



NEW ZEALAND

Government Inflation-Indexed Bonds

INFORMATION MEMORANDUM

INFLATION-INDEXED BOND DESCRIPTION

New Zealand Government Inflation-Indexed Bonds (“the Bonds”) are New Zealand Dollar bonds whose value is adjusted in line with movements in the CPI. Coupon Interest is payable quarterly in arrears on the Capital Value of the Bonds. On the Maturity Date, the final payment of Coupon Interest and the payment of the Capital Value of the Bonds are made subject to this Information Memorandum.

ISSUER

The Sovereign in right of New Zealand (“the Crown”).

RATING

As at the date of this Information Memorandum, the Crown’s long-term local currency credit ratings are AAA (stable outlook) by S&P Global Ratings, Aaa (stable outlook) by Moody’s Investors Service and AA+ (stable outlook) by Fitch Ratings.

DEFINED TERMS

Capitalised expressions used in this Information Memorandum and not otherwise defined, have the meanings given to them in the Glossary of Terms set out in clause 10 of this Information Memorandum.

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1. INFLATION-INDEXED BOND DESCRIPTION

1.1 DESCRIPTION

The Bonds are New Zealand Dollar bonds whose value is adjusted in line with movements in the CPI. Coupon Interest is payable quarterly in arrears on the Capital Value of the Bonds. On the Maturity Date, the final payment of Coupon Interest and payment of the Capital Value of the Bonds are made.

The Bonds are issued on the terms set out in this Information Memorandum.

1.2 ISSUER

The issuer of the Bonds is the Crown.

Pursuant to Part 6 of the Public Finance Act 1989 (“the Act”), the Minister of Finance has authorised the borrowing of money by way of the issue of Bonds. Bonds will be issued in terms of this Information Memorandum and Part 6 of the Act, whereby Coupon Interest, the payment of the Capital Value of the Bonds, and any other money payable on the Bonds are a charge upon and payable out of the revenues of the Crown.

Bonds may be issued on behalf of the Crown by NZDM from time to time, subject to the applicable terms of this Information Memorandum, by syndicated issue, tender, private placement or otherwise.

1.3 REGISTRAR

The Registrar is Computershare Investor Services Limited or any other party nominated by NZDM to act as agent.

1.4 CHANGES IN REGISTRAR

The Crown reserves the right to appoint another party as the Registrar or for NZDM to perform those functions. In such circumstances, Bondholders will be advised of such a change.

2. COUPON INTEREST

2.1 COUPON INTEREST FREQUENCY AND PAYMENT PROCESS

Coupon Interest is payable quarterly in arrears on each Coupon Interest Payment Date.

Subject to the next paragraph:

- the first Coupon Interest payment on Bonds will be calculated on the basis that there is deemed to be a full quarter between the Issue Date of those Bonds and the first Coupon Interest Payment Date following the Issue Date of those Bonds; and
- Coupon Interest will be paid on the first Coupon Interest Payment Date following the Issue Date of those Bonds.

For Bonds issued during the period after a Record Date up to, but not including, the Coupon Interest Payment Date immediately following that Record Date, Bondholders will not be paid Coupon Interest for the period (deemed or otherwise) between the Issue Date of those Bonds and that Coupon Interest Payment Date.

The formula for the settlement price for Bonds in clause 6.1 of this Information Memorandum takes into account the payment (or non-payment) of Coupon Interest detailed in the two preceding paragraphs.

If Bonds are held through NZClear, Coupon Interest will be credited to the NZClear members who are the holders of the Bonds on the Record Date immediately prior to the relevant Coupon Interest Payment Date by crediting the relevant member's NZClear cash account (or a linked nominated account in accordance with NZClear's system rules).

For all other Bondholders, Coupon Interest will be paid to the Bondholder Registered on the Record Date immediately prior to the relevant Coupon Interest Payment Date by crediting an account nominated by the Bondholder at any Registered Bank in New Zealand.

With regard to payment of Coupon Interest, the Registrar will accept written instructions from Bondholders provided they are received prior to the Record Date.

If bank account details have not been provided to the Registrar, Coupon Interest will be withheld until account details have been provided. No additional interest will be paid on any amounts withheld.

If a Coupon Interest Payment Date is not a Banking Day, payment will be made on the next succeeding Banking Day without payment of additional interest.

