



# Christchurch City Holdings Limited

## Proposed Sustainability Bond Offer

### Investor Presentation

October 2021

Arranger, Sustainability Bond Coordinator  
& Joint Lead Manager

Joint Lead Manager





# Important Notice

- Christchurch City Holdings Limited (CCHL) is considering making an offer of unsecured, unsubordinated fixed rate sustainability bonds (*Sustainability Bonds*) in reliance upon the Financial Markets Conduct (Christchurch City Holdings Limited Sustainable Bond Offer) Exemption Notice 2021 (the *Exemption*).
- No money is currently being sought and no Sustainability Bonds can be applied for or acquired until an offer opens and the investor has received a copy of the offer documents in relation to those Sustainability Bonds. If CCHL offers any Sustainability Bonds, the offer will be made in accordance with the Financial Markets Conduct Act 2013 (*FMCA*) and the Exemption, as an offer of debt securities. Investors can register their interest with the Joint Lead Managers or a financial adviser. Indications of interest will not involve an obligation or commitment of any kind.
- Except for the interest rate, maturity date, their “sustainability” label and the use of proceeds described below, any Sustainability Bonds will have identical rights, privileges, limitations and conditions as CCHL’s two existing unsecured, unsubordinated, fixed rate \$150 million listed Retail Bonds, which are quoted on the NZX Debt Market under the ticker code CCH010 (maturing 6 December 2022 and with a 3.40% fixed rate) and CCH020 (maturing 27 November 2024 and with a 3.58% fixed rate) (the *Quoted Bonds*). The Quoted Bonds are not Sustainability Bonds.
- CCHL intends the net proceeds of any offer to be notionally allocated in accordance with CCHL’s Sustainable Finance Framework dated October 2021 (as amended from time to time) (the *Sustainable Finance Framework*) for projects identified for positive environmental and/or social outcomes. Specifically, as at the date of this presentation, CCHL expects to apply the net proceeds of any offer to refinance CCHL’s existing debt relating to the fibre network in greater Christchurch constructed by Enable Networks Limited (*ENL*) (a subsidiary\* of Enable Services Limited (*ESL*), which is in turn a wholly owned subsidiary of CCHL) and to track an amount equal to the net proceeds within its systems, notionally allocated for “Eligible Assets” (these are identified in accordance with CCHL’s Sustainable Finance Framework, see slides 24-25 of this presentation for further information). But in the future the net proceeds could be notionally allocated for other Eligible Assets.
- CCHL 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 [www.nzx.com/companies/CCH](http://www.nzx.com/companies/CCH).
- Investors should look to the market price of the Quoted Bonds to find out how the market assesses the returns and risk premium for those Quoted Bonds.
- The proposed Sustainability Bonds are expected to be quoted on the NZX Debt Market.



\* The Crown holds one share in ENL which does not confer on it any voting rights or rights to dividends but gives the Crown rights of control over ENL’s business activities under certain circumstances (as set out in ENL’s constitution).



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- The information in this presentation should be considered in conjunction with CCHL's audited consolidated financial statements for the year to 30 June 2021 and CCHL's NZX market releases which are available at [www.nzx.com/companies/CCH/announcements](http://www.nzx.com/companies/CCH/announcements).
- Any internet site addresses provided in this presentation are for reference only and, except as stated otherwise, the content of such internet site is not incorporated by reference into and does not form part of this presentation.
- All currency amounts are in New Zealand dollars unless otherwise stated.



# Agenda

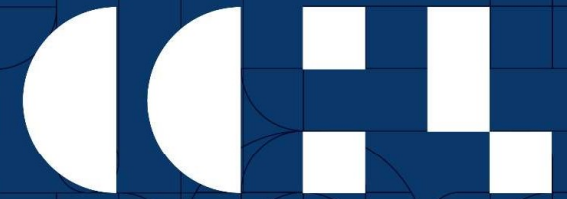
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## Appendices

- Group Emissions Reduction Plan
- Selection of sustainability initiatives at CCTOs
- Alignment of fibre network with market standards & UN-SDGs

Further information at [www.cchl.co.nz/bond-offer](http://www.cchl.co.nz/bond-offer)





**Section: 1**  
**Proposed CCHL Sustainability  
Bond Offer**

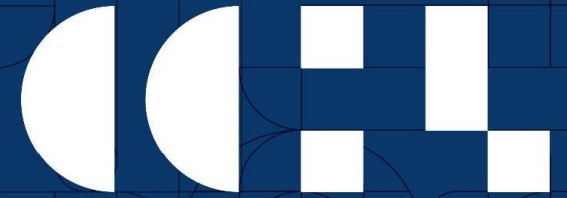


## Proposed CCHL Sustainability Bond Offer

- CCHL is proposing to issue a 5 year unsecured unsubordinated fixed rate Sustainability Bond.
  - Up to \$100m, with the ability to accept up to \$50m of over subscriptions at CCHL's discretion.
- CCHL adopted its Sustainable Finance Framework in October 2021, which may be used to finance or refinance investments in businesses, projects, assets, and activities that deliver positive environmental and social outcomes, and align with and contribute towards meeting the United Nations Sustainable Development Goals (SDGs) and support CCHL's sustainability objectives.
- The net proceeds of any offer of Sustainability Bonds are intended to be notionally allocated in accordance with the Sustainable Finance Framework for financing or refinancing Eligible Assets.<sup>1</sup> As at the date of this presentation, CCHL expects to apply the net proceeds of any offer to refinance CCHL's existing debt relating to the construction of the Enable fibre network and to track an amount equal to the net proceeds within its systems, notionally allocated for Eligible Assets. But in the future the net proceeds could be notionally allocated for other Eligible Assets.
- Ernst & Young Limited (EY) has provided a pre-issuance limited assurance report with respect to the alignment of the Framework and the fibre network to the relevant market standards (refer slide 27).
- The proposed Sustainability Bonds are expected to be:
  - Governed by CCHL's Master Trust Deed (with Public Trust as Supervisor);
  - Rated by S&P Global; and
  - Quoted on the NZX Debt Market, alongside CCHL's two existing Quoted Bonds (NZX ticker codes CCH010 and CCH020).



<sup>1</sup> Eligible Assets includes businesses, projects, assets or activities that help achieve CCHL's "sustainability goals" which are defined in the Sustainable Finance Framework as "green assets" and/or "social assets".



**Section: 2**  
**Overview of CCHL**



# Overview of CCHL

## CCHL is the holding company for Christchurch City Council's trading businesses

- 100% owned by Christchurch City Council (*Council*) – established 1993.
- Holds Council's investment in eight trading businesses (Council Controlled Trading Organisations, (CCTOs)).
  - **More than 95% of CCHL Group (Group) revenues and assets have an infrastructure focus.**
  - Group activity enhances the economic, social and environmental well-being of the region.
- Strategic purpose is to provide a separate & non-political framework for the CCTOs.
- Responsible for overseeing, monitoring & managing Council's shareholding in the CCTOs.
- May provide debt funding to CCTOs, to generate Group cost savings.
- **CCHL Credit Rating: AA- / Stable (S&P Global)**
  - Any Sustainability Bond is expected to have the same credit rating.







# Operating Subsidiaries

## Ports

- *Christchurch International Airport Limited (CIAL)* – airport & property.
- *Lyttelton Port Company Limited (LPC)* – sea port and inland distribution centres.

## Networks

- *Orion New Zealand Limited (ONZ)* – electricity distribution network.
- *Enable Services Limited (ESL), and its subsidiary, Enable Networks Limited (ENL)* – fibre-optic network.

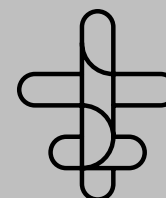
## Services

- *City Care Limited (CCL)* – maintenance contractors.
- *Eco Central Limited (ECL)* – recycling.

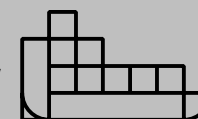
## Property <sup>1</sup>

- *RBL Property Limited* – residual land holdings arising from former transport services business (sold in FY21).
- *Development Christchurch Limited* – residual land holdings and other investments arising from former urban development activity.

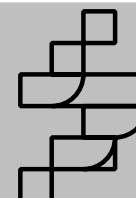
**3.7 million**  
passengers through  
the CIAL terminals  
in FY21 (6.9m in  
FY19, pre-COVID)



**438,000+ TEU**  
containerised  
volume handled by  
LPC in FY21 – 1.7%  
down on FY20



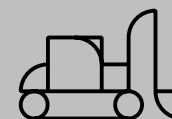
**211,600** the number  
of homes &  
businesses to which  
Orion distributes  
power (March 2021)



**132,000+** the number  
of business, school, &  
home connections to  
Enable's fibre network  
(June 2021)



CCL co-ordinated  
>15,000 volunteer  
hours of work on  
environmental  
projects in FY21



7,468 tonnes of  
recycling waste  
recovered for resale  
by ECL in FY21



**\$3.7 billion**  
CCHL Parent Total Assets

**\$2.5 billion**  
CCHL Parent Equity



<sup>1</sup> Both of these entities are in the process of divesting their remaining assets, following which they will be wound up. Neither is material to the CCHL Group.



