



NEW ZEALAND

Government Bonds

Product Disclosure Statement

For an offer of:

New Zealand Government Bonds

Issued by:

The Sovereign in right of New Zealand

Dated: 19 October 2022

This document replaces the Product Disclosure Statement dated 3 March 2021.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on <https://disclose-register.companiesoffice.govt.nz/>. The Crown has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

1 Key information summary

What is this?

This is an offer of New Zealand Government Bonds which are New Zealand Dollar, fixed-term, debt securities (the “Bonds”), including green Bonds (the “Green Bonds”). The Bonds are issued by the Sovereign in right of New Zealand (the “Crown”). You give the Crown money, or you purchase the Bonds in the secondary market, and in return the Crown promises to pay you Interest and repay the money at the end of the term. If the Crown runs into financial trouble, you might lose some or all of the money you invested.

About the Crown

The Crown is the Head of State of New Zealand.

The Crown’s financial statements are prepared and published in accordance with Part 3 of the Public Finance Act 1989. The Crown’s financial statements are available on the Treasury website at: <https://treasury.govt.nz/publications/financial-statements-government/year-end-financial-statements>

Purpose of this offer

The Crown issues the Bonds to raise money for the general financing purposes of the Crown.

You should also read section 3 of this document (*Purpose of the offer*).

Green Bonds

For any Green Bonds issued by the Crown, an amount equal to the total net proceeds of the Green Bonds is intended to be allocated to finance and/or refinance, in whole or in part, government expenditures (“Eligible Expenditure”) that meet the green eligibility criteria set out in the New Zealand Sovereign Green Bond Framework originally published on 14 September 2022 (as amended or replaced from time to time) (the “Green Bond Framework”).

The Green Bond Framework provides for an amount at least equal to the total net proceeds of the Green Bonds to be allocated to Eligible Expenditures, with full allocation intended within two financial years. Eligible Expenditures are limited to government expenditures that occurred in the financial year prior to issuance, the current financial year, and the two financial years following issuance. At least 50 per cent of total proceeds are to be allocated to current and future expenditures.

If:

- the Crown fails to allocate the proceeds of any Green Bonds in the manner described above or fails to comply with the Green Bond Framework or related matters

- any Green Bonds cease to satisfy the Green Bond Principles published by the International Capital Market Association
- the Crown undertakes non-eligible projects outside of the Green Bond Framework, or
- the Crown fails to notify investors that any Green Bonds have ceased to be labelled as ‘green’ as described

then no Event of Default or any other breach will occur in relation to the Green Bonds and neither you nor the Crown have any right for the Green Bonds to be repaid early.

This means there is no legal obligation on the Crown to allocate the proceeds of the Green Bonds in the manner described above or to comply with the Green Bond Framework or the Green Bond Principles on an ongoing basis. You should also read section 4 of this document (Key features of the Bonds).

Key terms of the offer

Issuer	The Sovereign in right of New Zealand (the “Crown”).
Description of the debt securities	The Bonds are New Zealand Dollar, fixed-term, debt securities.
Initial offer of Bonds to Wholesale Investors only	The initial offer of the Bonds by the Crown will be made to Wholesale Investors only. Retail Investors can only purchase the Bonds in the secondary market. See section 9 of this document (<i>How to apply</i>) for further details on how to apply for the Bonds in the secondary market. Regulation 72A of the Financial Markets Conduct Regulations applies to this offer. This means that, except in very limited circumstances, before selling any Bonds to a Retail Investor in the secondary market a Wholesale Investor must provide the Retail Investor with a copy of the most recent Product Disclosure Statement for the Bonds. See section 4 of this document (<i>Key features of Bonds</i>) under the sub-heading “Selling restrictions” for further details.
Opening Date	This offer opened on 18 November 2016 and is a continuous offer.
Term	The Bonds are available with a range of different Maturity Dates. Current Maturity Dates are set out in the relevant issue terms for each Bond which are available on https://disclose-register.companiesoffice.govt.nz/

