

ORANGA DEVELOPMENT – TERM SHEET

Dated

2020

Intent of Term Sheet

This Term Sheet confirms the preliminary agreement reached between the parties as to the intended commercial terms for the proposed sale and purchase and the development of the Superlot/s as described in this Term Sheet.

Accordingly, this Term Sheet is solely intended to set forth in writing the mutual intentions of the parties. Whilst it creates binding obligations as to the matters stated here, it is subject to each parties Board approval and the execution of a satisfactory Development Agreement.

PART 1: SPECIFIC TERMS

1	PARTIES:	
1.1	Kāinga Ora	Kāinga Ora – Homes and Communities
1.2	Purchaser	[Describe Prompt]
1.3	Covenantor	[Describe Prompt]
2	SUPERLOT/S:	
2.1	Address	Superlot [Describe Prompt]
2.2	Legal Description	[TBA]
2.3	Indicative Area	[Describe Prompt] m ² (approximately)
2.4	Title	The Superlot shall be delivered by Kāinga Ora and acquired by the Purchaser in [x] title/s.
3	DWELLING DELIVERIES:	
3.1	Total number of Dwellings to be constructed on the Superlot	[Yield]
3.2	KiwiBuild Homes	<p>The Purchaser agrees to collaborate with Kāinga Ora and any relevant authority and commits to the delivery of not less than [Describe Prompt] KiwiBuild homes. KiwiBuild homes means dwellings that are:</p> <ul style="list-style-type: none">• A minimum of 1 bedroom (including studio and one + study) at or below \$500,000• A minimum of 2 bedrooms at or below \$600,000• A minimum of 3 bedroom at or below \$650,000 <p>an expectation that there will be a spread of Kiwibuild homes across differing sizes and configurations within these price parameters.</p> <p>In addition, the Purchaser commits to ensuring that Kiwibuild Homes are marketed and sold in consultation with Kāinga Ora and otherwise in compliance with the terms,</p>

		conditions and criteria to be met by end purchasers purchasing Kiwibuild Homes.
3.3	Exclusion of Carparks (if applicable)	The parties acknowledge that all dwellings sold exclude carparks. However carparks may be separately available for purchase for some dwellings.
3.4	Homestar Rating	The Purchaser shall incorporate into each Dwelling such design and build requirements as are necessary to achieve a Homestar 6 rating for all Dwellings. The Purchaser shall be responsible for registration of the Dwellings with the Homestar 6 programme and for obtaining the Homestar 6 certification (including being responsible for all costs associated therewith).
3.5	Purchaser Condition/s	This Term Sheet is conditional upon the Purchaser obtaining by [X]
3.6	Location of Services & Superlot Handover Condition	<p>The Superlot shall be supplied with a minimum of one water and wastewater connection.</p> <p>Power and fibre connections will be available from pole top or boundary and are to be created by the Purchaser with Vector or Chorus.</p> <p>Stormwater disposal shall be by way of soak hole installed by the Purchaser in accordance with the Oranga Stormwater Management Plan. Minor pre-treatment requirements are outlined in the SMP and Oranga Users Manual. Kāinga Ora have negotiated an agreement by way of offset dispensation for this Superlot whereby Auckland Council will not require the Purchaser to provide in-ground filtration devices for developments with less than 30 car parks.</p> <p>Kāinga Ora are leading a network capacity upgrade in conjunction with utility and service providers to ensure the Superlot is capable of servicing at least the number of dwellings depicted in the Oranga Masterplan (version N5).</p> <p>The Superlot perimeter will be fenced and gated and a site entry point with hardstand space will be supplied.</p>
4	INNOVATIVE CONSTRUCTION AND DESIGN STRATEGY:	[Describe typology]
5	PURCHASE PRICE:	\$
5.1	Deposit	10% of the Purchase Price
5.2	Settlement Sum (balance of purchase price)	\$
6	PAYMENT DATES:	

