



## MARKET RELEASE

**Date: 26 May 2022**

NZX: GNE / ASX: GNE

### **Genesis Energy - Green Capital Bond Offer**

Genesis Energy Limited (**Genesis**) confirmed today that it is offering up to NZ\$225,000,000 (with the ability to accept oversubscriptions of up to an additional NZ\$60,000,000 at Genesis' discretion) of 30 year unsecured, subordinated, green capital bonds (**Capital Bonds**) to New Zealand investors.

The offer opens today and is expected to close on 1 June 2022, with the Capital Bonds expected to be issued on 9 June 2022.

The Capital Bonds are expected to be assigned a BB+ credit rating by S&P Global Ratings.

The Indicative Margin range for the Capital Bonds is 1.75% to 1.90% per annum (subject to a minimum Interest Rate of 5.35% per annum to the First Reset Date (9 June 2027)). An announcement of the actual margin (which may be above or below the indicative margin range) and the interest rate to the First Reset Date will be made following a bookbuild process, expected to be completed on 1 June 2022 and announced via NZX shortly thereafter.

If the bookbuild for the offer is successful, Genesis will exercise its option to redeem its unsecured, subordinated, green capital bonds which are quoted on the NZX Debt Market under the ticker GNE040 (**GNE040 Bonds**) on the first reset date for the GNE040 Bonds, being 9 June 2022. To allow for an orderly settlement and redemption process, trading in all GNE040 Bonds will be suspended from close of market today, 26 May 2022.

There is no public pool for the offer, with all of the Capital Bonds being reserved for clients of the Joint Lead Managers, NZX participants and other approved financial intermediaries.

The offer is made pursuant to the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities. The Capital Bonds are expected to be quoted on the NZX Debt Market.

Full details of the offer are contained in the indicative terms sheet, which is available at [www.genesisenergy.co.nz/investors/reports-and-presentations](http://www.genesisenergy.co.nz/investors/reports-and-presentations) or by contacting a Joint Lead Manager or your usual financial adviser.

Copies of the indicative terms sheet and the investor presentation have also been provided to NZX with this announcement.



Joint Lead Managers:

Bank of New Zealand - 0800 284 017

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Forsyth Barr Limited - 0800 367 227

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#### **About Genesis Energy**

Genesis Energy (NZX: GNE, ASX: GNE) is a diversified New Zealand energy company. Genesis sells electricity, reticulated natural gas and LPG through its retail brands of Genesis and Frank Energy and is one of New Zealand's largest energy retailers with approximately 500,000 customers. The Company generates electricity from a diverse portfolio of thermal and renewable generation assets located in different parts of the country. Genesis also has a 46% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki, New Zealand. Genesis had revenue of \$NZ3.2 billion during the 12 months ended 30 June 2021. More information can be found at [www.genesisenergy.co.nz](http://www.genesisenergy.co.nz)



Genesis Energy Limited

# Indicative Terms Sheet

Green Capital Bonds  
26 May 2022

Joint Lead Managers



# Genesis Energy Limited

## Indicative Terms Sheet

26 May 2022

This indicative terms sheet (**Terms Sheet**) sets out the key terms of the offer by Genesis Energy Limited (**Genesis**) of up to \$225,000,000 (with the ability to accept oversubscriptions of up to an additional \$50,000,000 at Genesis' discretion) of unsecured, subordinated, green capital bonds maturing on 9 June 2052 (**Capital Bonds**) under a capital bonds trust deed dated 26 May 2022 (**Capital Bonds Trust Deed**) entered into between Genesis as Issuer, Kupe Venture Limited as original Guarantor and Trustees Executors Limited as Supervisor (**Supervisor**). Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Capital Bonds Trust Deed.

### Important notice

The offer of Capital Bonds by Genesis (**Offer**) is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The Offer contained in this Terms Sheet is an offer of unsecured, subordinated, green capital bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Genesis' \$225,000,000 unsecured, subordinated, green capital bonds maturing on 9 June 2047 (with an interest rate of 5.70% per annum), which are currently quoted on the NZX Debt Market under the ticker code GNE040 (**GNE040 Bonds**).

The Capital Bonds are of the same class as the GNE040 Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Genesis 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/GNE/announcements](http://www.nzx.com/companies/GNE/announcements).

The GNE040 Bonds are the only debt securities of Genesis that are in the same class as the Capital Bonds and are currently quoted on the NZX Debt Market.

Investors should look to the market price of the GNE040 Bonds to find out how the market assesses the returns and risk premium for those bonds.

### Redemption of the GNE040 Bonds

The first reset date for the GNE040 Bonds is 9 June 2022 and Genesis has the right to redeem the GNE040 Bonds on that date. If the bookbuild process for the Offer is successful, Genesis will redeem the GNE040 Bonds by giving a redemption notice to holders of GNE040 Bonds (**GNE040 Bondholders**) on the Rate Set Date (1 June 2022).

### Other information

**Capital bonds are complex financial products that are not suitable for many investors. You should carefully consider the features of the Capital Bonds, which differ from the features of a standard senior bond. Those features include the ability of Genesis to defer interest, optional redemption rights for Genesis and the subordinated nature of the Capital Bonds. You should read this Terms Sheet carefully (including the Risks discussed on page 14) and seek qualified, independent financial advice before deciding to invest in the Capital Bonds. If you do not fully understand how the Capital Bonds work or the risks associated with them, you should not invest in them.**

The full terms of the Capital Bonds are set out in the Capital Bonds Trust Deed. A copy of the Capital Bonds Trust Deed is available on Genesis' website at: [www.genesisenergy.co.nz/investors/reports-and-presentations](http://www.genesisenergy.co.nz/investors/reports-and-presentations) under Capital Bond Offer.

The dates set out in this Terms Sheet are indicative only and Genesis, in conjunction with the Joint Lead Managers, may change the dates set out in this Terms Sheet. Genesis 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 changed, other dates (such as the Issue Date, the Reset Dates, the Maturity Date and the Interest Payment Dates) may be changed accordingly.

All references to \$ in this Terms Sheet are to New Zealand dollars.

**Bondholder** means a holder of Capital Bonds.

Genesis' second series of existing capital bonds, which are quoted on the NZX Debt Market under the ticker code GNE050 (**GNE050 Bonds**), are not green capital bonds. Accordingly, the GNE050 Bonds are not of the same class as the Capital Bonds and the GNE040 Bonds (which are green capital bonds) for the purposes of the FMCA and the FMC Regulations.