Principal	The Principal amount of the Bonds is repaid on the Maturity Date.
Interest Rate	<p>The Bonds will bear Interest at a fixed rate for the whole term of the Bonds. The Interest Rate for the Bonds is different for each of the Maturity Dates.</p> <p>The Interest Rate for each Maturity Date is set out in the relevant issue terms for each Bond which are available on https://disclose-register.companiesoffice.govt.nz/</p> <p>The Interest Rate may be described in the relevant issue terms as the “coupon”.</p>
Yield	<p>The Bonds are issued and traded on a yield to maturity basis. This means the overall rate of return on the Bonds depends on the Interest Rate for the Bonds and the price paid for the Bonds.</p> <p>The issue price of the Bonds is calculated in accordance with the Information Memorandum and may be equal to, above or below their Principal amount.</p> <p>If purchasing Bonds in the secondary market the price which you pay the Counterparty for the Bonds may be equal to, above or below their Principal amount.</p>
Interest calculation and payment	<p>Interest is calculated on the Principal amount of your Bonds at the annual Interest Rate.</p> <p>Interest is payable semi-annually in arrears.</p> <p>This means you will be paid one half of the annual amount of Interest on each Interest Payment Date up to and including the Maturity Date.</p>
Further information about the Bonds	You should read the Information Memorandum which contains further information about the Bonds.
Further payments, fees or charges	You are not required to pay any fees, duty, charges, deductions or levies (except to the extent required by law) to the Crown or the Registrar for the registration, transfer, or any other aspect relating to the Bonds or for the payment of Interest or Principal.

How you can get your money out early

The Bonds are not redeemable prior to the Maturity Date.

The Crown does not intend to quote these Bonds on a market licensed in New Zealand but they will be able to be traded with Registered Banks and other financial institutions on the established ‘over-the-counter’ (OTC) market for the Bonds. This means that you may be able to sell the Bonds to Registered Banks and other financial institutions before the end of their term. If you sell your Bonds, the price you get will vary depending on factors such as the financial condition of the Crown and movements in the market interest rates. You may receive less than the full amount that you paid for them.

There may not be an active trading market in the Bonds. See “Secondary market risk” in section 5 of this document (*Risks of Investing*) for further details.

No security

The Bonds are not secured against any identifiable assets of the Crown. However, section 55 of the Public Finance Act 1989 provides that all money payable in relation to money borrowed by the Crown, including all money payable to Bondholders is secured by a charge upon and payable out of the revenues of the Crown.

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that the Crown does not meet its commitments to repay you or pay you Interest (credit risk). Section 5 of this document (*Risks of investing*) discusses this risk. You should also read section 4 of this document (*Key features of Bonds*).

What is the Crown’s credit rating?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

The Crown has been rated by S&P Global Ratings, Moody’s Investors Service and Fitch Ratings. S&P Global Ratings and Fitch Ratings give ratings from AAA through to D, and Moody’s Investors Service gives ratings from Aaa through to C.

As at the date of this Product Disclosure Statement, 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.

Summary description of the long-term credit ratings* from S&P Global Ratings .	Capacity to meet its financial commitments				Vulnerability to non-payment				
	Extremely Strong	Very Strong	Strong	Adequate	Less Vulnerable	More Vulnerable	Currently Vulnerable		In Default
Range of long-term credit ratings for S&P Global Ratings**	AAA Credit rating for the Crown is AAA (stable)	AA	A	BBB	BB	B	CCC	CC to C	SD & D
Range of long-term credit ratings for Moody's Investors Service**	Aaa Credit rating for the Crown is Aaa (stable)	Aa	A	Baa	Ba	B	Caa	Ca to C***	-
Range of long-term credit ratings for Fitch Ratings**	AAA	AA Credit rating for the Crown is AA+ (stable)	A	BBB	BB	B	CCC	CC to C	RD & D
Approx. probability of default over 5 years****	1 in 600	1 in 300	1 in 150	1 in 30	1 in 10	1 in 5	1 in 2		-

Note:

* The credit ratings highlighted in the table are the Crown's long-term local currency credit ratings.

** S&P Global Ratings' and Fitch Ratings' ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody's Investors Service applies numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

*** If a rating of "C" is given by Moody's Investors Service, the issuer is typically in default.

**** The approximate, median likelihood that an investor will not receive repayment on a five-year investment on time and in full based upon historical default rates published by S&P Global Ratings, Moody's Investors Service and Fitch Ratings (source: Reserve Bank of New Zealand publication "Explaining Credit Ratings", dated November 2008).

The offer has not been rated. However, one or more of the independent credit rating agencies above may assign credit ratings to Bonds with certain Maturity Dates offered under this Product Disclosure Statement from time to time. The Crown

expects that any credit rating assigned to any Bonds by such credit rating agencies will be the same as the Crown's long-term local currency rating described above.