# Governance and Management



Jeremy Smith  
Independent Chair



Lianne Dalziel - Mayor  
Councillor Director



Andrew Turner – Deputy Mayor  
Councillor Director



Sara Templeton  
Councillor Director



James Gough  
Councillor Director



Claire Evans  
Independent Director



Alex Skinner  
Independent Director



Greg Campbell  
Independent Director



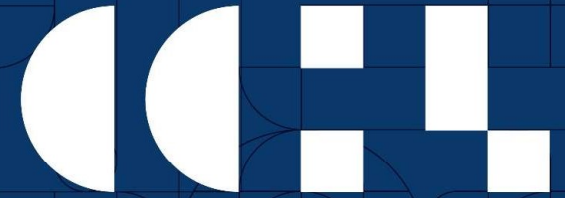
Paul Munro  
Chief Executive Officer



Toni Rowell  
Chief Financial Officer



Steve Ballard  
Treasurer



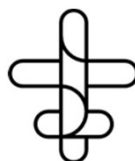
**Section: 3**  
**CCHL Portfolio Update**



# CCHL Portfolio – Port Companies

## Christchurch International Airport Limited (CIAL)

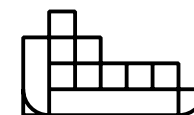
- CCHL owns 75% (balance held by the Crown).
- CIAL owns and operates NZ’s second busiest airport (by passengers), and a portfolio of surrounding commercial and industrial properties.
- COVID impact has been significant, but property revenues and a planned emphasis on domestic aeronautical revenue has allowed CIAL to maintain positive operating cash-flows and continue with planned capital maintenance programmes and committed property development projects.
- Level of FY21 NPAT influenced by investment property revaluations (underlying operating profit after tax was \$7.5m).



\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	213.5	236.6	200.6	179.3	189.5
NPAT	64.6	88.7	57.5	47.8	38.7
Assets	1,347.0	1,614.3	1,731.0	1,871.7	1,989.2
Equity	826.9	1,023.3	1,052.0	1,079.6	1,200.6
Dividends	33.0	39.3	44.8	41.4	0.0

## Lyttelton Port Company Limited (LPC)

- CCHL owns 100%.
- LPC owns and operates the country’s third largest port (by container volume), including two “inland port” distribution centres.
- FY20 result driven by one-off PP&E impairment.
- Impact of COVID and global supply chain disruption offset by increased volumes through Maersk.

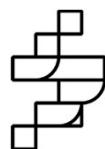


\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	114.4	122.2	166.8	128.3	142.2
NPAT	14.4	12.2	42.2	-152.8	16.0
Assets	506.1	513.5	584.2	555.9	589.9
Equity	478.4	482.3	516.9	356.1	364.2
Dividends	5.2	8.6	7.0	6.8	10.0



# CCHL Portfolio – Network Companies

## Orion New Zealand Limited (ONZ)



- CCHL owns 89.3% (balance held by Selwyn District Council).
- ONZ owns & operates NZ's 3<sup>rd</sup> largest electricity distribution network (by customers and system length), in Christchurch and central Canterbury.
- FY21 result driven by regulatory framework (DPP-3, reflecting lower market interest rates).
- COVID affected non-essential maintenance and capex activity, but had minimal financial impact.

\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	309.7	321.9	325.6	307.7	301.7
NPAT	51.8	53.3	47.9	48.3	33.2
Assets	1,156.7	1,180.2	1,208.6	1,243.2	1,280.7
Equity	672.7	671.0	665.9	671.5	678.2
Dividends	55.0	55.0	53.0	47.0	30.0

## Enable Services Limited (ESL)



- CCHL owns 100%.
- ESL (through its subsidiary ENL) owns & operates the ultra-fast broadband fibre network across greater Christchurch and parts of the Selwyn & Waimakariri Districts.
- COVID affected non-essential new connection activity, but had minimal financial impact.
- Current customer base (>132,000) equates to around 80% of estimated long-term potential.

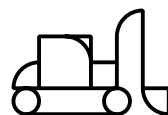
\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	36.3	48.5	58.8	77.0	84.4
NPAT	-8.5	-3.8	10.8	11.3	15.8
Assets	424.7	523.5	548.5	663.7	739.3
Equity	138.9	213.0	228.0	311.3	357.4
Dividends	0.0	0.0	0.0	0.0	18.0



## CCHL Portfolio – Service Companies

### City Care Group (CCL)

- CCHL owns 100%.
- CCL provides construction, maintenance, and management services for water, property, and civil infrastructure sectors throughout New Zealand.
- Operations were affected primarily by Level 4 COVID lockdown, and the overall financial impact was limited.



\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	303.8	313.5	299.2	294.7	319.6
NPAT	3.5	-0.4	-0.7	5.6	5.6
Assets	102.9	113.2	103.6	129.6	130.3
Equity	56.3	55.1	54.4	59.1	61.1
Dividends	6.2	0.8	0.0	0.3	4.6

### Eco Central Limited (ECL)

- CCHL owns 100%.
- ECL manages the processing of refuse for Christchurch city and sorting of recycling throughout Canterbury.
- COVID significantly restricted operations, but the financial impact was off-set by government's support programmes and the terms of the principal contract ECL has with Council.



\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	37.9	34.5	35.4	34.7	39.6
NPAT	0.9	0.4	1.1	-0.1	2.4
Assets	16.3	13.8	14.0	21.3	22.2
Equity	8.4	8.5	9.4	9.3	11.2
Dividends	0.3	0.3	0.3	0.0	0.5



## Section: 4

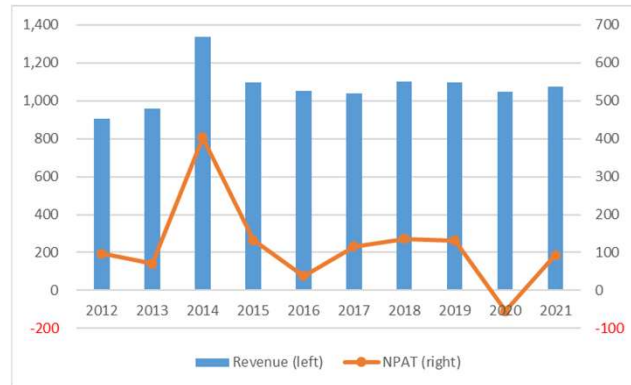
# CCHL Financial Overview



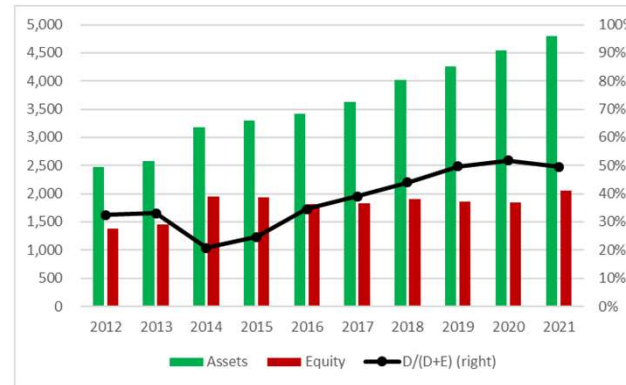
# CCHL Group Financial Overview

## 10 Year History & Key Statement of Intent (SOI) Targets

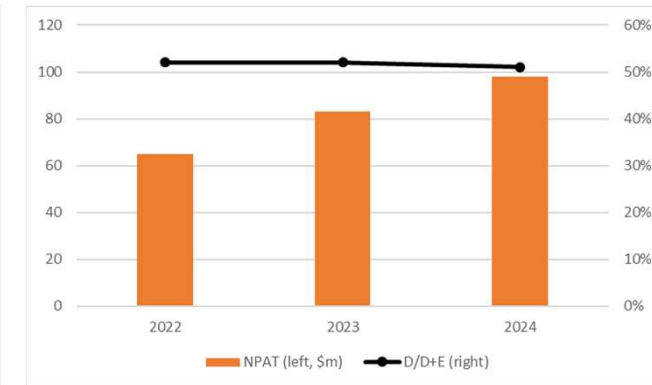
Group Revenue & Profit (\$m)



Group Assets & Equity (\$m) & Gearing (%)



Group SOI Targets



- FY14 revenue spike due to LPC's earthquake insurance settlement.
- FY20 losses mostly driven by LPC asset impairment.
- Material COVID impacts have been limited to CIAL aeronautical revenues (off-set by investment property revaluations in FY21 NPAT).

- CCHL Group has experienced a steady and significant growth in assets over the last decade.
- FY14 gearing decrease reflects LPC's earthquake insurance settlement.
- Subsequent gearing trend reflects capital programmes at the larger CCTOs (CIAL, LPC, ONZ, & ENL), plus capital release from CCHL (Parent) to Council to support earthquake recovery.

- SOI projects on-going post-COVID recovery in NPAT (excluding investment property revaluations), despite lower regulated revenues at ONZ.
- Minor gearing reduction from FY24 includes some debt reduction at Parent level.