Coupon Interest will cease to accrue on the Bonds from the Maturity Date.

2.2 COUPON INTEREST CALCULATION

Bonds bear Coupon Interest at the Coupon Interest Rate which is calculated on the Capital Value of the Bonds (where Capital Value = $N \times K_t / 100$ (and N and K_t are defined under clause 6.1 of this Information Memorandum)). Coupon Interest payments for each Bond on each Coupon Interest Payment Date will be calculated on the following basis:

$$\text{COUPON INTEREST} = r \times N \times K_t / 100$$

where r is as defined under clause 6.1 of this Information Memorandum.

2.3 CPI REVISION

If there is a revision to the CPI used to calculate any amount or payment of Coupon Interest then the Issuer will recalculate such amount or payment and determine the difference between the amount calculated or payment made and the amount or payment that should have been calculated or paid under the revised CPI.

If a revision to the CPI results in a reduction to the CPI, the Issuer will recover from Bondholders the difference between the amount that was paid and the amount that should have been paid under the revised CPI. The Issuer will recover the difference from the payment of Coupon Interest on the first Coupon Interest Payment Date following the announcement of such a revision from the Bondholders Registered on the Record Date for that Coupon Interest Payment Date.

If a revision to the CPI results in an increase to the CPI, the Issuer will pay to Bondholders the difference between the amount that was paid and the amount that should have been paid under the revised CPI. The Issuer will pay the difference on the first Coupon Interest Payment Date following the announcement of such revision, to the Bondholder Registered on the Record Date for that Coupon Interest Payment Date.

3. CONSUMERS PRICE INDEX

Subject to the below, the index to be used for the purpose of calculating the Capital Value will be the CPI.

If the CPI is not published for any quarter or if publication is delayed until after the date when a Coupon Interest payment is determined, the CPI published for the previous quarter will apply in the interim. On subsequent publication of the actual CPI figure for that quarter, adjustment to the Capital Value and the Coupon Interest payments will be made at the next Coupon Interest Payment Date.

If Statistics New Zealand ceases to publish the CPI and publishes another index which is a replacement of the CPI, that replacement index will be used for the purposes of the Bonds.

If Statistics New Zealand ceases to publish the CPI without publishing a replacement index, or if a change is made to the way the index is produced which, in the opinion of the Minister of Finance, constituted a change materially detrimental to the interests of Bondholders, the Crown would inform the Bondholders and offer them the right to redeem their Bonds at market-related prices as determined by the Crown.

Repayment to Bondholders who exercise such a right will be on a date specified by the Crown no later than six months from the date of publication of the last CPI made prior to such a change. In these circumstances, a notice setting out administrative arrangements for redemption and payment will be sent to Bondholders by the Registrar. In the event that Bondholders choose not to redeem their Bonds under this provision, the quarterly adjustments to the Capital Value and Coupon Interest payments applying to Bonds not redeemed will be calculated according to an index to be announced by the Minister of Finance which will be deemed to be a replacement for the CPI.

If the reference base of the CPI is changed after Bonds are issued, the index used for the purposes of this Information Memorandum will be the CPI numbers expressed on the new base as published by Statistics New Zealand.

If a relevant CPI number is revised after the payment of Coupon Interest at a particular Coupon Interest Payment Date, a subsequent adjustment will be made to the Capital Value and Coupon Interest payments will be adjusted in accordance with clause 2.3.

4. FEES AND TAXATION

4.1 FEES

Registration, transfer, Coupon Interest payments, the Payment of the Capital Value of the Bonds on the Maturity Date, confirmation information and certifications of transfers of Bonds will be made free of any fees, duty, charges, deductions or levy, except to the extent required by law or as provided in clause 4.2 of this Information Memorandum.

4.2 TAXATION

Taxation is likely to affect returns to Bondholders. Bondholders should consult a taxation advisor about the tax treatment of their investment.

RWT applies to payments of Coupon Interest (and payments deemed by law to be interest) and increases in the Capital Value in relation to Bonds held by a New Zealand Resident or other persons who receive payments subject to the RWT rules. RWT, in respect of both Coupon Interest and increases in Capital Value in each quarter, will be deducted from Coupon Interest payments at the applicable RWT Rate unless the Bondholder has notified the Registrar that it has RWT-exempt status (as defined in section YA1 of the Income Tax Act 2007) and provided its IRD number to the Registrar to verify that status on the electronic register maintained by the Commissioner of Inland Revenue and that status remains valid at the time the relevant payment is made.