<b>Issuer</b>	Genesis Energy Limited.
<b>Description</b>	The Capital Bonds are unsecured, subordinated, interest bearing debt securities.
<b>Offer</b>	<p>Up to \$225,000,000 (with the ability to accept oversubscriptions of up to an additional \$60,000,000 at Genesis' discretion).</p> <p>The Offer is not underwritten.</p> <p>The Offer will be conducted on a firm allocation basis as described in more detail below in the sections titled "Who may apply for Capital Bonds" and "How to apply".</p>
<b>Ranking</b>	The Capital Bonds will rank equally among themselves and will be subordinated to all other indebtedness of Genesis, other than indebtedness expressed to rank equally with, or subordinated to, the Capital Bonds. See the section below titled "Ranking on Liquidation" for further information.
<b>Opening Date</b>	Thursday, 26 May 2022.
<b>Closing Date</b>	11.00am, Wednesday, 1 June 2022.
<b>Rate Set Date</b>	Wednesday, 1 June 2022.
<b>Issue/Allotment Date</b>	Thursday, 9 June 2022.
<b>First Reset Date</b>	Wednesday, 9 June 2027.
<b>Maturity Date</b>	Sunday, 9 June 2052.
<b>Issue Price and Principal Amount</b>	\$1.00 per Capital Bond.
<b>Guarantee</b>	<p>The Capital Bonds benefit from the guarantee contained in the Capital Bonds Trust Deed (<b>Guarantee</b>).</p> <p>Under the Guarantee, each Guarantor (being any subsidiary of Genesis that is, or becomes, a party to the Capital Bonds Trust Deed as a guarantor) guarantees the payment of all amounts due and payable by Genesis to Bondholders in respect of the Capital Bonds. There are no limits on the obligations of the Guarantors in respect of the amounts owing under the Guarantee. The Guarantee is an unsecured, subordinated obligation of the Guarantors.</p> <p>As at the date of this Terms Sheet, Kupe Venture Limited is the only Guarantor.</p>
<b>Further Indebtedness</b>	Genesis and each Guarantor may incur finance debt without the consent of Bondholders. This means Genesis (or any Guarantor) may, at any time, incur further debt that ranks equally with, or in priority to, the Capital Bonds (or, in the case of a Guarantor, its obligations under the Guarantee).
<b>Equity Content</b>	<p>S&amp;P Global Ratings (<b>S&amp;P</b>) is expected to assign an "intermediate" equity content to the Capital Bonds. Where such equity credit content is assigned, S&amp;P will consider that the Capital Bonds comprise 50% equity when calculating its financial ratios for Genesis.</p> <p>The equity content is expected to fall to minimal (0%) from 9 June 2032.</p>
<b>Capital Structure</b>	Genesis believes that hybrid securities that are ascribed equity content such as the Capital Bonds are an effective capital management tool and Genesis currently intends to maintain such instruments as a key feature of its capital structure going forward.



## Credit Ratings

	Issuer Credit Rating	Expected Issue Credit Rating for the Capital Bonds
<b>S&amp;P</b>	BBB+ (Stable)	BB+

Genesis' current Issuer Credit Rating includes a one-notch uplift from Genesis' stand-alone credit rating of 'bbb', reflecting the legislated majority ownership by the New Zealand government. The New Zealand government does not guarantee the Capital Bonds and is under no obligation to provide financial support to Genesis.

The expected Issue Credit Rating of the Capital Bonds is two notches below Genesis' stand-alone credit rating. One notch is deducted because the Capital Bonds are subordinated and a second notch because of the potential for payments of interest to be deferred (as described in the section below titled "Discretionary Deferral of Interest").

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

A credit rating is not a recommendation by any rating organisation to buy, sell or hold Capital Bonds. The above Issuer Credit Rating is current as at the date of this Terms Sheet and any credit rating may be subject to suspension, revision or withdrawal at any time by S&P.

Below is a summary description of S&P's credit ratings:

AAA	AA	A	BBB	BB Expected Issue Credit Rating (BB+)	B	CCC	CC	C
Capacity of the issuer to meet its financial commitments on the obligation				Vulnerability of the obligation to non-payment				
Extremely strong	Very strong	Strong	Adequate	Less vulnerable	More vulnerable	Currently vulnerable	Highly vulnerable	Currently highly vulnerable

## Redemption of GNE040 Bonds if the Offer is successful

Subject to the bookbuild for the Offer being successful, Genesis will issue a redemption notice in respect of the GNE040 Bonds on 1 June 2022 in order to redeem the GNE040 Bonds on 9 June 2022 (each GNE040 Bond will be redeemed at par (\$1.00) plus all accrued but unpaid interest).

GNE040 Bondholders who wish to participate in the Offer and invest in the Capital Bonds should contact their financial adviser, one of the Joint Lead Managers or another Market Participant – see the sections below titled "Who may apply for Capital Bonds" and "How to apply" for further information.

<b>Interest Rate from the Issue Date to the First Reset Date</b>	<p>The Interest Rate applying from (and including) the Issue Date to (but excluding) the First Reset Date will be the percentage rate per annum equal to the Benchmark Rate (determined on the Rate Set Date) plus the Margin, subject to a minimum Interest Rate of 5.35% per annum for this period.</p> <p>The Interest Rate will be announced by Genesis via NZX on or shortly after the Rate Set Date.</p>
<b>Benchmark Rate</b>	The mid-market NZD swap rate for a 5-year term, determined according to market convention on the Rate Set Date and at or about 11.00am New Zealand time on each Reset Date, in each case, with reference to Bloomberg page 'ICNZ4' (or any successor page) and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).
<b>Indicative Margin</b>	1.75% to 1.90% per annum.
<b>Margin</b>	The Margin (which may be above or below the Indicative Margin range described above) will be determined by Genesis (in consultation with the Joint Lead Managers) following a bookbuild process and announced via NZX on or shortly after the Rate Set Date.
<b>Interest Payment Dates</b>	<p>9 March, 9 June, 9 September and 9 December of each year up to (and including) the Maturity Date.</p> <p>The first Interest Payment Date is 9 September 2022.</p>
<b>Interest Payments</b>	<p>Interest will accrue on each Capital Bond from (and including) the Issue Date to (but excluding) the date on which the Capital Bond is redeemed.</p> <p>Interest is payable quarterly in arrear in equal amounts on each Interest Payment Date to the Bondholder as at the Record Date immediately preceding the Interest Payment Date.</p> <p><b>Genesis may (at its sole discretion) defer the payment of interest on any scheduled Interest Payment Date - see the section titled "Discretionary Deferral of Interest" below.</b></p> <p>If any Capital Bonds are redeemed on a date that is not a scheduled Interest Payment Date, interest is payable in respect of those Capital Bonds on the Redemption Date, calculated on the basis of a 365-day year and the number of days from (and including) the immediately preceding Interest Payment Date (or the Issue Date if the first Interest Payment Date has not occurred) to (but excluding) the Redemption Date.</p>
<b>Record Date</b>	<p><b>Record Date</b> means:</p> <ul style="list-style-type: none"> <li>(a) in relation to a payment of interest, the date which is 10 calendar days before the due date for the payment; and</li> <li>(b) in relation to an Election Process (as defined below), the date which is two Business Days prior to the date on which the applicable Election Notice (as defined below) is given,</li> </ul> <p>and if that date is not a Business Day, the Record Date will be the preceding Business Day, or such other date as may be required by NZX.</p>
<b>Reset Dates</b>	The First Reset Date for the Capital Bonds is the date that is five years after the Issue Date (9 June 2027). Thereafter there is a further Reset Date every five years. As part of a successful Election Process, a different Reset Date may be adopted.