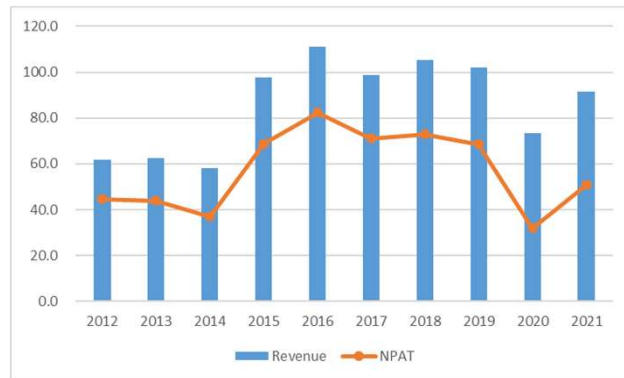




# CCHL Parent Financial Overview

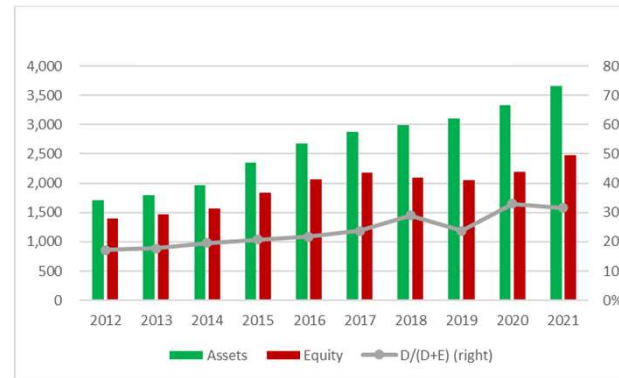
## 10 Year History & Planned Dividend Sources (SOI Period)

Parent Revenue & Profit (\$m)



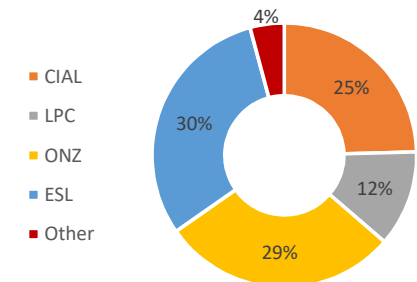
- Strong recovery post COVID in 2021.
- Forecast to return to pre-COVID levels by 2024.

Parent Assets & Equity (\$m) & Gearing (%)



- Parent asset growth mirrors Group pattern.
- Gearing calculated on net debt (ie. total debt less on-lending to fully-owned subsidiaries).
- Net debt reduction is planned at Parent level, reducing Parent gearing over the SOI period.

Planned Dividend Sources  
(FY22-24 SOI Period)

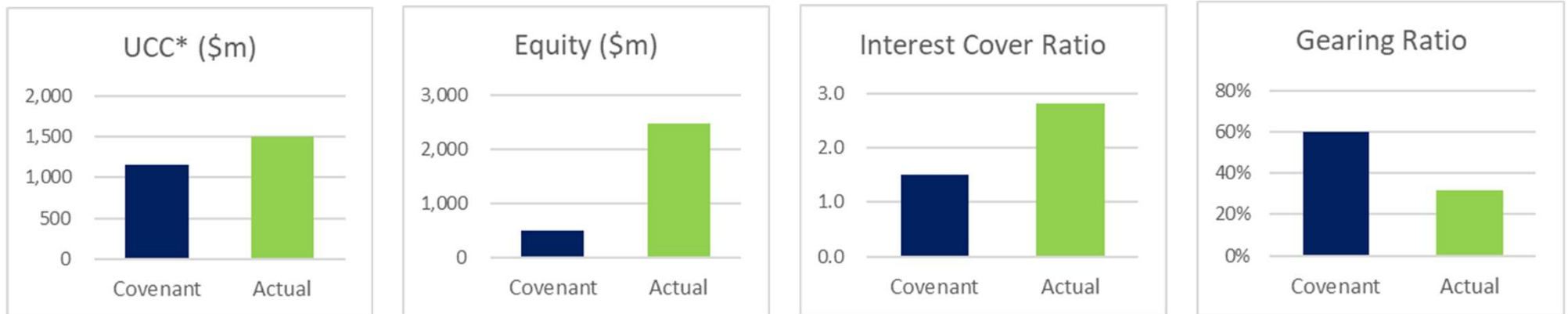


- Commencement of ESL dividends (from FY21) reduces historic reliance on CIAL and ONZ.
- Excludes interest revenue from on-lending (to LPC, ESL, and CCL).



# CCHL Parent Financial Covenants

Significant forecast headroom against all lending covenants (all as at Jun-21)



\* UCC: Uncalled Capital from Council – under the Master Trust Deed, this must always exceed total CCHL (Parent) liabilities.

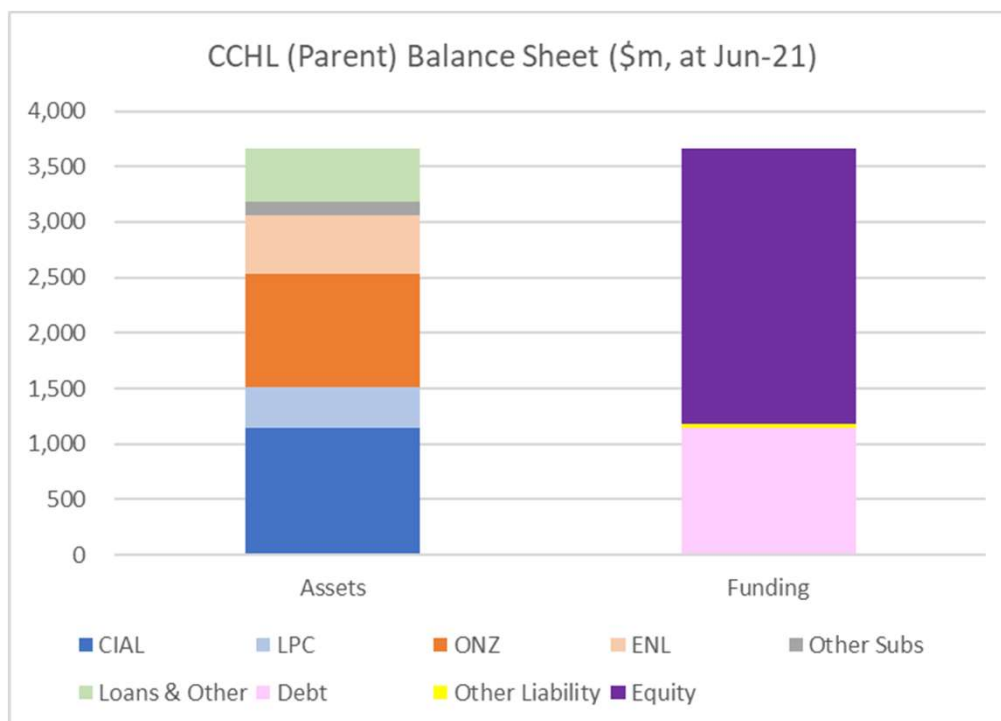


**Section: 5**  
**Funding Programme**



# CCHL (Parent) Balance Sheet

Infrastructure focus, with prudent debt levels



- Over 95% of CCHL's equity value in its subsidiaries is in the main four infrastructure companies (CIAL, LPC, ONZ, and ENL).
- CCHL (Parent) has lent \$454.4m (in total as at Jun-21) to ESL, LPC, and CCL on commercial terms – funded by matching Parent debt.
- Credit-worthiness is supported by uncalled capital from Council – \$1,500m as at Jun-21.

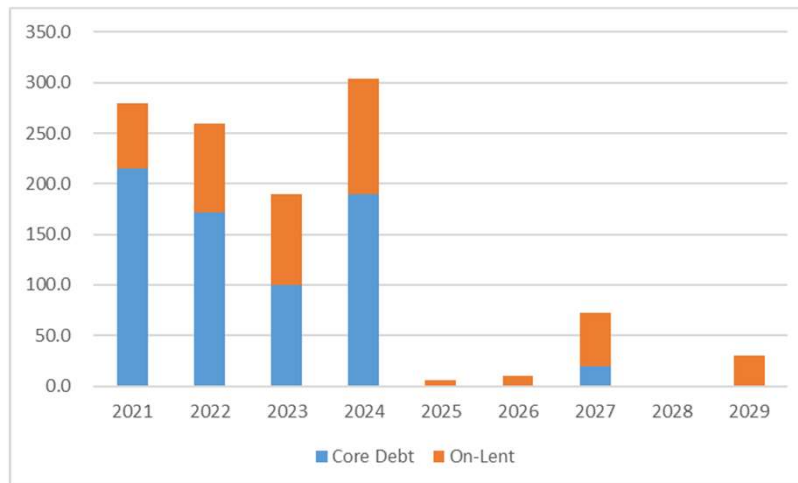




# Parent Debt

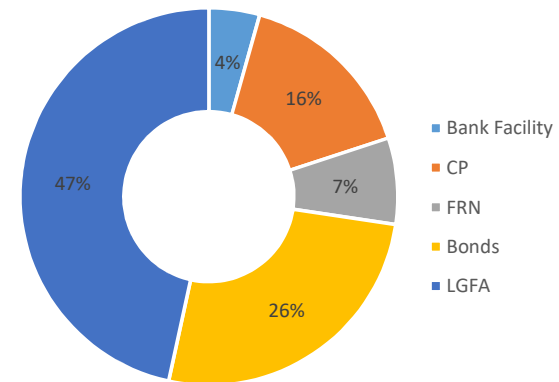
Total Parent Debt as at June 2021: \$1,151m

CCHL Parent Debt Maturity Profile (\$m, at Jun-21)



- \$696.8m is Parent Core Debt; \$454.4m is on-lent to subsidiaries.
- Maturity concentration largely reflects existing listed Retail Bonds – \$150m maturing in each of Dec-22 and Nov-24.
- CCHL wants to establish a Bond “curve” for the foreseeable future.

