.5 Inspection of Register

The Registrar must disclose to a Holder who so requests any information held on the Register which relates to the Notes registered in the name of that Holder and all other information and matters required by any applicable law.

7.6 Non-recognition of interests

Except as ordered by a court of competent jurisdiction or required by law, the Issuer and each Agent:

- (a) must treat the person whose name is entered in the Register as the Holder of a Note as the absolute beneficial owner of that Note;

- (b) are not bound to recognise any interest, legal or equitable, in any Note; and
- (c) shall not be affected by any trust (express, implied or constructive) or other equity affecting any Note, or any encumbrance, security or other interest to which any Note may be subject, even if the Issuer or the Agent (as applicable) has actual notice of any such interest.

7.7 Reliance on Register

Neither the Issuer nor any Agent shall be:

- (a) required to obtain proof of identity of a Holder or its ownership of Notes; or
- (b) liable to any Holder or former Holder for relying on the Register or for accepting as valid any detail recorded in the Register subsequently found to be forged, irregular or not authentic.

7.8 Correction of errors

Any Agent or the Issuer may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

7.9 Co-ownership of Notes

Where two or more persons are entered in the Register as holders of the same Note then they are taken to hold the Note as joint tenants with rights of survivorship. The Registrar is not bound to register more than four persons as joint holders of a Note. In the case of joint holders, only one address will be recorded in the Register and any statement of holding, notice or other document or communication from the Issuer or the Registrar will be delivered to the person whose name is recorded first in the Register on behalf of each joint holder.

If two or more persons apply to be registered as tenants in common, the Registrar may, after notifying the persons of its intention to do so, divide the Notes into parcels which represent each person's share. If the Notes cannot be divided into parcels which would comply with Specified Principal Amount requirements of the Notes, the Registrar may refuse the application.

8 TRANSFER OF NOTES

8.1 Form of transfer

A Holder may transfer any Note held by it by:

- (a) a written instrument of transfer in any commonly used form that complies with the standard form and procedures of the Registrar and any applicable law or listing rules;
- (b) instructing the Registrar to transfer the Note into the name(s) of the transferee(s) through NZClear in accordance with the standard form and procedures of the Registrar or through any other electronic system or facility approved or designated under applicable law from time to time for the transfer of debt securities; or

- (c) any other method of transfer of marketable securities (including as may be operated in accordance with any listing rules) that is not contrary to any law and that is approved by the Issuer.

8.2 Requirements for transfers

Each instrument of transfer as referred to in Condition 8.1 must be:

- (a) duly completed, signed by the transferor and lodged with the Registrar;
- (b) accompanied by any evidence (including legal opinions) that the Registrar or the Issuer reasonably requires to prove the title of the transferor, the transferor's right to transfer the Notes or the identity of the transferor and/or the transferee; and
- (c) if the instrument of transfer is executed by some other person on behalf of the transferor or on behalf of a corporation, accompanied by the authority of that person to execute that transfer.

8.3 Partial transfers

A Holder may transfer part of its holding of Notes. However, no transfer of any partial holding may be made if it would result in the transferor or the transferee holding or continuing to hold Notes with an aggregate principal amount that is not a Specified Principal Amount.

8.4 When transfers effective

Subject to Condition 9.2, title to a Note passes when details of the transfer are recorded in the Register.

8.5 Transfers after Record Date

No Holder may require the transfer of a Note to be registered during the period from a Record Date until the relevant Interest Payment Date, Maturity Date or other due date for redemption on an exercise of a put or call pursuant to Condition 13. This Condition 8.5 will not prevent the registration of a transfer during the period from a Record Date until the relevant Interest Payment Date (other than the Maturity Date) but, in that case, the interest due on the Interest Payment Date will be paid to the Holder appearing on the Register at the close of business on the relevant Record Date.

8.6 Fees and charges

Neither the Issuer nor the Registrar shall charge a fee to any Holder for registering transfers or issuing holding statements or notices of registration (but Holders or prospective Holders shall be responsible for any applicable Taxes and other governmental charges).

8.7 Selling restrictions

A Holder may only offer for sale or sell any Note in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered. No prospectus, investment statement, product disclosure statement, information memorandum, advertisement or other offering material in respect of any Note may be published, delivered

or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws.

Each Holder, by subscribing for or otherwise acquiring Notes, agrees to indemnify the Issuer for any loss suffered by it as a result of any breach of the selling restrictions referred to in this Condition 8.7. Any moneys paid by the Issuer in respect of such loss may be recovered from the Holder as a debt due to the Issuer in respect of such liability and may be withheld from any further payments (if any) to that Holder. Nothing in this Condition 8.7 limits or affects any other right or remedy of the Issuer.

8.8 Transmission by operation of law

When the right to any Note is acquired by any person other than by transfer (for example on the dissolution, death or bankruptcy of a Holder, under a writ of execution, or following the making of a vesting order by a Government Agency), the Registrar, on the application of that person and on being satisfied of that person's entitlement to be registered as the Holder of that Note, will enter that person's name in the Register as the Holder of that Note.

9 CLEARING SYSTEMS

9.1 Notes held in a Clearing System

Notes may be held in NZClear and/or any other Clearing System specified in the relevant Final Terms. If Notes are held in a Clearing System, the rights of each Holder and any other person holding an interest in those Notes are subject to the rules and regulations of that Clearing System.

The Issuer is not responsible for anything a Clearing System does or omits to do or for any loss occasioned by the failure of a Clearing System.

9.2 Transfer of interests in Notes held in a Clearing System

Interests in Notes entered into a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System.

PART 3: INTEREST

10 FIXED RATE NOTES

10.1 Application

This Condition 10 applies only to Notes specified in the relevant Final Terms as Fixed Rate Notes.

The relevant Final Terms will contain provisions for the determination of fixed rate interest, including the applicable Interest Rate, Interest Payment Dates and Maturity Date, and must be read in conjunction with this Condition 10 and Condition 12 for full information on the manner in which interest is calculated on Fixed Rate Notes.

10.2 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear on each Interest Payment Date up to (and including) the Maturity Date, subject to the application of any applicable Business Day Convention in accordance with Condition 16.5.

10.3 Calculation of interest

For any Interest Period or other period for which interest is required to be calculated (other than an Interest Period for which a Fixed Coupon Amount is specified in the relevant Final Terms, in respect of which Condition 10.4 shall apply), the amount of interest payable for such period for any holding of Fixed Rate Notes shall be calculated by applying the Interest Rate to the outstanding principal amount of such Fixed Rate Notes, multiplying such amount by the applicable Day Count Fraction, and rounding the resultant figure in accordance with Condition 12.8.

10.4 Fixed Coupon Amount

If a Fixed Coupon Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date is the Fixed Coupon Amount (unless otherwise specified in the relevant Final Terms).

11 FLOATING RATE NOTES

11.1 Application

This Condition 11 applies only to Notes specified in the relevant Final Terms as Floating Rate Notes.

The relevant Final Terms will contain provisions for the determination of floating rate interest, including the applicable Reference Rate, Margin, Interest Payment Dates and Maturity Date, and must be read in conjunction with this Condition 11 and Condition 12 for full information on the manner in which interest is calculated on Floating Rate Notes.