If a Coupon Interest payment to a Bondholder is less than the RWT that would otherwise be deducted from that Coupon Interest payment, then the amount of RWT deducted will be limited to the amount of the Coupon Interest payment and the Bondholder will be obliged to file a tax return as described in clause 4.3 of this Information Memorandum.

The RWT Rate depends on the nature of the Bondholder, whether the Bondholder has provided their IRD number to the Registrar and (where an IRD number has been provided) the election made by the Bondholder. Current RWT Rates are published on www.ird.govt.nz.

Where the Registrar is satisfied that the Bondholder is not a New Zealand Resident and the Interest they receive is subject to the NRWT rules, unless the payment of Approved Issuer Levy does not reduce the rate of NRWT to 0% or the Bondholder advises the Registrar that NRWT should be deducted, the Issuer will pay Approved Issuer Levy in respect of both Coupon Interest and any increase in the Capital Value of the Bonds on its own account and no NRWT will be deducted. If a Bondholder advises the Registrar that it does wish NRWT to be deducted then NRWT will be deducted from Coupon Interest payments in respect of both Coupon Interest and increases in Capital Value each quarter at the applicable rate. If the Bondholder is not a New Zealand Resident and the Interest received or increase in Capital Value is subject to the NRWT rules, but the Bonds are held jointly with a New Zealand Resident, NRWT will be deducted at the applicable RWT Rate.

If a Coupon Interest payment to a Bondholder is less than the NRWT in respect of that Coupon Interest payment and any increase in Capital Value, then the shortfall will be carried forward and deducted from successive Coupon Interest payments to that Bondholder until it is recovered. Any NRWT shortfall in respect of a Bondholder may be deducted from the Capital Value of the Bonds held by that Bondholder on the Maturity Date.

The NRWT rate will vary depending on any double-tax agreement between New Zealand and the Bondholder's country of residence. Current NRWT rates are published on www.ird.govt.nz. However, if the Bondholder holds the Bond jointly with a New Zealand Resident, NRWT will be deducted at the applicable RWT Rate.

The Issuer and the Registrar are entitled to rely upon information given by a Bondholder as to the Bondholder's residency and activities in New Zealand when making any withholding for RWT, NRWT or payment of Approved Issuer Levy or as otherwise required.

4.3 OBLIGATION TO FILE A TAX RETURN

If a Coupon Interest payment to a Bondholder is less than the RWT that would otherwise be deducted from the Coupon Interest payment then the Bondholder will have an obligation to file an income tax return with the Inland Revenue Department for the tax year in which the payment fell due.

In its income tax return, the Bondholder will have to return all of its income derived for the year, including income arising as a result of the Coupon Interest from, and increase in Capital Value of, the Bonds. The Bondholder will be able to claim a credit for the RWT deducted.

The situation described in this section could occur if there is a sustained period of high inflation causing a material increase in the Capital Value of Bonds or if Bonds are issued with very low Coupon Interest payments. RWT applies to increases in the Capital Value of Bonds on a quarterly basis, even though no payment is made in relation to that increase until maturity of the Bonds. This means that the amount of RWT in relation to a Coupon Interest payment could be greater than that Coupon Interest payment, if it were not for the RWT being limited to the Coupon Interest payment.

5. ISSUANCE AND REPURCHASE METHODS

5.1 BOND ISSUANCE

Bonds may be issued by way of syndicated issue, tender, private placement or otherwise.

The Crown reserves the right to issue Bonds with the same Maturity Date and Coupon Interest Rate as any other Bonds already on issue, from time to time and whether by syndicated issue, tender, private placement or otherwise.

5.2 BOND REPURCHASES

The Crown or agencies of the Crown may, at any time, offer to purchase, beneficially, Bonds from any person. Any Bonds so purchased, may be lent, retained, sold or cancelled at the discretion of the Crown (or relevant agency of the Crown).

Bonds may be repurchased via tender, by reverse enquiry or otherwise.