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2 Terms of the offer

Issuer	The Sovereign in right of New Zealand (the “Crown”).	Principal	The Principal amount of the Bonds is repaid on the Maturity Date.
Description of the debt securities	The Bonds are New Zealand Dollar, fixed-term debt securities.	Interest Rate	The Bonds will bear Interest at a fixed rate for the whole term of the Bonds. The Interest Rate for the Bonds is different for each of the Maturity Dates. The Interest Rate for each Maturity Date is set out in the relevant issue terms for each Bond which are available on https://disclose-register.companiesoffice.govt.nz/ The Interest Rate may be described in the relevant issue terms as the “coupon”.
Green Bonds and the Green Bond Principles	Bonds may be issued as Green Bonds under the Green Bond Framework. The Crown has developed and adopted the Green Bond Framework to ensure that, as at the date of this PDS, its processes for identifying Eligible Expenditure and managing the use of the proceeds of the Green Bonds are consistent with the Green Bond Principles. There is no legal obligation on the Crown to comply with the Green Bond Framework or the Green Bond Principles on an ongoing basis. You should also read section 4 of this PDS (<i>Key features of Bonds</i>).	Yield	The Bonds are issued and traded on a yield to maturity basis. This means the overall rate of return on the Bonds depends on the Interest Rate for the Bonds and the price paid for the Bonds. The issue price of the Bonds is calculated in accordance with the Information Memorandum and may be equal to, above or below their Principal amount. If purchasing Bonds in the secondary market the price which you pay the Counterparty for the Bonds may be equal to, above or below their Principal amount.
Initial offer of Bonds to Wholesale Investors only	The initial offer of the Bonds by the Crown will be made to Wholesale Investors only. Retail Investors can only purchase the Bonds in the secondary market. See section 9 of this document (<i>How to apply</i>) for further details on how to apply for the Bonds in the secondary market. Regulation 72A of the Financial Markets Conduct Regulations applies to this offer. This means that, except in very limited circumstances, before selling any Bonds to a Retail Investor in the secondary market a Wholesale Investor must provide the Retail Investor with a copy of the most recent Product Disclosure Statement for the Bonds. See section 4 of this document (<i>Key features of Bonds</i>) under the sub-heading “Selling restrictions” for further details.	Interest calculation and payment	Interest is calculated on the Principal amount of your Bonds at the annual Interest Rate. Interest is payable semi-annually in arrears. This means you will be paid one half of the annual amount of Interest on each Interest Payment Date up to and including the Maturity Date.
Opening Date	This offer opened on 18 November 2016 and is a continuous offer.	Further information about the Bonds	You should read the Information Memorandum and the relevant issue terms for the Bonds which contain further information about the Bonds, including the terms of the Bonds. A copy of the Information Memorandum and the relevant issue terms may be obtained from the offer register at https://disclose-register.companiesoffice.govt.nz/ . See section 8 of this document (<i>Where you can find more information</i>) for further information on where these may be obtained.
Term	The Bonds are available with a range of different Maturity Dates. Current Maturity Dates are set out in the relevant issue terms for each Bond which are available on https://disclose-register.companiesoffice.govt.nz/		

Redemption	The outstanding Principal amount of each Bond and any accrued Interest will, subject to any deductions on account of Tax, be payable at maturity. The Bonds are not redeemable prior to the Maturity Date.
Minimum initial application amount (Wholesale Investors only)	\$1,000,000 and multiples of \$1,000,000 thereafter.
Minimum purchase amount (when purchasing in the secondary market)	\$10,000 and multiples of \$1,000 thereafter.
Transfer restrictions	Transfers must be in multiples of \$1,000 and (unless the transfer of Bonds results in a nil holding by the transferor) no transfer can be made where the result would be that the

	Principal amount of the Bonds Registered in the name of the transferor or the transferee would be less than \$10,000.
Further payments, fees or charges	You are not required to pay any fees, duty, charges, deductions or levies (except to the extent required by law) to the Crown or the Registrar for the registration, transfer, or any other aspect relating to the Bonds or for the payment of Interest or Principal.
Other possible fees or charges	Taxes may be deducted from Interest payments on the Bonds. See section 6 of this document (<i>Tax</i>) for further details. If you buy Bonds in the secondary market, you may have to pay transaction (or other) fees or charges to the Counterparty. You should ask the Counterparty for details of any such fees and charges, including how those fees or charges will be calculated and how they can be altered.
Registrar, Paying Agent and Calculation Agent	Computershare Investor Services Limited or any other party nominated by the Crown or NZDM to act as agent.