<b>Interest Rate after each Reset Date</b>	<p>The Interest Rate will reset on each Reset Date.</p> <p>The Interest Rate applying from (and including) each Reset Date to (but excluding) the next Reset Date will be the percentage rate per annum equal to the Benchmark Rate that is determined on that Reset Date plus the Margin plus the Step-up Margin.</p> <p>A different Interest Rate may apply if a successful Election Process has been completed in relation to a Reset Date (see the section titled “Election Process” below). If this occurs, the Interest Rate will be set out in the relevant Election Notice (as defined below).</p>
<b>Step-up Margin</b>	0.25%.
<b>Discretionary Deferral of Interest</b>	<p>Genesis may, in its absolute discretion, defer any payment of interest on the Capital Bonds that is scheduled to be paid on any Interest Payment Date for up to five years by notifying Bondholders. If an interest payment is not paid on its due date, notice of its deferral is deemed to be given.</p> <p>If any interest payment is deferred, interest will accrue daily (at the Interest Rate then applicable to the Capital Bonds) on the amount of that deferred interest payment until (but excluding) the date on which that deferred interest payment together with all accrued interest on that deferred interest payment (<b>Accrued Interest</b> and, together with the deferred interest payment, the <b>Unpaid Interest</b>) is paid in full. Accrued Interest will compound on each Interest Payment Date, meaning interest will then accrue on the deferred interest payment plus the previously accumulated interest.</p> <p>Genesis’ right to defer interest does not apply to interest that is due to be paid on the Maturity Date or an early Redemption Date.</p> <p>Deferral of interest as described in this section is not an Event of Default and does not give rise to a claim under the Guarantee.</p>
<b>Payment of Unpaid Interest</b>	<p>If an interest payment has been deferred as described above, Genesis:</p> <ul style="list-style-type: none"> <li>(a) may, in its absolute discretion, pay all or part of the Unpaid Interest on any subsequent Interest Payment Date; and</li> <li>(b) must pay in full any Unpaid Interest that remains outstanding on the earlier of the Maturity Date and the fifth anniversary of the Interest Payment Date on which the deferral of the relevant interest payment occurred,</li> </ul> <p>in each case, to the relevant Bondholders as at the Record Date immediately preceding the date of payment.</p>
<b>Distribution Stopper</b>	<p>While any Unpaid Interest remains outstanding, Genesis must not:</p> <ul style="list-style-type: none"> <li>(a) unless approved by Bondholders by way of an Extraordinary Resolution, pay any dividend on, or make any other distribution in respect of, or pay any interest on, any shares or securities ranking, in liquidation, equally with or after the Capital Bonds; and</li> <li>(b) without the consent of the Supervisor, acquire, redeem or repay any of Genesis’ shares or other securities ranking, in liquidation, equally with or after the Capital Bonds (or provide financial assistance for the acquisition of such shares or securities),</li> </ul> <p>(together, the <b>Restrictions on Deferral</b>).</p>



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## Election Process

No earlier than six months and not later than 30 Business Days before any Reset Date, Genesis may give to each Bondholder a notice (**Election Notice**) specifying new terms and conditions (**New Conditions**) (including, for example, a new Margin) proposed to apply to the Capital Bonds from the next Reset Date. An Election Notice will request each Bondholder to make an election to accept or reject the New Conditions that are proposed to apply from the relevant Reset Date. Each Bondholder can elect to accept or reject the New Conditions in respect of all or some of the Bondholder's Capital Bonds.

To make an election, a Bondholder must return a duly completed Election Notice within the period specified in the Election Notice, which must be at least 10 Business Days before the relevant Reset Date (**Notification Date**). A Bondholder will be deemed to have accepted the New Conditions if Genesis does not receive a properly completed Election Notice from that Bondholder on or before the Notification Date.

Within five Business Days of the Notification Date, Genesis must determine (in its absolute discretion) whether the Election Process has been successful. If Genesis declares a Successful Election Process, on the Reset Date, Genesis must purchase each Capital Bond in respect of which a Bondholder has rejected the New Conditions. The purchase price for each such Capital Bond is an amount equal to the Principal Amount (\$1.00) plus all accrued but unpaid interest (including any Unpaid Interest). Genesis may choose to establish a resale facility (**Resale Facility**) to seek buyers for those Capital Bonds on the Reset Date.

If a Successful Election Process is declared, the New Conditions will apply from the relevant Reset Date.

If Genesis does not wish to purchase all Capital Bonds in respect of which Bondholders have rejected the New Conditions, then Genesis must declare that a Successful Election Process has not occurred, in which case the existing terms and conditions will continue to apply, all Capital Bonds will remain outstanding and any transfers arranged through the Resale Facility will be cancelled.

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## Mandatory Redemption

Genesis must redeem all the Capital Bonds on the Maturity Date.

If an Event of Default occurs, Genesis must redeem all the Capital Bonds on the Business Day following the Event of Default.

For each Capital Bond redeemed, Genesis must pay to the relevant Bondholder an amount equal to the Principal Amount (\$1.00) plus all accrued but unpaid interest (including any Unpaid Interest).

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**Optional Early Redemption by Genesis**

Genesis has the right to redeem:

- (a) all or some of the Capital Bonds on any Reset Date; or
- (b) all or some of the Capital Bonds on any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken in respect of that Reset Date; or
- (c) all (but not some only) of the Capital Bonds if a Change of Control (as defined below) occurs; or
- (d) all or some of the Capital Bonds if a Tax Event or a Rating Agency Event (each as defined below) occurs.

For each Capital Bond redeemed under paragraph (a) or (d) above, Genesis must pay to the relevant Bondholder an amount equal to the Principal Amount (\$1.00) plus all accrued but unpaid interest (including any Unpaid Interest).