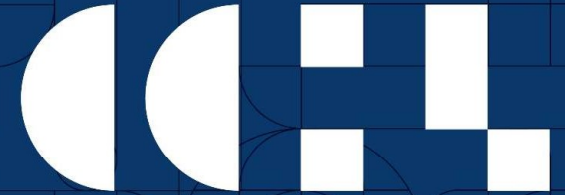
CCHL Parent Sources of Debt (at Jun 21)\*



- Largest source of funding is from LGFA, accessed via Council.
- Proceeds from the proposed Sustainability Bond will reduce CP and Bank Facility funding.

\* CP = short-term Commercial Paper; FRN = Floating Rate Notes; LGFA = Local Government Funding Agency.





**Section: 6**  
**Proposed Sustainability Bond**  
*Refinancing the high-speed fibre network*



# Sustainability at CCHL

## Annual Statements of Intent

- Each CCTO (including CCHL) sets performance targets to reflect its own business (including social & environmental targets, as appropriate).
- CCHL provides direction through formal Letters of Expectation – current focus includes greenhouse gas (GHG) emissions, Living Wage & executive remuneration, diversity & inclusion, and health & safety.

## Sustainability Working Group (SWG)

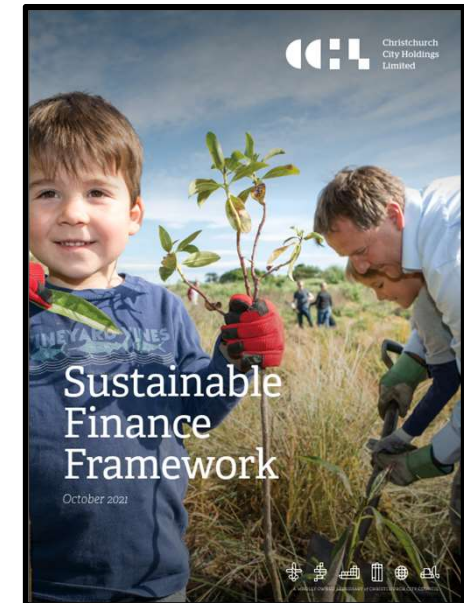
- SWG exists to develop intra-Group co-operation in sustainability activities – particularly carbon reduction.
  - Established by the CCHL Board in June 2021.
  - Comprising sustainability specialists from across the Group, led by Claire Waghorn, Group Sustainability Lead (based at CIAL).
- Group GHG reduction incorporated into CCHL's current SOI:
  - **Group-wide science-aligned reduction target set** – each subsidiary to publish independent verified annual GHG emission footprints, with reduction targets & timeframes (by 31 December 2021).
  - **GHG emissions reduction management plan prepared** – to include a timeline to achieve a net zero GHG Group target.
  - **Climate change risks assessed & disclosed** – to be included in Annual Reporting, in compliance with Task Force on Climate-Related Financial Disclosure reporting standards.



# Sustainable Finance Framework

## Adopted by the CCHL Board in October 2021

- Initial priority is to support the refinancing of debt relating to the fibre-optic network.
- Broad enough to support the financing or refinancing of investment in any business, projects, assets, or activities that deliver positive environmental & social goals – particularly the UN Sustainable Development Goals.
- Consistent with sustainable finance market standards (principles & guidelines issued by the International Capital Market Association and relevant Loan Market Associations) – in particular (all dated 2021, and each as amended from time to time):
  - Sustainability Bond Guidelines
  - Green Bond Principles
  - Social Bond Principles







# Sustainable Finance Framework

## Management & Governance

<b>Use of proceeds</b>	The proceeds of any Sustainability Bond will be notionally allocated to <b>Eligible Assets</b> – ie. investments in businesses, projects, assets or activities (including those owned by subsidiaries) which are defined in the Sustainable Finance Framework as ‘green assets’ and/or ‘social assets’.
<b>Selection of Eligible Assets</b>	CCHL will maintain a Register of Eligible Assets, and has established processes to ensure that this Register is assessed appropriately to ensure compliance with the Sustainable Finance Framework.  As at the date of this presentation, the only asset in the Eligible Asset Register is ENL’s Fibre-optic network.
<b>Management of proceeds</b>	CCHL’s Funding Sub-Committee is responsible for overall governance of the process contemplated by the Framework, including the selection of Eligible Assets and ensuring compliance. CCHL intends to maintain a balance of Eligible Assets that has a fair value at least equal to the principal of any Sustainability Bond issued. Membership of the Sub-Committee comprises CCHL’s CEO, CFO, and two Directors; it is required to meet and report to the Board six-monthly.
<b>Reporting</b>	CCHL commits to providing annual Update Reports to investors that cover Allocation Reporting, Eligibility Reporting, and Impact Reporting (subject to the availability of information & confidentiality obligations).



Copies of the Sustainable Finance Framework and Pre-Issuance Limited Assurance report are available on CCHL’s website, at [www.cchl.co.nz/bond-offer](http://www.cchl.co.nz/bond-offer)



# Proposed Sustainability Bond – Fibre Network

## Refinancing requirement

- Construction of ENL's fibre network was funded in part by a loan from Crown Infrastructure Partners to CCHL, which was used by CCHL to invest equity in ESL.
- CCHL repaid this Crown Infrastructure Partners loan on 31 May 2021 using short-term borrowing.
- CCHL is considering refinancing this existing debt by issuing a proposed Sustainability Bond, under its Sustainable Finance Framework.

## Key network outcomes

- Improved **energy efficiency** through the use of fibre-optic networks;
- Provision of **affordable basic infrastructure** for high speed internet access;
- Enabling access to **essential services** through high speed internet;
- Generating investment and **employment opportunities** for the communities of Christchurch; and
- Assisting socioeconomic advancement and empowerment by seeking to eliminate **digital inequity**.



## Eligible Asset Value: \$527m

- Assessed value is the valuation of CCHL's equity investment in ESL as at 30 June 2021.
- Value is 3.5x the (maximum) proposed Sustainability Bond issue amount.



# External Review

## Pre-Issuance Limited Assurance



CCHL has obtained Pre-Issuance Limited Assurance from EY that concludes that nothing came to EY's attention that caused it to believe that the subject matter (i.e. CCHL's Framework and Eligible Assets Schedule) was not prepared, and presented fairly, in all material respects, in accordance with the criteria listed below:

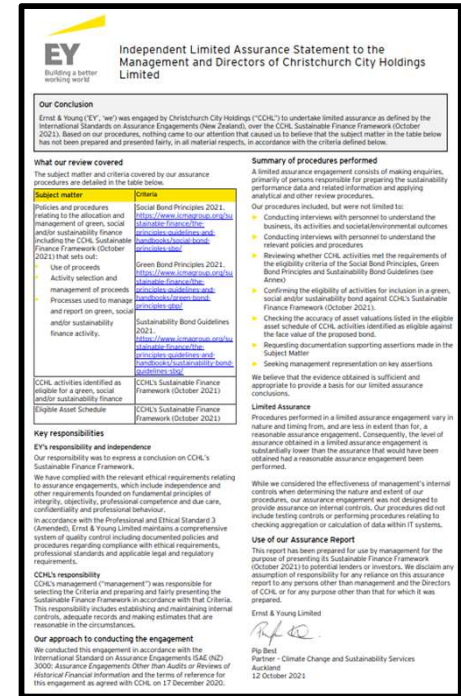
- Green Bond Principles,
- Social Bond Principles;
- Sustainability Bond Guidelines; and
- CCHL's Sustainable Finance Framework, which forms the criteria for assessing asset eligibility.

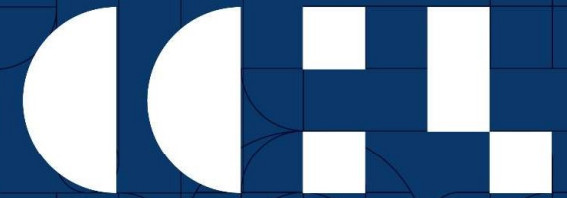
## Post-Issuance Limited Assurance

CCHL also intends to obtain Post-Issuance Limited Assurance for every annual Update Report over CCHL's Use of Proceeds Statement and Framework.

Provided by EY (or another credible sustainable finance verifier).

The purpose of this Post-Issuance Limited Assurance is to opine on CCHL's use of the proceeds of any Sustainability Bonds against the purpose for which any offer states such proceeds are intended to be used.