3 Purpose of the offer

The purpose of this offer is to raise money for the general financing purposes of the Crown.

Green Bonds

For any Green Bonds issued by the Crown, an amount equal to the total net proceeds of the Green Bonds are intended to be allocated to finance and/or refinance, in whole or in part, Eligible Expenditures in accordance with the Green Bond Framework.

The Green Bond Framework provides for an amount at least equal to the total net proceeds of the Green Bonds to be allocated to Eligible Expenditures, with full allocation intended within two financial years. Eligible Expenditures are limited to government expenditures that occurred in the financial year prior to issuance, the current financial year, and the two financial years following issuance. At least 50 per cent of total proceeds are to be allocated to current and future expenditures.

If the Crown fails to allocate the proceeds of any Green Bonds in the manner described above, or fails to comply with the Green Bond Framework or related matters, or if any Green Bonds cease to satisfy the Green Bond Principles published by the International Capital Market Association, or if the Crown undertakes non-eligible projects outside of Green Bond Framework, or if the Crown fails to notify investors that any Green Bonds have ceased to be labelled as 'green' as described, no Event of Default or any other breach will occur in relation to the Green Bonds and neither you nor the Crown have any right have any right for the Green Bonds to be repaid early. This means there is no legal obligation on the Crown to allocate the proceeds of the Green Bonds in the manner described above or to comply with the Green Bond Framework or the Green Bond Principles on an ongoing basis. You should also read section 4 of this document (*Key features of the Bonds*).

4 Key features of Bonds

The return on your Bonds will be made up of (a) Interest payments, and (b) the repayment of the Principal amount of your Bonds (as described below).

Interest

Interest payments will be paid to the Bondholder Registered on the Record Date immediately before the relevant Interest Payment Date.

The Interest payment will be credited to the New Zealand bank account that the Bondholder nominates. If the Bonds are held through NZClear, Interest payments will be credited to the relevant member's NZClear cash account (or a linked nominated account in accordance with NZClear's system rules).

If a bank account has not been provided, the Interest payment will be withheld until account details have been provided.

No Interest will be paid on any amounts withheld.

If the Interest Payment Date is not a Banking Day, payment will be made on the next Banking Day (no additional Interest will be paid).

Further information about how Interest is calculated and paid is available in the Information Memorandum.

Principal

The Principal amount of the Bonds will be paid to the Bondholder Registered on the Record Date immediately prior to the Maturity Date.

The Principal repayment will be made on the Maturity Date and will be credited to the New Zealand bank account that the Bondholder nominates.

If a bank account has not been provided, the Principal repayment will be withheld until account details have been provided. No interest will be paid on any amounts withheld.

If the Bonds are held through NZClear, the Principal repayment will be made to NZClear. NZClear will credit the NZClear cash accounts (or linked nominated accounts in accordance with NZClear's system rules) of the members who, at the close of business on the Banking Day prior to the Maturity Date, are holders of the Bonds.

If the Maturity Date is not a Banking Day payment will be made on the next Banking Day (without payment of any additional Interest).

Further information about how the Principal amount of the Bonds is repaid is available in the Information Memorandum.

Transfers

Bondholders may sell or transfer any or all of their Bonds to any person, at any time before the Record Date immediately prior to the Maturity Date by completing a transfer request form. Transfer request forms are available from the Registrar at <https://www-au.computershare.com/Investor/#help/PrintableForms>. 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. If you fail to provide the required information on any transfer form, the Registrar may request further information from you resulting in a delay in processing the transfer.

Sale/transfer charges may apply – see "Other possible fees or charges" in section 2 of this document (*Terms of the offer*) above.

NZClear members may sell or transfer Bonds to other NZClear members between the Record Date and the close of business on the Banking Day prior to the Maturity Date.

Selling restrictions

The Bonds may only be sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No product disclosure statement, information memorandum, advertisement or other offer material in respect of the Bonds 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.