11.2 Interest on Floating Rate Notes

Each Floating Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear:

- (a) on each Interest Payment Date specified in the relevant Final Terms; or
- (b) if no Interest Payment Date is specified in the relevant Final Terms, on each date which falls the number of Months or other period specified as the Interest Period in

the relevant Final Terms after the preceding Interest Payment Date, or in the case of the first Interest Payment Date, after the Interest Commencement Date,

in each case subject to the application of any applicable Business Day Convention in accordance with Condition 16.5.

11.3 Interest Rate determination

The Interest Rate for any Floating Rate Notes for each Interest Period is the sum of the Margin and the Reference Rate specified in the relevant Final Terms.

The Calculation Agent must determine the Interest Rate for any Floating Rate Note for an Interest Period in accordance with the Conditions (including the relevant Final Terms).

11.4 Bank Bill Rate determination

If Bank Bill Rate is specified in the relevant Final Terms as the applicable Reference Rate for an Interest Period, or if no Reference Rate is specified in the relevant Final Terms, the Reference Rate shall be the FRA settlement rate administered by the New Zealand Financial Markets Association (NZFMA) (or any other person which takes over administration of that rate), expressed as a percentage and rounded to the nearest four decimal places (with 0.00005 per cent. being rounded up), as displayed at or around 10:45am on page BKBM of the Thomson Reuters Screen or Bloomberg equivalent (or its or their respective successor page) on the first day of that Interest Period for bank accepted bills having a tenor closest to the Interest Period.

However, if the FRA settlement rate is not displayed at or around 10:45am on the relevant day, or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, Bank Bill Rate means the rate determined by the Calculation Agent in good faith at or around 10:45am on that day, having regard, to the extent possible, to the mid rate of the rates otherwise bid and offered by two or more leading banks in the New Zealand interbank market for bank accepted bills of that tenor at or around that time.

11.5 Bank Bill Rate fallback interest rate

Unless otherwise specified in the relevant Final Terms, if the Calculation Agent is unable to determine the Interest Rate for any Floating Rate Note for an Interest Period for which Bank Bill Rate is the applicable Reference Rate in accordance with Condition 11.4, the Interest Rate for that Floating Rate Note for that Interest Period is the same as the Interest Rate for that Floating Rate Note for the most recent previous Business Day on which an FRA settlement rate (as referred to in Condition 11.4) rate has been published and none of the circumstances as referred to in the second paragraph of Condition 11.4 exist.

11.6 Calculation of interest

For any Interest Period or other period for which interest is required to be calculated, the amount of interest payable for such period for any holding of Floating Rate Notes shall be calculated by applying the Interest Rate to the outstanding principal amount of such Floating Rate Notes, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure in accordance with Condition 12.8.

11.7 Interpolation

If the relevant Final Terms state that "Linear Interpolation" applies to an Interest Period, the Calculation Agent must determine the Interest Rate for that Interest Period using straight line interpolation by reference to two Bank Bill Rates or other Reference Rates, in each case, as specified in the relevant Final Terms.

The first rate must be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the relevant Final Terms).

The second rate must be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the relevant Final Terms).

12 GENERAL PROVISIONS APPLICABLE TO INTEREST

12.1 Maximum or Minimum Interest Rate

If the relevant Final Terms specify a Minimum Interest Rate for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period determined in accordance with Condition 11 is less than the specified Minimum Interest Rate, the Interest Rate for such Interest Period shall be the specified Minimum Interest Rate.

If the relevant Final Terms specify a Maximum Interest Rate for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period determined in accordance with Condition 11 is greater than the specified Maximum Interest Rate, the Interest Rate for such Interest Period shall be the specified Maximum Interest Rate.

12.2 Calculation of Interest Rate and interest payable

The Calculation Agent must, as soon as practicable after determining the Interest Rate in relation to each Interest Period for each holding of Floating Rate Notes, calculate the amount of interest payable for the relevant Interest Period in respect of the outstanding principal amount of each holding of Notes.

The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

12.3 Determination and calculation of other amounts

If the relevant Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time at which that amount is to be determined, calculate the relevant amount in the manner specified in the Conditions (including the relevant Final Terms).

12.4 **Notification of Interest Rate, interest payable and other things**

The Calculation Agent must notify the Issuer and any Holder which requests it of:

- (a) each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the relevant Interest Payment Date; and
- (b) any amendment to any amount, item or date referred to in paragraph (a)(i) arising from any extension or reduction of any relevant Interest Period or calculation period.

The Calculation Agent must give notice under this Condition as soon as practicable after it makes its determination or, as applicable, after a relevant Holder's request. The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period without prior notice but must notify the Issuer and the Registrar as soon as practicable after doing so.

12.5 **Determination and calculation final**

Except where there is an obvious error, any determination or calculation which the Calculation Agent makes in accordance with the Conditions is final and binds the Issuer, each Agent and each Holder.

12.6 **Late payment of Notes**

If the Redemption Amount payable in respect of a Note (other than a Zero Coupon Note) is not paid when due, interest continues to accrue on that Note (both before and after any demand or judgment) at the Interest Rate then applicable to the outstanding principal amount of the Note or any other default rate specified in the relevant Final Terms until the date on which the relevant payment is made to the relevant Holder.

If the Redemption Amount payable in respect of any Zero Coupon Note is not paid when due, the Redemption Amount is an amount equal to the sum of:

- (a) the Issue Price; and
- (b) the amount resulting from the application of the Accrual Yield (compounded annually) to the Issue Price from (and including) the Issue Date to (but excluding) the date on which all sums due in respect of such Note are received by or on behalf of the relevant Holder.

12.7 **Day Count Fractions**

Amounts payable in respect of any Notes may be calculated by reference to, or adjusted in accordance with, the Day Count Fraction as specified in the Final Terms.

If no Day Count Fraction is specified in the relevant Final Terms, the Day Count Fraction shall be:

- (a) in the case of Fixed Rate Notes:

- (i) for Regular Periods, NZ Govt Bond Basis; and
- (ii) in respect of any other period, Actual/Actual (ICMA);
- (b) in the case of Floating Rate Notes, Actual/365 (Fixed); and
- (c) in the case of Zero Coupon Notes, Actual/Actual (ICMA).

12.8 Rounding

For the purposes of any calculations required under these terms and conditions (unless otherwise specified in these terms and conditions or the relevant Final Terms):

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest four decimal places (with 0.00005 per cent. being rounded up to 0.0001 per cent);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded to the nearest cent (with NZ\$0.005 being rounded up to NZ\$0.01).

PART 4: REDEMPTION, PURCHASE AND OPTIONS

13 REDEMPTION

13.1 Scheduled redemption

Each Note is redeemable by the Issuer on its Maturity Date (subject to the application of any applicable Business Day Convention in accordance with Condition 16.5) at its Redemption Amount unless:

- (a) the Note has been previously redeemed; or
- (b) the Note has been purchased and cancelled.

13.2 Early redemption at the option of Holders (investor put)

If the relevant Final Terms state that a Holder may require the Issuer to redeem all or some of the Notes held by that Holder before their Maturity Date under this Condition, the Issuer must redeem the Notes specified by that Holder for an amount equal to the Redemption Amount for the Notes and any interest accrued on them to (but excluding) the redemption date if the following conditions are satisfied:

- (a) the Holder has given at least 30 days' (and no more than 60 days') (or any other period which may be specified in the relevant Final Terms) notice, to the Issuer and the Registrar by delivering to the Specified Office of the Registrar during normal business hours a completed and signed redemption notice in the form obtainable from the Specified Office of the Registrar together with any evidence the Registrar may require to establish title of the Holder to the relevant Note.