For each Capital Bond redeemed under paragraph (b) or (c) above, Genesis must pay to the relevant Bondholder an amount equal to the greater of:

- (a) the Principal Amount (\$1.00) plus all accrued but unpaid interest (including any Unpaid Interest); and
- (b) the market value of the Capital Bonds (as determined in accordance with the Capital Bonds Trust Deed) plus all accrued but unpaid interest.

If Genesis wishes to redeem some (but not all) of the Capital Bonds, it can only do so if no less than 100,000,000 Capital Bonds will remain outstanding after the partial redemption. Any partial redemption will be done on a proportionate basis but may include adjustments to take account of the effect on marketable parcels and other logistical considerations.

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**Change of Control**

In summary, a **Change of Control** will occur if the Shareholding Ministers:

- (a) hold 50% or less of the issued ordinary voting shares of Genesis; or
- (b) cease to be able to nominate and appoint at least 50% of the directors of the board of Genesis; or
- (c) cease to control the exercise of more than 50% of the maximum number of votes that can be exercised at a shareholder meeting of Genesis.

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**Tax Event**

In summary, a **Tax Event** will occur if Genesis receives an opinion from a reputable legal counsel or tax adviser that, as a result of any change or clarification in any law, treaties or regulations, the interest payments on the Capital Bonds would no longer be fully deductible for tax purposes.

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**Rating Agency Event**

In summary, a **Rating Agency Event** will occur if Genesis:

- (a) receives notice from S&P that, as a result of a change in criteria, the Capital Bonds will no longer be assigned an Intermediate Equity Content classification; or
  - (b) ceases to hold an Issuer Credit Rating from S&P.
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**Holder Put Event – early redemption at the election of Bondholders**

In summary, a **Holder Put Event** will occur if both a Change of Control and an associated Rating Downgrade (defined below) occurs. If a Holder Put Event occurs, Genesis must notify Bondholders of that event and whether Genesis has elected to redeem all outstanding Capital Bonds (**Holder Put Event Notice**).

If Genesis has not elected to redeem all outstanding Capital Bonds, then each Bondholder may, within 20 days after the date of receipt of the Holder Put Event Notice, elect that Genesis must redeem all (but not only some) of the Capital Bonds held by that Bondholder.

If, as a result of Bondholders exercising their election, less than 100,000,000 Capital Bonds would remain outstanding following the early redemption, Genesis may exercise a clean-up call and redeem all remaining Capital Bonds at the same time.

For each Capital Bond redeemed, Genesis must pay an amount equal to the Principal Amount (\$1.00) plus all accrued but unpaid interest (including and any Unpaid Interest) to the relevant Bondholder.

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**Rating Downgrade**

In summary, a **Rating Downgrade** will occur if, as a result in whole or part of the Change of Control:

- (a) Genesis ceases to hold an Issuer Credit Rating from S&P; or
- (b) S&P lowers Genesis' Issuer Credit Rating by at least one ratings notch and the resulting Issuer Credit Rating is lower than BBB+,

within the period commencing on the date the Change of Control occurred (or the date on which a public announcement relating to any potential Change of Control is made) and ending 90 days after the date of announcement that the Change of Control occurred.

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**Events of Default**

The following Events of Default will result in the Capital Bonds becoming immediately redeemable:

- (a) Genesis fails to pay any Unpaid Interest by the fifth anniversary of its original date of deferral;
  - (b) Genesis fails to comply with the Restrictions on Deferral;
  - (c) Genesis fails to give to Bondholders and the Supervisor notice following the occurrence of a Holder Put Event;
  - (d) Genesis fails to pay any amount required to be paid on the redemption of the Capital Bonds;
  - (e) Genesis fails to pay any amount required to be paid in connection with an Election Process; or
  - (f) an insolvency officer (for example, a liquidator, receiver or statutory manager) is appointed to Genesis.
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## Ranking on Liquidation

On a liquidation of Genesis amounts owing to Bondholders rank equally with all other unsecured, subordinated obligations of Genesis. The Capital Bonds rank behind Genesis' bank debt, senior bonds, commercial paper, US private placement notes and any amounts owing to unsubordinated general and trade creditors, as well as liabilities preferred by law and any secured indebtedness. The ranking of the Capital Bonds on a liquidation of Genesis is summarised in the diagram below.

	Ranking on liquidation	Type of liability/equity	Indicative amount <sup>1</sup>
<p>Higher ranking / earlier priority</p> <p>↑</p> <p>↓</p> <p>Lower ranking / later priority</p>	Liabilities that rank in priority to the Capital Bonds	Liabilities preferred by law (for example, IRD for certain unpaid taxes) and unsubordinated creditors (including banks and financial institutions that have lent money to Genesis, holders of Genesis' senior bonds, holders of Genesis' commercial paper, holders of Genesis' US private placement notes and unsubordinated trade and general creditors)	\$2,247m <sup>2</sup>
	Liabilities that rank equally with the Capital Bonds (including the Capital Bonds)	The Capital Bonds and the GNE050 Bonds	\$469m <sup>3</sup>
	Equity	Ordinary shares, reserves and retained earnings	\$2,082m

1. Amounts shown above are indicative based on the liabilities and equity of the Genesis consolidated group as at 31 December 2021, adjusted for expected issue proceeds (assuming \$225 million of Capital Bonds are issued). The actual amounts of liabilities and equity of Genesis at the point of its liquidation will be different to the indicative amounts set out in the diagram above. Amounts above are subject to rounding adjustments.
2. This represents the total liabilities of the Genesis consolidated group as at 31 December 2021, other than the GNE040 Bonds and the GNE050 Bonds. It includes amounts corresponding to deferred tax (approximately \$643 million), derivative financial instruments (approximately \$157 million) and lease liabilities (approximately \$93 million), not all of which would be crystallised on liquidation. Such liabilities on liquidation may be materially different.
3. This excludes the GNE040 Bonds which will be redeemed on the Issue Date if the bookbuild for the Offer is successful.

## Use of Capital Bond Proceeds

In accordance with Genesis' Sustainable Finance Framework dated November 2021 (as amended from time to time) (**Sustainable Finance Framework**), Genesis intends to notionally allocate an amount equal to the proceeds of the Capital Bonds to finance or refinance renewable energy assets, or other projects, assets and/or activities, that meet the eligibility criteria set out in the Sustainable Finance Framework (**Eligible Assets**). Consistent with this, Genesis will apply the net proceeds of the Offer to repay existing debt (including the GNE040 Bonds).

In accordance with the Sustainable Finance Framework, Genesis intends to:

- maintain a balance of Eligible Assets that have an aggregate book value which is at least equal to the aggregate proceeds of all its outstanding green bonds and/or green loans (including the Capital Bonds issued under the Offer); and
- maintain a register that outlines (among other things) the current book value of Eligible Assets and the notional allocation of proceeds (including an amount equal to the proceeds of the Capital Bonds issued under the Offer).