5.3 SETTLEMENT PRICE

For all Bonds issued by or repurchased by NZDM, the settlement price will be calculated using the formula in clause 6.1 or 6.2 (as applicable) of this Information Memorandum.

6. REGISTRATION, SETTLEMENT AND TRANSFER

6.1 SETTLEMENT PRICE FOR BOND ISSUANCE AND BOND REPURCHASE

The settlement price for Bonds shall be calculated on a Yield basis using the following formula (unless the formula in clause 6.2 applies):

$$\text{SETTLEMENT PRICE} = \left(\frac{\frac{1}{(1+i)^n} + r \left[c + \frac{1 - \frac{1}{(1+i)^n}}{i} \right]}{(1+i)^{\frac{a}{b}}} \right) \left(\frac{K_t \left(1 + \frac{p}{100} \right)^{-\frac{a}{b}}}{100} \right) \times N$$

Where N = the Face Value of the Bond in Dollars

r = the annual Coupon Interest Rate divided by four hundred, i.e. the quarterly Coupon Interest Rate (%)

i = the Yield divided by four hundred, i.e. the quarterly yield (%)

c = where the Settlement Date is after the Record Date and up to, but not including, the next Coupon Interest Payment Date "c" has the value of 0, otherwise "c" has the value of 1

n = the number of full quarters between the next Coupon Interest Payment Date and the Maturity Date

a = the number of days from the Settlement Date to the next Coupon Interest Payment Date

b = the number of days in the quarter year ending on the next Coupon Interest Payment Date

K_t = the Capital Value of \$100 Face Value of Bonds at the next Coupon Interest Payment Date (whether or not there is a Coupon Interest payment due). On a Coupon Interest Payment Date "next" refers to the following Coupon Interest Payment Date.

$$= K_{t-1} \left[1 + \frac{p}{100} \right] \text{ where}$$

K_{t-1} = the Capital Value of \$100 Face Value of Bonds at the previous Coupon Interest Payment Date.

K_{t-1} is equal to 100.00 at the Coupon Interest Payment Date on or prior to the first issue of Bonds.

K_t and K_{t-1} are rounded to two decimal places.

p = half the semi-annual change in the CPI ending in the quarter which is two quarters prior to that in which the next Coupon Interest Payment Date falls (for example, if the next Coupon Interest Payment Date is in March, p is based on the movement in the CPI over the two quarters ending in the September quarter preceding).

$$= \frac{100}{2} \left[\frac{CPI_t}{CPI_{t-2}} - 1 \right] \text{ rounded to two decimal places where}$$

CPI_t is the CPI for the second quarter for the relevant two quarter period, and

CPI_{t-2} is the CPI for the quarter immediately prior to the relevant two quarter period.

The settlement price will be rounded to the nearest cent (0.01 to 0.49 of a cent being rounded down and 0.50 to 0.99 of a cent being rounded up).

Settlements for any Bonds issued during the period from the Record Date up to, but not including, the Coupon Interest Payment Date will be on an ex-coupon interest basis. All other settlements will be on a cum-coupon interest basis.

6.2 SETTLEMENT PRICE WHEN YIELD IS ZERO

When the Yield is 0% per annum, the following formula applies:

$$\text{SETTLEMENT PRICE} = N(1 + r(c + n)) \left[\frac{K_t \left(1 + \frac{P}{100} \right)^{\frac{a}{b}}}{100} \right]$$

Where N = the Face Value of the Bond in Dollars

r = the annual Coupon Interest Rate divided by four hundred, i.e. the quarterly Coupon Interest Rate (%)

c = where the Settlement Date is after the Record Date and up to, but not including, the next Coupon Interest Payment Date "c" has the value of 0, otherwise "c" has the value of 1

n = the number of full quarters between the next Coupon Interest Payment Date and the Maturity Date

a = the number of days from the Settlement Date to the next Coupon Interest Payment Date

b = the number of days in the quarter year ending on the next Coupon Interest Payment Date

K_t = the Capital Value of \$100 Face Value of Bonds at the next Coupon Interest Payment Date (whether or not there is a Coupon Interest payment due). On a Coupon Interest Payment Date "next" refers to the following Coupon Interest Payment Date.

$$= K_{t-1} \left[1 + \frac{P}{100} \right] \text{ where}$$

K_{t-1} = the Capital Value of \$100 Face Value of Bonds at the previous Coupon Interest Payment Date.