- (b) the notice referred to in paragraph (a) specifies a bank account to which the payment should be made or an address to where a cheque for payment should be sent;
- (c) the proposed redemption date is an Optional Put Redemption Date; and
- (d) any other condition specified in the relevant Final Terms is satisfied.

A notice or document deposited under this Condition 13.2 may not be withdrawn without the Issuer's consent. A Holder may not require the Issuer to redeem any Note under this Condition 13.2 if the Issuer has given notice that it will redeem that Note under Condition 13.3.

13.3 Early redemption at the option of the Issuer (issuer call)

If the relevant Final Terms state that the Issuer may redeem all or some of the Notes of a Series before their Maturity Date under this Condition, the Issuer may redeem so many of those Notes specified in the relevant Final Terms for an amount equal to the Redemption Amount for the Notes and any interest accrued on them to (but excluding) the redemption date.

However, the Issuer may only do so if:

- (a) the Issuer has given at least 30 days' (and no more than 60 days') (or any other period specified in the relevant Final Terms) notice to the Registrar and the Holders; and
- (b) the proposed redemption date is an Optional Call Redemption Date.

13.4 Tax call

If Condition 17.3(a) applies, or the relevant Final Terms otherwise state that a Tax call is applicable, then:

- (a) if the Issuer has or will become obliged to pay any additional amounts as provided for in Condition 17 as a result of any change in, or amendment to the laws, regulations or rulings of New Zealand or any political subdivision or any authority of or in New Zealand having power to Tax, or any change in the application or official interpretation of such laws or regulations (including a ruling by a court of competent jurisdiction), which change becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (b) the Issuer is still obliged to pay such additional amounts despite taking reasonable measures available to it,

the Issuer may at its option redeem all the Notes, but not some only, on any Interest Payment Date (if the Notes are Floating Rate Notes or otherwise if so specified in the relevant Final Terms) or at any time (in any other case) for an amount equal to the Redemption Amount for the Notes and any interest accrued on them to (but excluding) the redemption date.

However, the Issuer may only do so if:

- (a) it has given at least 30 days' (and no more than 60 days') (or any other period specified in the relevant Final Terms) notice to the Registrar and the Holders; and
- (b) prior to it giving such notice, it has delivered to the Paying Agent:
 - (i) a certificate signed jointly by the chief executive officer and chief financial officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting out the reasons as to why the right to redeem has occurred; and
 - (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

13.5 Effect of notice of redemption

Any notice of redemption given under this Condition 13 is irrevocable.

13.6 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise and at any price. All unmaturing Notes purchased under this Condition 13.6 are not extinguished (unless held beneficially by the Issuer at the Maturity Date) and to the extent held beneficially by the Issuer prior to that Maturity Date may be held, resold or cancelled at the discretion of the Issuer, subject to compliance with any applicable laws. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of such cancelled Notes shall be discharged.

PART 5: UNDERTAKINGS

14 NEGATIVE PLEDGE

So long as there are any outstanding Notes, the Issuer will not create or permit to exist any Security Interest (other than any Permitted Security Interest) over the whole or any part of its assets as security for any of its Borrowed Money Indebtedness unless the Issuer at the same time as, or before the creation of, that Security Interest, takes all action necessary to ensure that the same or an equivalent Security Interest (or such other Security Interest as may be approved by an Extraordinary Resolution) is extended equally and rateably to the Notes.

15 REGISTER AND AGENTS

15.1 Maintain appointments

So long as there are any outstanding Notes, the Issuer will:

- (a) maintain a Paying Agent and Registrar of each Note under an Agency Agreement;
- (b) maintain a Calculation Agent, where required by the Conditions;
- (c) cause the Registrar to keep the Register in accordance with the Conditions and the Agency Agreement; and

- (d) comply with and perform its obligations under the Agency Agreement and use reasonable endeavours to ensure that each Agent also does so.

15.2 Notification of Holders

So long as there are any outstanding Notes, the Issuer will:

- (a) give or procure that there is given to Holders of any relevant Series prompt notice of the appointment or termination of the appointment of any Paying Agent or Registrar in respect of that Series other than the appointment of the first Agents; and
- (b) promptly give or procure that there is given to Holders of any relevant Series notice of any Event of Default which has occurred in relation to that Series and is continuing unremedied.

PART 6: PAYMENTS

16 PAYMENTS IN RELATION TO NOTES

16.1 Payment to registered Holder

Payment of the Redemption Amount of, and interest (if any) on, a Note (less any amount required to be deducted in accordance with Condition 17) shall be made to the person whose name appears in the Register as the Holder of the Note on the Record Date in respect of the relevant payment. If more than one person is so named in the Register, payment will be made to the first person so named.

16.2 Payment of principal

The Issuer shall pay the Redemption Amount (together with any accrued interest and other amounts due in respect of the Note on the relevant redemption date) for a Note, and all other amounts due in respect of the Note, less any amount required to be deducted in accordance with Condition 17, to the entitled Holder in accordance with Condition 16.1 on the Maturity Date or other due date for redemption in accordance with the Conditions.

16.3 Payment of interest

The Issuer shall pay interest on any interest-bearing Note (less any amount required to be deducted in accordance with Condition 17) to the entitled Holder in accordance with Condition 16.1 on the relevant Interest Payment Date.

16.4 Payments through Paying Agent

Unless otherwise specified in the relevant Conditions, all payments from the Issuer to Holders in relation to the Notes shall be effected by the Paying Agent, and the Issuer shall ensure that the Paying Agent is placed in funds in sufficient time to enable it to make such payments.

16.5 Business Day Conventions

Dates for payment or by reference to which calculations will be made may be adjusted by reference to the applicable Business Day Convention as specified in the relevant Final Terms and those dates will be modified accordingly.

If no Business Day Convention is specified in the relevant Final Terms, the Business Day Convention shall be:

- (a) in the case of Fixed Rate Notes and Zero Coupon Notes, Following Business Day Convention (Unadjusted); and
- (b) in the case of Floating Rate Notes, Modified Following Business Day Convention (Adjusted).

16.6 Method of payment

All payments in respect of Notes held in a Clearing System shall be made by the Issuer crediting on the relevant payment date the amount due to the account of the Paying Agent or other account previously notified by the Paying Agent or Clearing System to the Issuer in accordance with the Agency Agreement and the Clearing System's rules and regulations.

All payments in respect of Notes which are not held in a Clearing System by the relevant Holder shall be paid by the Paying Agent:

- (a) by direct credit to a bank account specified by the Holder on the Record Date for the relevant payment in accordance with Condition 16.7; or
- (b) in the absence of such specification by a Holder, by cheque sent to the address of the Holder as recorded in the Register on the Record Date for the relevant payment, in which case the provisions of Condition 16.8 will also apply.

16.7 Notice of specified bank account or mailing address

A Holder may specify a bank account to which payments will be made on the Notes, or the address to which cheques will be sent, at the time the Holder subscribes for or is transferred any Notes, or at any other time by notice in writing to the Registrar. Unless otherwise permitted by the Registrar, the bank account so specified must be an account maintained with a registered bank in New Zealand.

A Holder may at any time amend any notice so given by further notice in writing to the Registrar, but no amendment of a notice shall have effect unless another New Zealand registered bank account or address is specified by that Holder.

