

# Christchurch City Holdings Limited

## Final Terms Sheet



Due

6 December 2022

**\$150,000,000 Unsecured, Unsubordinated, Fixed Rate Bonds**

*Dated 29 November 2017*



Arranger and Joint Lead Manager



Joint Lead Manager



# Final Terms Sheet

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

<b>Issuer</b>	Christchurch City Holdings Limited ("CCHL" or the "Issuer")	
<b>Instrument</b>	Unsecured, unsubordinated, fixed rate bonds ("Bonds")	
<b>Status</b>	The principal amounts of, and interest on, the Bonds will be unsubordinated, unsecured, obligations of the Issuer and rank at least equally with all present and future unsecured and unsubordinated indebtedness of the Issuer (except indebtedness preferred by law and subject to laws affecting creditors' rights generally and equitable principles of general application)	
<b>Purpose</b>	The key purpose of the offer is to diversify CCHL's source of debt funding. The proceeds of the offer will be used to fund special dividends to Christchurch City Council ("Council") of up to \$140m during CCHL's 2018 financial year. Any additional proceeds raised will be used by CCHL to refinance short term debt	
<b>Uncalled Capital</b>	<p>The Issuer is a wholly owned subsidiary of the Council. The Council provides explicit financial support to CCHL through its subscription for uncalled capital. However, the Council does not guarantee CCHL's obligations under the Bonds</p> <p>Bondholders may vote for CCHL to call the uncalled capital (in whole or in part). However any such request can only be made by the Supervisor after the occurrence of an Event of Default. Amounts paid by the Council are available for all creditors of CCHL</p> <p>More information on the uncalled capital is contained in the Trust Deed</p>	
<b>Credit Ratings</b>	<b>Issuer Credit Rating</b>	<b>Issue Credit Rating</b>
	A+ (stable) S&P Global Ratings	A+ S&P Global Ratings
	Further information about S&P Global Ratings' credit rating scale is available at <a href="http://www.standardandpoors.com">www.standardandpoors.com</a> . A credit rating is not a recommendation to invest in the Bonds and may be subject to revision, suspension or withdrawal at any time	
<b>Issue Amount</b>	\$150,000,000	
<b>No public pool</b>	All Bonds will be reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other persons invited to participate in the bookbuild	
<b>Interest Rate</b>	3.40% per annum, being the sum of the Swap Rate and the Margin	
<b>Margin</b>	0.80% per annum	
<b>Swap Rate</b>	The semi-annual mid-market swap rate for an interest rate swap of a term and start date matching the period from the Issue Date to the Maturity Date as calculated by the Joint Lead Managers in accordance with market convention with reference to Reuters page ICAPKIWISWAP1 on the Rate Set Date and expressed on a semi-annual basis, rounded to 2 decimal places, if necessary with 0.005 being rounded up	
<b>Issue Price</b>	Par (\$1.00)	

<b>Financial Covenants</b>	<p>CCHL has agreed that, for so long as any bonds issued under the Trust Deed (including the Bonds) are outstanding:</p> <ul style="list-style-type: none"> <li>• its Total Liabilities will not exceed 60% of its Total Tangible Assets;</li> <li>• the ratio of EBIT to Interest and Financing Costs will not be less than 1.5:1; and</li> <li>• Shareholders' Funds will not be less than \$500m.</li> </ul> <p>More information on the financial covenants is contained in the Trust Deed</p>
<b>Negative Pledge</b>	<p>CCHL has agreed that it will not create any security over its assets. This negative pledge is subject to certain exclusions, including;</p> <ul style="list-style-type: none"> <li>• security interests created with the Supervisor's consent; and</li> <li>• security interests in respect of which the aggregate principal amount of indebtedness so secured by all security interests permitted under this exclusion does not exceed 5% of CCHL's Total Tangible Assets at that time.</li> </ul> <p>More information on the negative pledge is contained in the Trust Deed</p>
<b>Interest Payment</b>	Interest will be paid semi-annually in arrear in equal amounts on 6 June and 6 December of each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date. The first Interest Payment Date will be 6 June 2018
<b>Business Day Convention</b>	Following Business Day (unadjusted)
<b>Record Date</b>	10 days before the due date for a payment, or if that day is not a Business Day, the immediately preceding Business Day
<b>Business Days</b>	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Christchurch, Auckland and Wellington except that in the context of the NZX Listing Rules it means a day on which the NZX Debt Market is open for trading
<b>Denominations</b>	Minimum denominations of \$5,000 with multiples of \$1,000 thereafter
<b>ISIN</b>	NZCCHDT839C3
<b>NZClear Code</b>	CCH839
<b>Quotation</b>	<p>Application has been made to NZX Limited (NZX) for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this Terms Sheet have been complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the Financial Markets Conduct Act 2013.</p> <p>Ticker code CCH010 has been reserved for the Bonds</p>
<b>Approved Issuer Levy</b>	The Issuer proposes to register the Bonds for approved issuer levy (AIL) and, where it is eligible to do so in respect of interest paid to a non-resident Bondholder that is subject to the non-resident withholding tax rules (and unless otherwise elected by the Bondholder), to pay AIL in lieu of deducting non-resident withholding tax. If the Bonds qualify for the 0% rate of AIL, the Issuer intends to apply the 0% rate, otherwise it will apply AIL at the applicable rate. The amount of any AIL paid will be deducted from payments to you
<b>Documents</b>	<p>Master Trust Deed dated 15 November 2017</p> <p>Supplemental Trust Deed dated 15 November 2017</p>
<b>Registrar and Paying Agent Register</b>	<p>Computershare Investor Services Limited.</p> <p>The Bonds will be accepted for settlement within the NZClear system</p>
<b>Repo Eligibility</b>	The Issuer intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for Domestic Market Operations