Regulation 72A of the Financial Markets Conduct Regulations applies to the initial offer of the Bonds by the Crown under this Product Disclosure Statement. This means that an offer of the Bonds for sale by a Wholesale Investor to a Retail Investor in New Zealand does not need to comply with certain disclosure requirements in the Financial Markets Conduct Act and the Financial Markets Conduct Regulations, provided that, except in very limited circumstances, the Wholesale Investor provides a copy of the most recent Product Disclosure Statement for the Bonds that is available on the offer register at <https://disclose-register.companiesoffice.govt.nz/> to the Retail Investor before selling the Bonds to the Retail Investor.

More information on Regulation 72A is available in the Information Memorandum. A copy of the Information Memorandum is also available on the offer register at <https://disclose-register.companiesoffice.govt.nz/>

The Crown has not taken and will not take any action which would permit a public offering of the 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 Green Bond Framework for Green Bonds

The Green Bond Framework applies to Green Bonds issued by the Crown. It does not apply to other Bonds.

Set out below is a summary of the way in which the Green Bond Framework addresses the Green Bond Principles as at the date of this PDS. To confirm the integrity of the Green Bonds as a “green” instrument, as described below the Crown has ensured that, as at the date of this PDS, the Green Bonds comply with the Green Bond Principles.

The Crown may amend or replace the Green Bond Framework from time to time.

The Green Bond Principles

The Green Bond Principles are voluntary process guidelines for issuing green bonds published by the International Capital Market Association (and as may be amended from time to time). As at the date of this PDS, the Green Bond Principles establish four core components for an instrument to be considered to be a green bond:

- **Use of proceeds:** The proceeds of the green bond are to be used to finance or refinance assets or other projects which contribute to environmental objectives.
- **Process for project evaluation and selection:** The issuer should provide clear information to investors about the issuer’s environmental sustainability objectives; the process for evaluation of eligible projects; and the eligibility criteria.
- **Management of proceeds:** The issuer should have internal processes to track and attest to the use of the proceeds of the green bond.
- **Reporting:** The issuer should make, and keep, readily available up to date information on the use of the proceeds of the green bond.

The Green Bond Principles also recommend the use of an external review provider to assess (through a pre-issuance external review) the alignment of the green bond and/or framework with the components of the Green Bond Principles.

Post-issuance, the Green Bond Principles recommend the use of an auditor or third party to verify the internal tracking and allocation of the proceeds to eligible green projects

The Crown has developed and adopted the Green Bond Framework to address these principles.

Use of proceeds

As described in section 3 of this PDS (*Purpose of the Offer*), an amount equal to the total net proceeds of the Green Bonds are intended to be allocated to finance and/or refinance, in whole or in part, government expenditures that meet the green eligibility criteria set out in the Green Bond Framework.

Eligible Expenditures can include, but are not limited to, any government operating and capital expenditures. This includes direct or indirect investment expenditures (including in physical assets and/or intangible assets, such as research and development), and transfers to public or private entities (grants, loans, subsidies, and contributions), including international transfers.

As at the date of this PDS, the Eligible Expenditures are categorised as follows:

- Clean Transport
- Energy Efficiency and Renewable Energy
- Green Buildings
- Living and Natural Resources and Land Use
- Terrestrial and Aquatic Biodiversity
- Climate Change Adaptation
- Sustainable Water and Wastewater Management
- Pollution Prevention and Control

Further descriptions and example expenditures are set out in the Green Bond Framework. To avoid double counting, any expenditures wholly financed by green instruments issued by Crown entities, Crown companies or local government are excluded. Where expenditures are co-financed, only the Crown’s portion of the expenditure will be included.

The Crown may have non-Eligible Expenditures outside of the Green Bond Framework. Certain expenditures are excluded from being Eligible Expenditures.

Evaluation and selection of Eligible Expenditures

The Treasury (on behalf of the Crown) is responsible for periodically updating the pool of Eligible Expenditures (“Expenditures Pool”). This process involves identifying new Eligible Expenditures and reviewing the existing Expenditures Pool:

1. The Treasury engages with relevant government agencies to identify potential Eligible Expenditures
2. The Treasury assesses potential Eligible Expenditures against the Green Bond Framework’s green categories and green objectives and reviews the eligibility of the Expenditure Pool.
3. The Treasury prepares advice for a cross-agency Green Bond Committee.
4. The Green Bond Committee then considers the list of potential Eligible Expenditures and endorse expenditures for inclusion in the Expenditures Pool.