A copy of the Sustainable Finance Framework is available on Genesis' website at: [www.genesisenergy.co.nz/investors/reports-and-presentations](http://www.genesisenergy.co.nz/investors/reports-and-presentations).

## Alignment with the Green Bond Principles

In accordance with the Sustainable Finance Framework, Genesis has processes in place to identify and evaluate its Eligible Assets and manage the allocation of the proceeds of the Capital Bonds in accordance with the Green Bond Principles published by the International Capital Market Association (**ICMA**) and dated June 2021 (**Green Bond Principles**).

DNV Business Assurance Australia Pty Ltd has provided a second party opinion on the alignment of the Sustainable Finance Framework and the existing Eligible Assets (based on valuations as at 30 June 2021) to the Green Bond Principles, as well as alignment to the Climate Transition Finance Handbook 2020, as published by ICMA. A copy of that second party opinion is available on Genesis' website at: [www.genesisenergy.co.nz/investors/reports-and-presentations](http://www.genesisenergy.co.nz/investors/reports-and-presentations).

At least once after the Capital Bonds are issued (or annually if Genesis considers it necessary), Genesis intends to seek an external review from an independent and recognised sustainable finance verifier of any update report issued by Genesis regarding alignment of the Capital Bonds with the Green Bond Principles and the Sustainable Finance Framework.



<b>No Event of Default in relation to the Sustainable Finance Framework or the Green Bond Principles</b>	<p>If:</p> <ul style="list-style-type: none"> <li>Genesis fails to allocate the proceeds of the Capital Bonds as described in this Terms Sheet and the Sustainable Finance Framework;</li> <li>Genesis fails to comply with the Sustainable Finance Framework in any other way;</li> <li>the Capital Bonds cease to satisfy the Green Bond Principles (including, without limitation, as a result of an amendment to the Green Bond Principles); or</li> <li>Genesis fails to notify Bondholders that the Capital Bonds cease to comply with the Sustainable Finance Framework or the Green Bond Principles,</li> </ul> <p>then, although it is possible that the Capital Bonds may lose their green classification:</p> <ul style="list-style-type: none"> <li>no Event of Default will occur in relation to the Capital Bonds; and</li> <li>neither the Bondholders nor Genesis will have any right for the Capital Bonds to be repaid early as a result of any such event or circumstance.</li> </ul>
<b>Minimum Application Amount and Minimum Holding</b>	Minimum application of \$5,000 with multiples of \$1,000 thereafter.
<b>Transfer Restrictions</b>	As a Bondholder, you may only transfer Capital Bonds if the transfer is in respect of Capital Bonds having an aggregate Principal Amount that is an integral multiple of \$1,000. However, Genesis will not register any transfer of Capital Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Capital Bonds with an aggregate Principal Amount of less than \$5,000, unless the transferor would then hold no Capital Bonds.
<b>NZX Debt Market Quotation</b>	<p>Genesis will take any necessary steps to ensure that the Capital Bonds are, immediately after issue, quoted on the NZX Debt Market.</p> <p>Application has been made to NZX for permission to quote the Capital Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, 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>
<b>Expected Date of Initial Quotation and Trading on NZX Debt Market</b>	10 June 2022.
<b>NZX Debt Market ticker code</b>	GNE070.
<b>ISIN</b>	NZGNEDG007C8.
<b>Business Days</b>	<p>A day (other than a Saturday or Sunday) on which banks are generally open for business in Auckland and Wellington.</p> <p>If an Interest Payment Date, an early Redemption Date or the Maturity Date falls on a day that is not a Business Day, the due date for any payment to be made on that date will be the next following Business Day.</p>

<b>AIL / NRWT</b>	Genesis proposes to register the Capital Bonds for approved issuer levy ( <b>AIL</b> ), which would be payable in lieu of deducting New Zealand non-resident withholding tax ( <b>NRWT</b> ). If the Capital Bonds qualify for the 0% rate of AIL, Genesis intends to apply the 0% rate. Payments of AIL will be deducted from the interest payable to Bondholders, to whom NRWT would otherwise apply.
<b>Governing Law</b>	New Zealand.
<b>Who may apply for Capital Bonds</b>	All of the Capital Bonds (including oversubscriptions) are reserved for subscription by clients of the Joint Lead Managers, institutional investors and other Primary Market Participants invited to participate in the bookbuild. There will be no public pool for the Capital Bonds.
<b>How to apply</b>	<p>Retail investors (including GNE040 Bondholders who wish to participate in the Offer) should contact a Joint Lead Manager, their financial adviser or any Primary Market Participant for details on how they may acquire Capital Bonds. You can find a Primary Market Participant by visiting: <a href="http://www.nzx.com/services/market-participants">www.nzx.com/services/market-participants</a>.</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 Capital 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>Registrar and Paying Agent</b>	Computershare Investor Services Limited.
<b>Supervisor</b>	Trustees Executors Limited.
<b>Joint Lead Managers</b>	Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited.
<b>Fees / Brokerage</b>	<p>Applicants are not required to pay brokerage or any charges to Genesis in relation to applications under the Offer.</p> <p>Genesis will pay retail brokerage of 0.50% and firm fees of 0.50% to Market Participants and approved financial intermediaries (as applicable).</p>
<b>Selling Restrictions</b>	<p>The Offer is only made in New Zealand.</p> <p>Genesis has not and will not take any action which would permit a public offering of the Capital Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand). The Capital Bonds may only be offered for sale or sold in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. Any information memorandum, terms sheet, circular, advertisement or other offering material in respect of the Capital Bonds may only be published, delivered or distributed in or from any country or jurisdiction under circumstances which will result in compliance with all applicable laws and regulations.</p> <p>By subscribing for Capital Bonds, you indemnify Genesis, the Joint Lead Managers and the Supervisor in respect of any loss incurred as a result of you breaching the above selling restrictions.</p>

## Non-Reliance

This Terms Sheet does not constitute a recommendation by the Joint Lead Managers, the Supervisor, or any of their respective directors, officers, employees, agents or advisers to subscribe for, or purchase, any of the Capital Bonds. None of these parties or any of their respective directors, officers, employees, agents or advisers accepts any liability whatsoever for any loss arising from this Terms Sheet or its contents or otherwise arising in connection with the Offer.

The Joint Lead Managers and the Supervisor have not independently verified the information contained in this Terms Sheet. In accepting delivery of this Terms Sheet, you acknowledge that none of the Joint Lead Managers, the Supervisor nor their respective directors, officers, employees, agents or advisers gives any warranty or representation of accuracy or reliability and they take no responsibility for it. They have no liability for any errors or omissions (including for negligence) in this Terms Sheet, and you waive all claims in that regard.