K_{t-1} is equal to 100.00 at the Coupon Interest Payment Date on or prior to the first issue of Bonds.

K_t and K_{t-1} are rounded to two decimal places.

P = half the semi-annual change in the CPI ending in the quarter which is two quarters prior to that in which the next Coupon Interest Payment Date falls (for example, if the next Coupon Interest Payment Date is in March, p is based on the movement in the CPI over the two quarters ending in the September quarter preceding).

$$= \frac{100}{2} \left[\frac{CPI_t}{CPI_{t-2}} - 1 \right] \text{ rounded to two decimal places where}$$

CPI_t is the CPI for the second quarter for the relevant two quarter period, and

CPI_{t-2} is the CPI for the quarter immediately prior to the relevant two quarter period.

6.3 SETTLEMENTS OF BOND ISSUANCE AND REPURCHASE

Bond issuance and repurchase is settled via NZClear. For further operational information about the physical settlement of issued or repurchased Bonds, please contact NZDM.

6.4 FORM OF BONDS

Bonds will be issued in Registered form, having a minimum Face Value amount of \$1,000,000 and multiples of \$1,000,000 thereafter.

Subsequent to the issue of Bonds the Bonds may be transferred to persons in parcels having a minimum Face Value amount of \$1,000 and multiples of \$1,000 thereafter. The issue of the Bonds will be effected and evidenced by particulars of the Bond being entered in the Register by the Registrar (in accordance with clauses 6.7 and 6.8 of this Information Memorandum).

6.5 REGISTRATION OF BONDS

Bonds may be held by individual persons, or two or more persons as joint tenants with right of survivorship. Organisations or trusts which are not incorporated should complete their applications in the full name(s) of the trustee(s). No notice of any trust in respect of any Bonds will be entered in the Register or receivable by the Registrar. Each Bondholder is to be regarded as the absolute beneficial owner of the Bonds Registered in its name and NZDM and the Registrar shall not be affected by any trust or other equity affecting any Bond, whether or not it is aware of the same.

If two or more persons apply to be Registered as Bondholders as tenants in common, the Registrar may, after receiving an application from either person and notifying the other person(s) of its intentions to do so, divide the Bonds into the share for which each person is expressed to be entitled and register each person as the holder of the Bonds representing the person's share. If the Bonds cannot be divided into shares, where the minimum is \$1,000 and a multiple of \$1,000, the Registrar may refuse to accept the application.

6.6 NOTICES OF REGISTRATION/TRANSFER

Notices of registration for Bonds will be issued by the Registrar to the transferee following the registration of a transfer or issue of Bonds. These notices do not constitute a certificate of title, but merely advise the registration of the Bonds.

A notice will be issued by the Registrar to the transferor following the registration of a transfer of Bonds.

6.7 REGISTER

The Registrar shall enter in the Register the following particulars of every holder of Bonds:

- name and address of the Bondholder;
- Face Value of each Bond held and the adjustments for changes in the value of the Bonds due to movements in the CPI;
- Coupon Interest Rate payable on the Bonds;
- Coupon Interest Payment Dates of the Bonds;
- Maturity Date of the Bonds;

- such other particulars as may, from time to time, be required by NZDM (including such particulars as may be required under the Financial Markets Conduct Act or the Financial Markets Conduct Regulations); and
- such other particulars as may, from time to time, be considered necessary by the Registrar.

The Registrar may correct errors and remedy omissions in the Register.

6.8 TRANSFER OF BONDS

The Bondholder may, by way of a form of transfer in such form as the Registrar prescribes, which can be found at <https://www-au.computershare.com/Investor/#help/PrintableForms>, transfer to any other person all or any of the Bonds of which it is the holder. After clicking this link, you will need to select 'New Zealand' from the drop-down menu in the top right-hand corner of the webpage. Transfers must be in multiples of \$1,000 and unless the transfer of Bonds results in a nil holding by the transferor, no transfer may be made if, as a result thereof, the Face Value of the Bonds Registered in the name of the transferor or the transferee would be less than \$1,000.

On production to the Registrar of a duly executed form of transfer accompanied by such other evidence as the Registrar may require to prove the authority of the persons signing the same to sign on behalf of the transferor, the Registrar will enter in the Register the name of the transferee as the Registered holder of the Bonds to which the form of transfer relates.

