

NAPIER^o
PORT
Te Herenga Waka o Ahuriri

NAPIER PORT HOLDINGS LIMITED

**INDICATIVE
TERMS SHEET**

**UNSECURED, UNSUBORDINATED,
FIXED RATE 5.5 YEAR BONDS MATURING
ON 23 MARCH 2028**

12 SEPTEMBER 2022

ARRANGER AND JOINT LEAD MANAGER



JOINT LEAD MANAGERS



NAPIER PORT HOLDINGS LIMITED UNSECURED, UNSUBORDINATED, FIXED RATE 5.5 YEAR BONDS

This indicative terms sheet (**Terms Sheet**) sets out the key terms of the offer by Napier Port Holdings Limited (**Napier Port**) of up to NZ\$75,000,000 (inclusive of the Shareholder Priority Offer and with the ability to accept oversubscriptions of up to an additional NZ\$25,000,000 at the discretion of Napier Port) of unsecured, unsubordinated, fixed rate 5.5 year bonds (**Bonds**) maturing on Thursday, 23 March 2028. The Bonds will be issued under a master trust deed dated 30 August 2022 (as amended from time to time) (**Master Trust Deed**) and supplemented by a supplemental deed dated 31 August 2022 (**Supplemental Trust Deed**) entered into between Napier Port and Public Trust as supervisor (**Supervisor**) (together, the **Trust Documents**).

IMPORTANT NOTICE

This document gives you important information about this investment to help you decide whether you want to invest and should be read together with the product disclosure statement (**PDS**) for the Bonds dated Thursday, 1 September 2022. There is other useful information about this offer at www.disclose-register.companiesoffice.govt.nz, offer number 13364.

The PDS is also available at www.napierport.co.nz/investor-centre and can also be obtained from any Joint Lead Manager, or your usual financial advice provider. Investors must obtain, and should read and carefully consider, a copy of the PDS before they apply for Bonds.

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

Issuer	Napier Port Holdings Limited (Napier Port).
Description of the Bonds	Unsecured, unsubordinated, fixed rate 5.5 year bonds.
Issue amount	Up to NZ\$75,000,000 of Bonds (inclusive of the Shareholder Priority Offer and with the ability to accept oversubscriptions of up to an additional NZ\$25,000,000 at Napier Port's discretion (Offer)). The Offer is not underwritten and is not conditional on raising a minimum amount.
Shareholder Priority Offer	Eligible Shareholders can apply for Bonds through the Shareholder Priority Offer. The amount of the Bonds allocated in the Shareholder Priority Offer will be determined during the bookbuild process by Napier Port in consultation with the Joint Lead Managers. Eligible Shareholders may apply for an allocation of Bonds in the Shareholder Priority Offer from the Opening Date up until the Shareholder Priority Offer Closing Date. There is no guarantee that a shareholder will receive all of the Bonds for which it has applied. Napier Port may, in its absolute discretion, determine whether to accept or scale any application without giving any reason.
Eligible Shareholder	An Eligible Shareholder is a person who is recorded in the share register of Napier Port as being a registered holder of a fully paid ordinary share in Napier Port as at 5:00pm on Friday, 9 September 2022, and whose address is either: - recorded in the share register as being in New Zealand; or - recorded in the share register as being in Australia and is an institutional shareholder.
Term and Maturity Date	5.5 years, maturing on Thursday, 23 March 2028.
PDS registered	Thursday, 1 September 2022.
Eligible Shareholder record date	5:00pm, Friday, 9 September 2022.