# Risks in relation to the Capital Bonds

An investment in the Capital Bonds is subject to the risks that:

- (i) Genesis becomes insolvent and is unable to meet its obligations under the Capital Bonds; and
- (ii) if the investor wishes to sell the Capital Bonds before maturity, the investor is unable to find a buyer or that the amount received is less than the principal amount paid for the Capital Bonds.

Capital bonds are complex financial products that are not suitable for many investors. You should carefully consider the features of the Capital Bonds, which differ from the features of a standard senior bond. Those features include the ability of Genesis to defer interest, optional redemption rights for Genesis, an election process and the subordinated nature of the Capital Bonds. Key risks concerning those features are set out in more detail below.

This summary does not cover all of the risks of investing in the Capital Bonds. For example, whilst certain risks in relation to the Capital Bonds are set out in more detail below, those risks relating to Genesis, rather than the Capital Bonds themselves, are not set out below on the basis that information relating to Genesis and its operations is disclosed to the market already pursuant to Genesis' continuous disclosure obligations under the NZX Listing Rules. Also, the summary below sets out the risks in relation to the Capital Bonds that differ from risks in relation to standard senior bonds. It does not cover the risks that are common to both the Capital Bonds and standard senior bonds (such as risks around liquidity and your ability to sell the Capital Bonds at a given price, or at all).

You should carefully consider these risk factors (together with the other information in this Terms Sheet) before deciding to invest in the Capital Bonds. If you do not fully understand how the Capital Bonds work or the risks associated with them, you should not invest in them.

The statement of risks in this Terms Sheet also does not take account of the personal circumstances, financial position or investment requirements of any particular investor. It is important, therefore, that before making any investment decision, you consider the suitability of an investment in the Capital Bonds in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

The Interest Rate for the Capital Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the Offer of Capital Bonds is fair.

You should speak to your financial adviser about the risks involved with an investment in the Capital Bonds.

## Deferral of interest payments

There is a risk that interest payments on the Capital Bonds will be deferred by Genesis for a period of up to five years, as described in the section titled "Discretionary Deferral of Interest" above.

Genesis has an absolute discretion to defer the payment of interest on the Capital Bonds, and holders will not have an immediate redemption right in those circumstances. Any deferral of interest payments is likely to have an adverse effect on the market price of the Capital Bonds. The market price of the Capital Bonds may also be more sensitive generally to adverse changes in Genesis' financial condition than other debt securities which are not subject to such deferrals.

## Interest rate may go down

There is a risk that, when the Interest Rate on the Capital Bonds is reset on a Reset Date, it may be lower than the Interest Rate that applied during the prior period.

## Long term investment

The Capital Bonds are a long-term investment that are scheduled to be redeemed on the Maturity Date (9 June 2052). While Genesis has certain rights to redeem the Capital Bonds early (see the section titled “Optional Early Redemption by Genesis” above), you should not assume that Genesis will exercise these rights. There is no certainty that Genesis will choose to redeem the Capital Bonds on a Reset Date or if a Change of Control, a Tax Event or a Rating Agency Event occurs.

Bondholders have no right to request Genesis to redeem the Capital Bonds early unless a Holder Put Event has occurred (see the section titled “Holder Put Event – early redemption at the election of Bondholders” above).

## Redemption prior to the Maturity Date

Although the Capital Bonds have a term of 30 years, Genesis may choose to, or be required to, redeem the Capital Bonds early in certain circumstances (see the section titled “Optional Early Redemption by Genesis” above).

If Genesis is entitled to or is required to redeem any of the Capital Bonds, the method and date by which Genesis elects or is required to do so may not accord with the preference of individual Bondholders. This may be disadvantageous in light of market conditions or a Bondholder’s individual circumstances.

## The Capital Bonds are subordinated and unsecured

The Capital Bonds rank behind all of Genesis’ unsubordinated obligations. In a liquidation of Genesis, the holders of the Capital Bonds would be paid only after all amounts owing by Genesis to its unsubordinated creditors were paid in full. Genesis’ unsubordinated creditors include creditors that are mandatorily preferred by law and its bankers, holders of senior bonds, holders of commercial paper, holders of US private placement notes, and general and trade unsubordinated creditors. After payment of those amounts, there may be insufficient funds available to the liquidator to repay all or any of the amounts owing on the Capital Bonds.

## Supervisor’s enforcement rights

Investors should be aware that even if the right to seek repayment of the Capital Bonds is exercised following the occurrence of an Event of Default or a Holder Put Event, the Supervisor has very limited powers to enforce these rights given the subordinated nature of the Capital Bonds. For example, the Supervisor has no ability to appoint a receiver with a view to recovering amounts due to Bondholders and is only entitled to file a conditional claim in the event of the liquidation of Genesis requiring repayment of the Capital Bonds after all prior ranking indebtedness has been repaid in full.

The Supervisor has no rights under the Capital Bonds Trust Deed if any Guarantor becomes insolvent.

## Limited rights of Bondholders to enforce directly

Bondholders are not able to enforce their rights under the Capital Bonds Trust Deed (including the Guarantee) directly against Genesis or any Guarantor unless the Supervisor fails to do so having become bound to enforce those rights in accordance with the Capital Bonds Trust Deed.



# Address Details

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## Issuer

Genesis Energy Limited  
155 Fanshawe Street  
Auckland 1010

## Joint Lead Managers

Bank of New Zealand  
Level 6, Deloitte Centre  
80 Queen Street  
Auckland 1010  
0800 284 017

Craigs Investment Partners Limited  
Level 36, Vero Centre  
48 Shortland Street  
Auckland 1010  
0800 226 263

Forsyth Barr Limited  
Level 23, Shortland & Fort  
88 Shortland Street  
Auckland 1010  
0800 367 227

## Supervisor

Trustees Executors Limited  
Level 5, Spark Central  
70 Boulcott Street  
Wellington 6011


## Registrar

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Auckland 0622  
Private Bag 92119  
Victoria Street West  
Auckland 1142



# Genesis Energy Limited Green Capital Bond Offer

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 **genesis** With you. For you.

May 2022



**CRAIGS**  
INVESTMENT PARTNERS



**FORSYTH BARR**

# Important Information

The offer (**Offer**) of unsecured, subordinated, green capital bonds maturing on 9 June 2052 (**Capital Bonds**) by Genesis Energy Limited (**Genesis**, the **Company** or the **Issuer**) is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**). The Offer is contained in a Terms Sheet dated 26 May 2022 (**Terms Sheet**) prepared by Genesis, which accompanies this Presentation.