## Section: 7

# Proposed Sustainability Bond – Terms & Dates



## Summary Terms of Proposed Offer

<b>Issuer</b>	Christchurch City Holdings Limited (“CCHL”)
<b>Instrument</b>	Unsecured, unsubordinated, fixed rate Sustainability Bonds
<b>Issuer Rating</b>	AA- (Stable), S&P Global Ratings
<b>Expected Issue Rating</b>	AA- S&P Global Ratings
<b>Issue Amount</b>	Up to \$100,000,000, with the ability to accept up to \$50,000,000 of oversubscriptions at CCHL’s discretion
<b>Tenor</b>	5 years
<b>Maturity Date</b>	5 November 2026
<b>Interest Rate</b>	The Interest Rate will be determined by CCHL in conjunction with the Joint Lead Managers following the bookbuild
<b>Indicative Margin</b>	CCHL expects to announce an indicative margin through NZX on or about Tuesday, 26 October 2021.
<b>Interest Payments</b>	Semi-annually in arrear in equal amounts on 5 May and 5 November in each year until and including the Maturity Date
<b>Denominations</b>	Minimum denominations of \$5,000 with multiples of \$1,000 thereafter
<b>Listing</b>	Any Sustainability Bond is expected to be listed on the NZX Debt Market



## Summary Terms of Proposed Offer (continued)

<b>Financial Covenants</b>	<p>CCHL has agreed that, for so long as any Sustainability Bonds or other bonds are outstanding:</p> <ul style="list-style-type: none"><li>• Its Total Liabilities will not exceed 60% of its Total Tangible Assets</li><li>• The ratio of EBIT to Interest &amp; Financing Costs will not be less than 1.5:1 and</li><li>• Shareholders' Funds will not be less than \$500 million</li></ul>
<b>Uncalled Capital</b>	<p>CCHL is a wholly owned subsidiary of Christchurch City Council, which provides financial support to CCHL through its subscription for uncalled capital</p>
<b>Negative Pledge</b>	<p>CCHL has agreed that it will not create any security over its assets, excluding (inter alia) :</p> <ul style="list-style-type: none"><li>• Security interests created with the Supervisor's consent; and</li><li>• Security interests in respect of which the aggregate principal amount of indebtedness so secured by all security interests permitted under this exclusion does not exceed 5% of CCHL's Total Tangible Assets at that time.</li></ul>
<b>Use of Proceeds</b>	<p>The net proceeds of any offer are intended to be notionally allocated in accordance with the Sustainable Finance Framework for financing or refinancing "Eligible Assets". Specifically, as at the date of this presentation, CCHL expects to apply the net proceeds of any offer to refinance CCHL's existing debt relating to the construction of the Enable fibre network and to track an amount equal to the net proceeds within its systems, notionally allocated for "Eligible Assets"*. In the future the net proceeds could be notionally allocated for other Eligible Assets.</p>



\* Eligible Assets includes businesses, projects, assets or activities that help achieve CCHL's "sustainability goals" which are defined in the Sustainable Finance Framework as "green assets" and/or "social assets".



## Indicative Dates for Proposed Offer

<b>Offer Opens</b>	Tuesday, 26 October 2021
<b>Offer Closes</b>	2:00pm (NZT) Thursday, 28 October 2021
<b>Rate Set Date</b>	Thursday, 28 October 2021
<b>Issue Date</b>	Friday, 5 November 2021
<b>Expected Date of Initial Quotation on the NZX Debt market</b>	Monday, 8 November 2021
<b>Maturity Date</b>	Thursday, 5 November 2026

# Key Credit Highlights



- Investment holding company, with credit enhancement provided by Council via issued & uncalled capital.
- Unique portfolio of premium infrastructure assets, consisting of some of the region's largest businesses.
- Diversified asset & revenue base, with established track record of resilient earnings.
- ONZ, LPC, CIAL continue to make significant reinvestment within their businesses.
- Conservative financial management.
- Issuer credit rating of AA- / Stable (S&P Global, reaffirmed December 2020).



## Appendices



- **Group Emissions Reduction Plan**
- **Selection of sustainability initiatives at CCTOs**
- **Alignment of fibre network with market standards & UN-SDGs** (*adapted from EY's Limited Assurance Report*)



## Appx.1: Group Emissions Reduction Plan



- Completion of **annual independently verified** GHG emission footprint reports, according to ISO 14064-3
- Annual GHG emission footprints to be **publicly available** on each subsidiary website.
- Development of a measurement framework to not only ensure we are choosing projects that maximise GHG emission reductions but also provide wider social, environmental and economic co-benefits.
- Collective Group GHG emissions footprint by 31 December 2021 (based on FY20 data).



- Development of Group science based GHG Emissions Reduction **targets** consistent with keeping global temperatures within 1.5 degrees to be finalised by 31 December 2021.
- Implementation of Group **emissions reduction plan** that is aligned or ahead of the science-based targets.
- Embedding of emissions reduction targets into **resource allocation and planning cycles**.
- Identify and recommend mutually beneficial investments and projects that could accelerate and/or scale the group's collective decarbonisation efforts, taking into account ease of implementation and marginal abatement costs (\$/tCO<sub>2</sub>e).
- Investigation of practical resource efficiency and GHG emissions reduction requirements for our suppliers.



- Development of **climate change risk disclosures**, compliant with TCFD reporting standards and national climate change risk assessment.
- Sharing of Just Transition frameworks.



- Proactively sharing and celebrating our learnings and successes with others, including within our organisations, the CCHL Board, the Council and with the wider community.
- Reporting on the positive environmental, social and economic impacts of our joint emissions reduction projects, alongside the tCO<sub>2</sub>e reduced (linked to SDGs).
- Alignment towards Integrated Reporting by 30 June 2023.



## Appx.2: Selection of sustainability initiatives at CCTOs




- Thousands of volunteer hours each year are dedicated to tree planting, landscaping, waste collection and removal, graffiti removal and painting, through a national Community Guardians platform (including supporting Student Volunteer Army).
- 2 in a Ute programme - collaboration with Auckland Council, deploying pairs of 'locals' provided with a ute, the necessary tools and a few weeks' specific training, to independently maintain storm water run-off areas.



- 55% reduction in Scope 1&2 carbon emissions benchmarked against FY15.
- ACI Airports Carbon Accreditation Level 4 certified (world's first airport to achieve this).
- Currently 55% of road vehicle fleet are EV and hybrid vehicles.



- Enable has entered a 10-year partnership with Ōtautahi Community Trust (**ŌCHT**) to eliminate digital inequity by providing a free wholesale internet service to ŌCHT's social housing portfolio. This initiative will be rolled out over the coming year, subject to Ministerial approval as required by ENL's constitution. Enable works with the Ministry of Education to provide a free wholesale internet service to any school student without access to the internet where there is Enable network infrastructure installed in the home.
- Fully flexible working environment implemented for 135 employees.
- Reduced building footprint by 35%. Long term lease of 4-star Green Star rated building. 








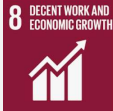

- Sustainability targets including zero waste to landfill by 2040, net-zero carbon emissions by 2050 and net gain in biodiversity and ecological health of the harbour.
- Contributing to the ongoing maintenance and development costs of a 500-hectare block of land on Banks Peninsula's Te Ahu Pātiki, to help restore the land to a native haven and ensure public access for future generations.



- Reduction in Scope 1 emissions due to the use of B100 (manufactured from used cooking oil) within Orion's mobile generators.
- Energy Academy and LUMO364 established to promote collaboration and capacity building in (among other things) renewable energy in NZ.
- Energy Accelerator innovation incubator established in partnership with Ministry of Awesome to support innovations that reduce carbon emissions and address energy poverty.



## Appx.3: Alignment of network with market standards & UN-SDGs

Alignment to ICMA Standard	ICMA GBP / SBP Category	Description of Eligible Assets <i>[source: EY Assurance Report]</i>	Contribution to UN Sustainable Development Goals
<b>Green Bond Principles (GBP)</b> 	<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Fibre-optic networks operate (i.e. transfer data) with much higher energy efficiency (e.g. unit of energy consumed per volume of data traffic) than legacy copper networks.</li> <li>It is estimated that fibre-to-the-home networks use 65% - 90% less energy per gigabyte of data traffic.</li> </ul>	 <b>Target 9.4:</b> Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency
	<b>Affordable Basic Infrastructure</b>	<ul style="list-style-type: none"> <li>Enable's fibre network provides the basic infrastructure for high-speed internet access for homes, businesses, schools and other entities.</li> <li>The network's neutral, open access approach provides low barriers to entry and promotes competition for the benefit of community end users.</li> </ul>	 <b>Target 9.c</b> Significantly increase access to information and communications technology
<b>Social Bond Principles (SBP)</b> 	<b>Access to Essential Services</b>	<ul style="list-style-type: none"> <li>High-speed internet is acknowledged as an enabler of essential services. It also enables the provision and promotion of education, banking, healthcare, and other services.</li> </ul>	 <b>Target 4.3</b> Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
	<b>Employment Generation</b>	<ul style="list-style-type: none"> <li>The fibre network is sufficient for businesses to set up shop in the network area, enabling investment and employment opportunities to the communities of Christchurch and neighbouring small towns located within the network.</li> </ul>	 <b>Target 8.2</b> Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation
	<b>Socioeconomic Advancement &amp; Empowerment</b>	<ul style="list-style-type: none"> <li>Enable has entered into partnerships with community housing providers to install free internet access for people in social housing, with the objective of addressing digital equity and enabling socioeconomic advancement and empowerment.</li> </ul>	 <b>Target 10.3</b> Ensure equal opportunity and reduce inequalities of outcome



This slide is adapted from EY's Limited Assurance Report, and is CCHL's summary of the key categories to which ENL's fibre network is aligned under the Green Bond Principles, Social Bond Principles, and the Sustainability Bond Guidelines.

# Christchurch City Holdings Limited



## Indicative Terms Sheet

Due

5 November 2026

Up to \$100,000,000 Unsecured, Unsubordinated, Fixed Rate Sustainability Bonds  
(plus up to \$50,000,000 of oversubscriptions)

*Dated 26 October 2021*



Arranger, Sustainability Bond Coordinator and  
Joint Lead Manager



Joint Lead Manager



# Indicative Terms Sheet

This Terms Sheet is prepared in respect of an offer by Christchurch City Holdings Limited (**CCHL**) of up to \$100,000,000 unsecured, unsubordinated fixed rate sustainability bonds (**Sustainability Bonds**) (with the ability to accept up to \$50,000,000 in oversubscriptions at CCHL's discretion) under its master trust deed dated 15 November 2017 (as amended and restated from time to time), as modified and supplemented by the supplemental trust deed dated 26 October 2021 entered into between CCHL and Public Trust (**Supervisor**) (together, the **Trust Documents**).