Management of proceeds

The Green Bond Framework provides for an amount at least equal to the total net proceeds of the Green Bonds to be allocated to Eligible Expenditures, with full allocation intended within two financial years. Eligible Expenditures are limited to government expenditures that occurred in the financial year prior to issuance, the current financial year, and the two financial years following issuance. At least 50 per cent of total proceeds are to be allocated to current and future expenditures.

Reporting

The Green Bond Framework provides for the Treasury (on behalf of the Crown) to make regular allocation and impact reporting available on the Treasury and NZDM's website. This includes:

- Annual allocation reporting, commencing in the financial year following a Green Bond issuance. This includes external verification of the report.
- Impact reporting, including outputs and outcomes, at least every two years, commencing within two years of the first Green Bond issuance and annually thereafter. Impact reports detail impacts of expenditures, subject to available information.

External review

The Treasury (on behalf of the Crown) has engaged Sustainalytics, an independent ESG ratings company to evaluate the Framework and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the Framework (the Second Party

Opinion). The Second Party Opinion is available at: <https://debtmanagement.treasury.govt.nz/investor-resources/green-bonds>

The Green Bond Framework provides for third party verification of annual allocation reports to be published on the Treasury and NZDM's website, as discussed above.

No Event of Default

If:

- the Crown fails to allocate the proceeds of any Green Bonds in the manner described above or fails to comply with the Green Bond Framework or related matters
- any Green Bonds cease to satisfy the Green Bond Principles published by the International Capital Market Association
- the Crown undertakes non-eligible projects outside of Green Bond Framework, or
- the Crown fails to notify investors that any Green Bonds have ceased to be labelled as 'green' as described,

then no Event of Default or any other breach will occur in relation to the Green Bonds and neither you nor the Crown have any right have any right for the Green Bonds to be repaid early.

This means there is no legal obligation on the Crown to allocate the proceeds of the Green Bonds in the manner described above or to comply with the Green Bond Framework or the Green Bond Principles on an ongoing basis.

5 Risks of investing

General Risks

Your investment in the Bonds is subject to the following general risks:

Credit risk

If the Crown defaults on, or is otherwise unable to comply with, its payment obligations under the Bonds you may not recover the money you pay for the Bonds or receive the expected returns.

Consequences of Crown defaulting

Although the Crown could, in theory, default on its obligations under the Bonds it cannot be put into liquidation or wound up. Accordingly, the provisions of New Zealand law that give priority to certain creditors over others in the liquidation or winding up of a debtor do not apply to the Crown. Claims of all creditors of the Crown would be brought under, and governed by, the Crown Proceedings Act 1950. You would not be liable to pay any money to any person as a result of the Crown's insolvency solely because you are a Bondholder.

Secondary market risk

If you want to sell your Bonds prior to their maturity you will have to sell them on the secondary market. The Crown believes that there is an established over-the-counter market for the Bonds. This means that there are Registered Banks and other financial institutions in New Zealand who will buy Bonds from Bondholders prior to the Maturity Date of the Bonds. However, there may be no active trading market and the market for the Bonds may not be very liquid.

As a consequence, you may not be able to sell your Bonds easily or at prices that will provide you with a return comparable to similar investments that have a more developed market, and you may receive less on a sale of your Bonds than the amount you paid for them.

The price at which you may be able to sell Bonds may also be affected by other factors such as movements in market interest rates, the market for similar securities and general economic conditions.

The Green Bonds may cease to be labelled as 'green'

If the Crown fails to comply with the Green Bond Framework or to satisfy any sustainable finance market principles and guidelines as set out in the Green Bond Framework (including the Green Bond Principles) or if the Green Bonds cease to satisfy the Green Bond Principles, the Green Bonds may cease to be labelled as 'green'. In addition, if market practices, standards, principles, guidelines or regulations develop in a way that the Green Bonds are not consistent with, the Green Bonds may cease to be labelled as 'green'.

In these circumstances, Bondholders that invested in Green Bonds on the basis of the 'green' label or compliance with the Green Bond Principles may consider that the Green Bonds no longer align with their intentions or requirements. If these circumstances occur, there is a risk that if you wish to sell your Green Bonds, you may not be able to do so at an acceptable price, or at all.