No notice given under this Condition 16.7 will have effect in respect of any payment unless received by the Registrar on or before the Record Date for the relevant payment. Any notice given under this Condition 16.7 will be deemed to be automatically cancelled upon transfer of all of a Holder's Notes or, in the case of a partial transfer, in respect of the Notes transferred. A notice from one of several Holders of the same Notes is deemed to be given by all such Holders.

If at any time a Holder has provided neither a current address nor current details of a bank account to the Registrar, any payments in respect of any Note to that Holder shall be deemed to be unclaimed money for the purpose of Condition 16.9.

16.8 Payments by cheque

If the Paying Agent makes a payment in respect of a Note by cheque, the Paying Agent will send the cheque by prepaid ordinary post on the due date to the Holder at its address appearing in the Register on the Record Date.

Cheques sent to a Holder are sent at the Holder's risk and are taken to be received by the Holder on the due date for payment. If the Issuer makes a payment in respect of a Note by cheque, the Issuer is not required to pay any additional amount as a result of the Holder not receiving payment on the due date in immediately available funds.

16.9 Unclaimed money

If any payment made by the Issuer to any Holder to the address, or into the bank account, last specified by that Holder to the Issuer or the Registrar is returned unclaimed, the amount concerned will (unless the Issuer or the Registrar has in the meantime received notice of a change of address or bank account to be entered in the Register) be retained by the Registrar to be held by it for the relevant Holder without any obligation to invest or pay interest on that amount.

Any money not claimed within a period of six Months from the original date of payment must be returned to the Issuer and may be retained by the Issuer unless the relevant Holder produces evidence satisfactory to the Issuer of its entitlement to such amount. The Issuer will have no liability in respect of the unclaimed amount if it remains unclaimed six years after the original date of payment.

16.10 Payments subject to laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives.

17 TAXATION

17.1 No set-off, counterclaim or deductions

Except as otherwise specified in the Conditions:

- (a) all payments in respect of the Notes must be made in full without deduction or withholding (whether by way of set-off, counterclaim or otherwise), except to the extent required by law or as provided in this Condition 17; and
- (b) the Issuer will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in respect of a Note pursuant to this Condition 17.

17.2 Withholding Tax

If any payment on or in relation to a Note is required by applicable law to be made subject to any withholding or deduction for, or on account of, any Taxes, the Issuer shall make such payment, or procure that such payment is made, subject to such withholding or deduction, and shall account for the amount so required to be withheld or deducted, or procure that such amount is accounted for, to the relevant authorities. In particular:

- (a) Subject to Condition 17.3, New Zealand non-resident withholding Tax will be deducted from payments of interest (or payments deemed by law to be interest) to a Holder who receives such payments subject to the New Zealand non-resident withholding Tax rules; and
- (b) New Zealand resident withholding Tax will be deducted from each payment of interest (or payments deemed by law to be interest) to a Holder who is resident in New Zealand for income Tax purposes or who otherwise receives such payment subject to the New Zealand resident withholding Tax rules, unless an appropriate exemption certificate or other acceptable evidence of resident withholding Tax exempt status is produced to the Paying Agent or the Issuer on or before the Record Date for the relevant payment.

17.3 Approved Issuer Levy

In respect of any payment of interest (or payment deemed by law to be interest) to a Holder who receives such payments subject to the New Zealand non-resident withholding Tax rules, where payment of Approved Issuer Levy would remove the liability to deduct non-resident withholding Tax, and if the Issuer is lawfully able to pay Approved Issuer Levy then the Issuer, or the Paying Agent on its behalf, shall (unless otherwise directed in writing by the relevant Holder, in which case Condition 17.2(a) will apply) pay Approved Issuer Levy to the appropriate authority and:

- (a) if the relevant Final Terms state that payment of Approved Issuer Levy is on the Issuer's account, then the amount of any Approved Issuer Levy payable by the Issuer under this Condition 17.3 must not be deducted from the interest payment that the payment of Approved Issuer Levy relates to; and
- (b) in any other case, the Holder agrees that the Issuer or Paying Agent shall deduct the amount paid from the interest (or deemed interest) payable to that Holder in lieu of deducting New Zealand non-resident withholding Tax at the rate otherwise applicable from that payment, provided that the Issuer reserves the right not to pay Approved Issuer Levy in the event of any change of law to the Approved Issuer Levy regime.

17.4 Maximum rate

Deductions of Taxes will be made at the maximum rates from time to time applicable unless a Holder provides evidence to the Issuer or the Paying Agent (acceptable to it) that a lesser rate or an exemption is applicable.

17.5 Tax indemnity from Holders

If, in respect of any Note, the Paying Agent or the Issuer becomes liable to account for withholding Taxes, or make any payment of, or on account of, Tax payable by the Holder,

then the Paying Agent and the Issuer shall be indemnified by the relevant Holder in respect of such liability. Any moneys paid by the Paying Agent or the Issuer in respect of such liability may be recovered from the Holder as a debt due to the Paying Agent or the Issuer and may be withheld from any further payments (if any) to that Holder. Nothing in this Condition will prejudice or affect any other right or remedy of the Paying Agent or the Issuer.

17.6 Tax status

The Issuer and each Agent shall be entitled for the purposes of this Condition 17 to rely, without further enquiry, upon any evidence produced or statement made by, or on behalf of, a Holder in relation to that Holder's Tax status or Tax residency, and to regard the Holders entered in the Register as the only beneficial owners of, or the only persons who beneficially derive interest under, the relevant Notes.

PART 7: EVENTS OF DEFAULT

18 EVENTS OF DEFAULT

18.1 Event of Default

Unless otherwise specified in the Conditions, an Event of Default occurs if:

- (a) **(payment default)** the Issuer fails to pay any interest in respect of the Notes within 10 Business Days after the relevant due date or any principal in respect of the Notes within 5 Business Days of the relevant due date;
- (b) **(other default)** the Issuer defaults in performance or observance of any of its obligations under any Notes of the relevant Series (other than those specified in paragraph (a) above), which default is incapable of remedy or, if capable of remedy, is not remedied within 45 days after notice requiring such default to be remedied has been given to the Issuer by the relevant Holder;
- (c) **(insolvency)** the Issuer becomes unable to pay its Indebtedness as it falls due or stops payment of its debts generally;
- (d) **(winding up/cessation of business)** an order is made or an effective resolution is passed for the winding up of the Issuer or the Issuer ceases to carry on its business in New Zealand other than (in any such case) under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency or for any winding up in the process of a merger, reconstruction or amalgamation in which the surviving entity has assumed or will assume expressly or by law all the obligations of the Issuer in respect of the Notes;
- (e) **(receivership)** a receiver, administrator, liquidator, provisional liquidator is appointed of, or an encumbrancer takes possession of, or exercises its power of sale in respect of, the whole or any material part of the assets of the Issuer;
- (f) **(statutory management)** a statutory manager is appointed under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer; or
- (g) **(moratorium)** a moratorium is declared in respect of any Indebtedness of the Issuer.

18.2 Consequences of an Event of Default

Subject to Condition 18.3, if any Event of Default occurs and continues unremedied, then any Holder of Notes then outstanding may declare by notice to the Issuer (with a copy to the Registrar) that the Redemption Amount (together with any accrued interest) applicable to each Note held by it is either payable immediately or on such other date specified in the notice.

The making of a declaration referred to in this Condition 18.2 gives immediate effect to the provisions of this Condition.

