

FINAL TERMS SHEET

Fixed Rate Senior Secured Bonds

Maturing 7 SEPTEMBER 2023



Joint Lead Managers

Westpac
Institutional Bank

DeutscheCRAIGS

Co-Manager

bnz 

23 August 2016

This terms sheet (**Terms Sheet**) sets out the key terms of the offer by Kiwi Property Group Limited (**Kiwi Property**) of up to \$75 million (with the ability to accept oversubscriptions up to \$50 million at Kiwi Property's discretion) of fixed rate senior secured bonds maturing on 7 September 2023 (**Bonds**). The Bonds will be issued under a master trust deed dated 30 June 2014 (as amended from time to time) and supplemented by a supplemental trust deed dated 23 August 2016 entered into between Kiwi Property as issuer and New Zealand Permanent Trustees Limited as supervisor (**Supervisor**) (together, the **Bond Trust Documents**).

Important notice

The offer of Bonds by Kiwi Property is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Kiwi Property's \$125 million fixed rate senior secured bonds maturing on 20 August 2021 which are currently quoted on the NZX Debt Market under the ticker code KPG010 (**KPG010 Bonds**). The Bonds are of the same class as the KPG010 Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Kiwi Property is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting nzx.com/companies/KPG/announcements.

The KPG010 Bonds (which have a fixed interest rate of 6.15% per annum and a redemption date of 20 August 2021) are currently the only debt securities of Kiwi Property that are in the same class as the Bonds and are currently quoted on the NZX Debt Market.

Investors should look to the market price of the KPG010 Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Bond Trust Documents.

Issuer	Kiwi Property Group Limited.
Group	The Issuer and each of its subsidiaries.
Description	The Bonds are fixed rate senior secured bonds of the Issuer.
Ranking	The Bonds rank equally and without preference among themselves and equally with any other secured indebtedness owing to a Beneficiary under the security trust deed dated 30 June 2014 (as amended from time to time) (Security Trust Deed).
Purpose	The proceeds from the issue of the Bonds will be used to repay bank debt and for general corporate purposes.
Guarantors	<p>Certain wholly owned subsidiaries of the Issuer guarantee the obligations of the Issuer in relation to the bonds pursuant to a global security deed dated 5 November 1998 (as amended from time to time) (GSD).</p> <p>At the date of this Terms Sheet, the guaranteeing subsidiaries are Kiwi Property Holdings Limited, Sylvia Park Business Centre Limited and Kiwi Property Te Awa Limited (together with the Issuer, the Guarantors).</p> <p>The total assets held by the Guarantors must equal or exceed 90% of the total assets of the consolidated Group.</p>
Guarantee	Each Guarantor guarantees the due and punctual payment of all amounts payable by Kiwi Property to holders of Bonds (Bondholders) in respect of the Bonds on a joint and several basis. There are no limits on the obligations of the Guarantors in respect of the amounts owing under the guarantee.



Security	<p>The Guarantors have granted security over all of their assets under the GSD in favour of Public Trust acting as security trustee for the Bondholders and certain other secured creditors of the Group (Security Trustee) on an equal ranking basis. The security includes a security interest over all personal property, a charge over real property and an agreement to mortgage in respect of real property, and secures all amounts owing to the applicable secured creditors.</p> <p>The security is held by the Security Trustee for all Beneficiaries under the Security Trust Deed (including existing Bondholders, the Group's bank facility lenders and hedging providers and any new future secured creditors) on an equal ranking basis. In an insolvency of a Guarantor, the claims of the senior secured creditors (including the Bondholders) will, by virtue of that security, rank ahead of all other unsecured creditors of the relevant Guarantor other than certain statutorily preferred creditors.</p> <p>The Issuer and the Guarantors have also agreed, under the Security Trust Deed, not to create or allow to exist any other security interests over their assets other than certain permitted security interests (which include, among others, any security created in favour of the Security Trustee and security interests securing finance debt that does not exceed 5% of the Group's total tangible assets).</p>
Gearing Covenant	<p>The Bond Trust Documents include a gearing covenant that requires the Issuer to ensure that, for so long as any Bonds are outstanding, Finance Debt of the Group does not exceed 45% of the Total Tangible Assets of the Group at all times.</p> <p>A breach of the Gearing Covenant would be an Event of Review under the Bond Trust Documents.</p>
Event of Default	<p>Upon the occurrence of an event of default as set out in the Bond Trust Documents, the Supervisor may in its discretion, and it must, for certain payment defaults or where a Gearing Covenant breach remains unremedied after a 13 month remedy period or upon being directed to do so by an extraordinary resolution of Bondholders, declare the principal amount, all accrued interest and any other amounts due and payable on the Bonds to be immediately due and payable.</p> <p>You should refer to the Bond Trust Documents for a description of the specific events which constitute events of default.</p>
Further Indebtedness	The Group may incur additional Finance Debt (including bank debt or debt in respect of new bonds), without the consent of Bondholders while the Bonds are outstanding.
Credit Ratings	The Issuer and the Bonds are not rated.
Issue Amount	\$125 million.
Series Identifier	Tranche 01 of Series 02.
Opening Date	Tuesday, 23 August 2016, immediately following release on the NZX Debt Market of the notice required by the FMC Regulations in connection with the offer.
Closing Date	11.00am on Wednesday, 31 August 2016.
Rate Set Date	Wednesday, 31 August 2016.
Issue Date	Wednesday, 7 September 2016.
Maturity Date	Thursday, 7 September 2023.
Early Repayment	Other than following an Event of Default (as set out in the Bond Trust Documents), Bondholders have no right to require Kiwi Property to redeem the Bonds prior to the Maturity Date. Kiwi Property does not have the right to redeem the Bonds early.
Interest Rate	4.00 per cent per annum.
Interest Payments	Semi-annually in arrear in equal payments.
Interest Payment Dates	7 March and 7 September of each year up to and including the Maturity Date.
	The first Interest Payment Date will be 7 March 2017.
Payment of Interest	Interest will be payable on an Interest Payment Date to the Bondholder as at the Record Date immediately preceding the relevant Interest Payment Date.
Record Date	The Record Date for Interest Payment Dates and the Maturity Date is 5.00pm on the tenth calendar day before the relevant Interest Payment Date or Maturity Date or, if that day is not a Business Day, the next Business Day.