6 Tax

If you are a New Zealand Resident or otherwise receive payments of Interest on the Bonds that are subject to the resident withholding tax rules, resident withholding tax in respect of any payments deemed to be "interest" for Tax purposes will be deducted from the Interest that is payable under the Bonds at the applicable rate, unless you have 'RWT-exempt status' (as defined in section YA1 of the Income Tax Act 2007), have provided your 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.

On the Maturity Date, if the issue price paid for the Bonds was less than the Principal you receive, the difference will be deemed to be "interest" for Tax purposes.

If the Registrar is satisfied that you are not a New Zealand Resident and the Interest you receive is subject to the non-resident withholding tax rules, the Crown will pay Approved Issuer Levy on its own account in lieu of deducting non-

resident withholding tax (except where you elect otherwise or the payment of Approved Issuer Levy does not reduce the rate of non-resident withholding tax to 0%, in which case non-resident withholding tax will be deducted). If you are not a New Zealand Resident and the Interest you receive is subject to the non-resident withholding tax rules, but you hold the Bonds jointly with a New Zealand Resident, non-resident withholding tax will be deducted at the applicable resident withholding tax rate.

There may be other tax consequences from acquiring or disposing of the Bonds.

If you have any queries relating to the tax consequences of an investment in the Bonds, you should obtain professional advice on those consequences.

7 How to complain

For complaints in relation to the Bonds, you may contact the Crown, at:

Address: New Zealand Debt Management
Capital Markets
The Treasury
1 The Terrace
Wellington 6011
New Zealand

or

PO Box 3724
Wellington 6140
New Zealand

Telephone: +64 4 472 2733

Email: debtmanagement@treasury.govt.nz

If you have any queries about the administration of the Bonds (including in relation to payments in respect of the Bonds) you should contact the Registrar in the first instance at the following contact details:

Address: Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

or

Private Bag 92119
Auckland 1142
New Zealand

Email: nzdm@computershare.co.nz

Freephone: 0800 655 494

Telephone: +64 9 488 8777

Please assist the Registrar by quoting your common shareholder number (CSN).

The Crown is not a member of an approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, meaning that complaints about the Bonds cannot be made to such a scheme.

Complaints may also be directed to the Financial Markets Authority through its website at <https://www.fma.govt.nz/>

If the Counterparty is a financial service provider that is a member of an approved dispute resolution scheme, you may be able to make a complaint about the Bonds by contacting the dispute resolution scheme of the Counterparty. You should ask the Counterparty for the address and business telephone number of the relevant dispute resolution scheme. The relevant dispute resolution scheme will not charge you a fee to investigate to solve a complaint.

If the Counterparty is a participant of the Insurance and Financial Services Ombudsman ("IFSO") Scheme, you can contact the IFSO at:

Address: Level 2
Solnet House
70 The Terrace
Wellington 6143
New Zealand

or

PO Box 10 845
Wellington 6143
New Zealand

Freephone: 0800 888 202

You can search to see whether a Counterparty is a participant of the IFSO Scheme at <https://www.ifso.nz/complaints>

If the Counterparty is a Registered Bank, you can contact the Banking Ombudsman at:

Address: Level 5
Huddart Parker Building
1 Post Office Square
Wellington 6011
New Zealand

or

Freepost 218002
PO Box 25 327
Featherston Street
Wellington 6146
New Zealand

Freephone: 0800 805 950

8 Where you can find more information

Further information relating to the Crown and the Bonds is available on the offer register at <https://disclose-register.companiesoffice.govt.nz/>. A copy of information on the offer register is available on request to the Registrar of Financial Service Providers.

The terms of the Bonds are set out in the Information Memorandum and the relevant issue terms for those Bonds, both of which are available on the offer register at

<https://disclose-register.companiesoffice.govt.nz/>. You can also get a free copy of the Information Memorandum and the relevant issue terms from the NZDM website <https://debtmanagement.treasury.govt.nz/government-securities/nominal-bonds> or on request from debtmanagement@treasury.govt.nz or nzdm@computershare.co.nz

Further information about the Crown is detailed in the Crown's financial statements which contain key financial information relating to the Crown. A copy of the Crown's financial statements and additional information can be obtained free of charge from the Treasury website <https://treasury.govt.nz/publications/financial-statements-government/year-end-financial-statements>.

A copy of the Green Bond Framework, any updates to the Green Bond Framework, applicable allocation and impact

reporting, and the second party opinion can be obtained free of charge from the Treasury website:

<https://debtmanagement.treasury.govt.nz/investor-resources/green-bonds>.