18.3 Rectification

Any right of a Holder to declare Notes due and payable terminates if the situation giving cause to it has been cured before such right is exercised.

PART 8: GENERAL

19 AGENTS

19.1 Role of Agents

In acting under the relevant Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

Each Agent shall be entitled to rely on and treat as accurate any information provided, or purported to be provided, to it by the Issuer, a Holder or any other person where that Agent reasonably believes such information to have been provided to it in accordance with these terms and conditions and the Agency Agreement. No Agent shall be liable for errors or defaults caused by reliance on any such information which is later found to be forged, incorrect or not authentic.

19.2 Appointment and replacement of Agents

Subject to Condition 15.1, the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor (including the Issuer).

20 MEETINGS OF HOLDERS

20.1 Meetings provisions

The Meetings Provisions contain provisions (which have effect as if incorporated in these terms and conditions) for convening meetings of the Holders of any Series to consider any matter affecting their interests, including the modification of the Conditions or amendments to any Note Documents.

Any such modification or amendment may be made if sanctioned by an Extraordinary Resolution and agreed by the Issuer in accordance with the Meetings Provisions.

Meetings of Holders shall be convened and held in accordance with the Meetings Provisions.

20.2 Resolutions binding

Any resolution passed at any meeting of the Holders of any Series is binding on all Holders of such Series, whether or not they are present at the meeting or vote in favour of the resolution.

21 VARIATION

21.1 Variation with consent

Subject to Condition 21.2, any Note Document (including, without limitation, the Conditions) may be varied with the approval of the Holders of the relevant Series by Extraordinary Resolution or by the consent in writing of all Holders of that Series.

21.2 Variation without consent

The Issuer may vary any Note Document (including, without limitation, the Conditions) without the approval of the Holders if, in the reasonable opinion of the Issuer, the variation:

- (a) is necessary or advisable to comply with any law or Directive;
- (b) is necessary to correct an obvious error, or otherwise of a formal, technical or administrative nature only;
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision;
- (d) is not materially prejudicial to the interests of the Holders as a whole;
- (e) is convenient for the purpose of obtaining or maintaining a quotation of any Note on any stock exchange in New Zealand or elsewhere; or
- (f) only applies to Notes issued by the Issuer after the date of the amendment.

21.3 Notice of amendment not required

The Issuer shall not be required to give notice to a Holder of any amendment to the provisions of any Note Document or the Conditions.

22 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders, issue notes, bonds or other obligations in any amount and on such terms and conditions as the Issuer sees fit, including without limitation any further Tranche of Notes forming a single Series with existing Notes of that Series.

23 NOTICES

23.1 Notices to Holders

All notices, certificates and other communications in connection with a Note to the Holders must be in writing and may be:

- (a) sent by prepaid post or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the relevant notice or communication); or
- (b) given by an advertisement published in the New Zealand Herald or an additional or alternative newspaper determined by the Issuer in its discretion.

23.2 Notices from Holders

All notices and other communications to be given or made from a Holder to the Issuer, the Registrar or the Paying Agent in connection with a Note must be in writing and may be sent by prepaid post or left at the address of the registered office of the Issuer, the Registrar or the Paying Agent or such other address as is notified to Holders from time to time.

23.3 When effective

Communications take effect from the time they are received or taken to be received (whichever happens first) unless a later time is specified in them and:

- (a) if given by newspaper advertisement, are taken to be received on the first date that publication has been made in the required newspaper(s);
- (b) if sent by post, are taken to be received 3 Business Days following dispatch; and
- (c) if delivered by hand, when left at the address of the intended recipient referred to in Condition 23.1 or 23.2,

provided that any notice or communication received or deemed received after 5.00pm on a Business Day in the place to which it is sent, or on a day which is not a Business Day in that place, shall be deemed not to have been received until the next Business Day in that place.

24 GOVERNING LAW

The Notes, the Note Documents and the Conditions are governed by New Zealand law.

25 DEFINITIONS AND REFERENCES

25.1 Definitions

In these terms and conditions, the following expressions have the following meanings:

Accrual Yield has the meaning given in the relevant Final Terms.

Agency Agreement means:

- (a) the registrar and paying agent services agreement between the Issuer and Link Market Services Limited dated 21 June 2017 appointing Link Market Services Limited as the initial Paying Agent and Registrar for Notes; and
- (b) any other agency agreement at any time in force appointing any further or other Paying Agent or Registrar for any Series.

Agent means each Registrar, Paying Agent and Calculation Agent and includes any successor, substitute or additional agent appointed under an Agency Agreement or otherwise from time to time.

Amortised Face Amount means, in relation to a Note, an amount equal to the sum of:

- (a) the Issue Price; and
- (b) the amount resulting from the application of the Accrual Yield specified in the relevant Final Terms (compounded annually) to the Issue Price from (and including) the Issue Date specified in the relevant Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date the Note becomes due and repayable.

If the calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year must be made on the basis of the applicable Day Count Fraction.

Approved Issuer Levy means, in relation to any payment of interest (as defined in section 86F of the Stamp and Cheque Duties Act 1971) under any Note, the levy payable by the Issuer in accordance with the Stamp and Cheque Duties Act 1971 to enable the payment of that interest to be made to any non-resident for Tax purposes with a deduction for New Zealand non-resident withholding Tax at the rate of zero per cent. pursuant to section RF 12 of the Income Tax Act 2007 (or its successor provisions).

Balance Sheet means a statement of financial position and statement of financial performance of the Issuer, prepared as at the end of its financial year or as at any other date (as the case may be or the context may require) in a manner that complies with the Housing Corporation Act 1974, the Public Finance Act 1989 and the Companies Act 1993 and all other applicable laws or regulations.

Bank Bill Rate has the meaning given in Condition 11.4.

Borrowed Money Indebtedness means:

- (a) indebtedness for money borrowed;
- (b) indebtedness in respect of guarantees or similar indemnities;
- (c) indebtedness in respect of financial accommodation provided by way of acceptance or endorsement of bills of exchange, promissory notes or other negotiable instruments;

- (d) indebtedness in respect of negotiable instruments; or
- (e) rental or lease payments under any lease entered into primarily for the purpose of raising or obtaining finance.

Business Day means:

- (a) in relation to a place, a day (other than a Saturday or Sunday) on which registered banks and foreign exchange markets are open to settle payments and for general business in that place; and
- (b) where no place is specified, a day (other than a Saturday or Sunday) on which registered banks and foreign exchange markets are open to settle payments and for general business in Auckland and Wellington and such other business centre(s) as may be specified in the relevant Final Terms, and on which the relevant Clearing System (if any) for the relevant Note is operating.

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day. The following Business Day Conventions, where specified in the relevant Final Terms (or determined in accordance with Condition 16.5), in relation to any date applicable to any Note, have the following meanings:

- (a) *Following Business Day Convention (Adjusted)* means that, for the purposes of both calculations and payments, the date is postponed to the first following day that is a Business Day;
- (b) *Modified Following Business Day Convention (Adjusted)* means that, for the purposes of both calculations and payments, the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day;
- (c) *Preceding Business Day Convention (Adjusted)* means that, for the purposes of both calculations and payments, the date is brought forward to the first preceding day that is a Business Day; and
- (d) *Following Business Day Convention (Unadjusted)* means that for the purposes of any calculations the relevant date must not be adjusted in accordance with any Business Day Convention; however, Holders shall not be entitled to any payment due on such date until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

Calculation Agent means the Registrar or any other person specified in the relevant Final Terms as the party responsible for calculating the Interest Rate and the amount of interest payable in respect of a Note for an Interest Period or any other amount required to be calculated under these terms and conditions or specified in the relevant Final Terms.