## Important Notice

The offer of Sustainability Bonds is an offer of debt securities being made in reliance upon the Financial Markets Conduct (Christchurch City Holdings Limited Sustainable Bond Offer) Exemption Notice 2021 (the **Exemption**). Except for the interest rate, maturity date, their "sustainability" label and the use of proceeds described below, the Sustainability Bonds will have identical rights, privileges, limitations and conditions as:

- CCHL's \$150,000,000 3.40% unsecured, unsubordinated, fixed rate bonds maturing on 6 December 2022 which are quoted on the NZX Debt Market under the ticker code CCH010; and
- CCHL's \$150,000,000 3.58% unsecured, unsubordinated, fixed rate bonds maturing on 27 November 2024 which are quoted on the NZX Debt Market under the ticker code CCH020,

(together the **Quoted Bonds**). The Quoted Bonds are not Sustainability Bonds.

CCHL intends the net proceeds of this offer to be notionally allocated in accordance with CCHL's Sustainable Finance Framework dated October 2021 (as amended from time to time) (the **Sustainable Finance Framework**) for projects identified for positive environmental and/or social outcomes. Specifically, as at the date of this Terms Sheet, CCHL expects to apply the net proceeds of the offer to refinance CCHL's existing debt relating to the fibre network in greater Christchurch constructed by Enable Networks Limited (**ENL**) (a subsidiary<sup>1</sup> of Enable Services Limited (**ESL**), which is in turn a wholly owned subsidiary of CCHL) and to track an amount equal to the net proceeds within its systems, notionally allocated for "Eligible Assets" (see the "Sustainable Finance Framework" section in the Sustainability Information section of this Terms Sheet below for further information). But in the future the net proceeds could be notionally allocated for other Eligible Assets.

CCHL 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 [www.nzx.com/companies/CCH](http://www.nzx.com/companies/CCH).

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

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<sup>1</sup> The Crown holds one share in ENL which does not confer on it any voting rights or rights to dividends but gives the Crown rights of control over ENL's business activities under certain circumstances (as set out in ENL's constitution)

# Key Terms

<b>Issuer</b>	Christchurch City Holdings Limited.	
<b>Instrument</b>	Unsecured, unsubordinated, fixed rate Sustainability Bonds.	
<b>Status</b>	The principal amounts of, and interest on, the Sustainability Bonds will rank at least equally with all present and future unsecured and unsubordinated indebtedness of CCHL (except indebtedness preferred by law and subject to laws affecting creditors' rights generally and equitable principles of general application).	
<b>Credit Ratings</b>	<b>CCHL Credit Rating</b>	<b>Expected Issue Credit Rating</b>
	AA- (stable) S&P Global Ratings	AA- S&P Global Ratings
	Further information about S&P Global Ratings' credit rating scale is available at <a href="http://www.standardandpoors.com">www.standardandpoors.com</a> . A credit rating is not a recommendation to invest in the Sustainability Bonds and may be subject to revision, suspension or withdrawal at any time.	
<b>Uncalled Capital</b>	<p>CCHL is a wholly owned subsidiary of the Christchurch City Council (the <b>Council</b>). The Council provides financial support to CCHL through its subscription for uncalled capital. Under the Trust Documents, CCHL must ensure that its Total Liabilities do not exceed the aggregate of:</p> <ul style="list-style-type: none"> <li>- the amount that is uncalled and unpaid in respect of shares in CCHL that are legally and beneficially owned by the Council; and</li> <li>- the principal amount of all loans made by CCHL to the Council that are repayable within seven days of demand by CCHL of repayment.</li> </ul> <p>As at the date of this Terms Sheet, the amount of Council uncalled capital was \$1.5bn and there were no loans made by CCHL to the Council.</p> <p>The Council does not guarantee CCHL's obligations under the Sustainability Bonds and the Sustainability Bonds are not guaranteed by any person.</p> <p>Bondholders may vote for CCHL to call the uncalled capital (in whole or in part). However any such request can only be made by the Supervisor after the occurrence of an Event of Default. Amounts paid by the Council are available for all creditors of CCHL.</p> <p>More information on the uncalled capital is contained in the Trust Documents.</p>	
<b>Use of Proceeds</b>	<p>As at the date of this Terms Sheet, in accordance with the Sustainable Finance Framework, CCHL expects to apply the net proceeds of the Offer to refinance CCHL's existing debt relating to the fibre network in greater Christchurch that has been constructed by ENL, and to track an amount equal to the net proceeds within its systems, notionally allocated for Eligible Assets (as described below). Construction of ENL's fibre network was funded in part by a loan from Crown Infrastructure Partners to CCHL which was used by CCHL to invest equity in ESL/ENL. CCHL repaid its Crown Infrastructure Partners loan on 31 May 2021 from short-term borrowing which matures on 28 October 2021.</p> <p><b>Eligible Assets</b> include businesses, projects, assets or activities that help achieve CCHL's "sustainability goals" which are defined in the Sustainable Finance Framework as "green assets" and/or "social assets".</p>	
<b>Issue Amount</b>	Up to \$100,000,000 plus oversubscriptions.	
<b>Oversubscriptions</b>	Up to \$50,000,000 at the discretion of CCHL.	
<b>Opening Date</b>	Tuesday, 26 October 2021.	
<b>Closing Date</b>	2:00pm (New Zealand time) Thursday, 28 October 2021.	
<b>Rate Set Date</b>	Thursday, 28 October 2021.	
<b>Issue and Allotment Date</b>	Friday, 5 November 2021.	

<b>Maturity Date</b>	Thursday, 5 November 2026
<b>Interest Rate</b>	The Interest Rate will be determined by CCHL in conjunction with the Joint Lead Managers following the bookbuild as the sum of the Swap Rate and the actual Margin (which may be above or below the indicative margin range). The Interest Rate will be announced by CCHL via NZX on or about the Rate Set Date.
<b>Indicative Margin</b>	0.37% - 0.42% per annum.
<b>Swap Rate</b>	The semi-annual mid-market swap rate for an interest rate swap of a term and start date matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in accordance with market convention with reference to Bloomberg page ICNZ4 on the Rate Set Date and expressed on a semi-annual basis, rounded to 2 decimal places, if necessary with 0.005 being rounded up.
<b>Interest Payments</b>	Interest will be paid semi-annually (half annual amount) in arrear in equal amounts on 5 November and 5 May of each year until and including the Maturity Date (the <b>Interest Payment Dates</b> ). If an Interest Payment Date is not a Business Day, the relevant payment will be made on the next day which is a Business Day. The first Interest Payment Date will be 5 May 2022.
<b>Issue Price</b>	Par (\$1.00).
<b>Minimum Subscription Amount and Minimum Holding Amount</b>	The minimum subscription amount and minimum holding amount in respect of the Sustainability Bond is \$5,000 and multiples of \$1,000 thereafter.
<b>Financial Covenants</b>	<p>CCHL has agreed that, for so long as any bonds issued under the Trust Documents (including the Sustainability Bonds) are outstanding:</p> <ul style="list-style-type: none"> <li>- its Total Liabilities will not exceed 60% of its Total Tangible Assets;</li> <li>- the ratio of EBIT to Interest and Financing Costs will not be less than 1.5:1; and</li> <li>- Shareholders' Funds will not be less than \$500m.</li> </ul> <p>More information on the financial covenants and how they are calculated is contained in the Trust Documents.</p>
<b>Negative Pledge</b>	<p>CCHL has agreed that it will not create any security over its assets. This negative pledge is subject to certain exclusions, including:</p> <ul style="list-style-type: none"> <li>- security interests created with the Supervisor's consent; and</li> <li>- security interests in respect of which the aggregate principal amount of indebtedness so secured by all security interests permitted under this exclusion does not exceed 5% of CCHL's Total Tangible Assets at that time.</li> </ul> <p>More information on the negative pledge and the exceptions to the negative pledge is contained in the Trust Documents.</p>
<b>Early Redemption</b>	The Sustainability Bonds cannot be redeemed prior to the Maturity Date, unless an Event of Default occurs (as described below).
<b>Events of Default</b>	<p>The Events of Default are contained in clause 17 of the Master Trust Deed. They include:</p> <ul style="list-style-type: none"> <li>- a failure by CCHL to make a payment on the Sustainability Bonds;</li> <li>- a material misrepresentation by CCHL;</li> <li>- a breach of the financial covenants set out in the Trust Documents; and</li> <li>- insolvency events that affect CCHL.</li> </ul> <p>If an Event of Default occurs and is continuing, the Supervisor may, in its discretion, and must immediately upon being directed to do so by an extraordinary resolution of Bondholders, declare the principal amount and any accrued interest on the Sustainability Bonds immediately due and payable. If this occurs, CCHL will be obliged to repay holders of the Sustainability Bonds the principal amount of their Sustainability Bonds and any outstanding interest due on their Sustainability Bonds. The Supplemental Trust Deed sets out how the amount of any outstanding interest would be calculated in such an event.</p> <p>More information on the Events of Default is contained in the Trust Documents.</p>