6.1	Deposit	Payable in one sum in full once the conditions in clause 3.5 have being satisfied.
6.2	Settlement Date	[TBA]
7	INITIAL DEVELOPMENT PARTNER MEETING (“DPM”) MEMBERS:	Kāinga Ora Representatives: [X] Purchaser Representatives: [Describe Prompt]
8	POSSESSION DATE:	[TBA]
9	MILESTONES:	
9.1	Milestone 1:	[TBA]
10	MAXIMUM MARKETING:	<p>The Purchaser agrees to work collaboratively with Kāinga Ora to agree a marketing plan for the Superlot/s as is considered reasonable and appropriate by the parties for the Superlot/s and having regard to the marketing budget agreed by the parties defined in the base line feasibility.</p> <p>The Purchaser will commit to a minimum of [\$30,000 plus GST] per annum marketing expenditure to promote the housing project it will develop.</p> <p>Kāinga Ora will continue to lead project marketing co-ordination and contribute to marketing expenses for the Oranga Development.</p>
11	CONSTRUCTION PLUS:	The Purchaser agrees to work collaboratively with Kāinga Ora to deliver Kāinga Ora’s Construction Plus policy in respect of creating and maximising opportunities for employment and training for local people and other community initiatives.
12	DEVELOPMENT CONTRIBUTIONS AND INFRASTRUCTURE GROWTH CHARGES	The Purchaser acknowledges and agrees it will receive for the superlot a total of one development contribution and nil infrastructure growth charge credits. Kāinga Ora will not pay any development contribution levies or infrastructure growth charges imposed by any Relevant Authority for any subsequent subdivision, these will be the responsibility of the Purchaser.
13	PURCHASER’ GST NUMBER:	[TBC]

PART 2: GENERAL

<p>14 MASTER PLAN:</p>	<p>The Purchaser acknowledges and accepts that Kāinga Ora has a master plan for the Oranga Development to create a regeneration of the Oranga community, maintaining its sense of place, building on its established and culturally diverse community, delivering new benchmarks for development quality, density and pace of delivery with a focus on innovation and affordability.</p> <p>The Purchaser has been selected through a tender process to acquire the Superlot/s for the purpose of housing redevelopment and sale and that such development of the Superlot/s is in accordance with Kāinga Ora’s ongoing development of housing at Oranga.</p> <p>The Purchaser further acknowledges and accepts that Kāinga Ora is under no obligation to proceed with the Oranga Development in any particular way and it is subject always to Kāinga Ora obtaining such consents as are necessary to it on satisfactory terms. To that end the Purchaser will not interfere, object or raise any opposition to Kāinga Ora’s redevelopment of Oranga.</p>
<p>15 DEVELOPMENT AGREEMENT:</p>	<p>The parties agree to negotiate with each other for a period of 30 working days (excluding Board approval timeframes) commencing on the date of this Term Sheet to resolve and agree the terms and conditions of a Development Agreement incorporating (inter alia) the relevant terms of this Term Sheet together with such other terms and conditions that the parties may agree.</p> <p>The parties agree that in addition to the matters already specifically referred to herein the Development Agreement will also include Kāinga Ora’s standard requirements in respect of:</p> <ul style="list-style-type: none"> • Objectives of Kāinga Ora • Contributions of the parties • Reliance on skills of the Purchaser • Management of the relationship incorporating the partnering concept • Development partner meeting • Superlot interface meeting • Resource and building consents • Timing and staging of titles • Design Review Process • Insurance • Construction Plus programme • Variation of the Kāinga Ora Master plan • Sales and marketing processes • Sale of Superlot/s within the development • Superlot/s Holding Expenses

	<ul style="list-style-type: none"> • Developable area approved by Auckland Council • Security • Covenantors • Termination • Dispute Resolution • All other material matters raised by the Kāinga Ora Board at the time of approving this Term Sheet or the Development Agreement (or any draft thereof)
<p>16 EARLY ACCESS:</p>	<p>Kāinga Ora will grant the Purchaser a licence to occupy on its usual terms to allow early access to the blocks for the purpose of erecting show homes or to commence construction of the Dwellings.</p>
<p>17 KAINGA ORA AND PURCHASER RESPONSIBILITIES:</p>	<p>It is intended that Kāinga Ora will deliver, as soon as reasonably practical:</p> <ul style="list-style-type: none"> • The subdivision to create the title to the Superlot/s Stormwater, wastewater, water, power, telecommunications and fibre services to the boundary edge of the Superlot/s having sufficient capacity for the number of Dwellings contemplated herein. • Removal of contaminated material in the Oranga Development to a standard necessary to meet relevant authority consenting standards for residential activities as appropriate and the provision of a validation report to the Purchaser evidencing such works. • The demolition and removal of all above ground structures but excluding trees specified by Kāinga Ora to remain (in its sole discretion) and further excluding all below ground structures unless such works form part of the remediation works or fall within the removal of any existing significant contamination as described below or falls within the works described in 3.5 of this Term Sheet. The contaminated remediation approach for the Superlot is to remove identified contaminated soil to a depth of 300mm or rock / firm soil, whichever comes first. And to site scrape 150mm from the balance of site to within 1m of the boundary. This is a project-wide guideline and may vary depending on the nature of the original existing properties. • Marketing and advertising strategy for the sale and marketing of the Oranga Development, the Superlot/s and any dwellings located thereon. • Liaison and reporting with and to the Crown’s Ministries. • Establish Affordable Housing parameters and criteria and contribute toward innovation through design. • Establish and maintain the Kāinga Ora OSH system as to Kāinga Ora’s obligations. • Administer documentation relating to the Design Review Process.