Clearing System means:

- (a) NZClear (including, as the context requires, any other applicable Clearing System in which the Notes may be held as a result of sub-custodial arrangements involving NZClear); or

- (b) any other clearing system specified in the relevant Final Terms (including without limitation the Austraclear System, Euroclear Bank S.A./N.V. and/or Clearstream Banking, *société anonyme*).

Companies Act means the Companies Act 1993.

Conditions means in respect of any Tranche, the terms and conditions of the Notes in that Tranche, as set out in these terms and conditions as supplemented, modified and/or replaced, including by the relevant Final Terms for that Tranche, and includes the Meetings Provisions. *Condition* means, as the context requires, any such Condition or a correspondingly numbered condition in these terms and conditions.

Day Count Fraction means, in respect of the calculation of an amount of interest of any Note for any period of time (Calculation Period), the day count fraction specified in the relevant Final Terms (or determined in accordance with Condition 12.7). The following Day Count Fractions, where specified in the relevant Final Terms (or determined in accordance with Condition 12.7), have the following meanings:

- (a) *Actual/Actual (ICMA)* means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (b) *Actual/365 (Fixed)* means the actual number of days in the Calculation Period divided by 365; and
- (c) *NZ Govt Bond Basis* or *RBNZ Bond Basis* means one divided by the number of Interest Payment Dates in a year.

Directive means a treaty, official directive, request, regulation, guideline or policy having the force of law or compliance with which is in accordance with general practice of responsible participants in the market concerned.

Event of Default has the meaning given in Condition 18.

Extraordinary Resolution has the meaning given in the Note Deed Poll.

FATCA means:

- (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 as amended from time to time, or any associated regulations;
- (b) any treaty, law, regulation, or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law, regulation, or other official guidance referred to in paragraph (a) or (b) above with the US Internal Revenue Service, the US government, or any governmental or taxation authority in any other jurisdiction.

FATCA Deduction means a deduction or withholding from a payment in respect of any Note required by FATCA.

Final Terms has the meaning given in the Note Deed Poll.

Fixed Coupon Amount has the meaning (if any) given in the relevant Final Terms.

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the relevant Final Terms.

Floating Rate Note means a Note on which interest is calculated at a floating rate payable one, two, three or six Monthly or in respect of any other period or on any date specified in the relevant Final Terms.

GAAP means, at any time, New Zealand generally accepted accounting practice applicable to the Issuer at such time.

Government Agency means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.

Holder means, for a Note at any time, the person whose name is entered in the Register as the holder of that Note. If a Note is held in a Clearing System, references to the Holder of that Note include the operator of that Clearing System or a nominee or depository for that operator.

Indebtedness means an obligation (whether present or future, actual or contingent, secured or unsecured, joint or several, as principal, surety or otherwise) relating to the payment of money.

Interest Commencement Date means, for a Note, the Issue Date of the Note or any other date so specified in the relevant Final Terms.

Interest Payment Date means each date so specified in, or determined in accordance with, the relevant Final Terms and adjusted in accordance with any applicable Business Day Convention.

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date.

Interest Rate means, for a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note specified in, or calculated or determined in accordance with, the Conditions (including the relevant Final Terms).

Issue Date means the date on which a Note is, or is to be, issued, as specified in, or determined in accordance with, the relevant Final Terms.

Issue Notice means for a Tranche, a notice relating to the issuance of that Tranche from the Issuer to the Registrar in such form of notice as the Issuer and the Registrar may from time to time agree.

Issue Price of a Note means the price at which that Note is issued as specified in the relevant Final Terms or, if no Issue Price is so specified, the principal amount of the Note.

Issuer means Housing New Zealand Limited (company number 544867).

Latest Balance Sheet means, at any time, the then most recent Balance Sheet which has been prepared in respect of the Issuer;

Margin means the margin specified in, or determined in accordance with, the relevant Final Terms.

Maturity Date means, for a Note, the date specified in the relevant Final Terms as the date for redemption of that Note, as adjusted in accordance with any applicable Business Day Convention.

Maximum Interest Rate has the meaning (if any) given in the relevant Final Terms.

Meetings Provisions has the meaning given to that term in the Note Deed Poll.

Minimum Interest Rate has the meaning (if any) given in the relevant Final Terms.

Month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last day in that calendar month.

Note means a note, bond or other debt security, however described, in registered form which by its terms is issued pursuant to, or has the benefit of, the Note Deed Poll.

Note Deed Poll means the note deed poll so entitled dated 21 December 2017 (as amended from time to time) and executed by the Issuer.

Note Documents means:

- (a) the Note Deed Poll (including these terms and conditions);
- (b) the relevant Final Terms;
- (c) the relevant Agency Agreement; and
- (d) any other document which the Issuer acknowledges in writing to be a Note Document in relation to the relevant Tranche or Series.

NZClear means the securities clearing and settlement facility known as the NZClear system and includes any securities clearing and/or settlement facility which replaces or supersedes it from time to time.

Optional Call Redemption Date means, in relation to a Note, the date specified as such in the relevant Final Terms applicable to that Note or, if such date is not a Business Day, the first following day that is a Business Day.

Optional Put Redemption Date means, in relation to a Note, the date specified as such in the relevant Final Terms applicable to that Note or, if such date is not a Business Day, the first following day that is a Business Day.

outstanding means, in relation to any Notes, all such Notes that have been issued other than those which have been redeemed or purchased and cancelled in accordance with the Conditions and those in respect of which claims have become prescribed; provided that, for the purposes of:

- (a) ascertaining the right to attend and vote at any meeting of Holders; and
- (b) determining how many Notes are outstanding for the purposes of Conditions 18 and 20 and the Meetings Provisions,

those Notes that are beneficially held by, or are held on behalf of, the Issuer or any of its Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding.

Paying Agent means Link Market Services Limited or any successor or alternate paying agent appointed by the Issuer under an Agency Agreement.

Permitted Security Interest means, in respect of any of the Issuer's Borrowed Money Indebtedness:

- (a) any Security Interest that:
 - (i) arises by statute or operation of law;
 - (ii) is a purchase money security interest relating to the acquisition of goods on the usual terms of sale of the supplier; or
 - (iii) is a retention of title to property (real or personal) to secure the payment of the purchase price for the property (and any costs of such arrangement in the

nature of interest, fees or other charges directly in connection with such arrangement) to the person so retaining title, or any contractor's, supplier's or vendors lien,

so long as such Security Interest arises in the ordinary course of business of the Issuer and the payment of the money so secured is not in default or liability therefor is being contested by appropriate proceedings; or

- (b) any Security Interest that exists over any asset at the time it is acquired by the Issuer, provided that:
 - (i) such Security Interest was not created in contemplation of such acquisition; and
 - (ii) the principal amount of the Borrowed Money Indebtedness so secured is not increased or, in the case of a fluctuating facility, the overall limit agreed as at the date of the acquisition does not increase and any fluctuations in the principal amount outstanding are within that overall limit; or

