

ARVIDA GROUP LIMITED

INDICATIVE TERMS SHEET

FOR AN OFFER OF UP TO
\$75,000,000 SECURED FIXED RATE
BONDS (PLUS UP TO \$50,000,000
OF OVERSUBSCRIPTIONS)



DUE 22 FEBRUARY 2028 | DATED 28 JANUARY 2021

JOINT LEAD MANAGERS



The product disclosure statement for the Bonds (“PDS”), which contains full details of the offer, is available at www.arvida.co.nz/investors/bonds or can be obtained from the Joint Lead Managers or your usual financial adviser. Investors must obtain a copy of the PDS before they apply for Bonds.

ISSUER	Arvida Group Limited (“Arvida” or “Issuer”).
DESCRIPTION OF THE BONDS	Fixed rate, guaranteed, secured, unsubordinated bonds (“Bonds”).
STATUS	The Bonds will be issued under the Master Trust Deed dated 28 January 2021. Principal and interest amounts in respect of the Bonds will be secured, unsubordinated obligations of the Issuer ranking equally among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law.
GUARANTORS	<p>The Bonds have the benefit of the cross guarantee granted by the Guarantors under a composite guarantee and general security deed (“General Security Deed”). As at the date of this Terms Sheet, all the subsidiaries of Arvida are Guarantors. Village at the Park, a joint venture in which Arvida has a 50% interest, is not a subsidiary of the Issuer and is not a Guarantor.</p> <p>More information on the Guarantee can be found in section 5 of the PDS (Key features of the Bonds).</p>
PURPOSE	The proceeds of the offer will be used to subscribe for additional equity in Arvida Limited (a guarantor of the Bonds). Arvida Limited will use that equity capital to repay a portion of the Arvida Group’s existing drawn bank debt, providing the Arvida Group with diversification of funding sources and tenor.
SECURITY	<p>The Bondholders will share the benefit of the same security package as Arvida’s banks and hedge providers on a pro rata basis under the Security Trust Deed. This security is held by the Security Trustee.</p> <p>The key securities are:</p> <ul style="list-style-type: none">• Second Registered Mortgages in respect of Land used for the purposes of a Registered Retirement Village (“Retirement Village Land”). The Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of enforcement of each such mortgage, and first ranking mortgages in favour of the relevant Statutory Supervisor are also registered ahead of the Security Trustee;• First Registered Mortgages over certain Land that is not Retirement Village Land; and• general security over all the assets of Arvida and the Guarantors (except for Arvida’s joint venture interest in Village at the Park) under the General Security Deed. The Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of security enforcement against the Operator Guarantors and also generally hold general security (ranking below the General Security Deed) over the assets of the Operator Guarantors. <p>The Statutory Supervisors hold their security in connection with their appointment under the Deeds of Supervision and the Retirement Villages Act, to protect the interests of residents and intending residents of the Registered Retirement Villages.</p> <p>More information on Security can be found in section 5 of the PDS (Key features of the Bonds).</p>
FINANCIAL COVENANT	<p>LVR Covenant</p> <p>Arvida will ensure that, on each Semi-annual Test Date, the total amount of financial indebtedness secured against the Land subject to the Security is not more than 50% of the valuation of that Land.</p> <p>If there is a breach of the Loan to Valuation Ratio, Arvida must follow a process specified in the Master Trust Deed to remedy the breach. If the breach has not been remedied at the end of that process (after approximately 13 months), an Event of Default will occur.</p>

Distribution Restriction

Arvida is not permitted to make any distribution if an Event of Default has occurred and is continuing or if the making of the distribution would result in an Event of Default. This does not restrict distributions following a breach of the Loan to Valuation Ratio unless that breach becomes an Event of Default.

Refer to the PDS and Master Trust Deed for more detail on covenants.

CREDIT RATING	The Bonds will not be rated.
OFFER AMOUNT	Up to \$75,000,000 (with the ability to accept oversubscriptions of up to an additional \$50,000,000 at the discretion of the Issuer).
NO PUBLIC POOL	All Bonds, including oversubscriptions, will be reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other persons invited to participate in the bookbuild.
INTEREST RATE	<p>To be determined by the Issuer in conjunction with the Joint Lead Managers following the bookbuild, and be announced by the Issuer via the NZX on or about the Rate Set Date (12 February 2021).</p> <p>The Interest Rate will be equal to the sum of the Swap Rate and the Issue Margin but in any case will be no less than the minimum Interest Rate announced through the NZX on the Opening Date (9 February 2021).</p>
ISSUE MARGIN	<p>To be determined by the Issuer in conjunction with the Joint Lead Managers and announced through the NZX on or about the Rate Set Date (12 February 2021).</p> <p>Arvida expects to announce an indicative Issue Margin through the NZX on the Opening Date (9 February 2021).</p>
SWAP RATE	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Arvida, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).
INTEREST PAYMENT DATES	Interest will be paid quarterly in arrear in equal amounts on 22 February, 22 May, 22 August, and 22 November (or if that day is not a Business Day, the next Business Day) of each year up to and including the Maturity Date, with the First Interest Payment Date being 22 May 2021. As the First Interest Payment Date is a Saturday, interest is payable on Monday, 24 May 2021 instead.
RECORD DATE	10 days before the due date for a payment or, if that day is not a Business Day, the immediately preceding Business Day.
ISIN	NZARVDT001C7
LISTING	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the distribution of this Terms Sheet will be duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.</p> <p>Ticker code ARV010 has been reserved for the Bonds.</p>
ISSUE PRICE	\$1.00 per Bond, being the Principal Amount of each Bond.
DENOMINATIONS	Minimum denomination of \$5,000 with multiples of \$1,000 thereafter.

ARRANGER	ANZ Bank New Zealand Limited (“ANZ”).
JOINT LEAD MANAGERS	ANZ, Craigs Investment Partners Limited, Forsyth Barr Limited, Jarden Securities Limited.
REGISTRY & PAYING AGENT	Computershare Investor Services Limited.
BROKERAGE	Arvida will pay brokerage of 0.50% of the aggregate principal amount issued plus 0.50% on firm allocations. Such amounts will be paid to the Arranger who will distribute as appropriate to Primary Market Participants and approved financial intermediaries.
GOVERNING LAW	New Zealand.
SELLING RESTRICTIONS	<p>The Bonds are being offered only in New Zealand. The Issuer 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 any other jurisdiction. The Bonds may only be offered for sale or sold in accordance with all applicable laws and regulations in the jurisdiction in which they are offered, sold or delivered.</p> <p>By subscribing for Bonds, each investor agrees to indemnify the Issuer, the Bond Supervisor, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or damages suffered as a result of that investor breaching these selling restrictions.</p>

IMPORTANT DATES

OPENING DATE	Tuesday, 9 February 2021
CLOSING DATE	12.00pm, Friday, 12 February 2021
RATE SET DATE	Friday, 12 February 2021
ISSUE DATE	Monday, 22 February 2021
EXPECTED QUOTATION	Tuesday, 23 February 2021
MATURITY DATE	Tuesday, 22 February 2028

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

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