<b>Business Day Convention</b>	Following Business Day (unadjusted).
<b>Record Date</b>	10 days before the due date for a payment, or if that day is not a Business Day, the immediately preceding Business Day.
<b>Business Days</b>	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Christchurch, Auckland and Wellington except that in the context of the NZX Listing Rules it means a day on which the NZX Debt Market is open for trading.
<b>ISIN</b>	NZCCHDT895C5.
<b>Quotation</b>	<p>Application has been made to NZX Limited (<b>NZX</b>) for permission to quote the Sustainability Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this Terms Sheet have been complied with. However, the Sustainability Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.</p> <p>Ticker code CCH030 has been reserved for the Sustainability Bonds.</p>
<b>Expected date of quotation and trading on the NZX Debt Market</b>	It is expected that quotation of the Sustainability Bonds on the NZX Debt Market will occur on Monday, 8 November 2021.
<b>Approved Issuer Levy</b>	CCHL proposes to register the Sustainability Bonds for approved issuer levy ( <b>AIL</b> ) and, where it is eligible to do so in respect of interest paid to a non-resident Bondholder that is subject to the non-resident withholding tax rules (and unless otherwise elected by the Bondholder), to pay AIL in lieu of deducting non-resident withholding tax. If the Sustainability Bonds qualify for the 0% rate of AIL, CCHL intends to apply the 0% rate, otherwise it will apply AIL at the applicable rate. The amount of any AIL paid will be deducted from payments to Investors.
<b>Trust Documents</b>	<p>Master Trust Deed dated 15 November 2017 (as amended on or about 18 November 2020).</p> <p>Supplemental Trust Deed dated 26 October 2021.</p>
<b>Registrar and Paying Agent Register</b>	<p>Computershare Investor Services Limited.</p> <p>The Sustainability Bonds will be accepted for settlement within the NZClear system.</p>
<b>Repo Eligibility</b>	CCHL intends to apply to the Reserve Bank of New Zealand for the Sustainability Bonds to be included as eligible securities for Domestic Market Operations.
<b>Arranger &amp; Sustainability Bond Coordinator</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand Branch) ( <b>Westpac</b> ).
<b>Joint Lead Managers</b>	<p>ANZ Bank New Zealand Limited.</p> <p>Westpac.</p>
<b>Supervisor</b>	Public Trust.
<b>Governing Law</b>	New Zealand.
<b>Who May Apply</b>	<p>There is no public pool for the offer, with 100% of the Sustainability Bonds reserved for clients of the Joint Lead Managers, NZX participants, other approved financial intermediaries and institutional investors.</p> <p>Investors wishing to purchase the Sustainability Bonds should contact their broker or financial adviser. In respect of any oversubscriptions or generally, any allotment of Sustainability Bonds will be at CCHL's discretion, in consultation with the Joint Lead Managers. CCHL reserves the right to refuse to make any allotment (or part thereof) without giving any reason.</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 Sustainability 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>

<b>Selling Restrictions</b>	The selling restrictions contained in the schedule to this Terms Sheet apply. By purchasing any Sustainability Bonds, each Bondholder agrees to indemnify CCHL, the Joint Lead Managers and the Supervisor and each of their respective directors, officers, employees and agents (as applicable) for any liability, cost, loss or damages sustained or incurred by CCHL, the Joint Lead Managers and the Supervisor, as the case may be, as a result of the breach by that Bondholder of the selling restrictions set out in the schedule to this Terms Sheet.
<b>Singapore Securities and Futures Act Product Classification</b>	<b>Singapore Securities and Futures Act Product Classification</b> – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the <b>SFA</b> ), CCHL has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Sustainability Bonds are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

## Sustainability Information

The information below regarding the sustainability aspects of the Sustainability Bonds includes information required to be disclosed under the Exemption Notice.

<b>Sustainable Finance Framework</b>	<p>CCHL has developed and adopted the Sustainable Finance Framework which describes the outcomes the Sustainable Finance Framework seeks to achieve (see the "Sustainable Finance Framework Outcomes relevant to the Sustainability Bonds" section below for outcomes relevant to the Sustainability Bonds).</p> <p>The Sustainable Finance Framework is designed to ensure that CCHL's processes for identifying Eligible Assets and managing the notional allocation of proceeds of applicable financing instruments are consistent with relevant market principles.</p> <p>In the case of the Sustainability Bonds, relevant market principles include the Green Bond Principles dated June 2021 (as amended from time to time), the Social Bond Principles dated June 2021 (as amended from time to time), and the Sustainability Bond Guidelines dated June 2021 (as amended from time to time) (together the <b>Sustainability Bond Principles</b>).</p> <p>Under the Sustainable Finance Framework, CCHL intends to maintain a balance of Eligible Assets that have a fair value at least equal to the original principal amount of the Sustainability Bonds at the time of issuance. Eligible Assets may be owned by subsidiaries of CCHL, including ENL, Christchurch International Airport, Orion New Zealand, Lyttelton Port Company, City Care and EcoCentral. Assets owned directly by any subsidiary of CCHL may be considered Eligible Assets if they meet the requirements of the Sustainable Finance Framework (see section 3 of the Sustainable Finance Framework for further details).</p> <p>Further information on the types of Eligible Assets which the net proceeds of sustainable debt can be notionally allocated for, and CCHL's processes for evaluating and selecting Eligible Assets are set out in sections 3, 4 and 5 of the Sustainable Finance Framework.</p> <p>CCHL has established a Funding Sub-Committee of the Board which is responsible for (among other things) overall governance of the processes contemplated by the Sustainable Finance Framework, including oversight of the notional allocation of sustainable debt proceeds to Eligible Assets, on-going maintenance of the Eligible Assets register and ensuring compliance with the Sustainable Finance Framework. The Funding Sub-Committee meets on a six monthly basis (and otherwise when the Funding Sub-Committee considers is required). To enable CCHL board oversight, the Funding Sub-Committee is required to report to CCHL's board on a six monthly basis regarding the Funding Sub-Committee's activities and processes.</p> <p>Further information on CCHL's governance processes under the Sustainable Finance Framework is set out in sections 4 and 10 of the Sustainable Finance Framework.</p> <p>The Sustainability Bonds are issued under the Sustainable Finance Framework as "sustainability bonds" on the basis described above and as set out in the "Use of Proceeds" section in the Key Terms section of this Terms Sheet above.</p>
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	<p>Investors should read the Sustainable Finance Framework before deciding whether to invest in the Sustainability Bonds. A copy of the Sustainable Finance Framework is available on CCHL's website at <a href="http://www.cchl.co.nz/bond-offer">www.cchl.co.nz/bond-offer</a>.</p>
<p><b>Sustainable Finance Framework Outcomes relevant to the Sustainability Bonds</b></p>	<p>The sustainability outcomes that the Sustainable Finance Framework seeks to achieve are set out in section 1.2 of the Sustainable Finance Framework.</p> <p>As at the date of this Terms Sheet, the key outcomes that the Sustainability Bonds aim to maintain achievement of (given the net proceeds of the Offer are intended to be used to refinance CCHL's existing debt relating to the ENL fibre network construction (which was completed in 2018)) are:</p> <ul style="list-style-type: none"> <li>- improving energy efficiency through the use of fibre-optic networks;</li> <li>- providing affordable basic infrastructure for high speed internet access;</li> <li>- enabling access to essential services through high speed internet;</li> <li>- generating investment and employment opportunities for the communities of Christchurch; and</li> <li>- assisting socioeconomic advancement and empowerment by seeking to eliminate digital inequity.</li> </ul> <p>As at the date of this Terms Sheet, the circumstances that CCHL is aware of that exist or are likely to arise that significantly increase the risk these outcomes are not achieved in respect of the Sustainability Bonds are that:</p> <ul style="list-style-type: none"> <li>- CCHL's ownership stake in the Eligible Assets changes (which could occur as a result of CCHL itself, ESL or ENL divesting their respective interest in the ENL fibre network); or</li> <li>- broader social or environmental circumstances evolve so that the fibre network no longer meets the intended key outcomes outlined above.</li> </ul> <p>CCHL will measure annually the extent to which the key outcomes that the Sustainability Bonds aim to maintain achievement of are achieved and will report the results of this assessment to Bondholders in the three month period following CCHL's balance date each year.</p> <p>Subject to the availability of information and confidentiality obligations, CCHL will:</p> <ul style="list-style-type: none"> <li>- look to use the relevant impact reporting guidelines recommended in the Sustainability Bond Principles at the relevant time to measure the outcomes that are intended to be achieved from the Eligible Assets to which the proceeds of the Sustainability Bond have been notionally allocated; and</li> <li>- report on these outcomes in the annual update report CCHL provides to Sustainability Bondholders pursuant to the Sustainable Finance Framework which will be published on CCHL's website on or about the same date that CCHL publishes its annual report.</li> </ul>
<p><b>No Event of Default in relation to Sustainable Status</b></p>	<p>If:</p> <ol style="list-style-type: none"> <li>1. CCHL fails to notionally allocate the proceeds of the Sustainability Bonds as described in this Terms Sheet or the Sustainable Finance Framework;</li> <li>2. CCHL fails to materially comply with the Sustainable Finance Framework (see the "Circumstances where the Sustainable Finance Framework may not be complied with" section below for further information regarding this);</li> <li>3. the Sustainability Bonds cease to satisfy the Sustainability Bond Principles (or market practices, standards, principles or regulations further develop in a way that the Sustainability Bonds are not consistent with);</li> <li>4. the requirements in the listing rules of the NZX Debt Market change meaning NZX will cease designating the Sustainability Bonds as "sustainable"; or</li> <li>5. CCHL or any of its subsidiaries owns other assets or undertakes other projects (whether or not in line with any sustainability bond standards or principles) outside the Sustainable Finance Framework or any other applicable sustainable financing framework,</li> </ol> <p>no Event of Default or breach of the terms of the Sustainability Bonds will occur.</p> <p>However, should any of the above scenarios 1 to 4 occur and not be remedied within a reasonable period, then CCHL may, if it considers that the "sustainability" label is able to be</p>

maintained, seek to obtain a third party assurance confirming adherence of the Sustainability Bonds with the Sustainability Bond Principles. If such third party assurance is not or cannot be obtained, CCHL would then cease to label and market the Sustainability Bonds as “sustainability bonds”. In that case:

- CCHL intends to promptly notify investors by making an NZX announcement (or, if CCHL elects, by providing written notice to each Bondholder); but
- no Event of Default or breach of the terms of the Sustainability Bonds will occur (as described above) and neither the Bondholders nor CCHL have any right for the Sustainability Bonds to be repaid early.