- (b) any Security Interest that is created or permitted to exist over the whole or any part of its right, title or interest (whether by way of shareholding, partnership share, limited partnership interest or otherwise) in, or in the assets of, any joint venture, partnership, limited partnership or similar venture (whether or not incorporated) to secure Borrowed Money Indebtedness in connection with such joint venture, partnership, limited partnership or similar venture; or

- (c) any Security Interest that is created or permitted to exist to secure Borrowed Money Indebtedness in connection with the purchase of an asset (and asset for the purpose of this paragraph (c) shall include an interest in, or in the assets of, any joint venture, partnership, limited partnership or similar venture in which the Issuer is a participant), or the maintenance or repair or improvement of an asset, where the Security Interest is:
 - (i) created over the asset purchased, maintained, repaired or improved and/or over any related or connected asset; and
 - (ii) the principal amount of the Borrowed Money Indebtedness so secured does not exceed such purchase price or the cost of such maintenance or repair or improvement (as the case may be),

so long as, in the case of any maintenance, repair or improvements to an asset forming part of the assets of any joint venture, partnership, limited partnership or similar venture, the amount of Borrowed Money Indebtedness secured by such Security Interest shall not exceed, as a proportion of the aggregate Borrowed Money Indebtedness incurred in respect of such maintenance, repair or improvement, the Issuer's share in such joint venture, partnership, limited partnership or similar venture; or

- (d) any Security Interest that is created or permitted to exist to secure Borrowed Money Indebtedness in connection with a capital project of:
 - (i) the Issuer; or

- (ii) any joint venture, partnership, limited partnership or similar venture in which the Issuer is a participant,

where (in any such case) under the Security Interest the financier's right of action to enforce repayment of the principal amount of that Borrowed Money Indebtedness and/or the payment of financing charges thereon is limited to a right of action or claim against the capital project so financed and/or any of the assets, revenues, contracts, licences, consents and similar rights derived from or relating to such capital project, or against the interests of the Issuer in any of the foregoing (except for any right of action or claim against the Issuer in relation to fraud, misrepresentation, and other circumstances customarily excluded from such a limitation in non-recourse financing of such a capital project); or

- (e) any Security Interest that is created or permitted to exist in substitution for any of the Security Interests referred to in paragraph (a) to (d) above provided that the requirements of the relevant paragraph remain satisfied in relation to the substitute Security Interest and the Borrowed Money Indebtedness so secured is not increased provided that in the case of a fluctuating facility the foregoing shall not prevent fluctuations within the overall limit agreed as at the date of the substitution; or
- (f) any other Security Interest, so long as the aggregate principal amount of the Borrowed Money Indebtedness secured by all Security Interests permitted to be created or to exist by this paragraph (f) does not exceed 15 per cent. of the consolidated Total Tangible Assets of the Issuer. For this purpose, the principal amount of any Borrowed Money Indebtedness secured by a Security Interest shall be deemed to be zero if the only assets of the Issuer which are subject to such Security Interest are assets which:
 - (i) do not form part of or are not taken into account in determining the Total Tangible Assets of the Issuer as shown in the Latest Balance Sheet; or
 - (ii) in the case of assets acquired after the end of the financial period to which the Latest Balance Sheet of the Issuer relates, would not form part of or be taken into account in determining such Total Tangible Assets if such a Balance Sheet were prepared immediately following such acquisition.

Programme means the wholesale programme established by the Issuer, under which the Issuer may issue Notes constituted by the Note Deed Poll to any person from time to time.

Record Date means, for a payment due in respect of a Note (other than a Zero Coupon Note), close of business on the tenth calendar day before the due date for that payment and in respect of Zero Coupon Notes close of business on the calendar day before the due date for payment (as any such due date for payment may be adjusted in accordance with any applicable Business Day Convention) or any other date specified in, or determined in accordance with, the relevant Final Terms.

Redemption Amount means:

- (a) for a Fixed Rate Note or a Floating Rate Note, the outstanding principal amount of the Note on the date it is redeemed or such other amount as is specified in the relevant Final Terms;
- (b) for a Zero Coupon Note, the Amortised Face Amount of the Zero Coupon Note calculated on the date it is redeemed; or
- (c) such other amount as may be specified in, or calculated or determined in accordance with, the Conditions (including the relevant Final Terms).

Reference Rate has the meaning given in the relevant Final Terms.

Register means the register of Notes in the relevant Series established and maintained by the Registrar under the relevant Conditions and Agency Agreement.

Registrar means Link Market Services Limited initially appointed as register and paying agent in relation to the Programmes or any successor or alternate registrar appointed by the Issuer under an Agency Agreement.

Regular Period means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each Interest Period;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where Regular Date means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period (the Irregular Interest Period), interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where Regular Date means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the Irregular Interest Period.

Security Interest means any mortgage, pledge, encumbrance by way of security, lien, charge, assignment by way of security or hypothecation including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction, but not including:

- (a) bailment, or any rights or obligations (whether arising by operation of law, by contract or otherwise) of or in the nature of set-off, netting, combination, consolidation or retention of accounts, banker's lien or analogous rights or obligations in relation to or affecting any credit balances or other financial obligations owing to the Issuer; or
- (b) a security interest in relation to personal property that is created or provided for by:
 - (i) a transfer of an account receivable or chattel paper;

- (ii) a lease for a term of more than one year; or
- (iii) a commercial consignment,

that does not secure payment or performance of an obligation.

Series means an issue of Notes, which may be made up of one or more Tranches, all of which are specified in the relevant Final Terms to form a single Series and are issued on the same Conditions except that, the Issue Date, Issue Price, first Interest Payment Date and Interest Commencement Date may be different in respect of a different Tranche of that Series.

Specified Principal Amounts means, in relation to any Series of Notes, principal amounts in which Notes of that Series may be held (including a minimum principal amount) as specified in Condition 5.2 or otherwise in the relevant Final Terms.

Subsidiary means, in relation to a person, (i) a subsidiary of that person within the meaning of section 5 of the Companies Act or (ii) an “in substance subsidiary” of that person in accordance with any applicable financial reporting standard.

Tangible Assets means, at any time, all assets of the Issuer that would be or would have been regarded as being tangible assets in accordance with GAAP at that time.

Taxes includes any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature and whatever called (including Approved Issuer Levy and FATCA Deduction), imposed or levied by any governmental agency, in each case together with any interest, penalty, charge, fee or other amount imposed or made on or in relation to any of the foregoing.

Total Tangible Assets means the book value (determined in accordance with the principles and practices applied in the Latest Balance Sheet) of the Issuer’s Tangible Assets as at any time and from time to time valued or revalued (in accordance with GAAP) (and disclosed other than solely by noting to) in the Latest Balance Sheet.

Tranche means an issue of Notes all of which are issued on the same Issue Date and on the same Conditions.

US means the United States of America.

Zero Coupon Note means a Note which does not entitle the Holder to the periodic payment of interest before its Maturity Date and which is issued at an Issue Price which is a discount to its face value.

1.2 References to principal and interest

Unless the contrary intention appears, in these terms and conditions:

- (a) any reference to principal in the context of a Note is taken to include the Redemption Amount of the Note, any premium payable in respect of the Note when it is issued, and any other amount in the nature of principal payable in respect of the Note under the Conditions;

- (b) the principal amount of a Note issued at a discount is to be taken as at any time to equal the lesser of:
 - (i) its face value; and
 - (ii) if specified in the relevant Final Terms, its Amortised Face Amount at that time;
- (c) the principal amount of any other Note which may vary by reference to a schedule or formula at any time is taken to equal its varied amount as determined in accordance with the applicable Conditions;
- (d) any reference to interest in the context of a Note is taken to include any interest and any amount in the nature of interest payable in respect of the Note under the Conditions; and
- (e) if the Notes are Zero Coupon Notes, references to interest are not applicable.