Business Days	<p>A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington.</p> <p>If an Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the due date for any payment to be made on that date will be the next Business Day.</p>
Principal Amount	\$1.00 per Bond.
Minimum Application Amount and Minimum Holding	Minimum application of \$5,000 with multiples of \$1,000 thereafter.
Registrar and Paying Agent	<p>Link Market Services Limited.</p> <p>The Bonds will be accepted for settlement within the NZClear system.</p>
Transfer Restrictions	As a Bondholder, you may only transfer Bonds if the transfer is in respect of Bonds having an aggregate Principal Amount that is an integral multiple of \$1,000. However, Kiwi Property will not register any transfer of Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with an aggregate Principal Amount of less than \$5,000, unless the transferor would then hold no Bonds.
NZX Debt Market Quotation	<p>It is a term of the offer that the Issuer will take any necessary steps to ensure that the Bonds are, immediately after being issued, quoted on the NZX Debt Market.</p> <p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, 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 FMCA.</p>
Expected Date of Initial Quotation and Trading on NZX Debt Market	Thursday, 8 September 2016.
NZX Debt Market Ticker Code	KPG020.
ISIN	NZKPGD0020L6.
Who May Apply for Bonds	<p>All of the Bonds are reserved for subscription by clients of the Joint Lead Managers, institutional investors and other Primary Market Participants invited to participate in the bookbuild.</p> <p>There will be no public pool for the Bonds.</p> <p>Retail investors should contact a Joint Lead Manager, their financial adviser or any Primary Market Participant for details on how they may acquire Bonds. You can find a Primary Market Participant by visiting nzx.com/investing/find_a_participant</p> <p>Each investor's broker or financial adviser will be able to advise them as to what arrangements will need to be put in place for the investor to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant, as well as the costs and timeframes for putting such arrangements in place.</p>
NZX Approval	NZX has granted approval under NZX Listing Rule 11.1.5 to enable Kiwi Property to include transfer restrictions in the Bond Trust Documents permitting Kiwi Property to refuse a transfer of the Bonds if the transfer is not in multiples of \$1,000 and/or results in the transferor or the transferee holding an aggregate principal amount of less than the minimum holding of \$5,000, unless the transferor would then hold no Bonds.
Governing Law	New Zealand.
Organising Participant	Craigs Investments Partners Limited.
Joint Lead Managers	Deutsche Craigs Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Co-Manager	Bank of New Zealand.
Fees	<p>Brokerage: 0.50%.</p> <p>Firm Fee: 0.25%.</p>



Selling Restrictions

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction. This Terms Sheet may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction.

The dates set out in this Terms Sheet are indicative only and Kiwi Property, in conjunction with the Joint Lead Managers, may change the dates set out in this Terms Sheet. Kiwi Property has the right in its absolute discretion and without notice to close the offer early, to extend the Closing Date, or to choose not to proceed with the offer. If the Closing Date is changed, other dates (such as the Issue Date, the Maturity Date and the Interest Payment Dates) may be changed accordingly.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet sites are not incorporated by reference into, and do not form part of, this Terms Sheet.

Copies of the Bond Trust Documents will be made available by Kiwi Property for inspection during usual business hours by any Bondholder at Kiwi Property's registered office listed on the following page (or such office as Kiwi Property may notify the Bondholders from time to time).

Investors should seek qualified, independent financial and taxation advice before deciding to invest.

For further information regarding Kiwi Property, visit nzx.com/companies/KPG.



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