	<ul style="list-style-type: none"> • Engage the members of the Design Review Process as required. • Master planning of the Oranga Development to facilitate delivery of project objectives for the Superlot/s. <p>It is intended the Purchaser will obtain and/or deliver:</p> <ul style="list-style-type: none"> • Construct the Dwellings as set out herein. • Master plan design of the dwellings and subdivision & integrated housing design to achieve delivery of project objectives. • Obtain all necessary consents and pay all required development contributions and Infrastructure Growth Charges to obtain the subdivision of the Purchaser's development in to Residential Titles. • Market the project in collaboration with Kāinga Ora. • Monitor and report to Kāinga Ora as required on project status including dwelling delivery and construction status on a monthly basis and separately affordable housing delivery reporting on a monthly basis. • Implement the project OSH system objectives. <p>It is acknowledged by the parties that the intended obligations set out herein are based on more detailed assumptions discussed between the parties and set out in correspondence between the parties.</p>
18 CONFIRMATIONS:	<p>This Term Sheet is subject to the following confirmations:</p> <ul style="list-style-type: none"> (a) The approval of the Kāinga Ora board of directors; and (b) The approval of the Purchaser's board of directors; and (c) The execution of a Development Agreement.
19 NON ASSIGNMENT:	<p>The Purchaser acknowledges and agrees that this term sheet and the entry therein by Kāinga Ora is personal to the Purchaser and the Purchaser shall not assign, transfer or otherwise dispose of or alienate the benefits and obligations of this term sheet.</p>
20 CONFIDENTIALITY:	<p>This term sheet and all information and documentation exchanged by the parties in respect of this proposed transaction both before and after signing this term sheet shall be confidential to the parties and shall not be disclosed to any other person without the prior written agreement of the other party subject always to Kāinga Ora's obligations to provide information to Ministers of Government, it parent entity and pursuant to any relevant legislation.</p>
21 GST:	<ul style="list-style-type: none"> (a) The Purchaser warrants to Kāinga Ora and Kāinga Ora warrants to the Purchaser that each of the parties is (and any nominee of them) or will be by

		<p>the Settlement Date, registered for GST purposes and that the supply of the Superlot/s is a zero rated supply for the purposes of the GST Act.</p> <p>(b) The Purchaser warrants to Kāinga Ora that:</p> <p>(i) it will intend to use the Superlot/s for making taxable supplies, partially or wholly; and</p> <p>(ii) will not intend to use the Superlot/s as a principal place of residence of the Purchaser or a person associated with the Purchaser.</p> <p>(c) If it transpires for any reason that any GST is payable in respect of the supply and/or Kāinga Ora is liable to account for GST then Kāinga Ora shall furnish to the Purchaser a tax invoice for the GST payable and the Purchaser shall pay to Kāinga Ora such GST on the settlement date.</p>
22	GOOD FAITH:	The parties acknowledge and agree that they will act in good faith towards one another in negotiating the Development Agreement.
23	DEFINITIONS	The capitalised words used herein have the definitions attributed to them in the Development Agreement.
24	NZ LAW:	This Term Sheet shall be construed in accordance with and governed by the Laws of New Zealand.

PART 3: EXECUTION

Kāinga Ora – Homes and Communities:

Director

Print Name

Director

Print Name

[Describe Prompt]

As Purchaser:

Director

Print Name

[Describe Prompt]

As Covenantor:

Covenantor

Print Name