The Offer is an offer of Capital Bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Genesis' \$225,000,000 unsecured, subordinated, green capital bonds maturing on 9 June 2047 (with a fixed interest rate of 5.70% per annum), which are currently quoted on the NZX Debt Market under the ticker code GNE040 (**GNE040 Bonds**).

The Capital Bonds are of the same class as the GNE040 Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Genesis 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/GNE/announcements](http://www.nzx.com/companies/GNE/announcements).

The GNE040 Bonds are the only debt securities of Genesis that are in the same class as the Capital Bonds and are currently quoted on the NZX Debt Market.

Investors should look to the market price of the GNE040 Bonds to find out how the market assesses the returns and risk premiums for those bonds.

# Disclaimer

The information in this Presentation is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

None of the Joint Lead Managers, the Supervisor nor any of their respective directors, officers, employees and agents: (a) accept any responsibility or liability whatsoever for any loss arising from this Presentation or its contents or otherwise arising in connection with the offer of Capital Bonds, (b) authorised or caused the issue of, or made any statement in, any part of this Presentation, or (c) make any representation, recommendation or warranty, express or implied, regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Presentation and accept no liability (except to the extent such liability is found by a court to arise under the FMCA or cannot be disclaimed as a matter of law).

Unless otherwise indicated, the numerical data provided in this Presentation is stated as at or for the six months ended 31 December 2021. All amounts are in New Zealand dollars. Due to rounding, numbers within this Presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

**Capital Bonds are complex financial products that are not suitable for many investors. You**

**should carefully consider the features of the Capital Bonds, which differ from the features of a standard senior bond. Those features include the ability of Genesis to defer interest, optional redemption rights for Genesis, a margin step-up and the subordinated nature of the Capital Bonds. You should read the Terms Sheet carefully (including the risks discussed in the section titled "Risks in relation to the Capital Bonds") and seek qualified, independent financial advice before deciding to invest in the Capital Bonds. If you do not fully understand how the Capital Bonds work or the risks associated with them, you should not invest in them.**

Unless the context otherwise requires capitalised terms in this Presentation have the same meaning as defined in the Terms Sheet.

The selling restrictions set out in the Terms Sheet apply to the Capital Bonds.

The full terms of the Capital Bonds are set out in the Capital Bonds Trust Deed dated 26 May 2022 between Genesis as issuer, Kupe Venture Limited as original Guarantor and Trustees Executors Limited as Supervisor (**Capital Bonds Trust Deed**). A copy of the Capital Bonds Trust Deed is available on Genesis' website at [www.genesisenergy.co.nz/investors/reports-and-presentations](http://www.genesisenergy.co.nz/investors/reports-and-presentations) under Capital Bond Offer.

This Presentation is dated 26 May 2022.



# Agenda

1. Green Capital Bond Highlights
2. About Genesis
3. Strategic Outlook
4. Sustainable Finance Framework
5. Financial Performance
6. Key Terms and Dates



# Green Capital Bond Highlights

1





# Offer Highlights

<b>Issuer</b>	Genesis Energy Limited.
<b>Description</b>	<p>The Capital Bonds are unsecured, subordinated, interest bearing debt securities.</p> <p>The Capital Bonds will be designated as green bonds in accordance with Genesis' Sustainable Finance Framework dated November 2021 (as amended from time to time) (Sustainable Finance Framework).</p>
<b>Offer</b>	Up to \$225,000,000 (with the ability to accept oversubscriptions of up to an additional \$60,000,000 at Genesis' discretion).
<b>Ranking</b>	The Capital Bonds will rank equally among themselves and will be subordinated to all other indebtedness of Genesis, other than indebtedness expressed to rank equally with, or subordinated to, the Capital Bonds.
<b>Guarantee</b>	<p>The Capital Bonds benefit from the unsecured, subordinated guarantee contained in the Capital Bonds Trust Deed. As at the date of this Presentation, Kupe Venture Limited is the only Guarantor.</p> <p>The New Zealand government does not guarantee the Capital Bonds and is under no obligation to provide financial support to Genesis.</p>
<b>Credit Rating</b>	Expected Issue Credit Rating for the Capital Bonds: BB+ (S&P Global Ratings) (Genesis has an Issuer Credit Rating of BBB+ (Stable)).
<b>Term</b>	30 years (maturing 9 June 2052).
<b>Reset Dates</b>	9 June 2027 and every five years thereafter.
<b>Closing Date / Rate Set Date</b>	1 June 2022.
<b>Interest Rate (until 9 June 2027, the First Reset Rate)</b>	Benchmark Rate (mid-market NZD swap rate for a 5-year term) plus the Margin, subject to the minimum Interest Rate set out in the Terms Sheet.
<b>Joint Lead Managers</b>	BNZ, Craigs Investment Partners and Forsyth Barr.

# About Genesis

ersonal use only

# 2.





# Genesis Overview

## KEY INFORMATION

**Revenue (FY21):** \$3.2 billion

**EBITDAF Guidance (FY22):** \$430-440 million

**Market Capitalisation:** \$2.8 billion<sup>1</sup>

**Enterprise Value:** \$4.4 billion<sup>3</sup>

**Credit Rating (S&P Global Ratings):**

Issuer Credit Rating BBB+ (Stable)

Genesis is a diversified New Zealand energy company. Genesis is one of New Zealand's largest energy retailers and generates electricity from a diverse portfolio of thermal and renewable generation assets located in different parts of the country. Genesis also has a 46% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki.