When the right to any Bond is acquired by any person in any manner other than by a form of transfer, the Registrar, on application by or on behalf of the person entitled, and on being satisfied that the person is entitled to be registered as the Bondholder, will enter the person in the Register as the holder of the Bonds.

Upon registration of a form of transfer or other assignment on the Register, the transferee will be recognised as entitled to the Bonds.

No transfer or other assignment will be registered in the period from the Record Date immediately prior to the Maturity Date, to the Maturity Date.

6.9 CERTIFICATION OF TRANSFERS (MARKINGS)

The Registrar may, on the application of a Bondholder, certify on a form of transfer of Bonds that the person named therein as transferor is entered on the Register as the Bondholder. Any such certification will be at the sole discretion of the Issuer and may be subject to such conditions as the Registrar prescribes.

Where a form of transfer of Bonds has been certified under this clause, the Registrar may refuse to record any transfer of ownership of the Bonds until the form has been produced to the Registrar and the certification thereon cancelled, or the certification has expired by virtue of its conditions, or the Bonds have matured.

The Registrar will enter in the Register particulars of every form of transfer certified under this clause.

7. THE FINANCIAL MARKETS CONDUCT ACT 2013

The initial offer of Bonds is made by the Crown solely to Wholesale Investors in reliance on the exclusion in clause 22(1)(a) of Schedule 1 of the Financial Markets Conduct Act. Regulation 72A of the Financial Markets Conduct Regulations applies to the initial offer of the Bonds.

The application of regulation 72A to the initial offer of the Bonds means that an offer of Bonds for sale by a Wholesale Investor to a Retail Investor in New Zealand will not be required to comply with certain disclosure requirements in the Financial Markets Conduct Act and the Financial Markets Conduct Regulations (including clauses 30 and 31 of Schedule 8 of the Financial Markets Conduct Regulations), provided that, unless the Bonds have previously been held by a Retail Investor in New Zealand, the Wholesale Investor has provided the Retail Investor with a Product Disclosure Statement for the Bonds before the Wholesale Investor accepted an application or transferred the Bonds to the Retail Investor.

The Product Disclosure Statement provided to the Retail Investor must be the most recent Product Disclosure Statement for the Bonds lodged by the Crown on the register entry for the Bonds at <https://disclose-register.companiesoffice.govt.nz/> which contains a statement that regulation 72A applies to the initial offer of Bonds.

8. PAYMENTS ON THE MATURITY DATE

Bonds are repaid in New Zealand Dollars.

The amount of the Bonds repayable on the Maturity Date will be the Capital Value of the Bonds on the Maturity Date less any deductions made on account of RWT or NRWT pursuant to clause 4.2 of this Information Memorandum.

On the Maturity Date the final payment of Coupon Interest will also be made.

If Bonds are held through NZClear:

- the final payment of Coupon Interest will be made to NZClear members who are the holders of the Bonds on the Record Date immediately prior to the Maturity Date by crediting the NZClear cash accounts of those holders (or a linked nominated account in accordance with NZClear's system rules); and
- the payment of the Capital Value for all Bonds held through NZClear on the Record Date immediately prior to the Maturity Date will be made to NZClear. NZClear will credit the NZClear cash accounts (or a linked nominated account in accordance with NZClear's system rules) of the NZClear members who, at the close of business on the Banking Day prior to the Maturity Date, are the holders of the Bonds.

For other Bondholders, the payment of the Capital Value and final Coupon Interest payment will be made to the Bondholders Registered on the Record Date immediately prior to the Maturity Date. Payments will be made by crediting an account nominated by each Bondholder at any Registered Bank in New Zealand.

With regard to the repayment of the Bonds, the Registrar will accept written instructions from Bondholders provided they are received prior to the Record Date.

If bank account details have not been provided to the Registrar, the payment of the Capital Value of the Bonds and final Coupon Interest payment will be withheld until account details have been provided. No additional interest will be paid on any amounts withheld.

Payment will be made on the Maturity Date but, if the Maturity Date is not a Banking Day, payment will be made on the next succeeding Banking Day without payment of additional interest.

Bonds are not repayable prior to the Maturity Date.