Opening Date	Monday, 12 September 2022.
Shareholder Priority Offer Closing Date	12:00pm, Thursday, 15 September 2022.
Closing Date	12:00pm, Friday, 16 September 2022.
Rate Set Date	Friday, 16 September 2022.
Issue Date and Allotment Date	Friday, 23 September 2022.
Expected Date of initial quotation and trading of the Bonds on the NZX Debt Market	Monday, 26 September 2022.
Issue price and Principal Amount	NZ\$1.00 per Bond, being the Principal Amount of each Bond.
Who may apply?	There is no public pool for the Bonds. If you are an Eligible Shareholder you may apply for Bonds in the Shareholder Priority Offer. In order to apply for Bonds as an Eligible Shareholder you will need to follow the instructions in the PDS. Outside of the Shareholder Priority Offer, all Bonds (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries and institutional investors invited to participate in a Bookbuild to be conducted by the Joint Lead Managers. Napier Port may scale any application (including any application under the Shareholder Priority Offer) at its discretion, but will not scale any application to below NZ\$5,000 or to an amount that is not a multiple of NZ\$1,000. Napier Port reserves the right to accept or reject any application for Bonds (including any application under the Shareholder Priority Offer) without giving any reason.
No credit rating	Napier Port and the Bonds will not be credit rated.
Purpose	The net proceeds of the Offer will be used to repay a portion of Napier Port's existing debt and for general corporate purposes. The Bonds will provide Napier Port with additional diversity of funding and tenor.
Security	The Bonds are not secured against any assets of Napier Port or any other member of the Napier Port Group.
Guarantee	The Bonds will be guaranteed by the Guarantors under the Negative Pledge Deed dated 11 July 2019 (as amended from time to time). As at the date of this Term Sheet, the sole Guarantor is Port of Napier Limited, a wholly owned subsidiary of Napier Port. Pursuant to the terms of the Supplemental Trust Deed, Napier Port has agreed that the Total Tangible Assets and EBITDA of the Guaranteeing Group will not be less than 90% of the Total Tangible Assets and 90% of EBITDA of the consolidated Napier Port Group.
Ranking of Bonds	On a liquidation of Napier Port, the Bonds will rank equally with Napier Port's other unsecured and unsubordinated obligations and will: ▪ rank after liabilities secured over assets (if any) of Napier Port and liabilities preferred by law; ▪ rank equally with all other unsecured and unsubordinated liabilities of Napier Port; and ▪ rank ahead of any subordinated liabilities and claims of shareholders. On a liquidation of a Guarantor, the obligations of the Guarantor under the Negative Pledge Deed will rank as unsecured and unsubordinated obligations of that Guarantor.

Further indebtedness	Napier Port may, without the consent of Bondholders, issue additional securities or incur other debt obligations on such other terms and conditions as Napier Port may think fit.
Interest Rate	The Bonds will pay a fixed rate of interest until the Maturity Date. The Interest Rate will be the sum of the Issue Margin and the Swap Rate, but in any case will not be less than the minimum Interest Rate of 5.25% per annum.
Issue Margin	The indicative range of the Issue Margin is 1.40% - 1.55% per annum. The final Issue Margin may be above or below this indicative rate.
Swap Rate	The mid-market swap rate for a term matching the period from the Issue Date to the Maturity Date, as calculated by Napier Port in conjunction with the Joint Lead Managers on the Rate Set Date in accordance with market convention, by reference to Bloomberg page ICNZ4 (or any successor page) (rounded to 2 decimal places if necessary, with 0.005 rounded up).
Payment of interest	Interest shall be paid quarterly in arrear on 23 March, 23 June, 23 September and 23 December (each an Interest Payment Date) each year (or if that scheduled day is not a Business Day, the next Business Day without adjustment, interest or further payment as a result thereof) until and including the Maturity Date, with the first interest payment date being Friday, 23 December 2022.
Interest payments and entitlements	Payments of interest on Interest Payment Dates will be of equal quarterly amounts. Any interest on the Bonds payable on a date which is not an Interest Payment Date, will be calculated based on the number of days in the relevant period and a 365-day year. On Interest Payment Dates, interest will be paid to the person registered as the Bondholder as at the record date immediately preceding the relevant Interest Payment Date. The record date for interest payments is 5:00pm on the date that is 10 days before the relevant scheduled Interest Payment Date. If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.
Financial covenant	The Supplemental Trust Deed contains the following financial covenant: the ratio of Total Debt of the Napier Port Group to EBITDA of the Napier Port Group shall not exceed 4.50 times on each semi-annual test date. An Event of Default occurs if on two successive semi-annual test dates this covenant is breached, subject to a grace period of 20 Business Days. The first test date for this financial covenant will be on Friday, 30 September 2022.
Negative Pledge Deed	The Negative Pledge Deed contains a negative pledge which provides that Napier Port and each Guarantor will not create or permit to subsist any security over their assets other than certain permitted security interests which are described in the Negative Pledge Deed. Napier Port and each Guarantor may, in addition, from time to time create or permit to subsist other security interests over their assets provided that the aggregate principal amount secured by all such other security interests does not exceed 10% of the Total Tangible Assets of the consolidated Napier Port Group.
Early redemption	Neither you nor Napier Port are able to redeem the Bonds prior to the Maturity Date. However, Napier Port may be required to repay the Bonds early if there is an Event of Default (as described in the PDS).
Brokerage	Applicants are not required to pay brokerage or other charges to Napier Port in relation to allocations under the Offer. Napier Port will pay brokerage of 0.50% on Bonds allotted to retail investors only and a firm fee of 0.25% on firm allotments. No brokerage or firm fees will be paid on allotments made in the Shareholder Priority Offer.
ISIN	NZNPXD0010L9