1.3 References to certain general terms

Unless the contrary intention appears, a reference in these terms and conditions to:

- (a) a document (including these terms and conditions) includes any variation or replacement of it;
- (b) *law* means includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, by-law, statute or other legislative measure, in each case of any jurisdiction whatever;
- (c) legislation or to a provision of legislation includes any amendments and re-enactments of it, a legislative provision substituted for it and a statutory regulation, rule, order or instrument made under or issued pursuant to it;
- (d) *New Zealand dollars, dollars, NZ\$ or \$* is a reference to the lawful currency of New Zealand;
- (e) a time of day is a reference to New Zealand time;
- (f) the word *person* includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (g) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and
- (h) the words *including, for example* or *such as* when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

1.4 Other references

Unless the contrary intention appears, in these terms and conditions:

- (a) the singular includes the plural and vice versa;
- (b) headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these terms and conditions;
- (c) a reference to a Holder is a reference to the holder of Notes of a particular Series;
and
- (d) a reference to a Note is a reference to a Note of a particular Series.

Form of Final Terms

FINAL TERMS

Series No.: [●]

Tranche No.: [●]

HOUSING NEW ZEALAND LIMITED

Debt Issuance Programme (“Programme”)

Issue of NZ\$[●] [●] [●][%] medium term Notes due [dd][mm][yy] (“Notes”)

This document constitutes the Final Terms of the Tranche of Notes referred to above and must be read in conjunction with the general terms and conditions for the Programme as contained in the Note Deed Poll dated 21 December 2017 and the Information Memorandum dated 15 August 2019. Full information on the offer is only available on the basis of the combination of these Final Terms and the general terms and conditions (including for the definitions of capitalised terms used in these Final Terms).

The particulars specified in relation to such Tranche are as follows:

[Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

- | | | |
|---|---|--|
| 1 | Issuer: | Housing New Zealand Limited |
| 2 | (a) Series Number: | [●] |
| | (b) Tranche Number: | [●] |
| | | <i>(If fungible with an existing Series, insert details of that Series, including the date on which the Notes became fungible)</i> |
| 3 | Method of distribution: | [Syndicated / Non-syndicated] |
| | (a) If syndicated, name of Managers: | |
| | (b) If non-syndicated, name of Dealer: | |
| 4 | Name and address of Registrar and Paying Agent: | [Link Market Services Limited]
[Specify address] |
| 5 | Calculation Agent: | [Link Market Services Limited] |

6	Currency	
	(a) of Denomination:	[NZ\$/alternate currency]
	(b) of Payment:	[NZ\$/alternate currency]
7	Aggregate principal amount of Tranche:	NZ\$[<i>Insert amount</i>]
8	(a) Issue Date:	[<i>Insert date</i>]
	(b) Interest Commencement Date:	[Issue Date] [<i>specify other if applicable</i>]
9	Maturity Date:	[<i>Insert date</i>]
10	Issue Price:	[Par] [[●]% of the aggregate principal amount] [plus accrued interest from [insert date] (<i>include in the case of fungible issues only, if applicable</i>)]
11	Denomination	
	(a) Face value of Notes:	[NZ\$1.00]
	(b) Minimum Principal Amount:	[NZ\$25,000 and multiples of NZ\$1,000, thereafter]
12	Interest Basis:	[[●]% per annum Fixed Rate] [Bank Bill Rate] +/- [●]% per annum Floating Rate] [Zero Coupon] (further particulars specified below)
13	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]% of their principal amount (together with accrued interest)
14	Put/Call Options:	[Not applicable] [Investor Put] [Issuer Call] [Tax Call] [(further particulars specified below)]
15	Payment of Approved Issuer Levy on Issuer's account	[Applicable/Not applicable]
16	Status of Notes:	Unsecured, unsubordinated
Provisions relating to interest		
17	Fixed Rate Note provisions:	[Applicable/Not applicable] (<i>if not applicable delete remaining sub-paragraphs of this paragraph</i>)

- (a) Interest Rate: [●]% per annum paid [semi-annually/quarterly/other] in arrear
- (b) Interest Payment Dates: [[●], [●], [●] and [●]] in each year up to and including the Maturity Date/[specify other]
- (c) Business Day Convention: [Specify Business Day Convention and any additional business centres]
- for Interest Payment Dates (other than the Maturity Date): [As above] [other]
 - for Maturity Date: [As above] [other]
- (d) Day Count Fraction
- for Regular Periods: [NZ Government Bond Basis] [other]
 - for other periods: [For amounts paid other than on and/or calculated in respect of dates other than Interest Payment Dates: [Specify]]
- 18 Floating Rate Note provisions: [Applicable/Not applicable] (if not applicable delete remaining sub-paragraphs of this paragraph)
- (a) Interest Rate: [eg The aggregate of the [3] month Bank Bill Rate and the Margin] [other]
- (b) Reference Rate: [Bank Bill Rate] [other]
- (c) Margin [+/-][●]% per annum
- (d) Interest Payment Dates/Interest Periods: [Interest Payment Dates will be [quarterly/semi-annually] in arrear on [[dd][mm], [dd][mm], [dd][mm] and [dd][mm]] in each year up to and including the Maturity Date]
- (e) Business Day Convention [Specify]
- for Interest Payment Dates (other than the Maturity Date): [As above] [other]
 - for Maturity Date: [As above] [other]
- (f) Day Count Fraction: [Specify]
- (g) Minimum Interest Rate: [Not applicable]
- (h) Maximum Interest Rate: [Not applicable]
- (i) Linear Interpolation: [Applicable] [Not applicable]
- 19 Zero Coupon Note provisions: [Applicable/Not applicable] (if not applicable delete remaining sub-paragraphs of this paragraph)

- (a) Accrual Yield: [●]% per annum
- (b) Reference Price: [Issue Price]
- (c) Business Day Convention: [*Specify*]
- (d) Day Count Fraction in relation to early redemption amounts: [*Specify*]

Provisions relating to redemption

- 20 Redemption Amount: [Outstanding principal amount]
- 21 Investor put: [Not applicable]
- 22 Issuer call: [Not applicable]
- 23 Tax call: [Applicable / Not applicable]

General provisions applicable to the Notes

- 24 Any Clearing System other than NZClear: [Not applicable. However, cross-trading through Euroclear and Clearstream, Luxembourg is applicable]
- 25 Other conditions: [*Insert if applicable*]
- 26 Other information: [*Insert if applicable*]

- 27 Other selling restrictions: The Programme is a wholesale programme. 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 (*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 transferred 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.
- [Insert if applicable]*
- 28 Listing: [None / NZX Wholesale Debt Listing]
- 29 ISIN: [•]
- 30 Common Code: [•]
- 31 Credit rating: At the date of these Final Terms, the Issuer had a credit rating for the Programme from S&P Global Ratings of [AA/Positive (Foreign Currency)][and][AA+/Positive (Local Currency)]

Signed on behalf of Housing New Zealand Limited:

By:

Duly authorised

By:

Duly authorised

Date:

Directory

Issuer

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Wellington 6011

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Registrar and Paying Agent

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