9. OTHER

9.1 GENERAL

No commission will be paid by NZDM on the Bonds issued or repurchased via tender however fees may be paid on syndicated offerings at the absolute discretion of NZDM.

9.2 BOND STRIPS

(Separate Trading of Registered Coupon Interest and Principal Securities)

The separation of Bonds into their Face Value and Coupon Interest components will not be permitted in respect of the Bonds.

9.3 USE OF INFORMATION MEMORANDUM AND OTHER RELATED DOCUMENTS

This Information Memorandum (and other related documents such as the Product Disclosure Statement and Operating Rules and Guidelines) is intended for use only in connection with the offer to issue Bonds or to repurchase Bonds in New Zealand under New Zealand law and must not be distributed to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

9.4 MODIFICATIONS

The Issuer may, from time to time, modify, alter or update any of the terms of the Bonds and/or the conditions or provisions of this Information Memorandum without consent of the Bondholders if such modification, alteration or update:

- (a) is of a formal, minor, technical or administrative nature and is made to correct a manifest error;
- (b) is made to ensure compliance by the Issuer with any applicable law;
- (c) is necessary to ensure that the tenor or nature of the obligations imposed upon the Issuer in relation to the Bonds correspond with or do not conflict with the obligations imposed on the Issuer under or pursuant to any applicable statutory provision; or
- (d) is an appropriate and reasonable modification, alteration or update in all the circumstances in so far as they relate to the Bonds and the Issuer, provided that any such modification, alteration or update is in the Issuer's opinion (which opinion shall be final and conclusive) not likely to have a material adverse effect on the Issuer or to be or become materially prejudicial to the general interests of Bondholders.

The Issuer may modify, alter or update the Product Disclosure Statement and other related documents such as the Operating Rules and Guidelines from time to time.

9.5 SELLING RESTRICTIONS IN OTHER JURISDICTIONS

Unless otherwise agreed with NZDM, any person or entity bidding or offering to buy Bonds, in a tender, syndicated issue or otherwise, represents as a term of the initial offer that the person or entity is not in a jurisdiction that does not permit the making of an offer or invitation of the kind contained in this document and is not acting for the account or benefit of a person within such a jurisdiction. In addition, as a term of the offer, any person or entity bidding or offering to buy Bonds, in a tender, syndicated issue or otherwise, agrees that the person or entity will not offer, sell or deliver any Bonds or distribute any documents (including this Information Memorandum) to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

9.6 PRIVACY

Computershare Investor Services Limited, as Registrar and agent for the Crown and NZDM, collects and holds personal information about Bondholders for the purposes of administering this investment. This information may be disclosed to the Crown and NZDM. Bondholders may request access to any personal information held about them by contacting the Manager, Fixed Interest Registry on 0800 655 494 or (09) 488 8777. Bondholders may also request correction of any personal information held about them. Depending on the nature of a Bondholder's request, the Registrar may impose a charge for providing or correcting any personal information.

10. GLOSSARY OF TERMS

For the purposes of this Information Memorandum the following definitions apply.

Approved Issuer Levy	Has the meaning given to that term in Part 6B of the Stamp and Cheque Duties Act 1971.
Banking Day	Means a day not being a Saturday or Sunday on which Registered Banks are open for general banking business in Wellington, New Zealand (and, for the purposes of determining the Record Date only, Auckland, New Zealand).
Bondholder	Means, in respect of any Bond, the person whose name from time to time is entered in the Register as the holder of that Bond.
Bonds	Means the New Zealand Government Inflation-Indexed Bonds issued pursuant to this Information Memorandum.
Capital Value	Means the Face Value of a Bond adjusted for cumulative changes in CPI in accordance with the definition of Kt in clause 6.1 of this Information Memorandum.
Coupon Interest	Means the amount paid or due to be paid on a Bond on a Coupon Interest Payment Date in accordance with clause 2.2 of this Information Memorandum.
Coupon Interest Payment Dates	Means the date or dates on which Coupon Interest is to be paid on the Capital Value, as specified by the Issuer when a Bond is first issued, and includes the Maturity Date.
Coupon Interest Rate	Means the interest rate payable in respect of a Bond, expressed as a percentage per annum, as specified by the Issuer when the Bond is first issued and as recorded in the Register.
CPI	Means the consumers price index as measured and published quarterly and online by Statistics New Zealand, or any replacement index determined in accordance with clause 3 of this Information Memorandum.
Crown	Means the Sovereign in right of New Zealand.
Dollars and \$	Means the lawful currency of New Zealand.
Face Value	Means the principal or par value amount of a Bond, unadjusted for changes in the CPI.
Financial Markets Conduct Act	Means the Financial Markets Conduct Act 2013.
Financial Markets Conduct Regulations	Means the Financial Markets Conduct Regulations 2014.
Information Memorandum	Means this document.
Interest	Has the meaning given to that term in the Income Tax Act 2007.
Issue Date	Means the date on which a Bond is issued.
Issuer	Means the Crown.
Maturity Date	Means the date, as specified by the Issuer when a Bond is first issued, on which that Bond will be repaid, <i>provided that</i> if early redemption occurs pursuant to clause 3 of this Information Memorandum, the Maturity Date shall be the early redemption date specified by the Crown and notified to Bondholders by the Registrar.