Quotation on the NZX Debt Market	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 date of distribution of this Terms Sheet have been 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. NZX Ticker code NPH010 has been reserved for the Bonds. If you wish to sell your Bonds on the NZX Debt Market, after confirming your allocation, you must contact a Primary Market Participant or your financial adviser. Your financial adviser will be able to advise you as to what arrangements will need to be put in place for you to trade the Bonds, including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant, as well as the costs and timeframes for putting such arrangements in place.
Minimum application amount and minimum holding	NZ\$5,000 and multiples of NZ\$1,000 thereafter.
Transfer restrictions	Napier Port may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than NZ\$5,000 (if not zero) or if the transfer is not in multiples of NZ\$1,000.
Repo eligibility	The Bonds are not eligible securities for Domestic Market Operations.
Governing law	New Zealand.
Arranger	Craigs Investment Partners Limited.
Joint Lead Managers	Craigs Investment Partners Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Supervisor	Public Trust.
Securities Registrar	Link Market Services Limited.
Selling restrictions	The Bonds may only be offered for sale or sold in compliance with all applicable laws and regulations in New Zealand and in any other jurisdiction in which they are offered, sold or delivered. Specific selling restrictions for Australia are set out in the PDS. No action has been or will be taken by Napier Port which would permit an offer of Bonds, or possession or distribution of any offering material, in any country or jurisdiction (including Australia) where action for that purpose is required (other than New Zealand). No person may purchase, offer, sell, distribute or deliver Bonds, or have in their possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations. By purchasing Bonds or otherwise acquiring any Bonds, each Bondholder agrees to indemnify Napier Port, the Arranger, the Joint Lead Managers, the Supervisor and the Securities Registrar and their respective directors, officers, employees and agents in respect of any loss, cost, damages, liability or expense sustained or incurred by any of them as a result of the breach by the Bondholder of these selling restrictions.

OTHER INFORMATION

The dates set out in this Terms Sheet are indicative only and subject to change. Napier Port may in its absolute discretion and without notice, determine to vary the timetable for the Offer (including by opening or closing the Offer early, accepting late applications and extending the Closing Date). Changes will be advised by way of announcement through NZX.

Napier Port reserves the right to cancel the Offer described in this Terms Sheet and the issue of the Bonds, in which case all application monies received will be refunded (without interest) as soon as practicable. No interest will be paid on refunds.

Copies of the Trust Documents will be available at Napier Port's website at **www.napierport.co.nz/investor-centre**

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.

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations), for all tax return filing obligations in respect of their investment in the Bonds, compliance with the financial arrangements rules (if applicable) and payment of provisional or terminal tax (if required) on interest derived.

For further information regarding Napier Port, visit **www.nzx.com/companies/NPH**.