You can request, free of charge, a holding statement from the Registrar which confirms the details of your investment. To do so contact the Registrar at the address or on the telephone number set out in section 10 of this document (*Contact information*) below.

9 How to apply

Primary issuance of the Bonds is done solely to Wholesale Investors by way of tender, syndication or private placement. If you are purchasing Bonds in the secondary market, you can purchase Bonds from the Counterparty by completing a transfer form (as required by the Registrar), which can be found at <https://www-au.computershare.com/Investor/#help/PrintableForms>. 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.

When purchasing Bonds in the secondary market, the minimum Principal amount of Bonds you are required to buy is \$10,000 – any additional Bonds must be purchased in multiples of \$1,000. The price you pay for the Bonds will be calculated based on the market value of such securities, and the Counterparty will agree the purchase price with you at the time of sale.

Privacy

The Registrar, as agent for the Crown and NZDM, collects and holds personal information about you for the purposes of administering this investment. This information may be disclosed to the Crown and NZDM. You may request access to any personal information held about you by contacting the Registrar at the contact details set out in section 10 of this document (*Contact information*) below. You may also request correction of any personal information held about you. Depending on the nature of your request, the Registrar may impose a charge for providing access to, or correcting, any personal information.

10 Contact information

Issuer: The Sovereign in right of New Zealand
c/o New Zealand Debt Management
Capital Markets
The Treasury
1 The Terrace
Wellington 6011
New Zealand
Or
PO Box 3724
Wellington 6140
New Zealand

Telephone: +64 4 472 2733

Email: debtmanagement@treasury.govt.nz

Registrar: Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand
Or
Private Bag 92119
Auckland 1142
New Zealand

Email: nzdm@computershare.co.nz

Freephone: 0800 655 494

Telephone: +64 9 488 8777

11 Glossary

For the purposes of this Product Disclosure Statement, 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 or you	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 Bonds issued by the Crown pursuant to the Information Memorandum.
Counterparty	Means the party offering to sell you Bonds or buy Bonds from you.
Crown	Means the Sovereign in right of New Zealand. References to the Crown include the New Zealand Government, Treasury and NZDM, where applicable.
Dollars and \$	Means the lawful currency of New Zealand.
Eligible Expenditure	Means expenditures that meet the green eligibility criteria set out in the Green Bond Framework.
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 the current information memorandum in relation to the Bonds.
Interest	Means the amount paid or due to be paid on a Bond on the Interest Payment Date.
Interest Payment Dates	Means the date or dates in each year on which Interest is to be paid on the Bonds, as specified by the Crown when a Bond is first issued and as described in the relevant issue terms for a Bond, and includes the Maturity Date.
Interest Rate	Means the interest rate payable in respect of Bonds, expressed as a percentage per annum, as recorded in the Register.
Issuer	Means the Crown.
Green Bonds	Means Bonds issued in accordance with the Green Bond Framework.
Green Bond Framework	Means the New Zealand Sovereign Green Bond Framework originally published on 14 September 2022 (as amended or replaced from time to time).
Maturity Date	Means the date, as specified by the Crown when a Bond is first issued, on which that Bond is to be repaid.
New Zealand Resident	Means a person defined as 'New Zealand resident' pursuant to the Income Tax Act 2007.
NZDM	Means New Zealand Debt Management, Capital Markets, 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).
Principal	Means the face, or nominal, amount of a Bond on which Interest is calculated.
Product Disclosure Statement	Means this document.

Record Date	Means close of business on the 10 th day before the relevant Interest Payment Date or the Maturity Date or, if the 10 th day before the relevant Interest Payment Date or the Maturity Date is not a Banking Day, the Banking Day immediately preceding that day.
Register	Means the Register of Bonds maintained by the Registrar and “Registered” has a corresponding meaning.
Registered Bank	Has the meaning given to the term “registered bank” in the Banking (Prudential Supervision) Act 1989.
Registrar	Means Computershare Investor Services Limited acting as agent for the Crown and NZDM or any other party nominated by the Crown or NZDM to act as agent.
Retail Investor	Has the meaning given to that term in the Financial Markets Conduct Act.
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.

In this Product Disclosure Statement 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 Product Disclosure Statement can be found at <https://www.legislation.govt.nz/>