New Zealand Resident	Means a person defined as “New Zealand resident” pursuant to the Income Tax Act 2007.
NRWT	Is an abbreviation of “non-resident withholding tax” and has the meaning given to NRWT in the Income Tax Act 2007.
NZClear	Means the NZClear system which is a real-time settlement system operated in New Zealand by the Reserve Bank of New Zealand.
NZDM	Means New Zealand Debt Management, The Treasury.
person	Includes an individual, firm, company, corporation or any state or government or any agency thereof (in each case, whether or not having separate legal personality).
Product Disclosure Statement	Has the meaning given to that term in the Financial Markets Conduct Act.
Record Date	Means close of business on the 10 th day before the relevant Coupon Interest Payment Date or the 10 th day before the Maturity Date and, if any such day is not a Banking Day, means the preceding Banking Day.
Register	Means the Register of Bonds maintained by the Registrar and “Registered” in relation to a Bondholder means that the Bondholder is entered in the Register as a holder of Bonds.
Registered Bank	Has the meaning given to that term in the Banking (Prudential Supervision) Act 1989.
Registrar	Means Computershare Investor Services Limited acting as agent for NZDM or any other party nominated by NZDM to act as agent.
Retail Investor	Has the meaning given to that term in the Financial Markets Conduct Act.
RWT	Is an abbreviation of “resident withholding tax” and has the meaning given to RWT in the Income Tax Act 2007.
RWT Rate	Means the tax rate for resident withholding tax purposes as set out in the Income Tax Act 2007.
Settlement Date	Means the value date for transfer of ownership.
Tax	Means any tax, levy, duty, rate or tariff of any nature, including withholding taxes, which is imposed or collected by a government agency.
Wholesale Investor	Has the meaning given to that term in the Financial Markets Conduct Act.
Yield	Means the rate of return expressed as an annual percentage specified by the Issuer as the ‘Issue Yield’ when the Bond is first issued and as recorded in the Register.

In this Information Memorandum, any reference to legislation includes, where appropriate, a modification or re-enactment of that legislation or legislation passed in substitution for it. Any legislation referred to in this Information Memorandum can be found at www.legislation.govt.nz.

11. DIRECTORY

For Issuer information contact:

New Zealand Debt Management
The Treasury
PO Box 3724
Wellington 6140
New Zealand

Email: debtmanagement@treasury.govt.nz

Tel: +64 4 472 2733

(Note that calls may be recorded for operational purposes)

For information relating to the issuance or repurchase of Bonds contact:

Head of Funding, Investment and Markets
New Zealand Debt Management
The Treasury
PO Box 3724
Wellington 6140
New Zealand

Email: debtmanagement@treasury.govt.nz

Tel: +64 4 472 2733

(Note that calls may be recorded for operational purposes)

For registry information and general enquiries contact:

Bond Registrar:

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand

Or

Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622
New Zealand

Bondholder Enquiries:

To change your address, add or change your bank account and to view your registered details including transactions, please visit:

www.investorcentre.com/nz

General enquiries can be directed to:

nzdm@computershare.co.nz

Private Bag 92119, Auckland 1142

Freephone 0800 655 494

Telephone +64 9 488 8777

Please assist our registrar by quoting your CSN or shareholder number.