In relation to scenario 5 above, CCHL and its subsidiaries may own other assets or undertake other projects, and the Sustainable Finance Framework does not restrict CCHL and its subsidiaries from doing so, provided that CCHL continues to maintain a balance of Eligible Assets that have a fair value at least equal to the original principal amount of the Sustainability Bonds at the time of issuance (as described further in the “Sustainable Finance Framework” section above).

CCHL is required by applicable law and/or NZX Listing Rules to cease describing the bonds as Sustainability Bonds if that label became misleading or deceptive, or likely to mislead or deceive; to inform NZX if any green or sustainable designation on NZX is, or may have become, misleading or inaccurate; and generally to disclose to the market material information in relation to the Sustainability Bonds (including material information relating to their description as Sustainability Bonds).

Additionally, Bondholders that invested in Sustainability Bonds on the basis of the “sustainability” label or compliance with the Sustainability Bond Principles may consider that the bonds no longer align with their intentions or requirements. For example, a loss of the “sustainability” label could be a risk for an ESG fund if it would trigger a requirement for the ESG fund to sell its Sustainability Bonds.

Bondholders looking to sell their bonds after they have lost their “sustainability” label may have increased difficulty finding interested buyers or obtaining an acceptable price.

**Circumstances where the Sustainable Finance Framework may not be complied with**

As at the date of this Terms Sheet the circumstances that CCHL is aware of that exist or are likely to arise that significantly increase the risk that the Sustainable Finance Framework may not be complied with in respect of the Sustainability Bonds are:

- the Eligible Assets to which the proceeds of the Sustainability Bonds are notionally allocated are no longer Eligible Assets” under the Sustainability Finance Framework;
- changes in standards/principles means existing projects are no longer Eligible Assets;
- a failure to maintain any third party assurance for the Sustainability Bonds;
- a failure to maintain the Funding Sub-Committee or any required CCHL board oversight of the Funding Sub-Committee; or
- other operational errors relating to the Sustainable Finance Framework.

If non-compliance with the Sustainable Finance Framework is identified by CCHL or through third-party assurance (see the “Third Party Assurance” section below) then:

- any material on-going non-compliance would be notified in CCHL’s next annual update report to investors which will be published on CCHL’s website at or about the same time as CCHL’s annual report; and
- any non-compliance which constitutes “material information” for the purposes of any listing rules of the NZX Debt Market operated by NZX Limited would be released immediately to the market as “continuous disclosure” (that information can be found by visiting [www.nzx.com/companies/CCH](http://www.nzx.com/companies/CCH)).

Additionally, CCHL will publish its third party assurance reports for the Sustainability Bonds on CCHL’s website.

Other than a potential loss of the “sustainable” label (and the consequences of that loss of label) as outlined in the above “No Event of Default in relation to Sustainable Status” section, there are not expected to be any material financial consequences for bondholders arising from non-compliance by CCHL with the Sustainable Finance Framework.

CCHL can also update the Sustainable Finance Framework from time to time, for example to resolve any non-compliance that has been identified.

**Third Party Assurance**

Ernst & Young Limited (EY) has provided a pre-issuance limited assurance report to CCHL for this Sustainability Bond. A copy of that report is available on CCHL's website at [www.cchl.co.nz/bond-offer](http://www.cchl.co.nz/bond-offer). This limited assurance report concludes that nothing came to EY's attention that caused it to believe that the Sustainable Finance Framework and CCHL's Eligible Assets register of assets and activities identified as eligible for green, social and/or sustainability finance was not prepared, and presented fairly, in all material respects, in accordance with the Sustainability Bond Principles and the Sustainable Finance Framework (which sets out the criteria for assessing asset eligibility).

The purpose of the pre-issuance limited assurance is to provide CCHL with the conclusions set out above at the point in time at which the assurance was completed.

CCHL also intends to obtain a post-issuance third party assurance annually over each annual update report CCHL provides to Bondholders pursuant to the Sustainable Finance Framework. The purpose of this post-issuance third party assurance is to provide limited assurance on an annual basis that the use of proceeds under all sustainable debt instruments issued under the Sustainable Finance Framework is still being used as set out in the Sustainable Finance Framework.

As noted above the third party assurance is given at a specific point in time only. Apart from the third party assurance described above, the Sustainability Bonds are not separately certified by any third party.

CCHL estimates that the total third party assurance report fees it will pay in connection with the offer and the issue of the Sustainability Bonds is \$42,625 plus GST. These assurance report fees will be payable to EY for providing CCHL with the pre-issuance limited assurance report referred to above.

The dates and times set out in this Terms Sheet are indicative only and are subject to change. CCHL 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 extended, subsequent dates may be extended 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 site is not incorporated by reference into, and does not form part of, this Terms Sheet.

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

Copies of the Trust Documents are available on the website (managed by CCHL) for the offer of the Sustainability Bonds [www.cchl.co.nz/bond-offer](http://www.cchl.co.nz/bond-offer).

Investors are personally responsible for ensuring compliance with all relevant laws and regulations applicable to them (including any required registrations). Investors should seek qualified, independent legal, financial and taxation advice before deciding to invest.

For further information regarding CCHL, visit [www.nzx.com/companies/CCHL](http://www.nzx.com/companies/CCHL).



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**Address Details**

**Issuer**

**Christchurch City Holding Limited**

Level 1, Deloitte House  
151 Cambridge Terrace  
Christchurch 8013

**Arranger, Sustainability Bond Coordinator  
and Joint Lead Manager**

**Westpac Banking Corporation**

(ABN 33 007 457 141)  
(acting through its New Zealand branch)  
Westpac on Takutai Square  
Level 8, 16 Takutai Square  
Auckland 1010

**Joint Lead Manager**

**ANZ Bank New Zealand Limited**

Level 10, ANZ Centre  
171 Featherston Street  
Wellington 6011

# Schedule – Selling Restrictions

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

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

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

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

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

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

## United States of America

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

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

The Sustainability Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until forty days after the completion of the distribution of all of the Sustainability Bonds, as determined and certified by the Joint Lead Managers, except in accordance with Rule 903 of Regulation S. Any Sustainability Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

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

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

## United Kingdom

### Prohibition of Sales to UK Retail Investors

No Sustainability Bonds have been offered and no Sustainability Bonds will be offered that are the subject of the offering contemplated by this Terms Sheet in relation thereto to the public in the United Kingdom except that it may make an offer of such Sustainability Bonds to the public in the United Kingdom:

- to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Joint Lead Manager for any such offer; or
- in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 (**FSMA**),

provided that no such offer of the Sustainability Bonds shall require CCHL or any Joint Lead Manager to publish a prospectus pursuant

to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

The expression **offer of Sustainability Bonds to the public** in relation to any Sustainability Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Sustainability Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Sustainability Bonds and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

#### **Other UK Regulatory Restrictions**

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Sustainability Bonds in circumstances in which section 21(1) of the FSMA applies to CCHL.

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

#### **Member States of the European Economic Area**

In relation to each Member State of the European Economic Area, no Sustainability Bonds have been offered and no Sustainability Bonds will be offered that are the subject of the offering contemplated by this Terms Sheet in relation thereto to the public in that Member State except that an offer of Sustainability Bonds to the public in the Member State may be made:

- to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Joint Lead Manager for any such offer; or
- in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of the Sustainability Bonds shall require CCHL or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

The expression **offer of the Sustainability Bonds to the public** in relation to any Sustainability Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Sustainability Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Sustainability Bonds and the expression **EU Prospectus Regulation** means Regulation (EU) 2017/1129 (as amended or superseded) and includes any relevant implementing measure in each Member State.

#### **Switzerland**

This document is not intended to constitute an offer or solicitation to purchase or invest in the Sustainability Bonds. The Sustainability

Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Sustainability Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the Sustainability Bonds constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the Sustainability Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

The Sustainability Bonds do not constitute collective investments within the meaning of the Collective Investment Schemes Act (**CISA**). Accordingly, holders of the Sustainability Bonds do not benefit from protection under the CISA or from the supervision of the Swiss Financial Market Supervisory Authority. Investors are exposed to the default risk of the Issuer.

#### **Australia**

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

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

unless:

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



### Hong Kong

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

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

### Japan

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

### Singapore

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

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

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

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Sustainability Bonds pursuant to an offer made under Section 275 of the SFA except:

- 1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- 2) where no consideration is or will be given for the transfer;
- 3) where the transfer is by operation of law;
- 4) as specified in Section 276(7) of the SFA; or
- 5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### Korea

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