<b>Arranger</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand Branch) (“Westpac Banking Corporation”)
<b>Joint Lead Managers</b>	ANZ Bank New Zealand Limited Westpac Banking Corporation
<b>Organising Participant</b>	Westpac Banking Corporation
<b>Supervisor</b>	Public Trust
<b>Governing Law</b>	New Zealand
<b>Selling Restrictions</b>	<p>This is an offer of Bonds to institutional investors and members of the public who are resident in New Zealand and certain overseas institutional investors only.</p> <p>CCHL has not taken and will not take any action which would permit a public offering of Bonds, or possession or distribution of any offering material in respect of the Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand).</p> <p>The Bonds may only be offered for sale or sold in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.</p> <p>The selling restrictions contained in the schedule apply. By purchasing any Bonds, each Bondholder agrees to indemnify the Issuer, the Joint Lead Managers and the Supervisor and each of their respective directors, officers, employees and agents (as applicable) for any liability, cost, loss or damages sustained or incurred by the Issuer, the Lead Manager and the Supervisor, as the case may be, as a result of the breach by that Bondholder of the selling restrictions set out in the schedule</p>

## Important Dates

<b>Opening Date</b>	Monday, 27 November 2017
<b>Closing Date</b>	2pm NZT, Wednesday, 29 November 2017
<b>Rate Set Date</b>	Wednesday, 29 November 2017
<b>Issue and Allotment Date</b>	Wednesday, 6 December 2017
<b>Expected Date of Initial Quotation</b>	Thursday, 7 December 2017
<b>Maturity Date</b>	Tuesday, 6 December 2022

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

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

# Schedule – Selling Restrictions

This is an offer of Bonds to institutional investors and members of the public who are resident in New Zealand and certain overseas institutional investors only.

CCHL has not taken and will not take any action which would permit a public offering of Bonds, or possession or distribution of any offering material in respect of the Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

The Bonds may only be offered for sale or sold in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Bonds may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

There are specific selling restrictions that apply to an offer of the Bonds in the United States of America, European Economic Area, Switzerland, the United Kingdom, Australia, Hong Kong, Japan, Singapore and Korea. These selling restrictions do not apply to an offer of the Bonds in New Zealand.

These selling restrictions may be modified by CCHL and the Joint Lead Managers, including following a change in a relevant law, regulation or directive. Persons into whose hands the PDS comes are, and each Bondholder is, required by CCHL and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute such offering material, in all cases at their own expense.

## United States of America

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

None of CCHL, any Joint Lead Manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) in relation to the Bonds, and each of CCHL and the Joint Lead Managers have complied and will comply with the offering restrictions requirements of Regulation S.

The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their

distribution at any time, or (ii) otherwise until forty days after the completion of the distribution of all of the Bonds, as determined and certified by the Joint Lead Managers, except in accordance with Rule 903 of Regulation S. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

"The Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the 'Securities Act') or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) (i) as part of their distribution at any time or (ii) otherwise until forty days after the later of the commencement of the offering of the Bonds and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Until forty days after the completion of the distribution of all of the Bonds, an offer or sale of the Bonds within the United States by the Joint Lead Managers or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

## European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by the PDS in relation thereto to the public in that Relevant Member State except that an offer of Bonds to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Joint Lead Manager for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require CCHL or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.



For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

#### Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Bonds described herein. The Bonds may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Bonds constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland and neither this document nor any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

#### United Kingdom

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA applies to CCHL or any Guaranteeing Group Member.

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

#### Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001) in relation to the Bonds (including the PDS) has been or will be lodged with or registered by the Australian Securities and Investments Commission ("ASIC") or the Australian Securities Exchange Limited. No person may:

- make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- distribute or publish, any draft, preliminary or final form offering circular or memorandum, advertisement or other offering material relating to the Bonds in Australia,

unless:

- the minimum aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, in either case, disregarding moneys lent by the offeror or its associates);
- the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act 2001;
- such action complies with all applicable laws, regulations and directives (including without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act 2001);
- the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act 2001; and
- such action does not require any document to be lodged with, or registered by, ASIC.

#### Hong Kong

No Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

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

#### Japan

The Bonds have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the FIEA) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Bonds shall not transfer or resell the Bonds except where the transferor transfers or resells all the Bonds en bloc to one transferee. For the purposes of this paragraph, Japanese Person shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## Singapore

The PDS has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Bonds have not been and will not be offered or sold, or made the subject of an invitation for subscription or purchase nor has the PDS or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Bonds been, nor will it be, circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) ("SFA") pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- 1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- 2) where no consideration is or will be given for the transfer;
- 3) where the transfer is by operation of law;
- 4) as specified in Section 276(7) of the SFA; or
- 5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## Korea

A registration statement for the offering and sale of the Bonds has not been and will not be filed under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Bonds may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Law

of Korea) except as otherwise permitted under applicable Korean laws and regulations.