HUNTLY

**953**

Peak Capacity/MW



WAIKAREMOANA

**138**

Peak Capacity/MW



WAIPIHI PPA

**133**

Peak Capacity/MW

KUPE

**46**

% Share



TONGARIRO

**362**

Peak Capacity/MW



HAU NUI

**8**

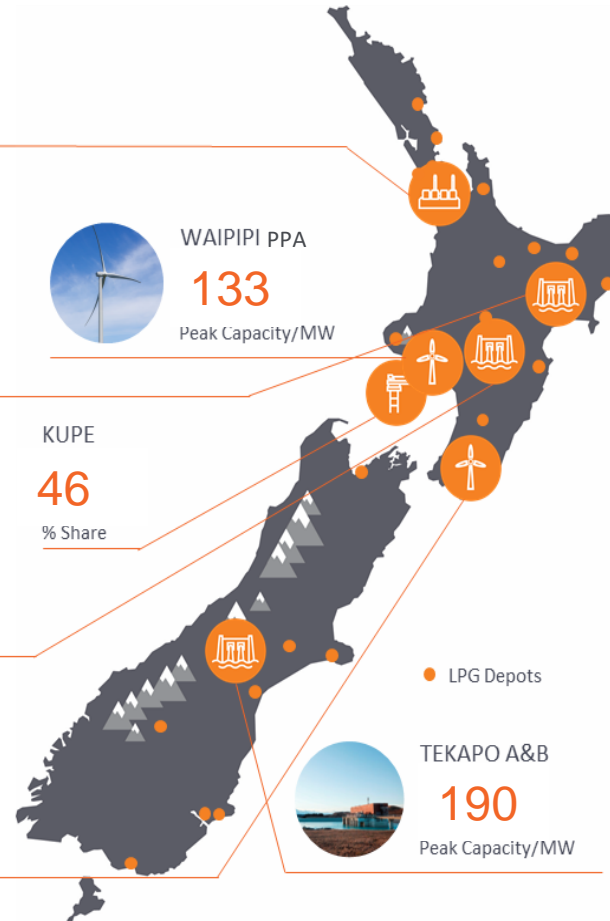
Peak Capacity/MW



TEKAPO A&B

**190**

Peak Capacity/MW



**~470,000<sup>2</sup>**

**customers**

- 22% electricity market share
- 34% gas market share
- 23% of LPG retail market share

1. Market Capitalisation as at 20 May 2022.

2. Total customers relates to both brands (Genesis and Frank Energy) and all customer types.

3. Sum of Market Capitalisation as at 31 December 2021 and net debt (total debt less cash and cash equivalents) as at 31 December 2021.

# HY 22 Performance Highlights

## Financial

EBITDAF <sup>1</sup>

**\$210m**

NPAT \$85 million

Interim Dividend

**8.7cps**

Gross yield of 8.3% <sup>2</sup> and return of DRP <sup>3</sup>

Release of Sustainable  
Finance Framework

**\$350m**

Committed to sustainable outcomes

## Operational

Strong Customer Loyalty

**+26      13.2%**

Brand NPS

Net Churn

Partnership with FRV Australia

Plan to develop up to

**500MW**

Grid-scale solar

Waipipi

**242GWh**

Renewable Generation

## Social

**Ngā Ara Creating  
Pathways**

Facilitating transformational education,  
training and employment opportunities to  
prepare rangatahi for the future of work.

**Power Shout  
Gifting**

Genesis customers can now give away  
their free power to those in need. Over  
15,000 customers chose to do so.

**Manaaki Kenehi**

Engaged with over 9,000 customers in  
need.

<sup>1</sup> Earnings before net finance expenses, income tax, depreciation, depletion, amortisation, impairment, Fair Value changes and other gains and losses.

<sup>2</sup> Refer to consolidated comprehensive income statement in the 2022 interim report for a reconciliation from EBITDAF to Net Profit after tax.

<sup>3</sup> Share price as at 31 December 2021.

<sup>4</sup> Dividend Reinvestment Plan.



# Strategic Outlook

# 3.

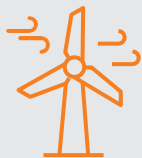


# An active enabler of New Zealand's energy transition

Future-gen – transitioning our wholesale position to lead NZ's energy transition



## Grow renewables



Contract for new renewable generation



Partner to build a pipeline of solar options

## Value from flexibility and reliability



Contract for fuel flexibility



Drylandcarbon partnership



Sell contracts that support market reliability (swaptions)

## Transition Huntly



Trial biofuels as a fuel option for Huntly



Plan for emerging technologies (Batteries)

# Future-gen programme targets to deliver lower cost renewables

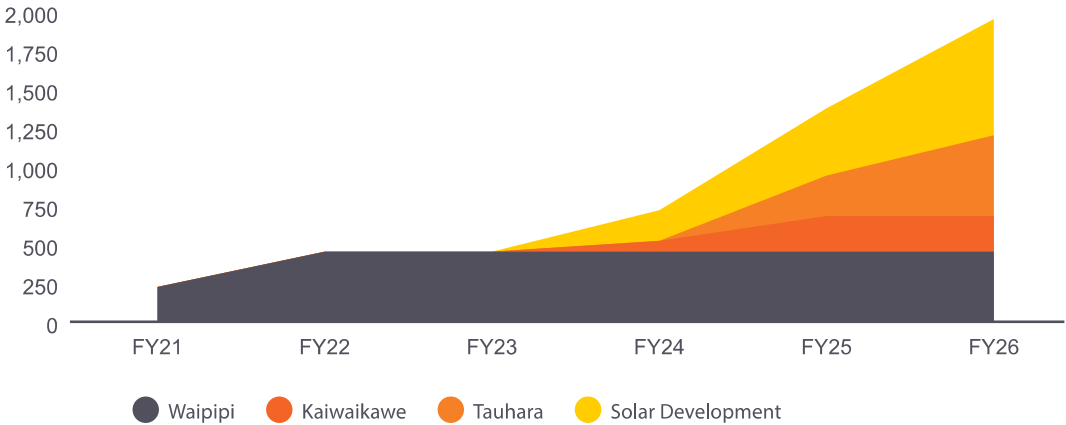
- Future-gen has already displaced an estimated 330,000 tonnes of carbon emissions through the Waipipi windfarm.
  - Waipipi is now generating 455GWh per annum.
  - Kaiwaikawe is anticipated to be completed by 1 March 2024 and provide 230GWh per annum.
  - Tauhara is expected to be completed by 1 January 2025 and provide 520GWh per annum.
- Genesis has signed a JV agreement with FRV Australia to develop up to 500MW of grid scale solar. The JV has been investigating potential sites and working arrangements.
  - This brings together an internationally renowned global solar developer and Genesis' experience operating in New Zealand.
  - Genesis will own 60% of the partnership as well as purchasing energy generated by the projects. The partnership intends to develop multiple sites.

## GENESIS GENERATION DIVERSITY

	Ownership	Joint Venture	PPA
Hydro	● NI/SI		
Wind	● NI		● ● NI
Solar		●	
Geo			● NI
Thermal	● NI		

● Current ● Future-gen

## FUTURE-GEN PORTFOLIO PIPELINE TARGET



# Biofuel at Huntly could provide a seasonal storage solution but not short notice peaking capacity

## WORK COMPLETED TO DATE PAINTS A POSITIVE PICTURE FOR BIOMASS AT HUNTLY

### Biofuels resource assessment

- Emerging domestic industry with significant sustainable resource potential, but in nascent stage of development.
- International markets scaling up with advanced biofuels emerging which are a near drop-in replacement for coal.



### Rankine Unit lifecycle assessment (Dec 2021)

- Opportunity to extend operational life to at least 2040 and potentially beyond at a relatively low cost vs alternatives.
- Incremental CAPEX dependent on running intensities and desired lifetime.



### Technical viability assessment

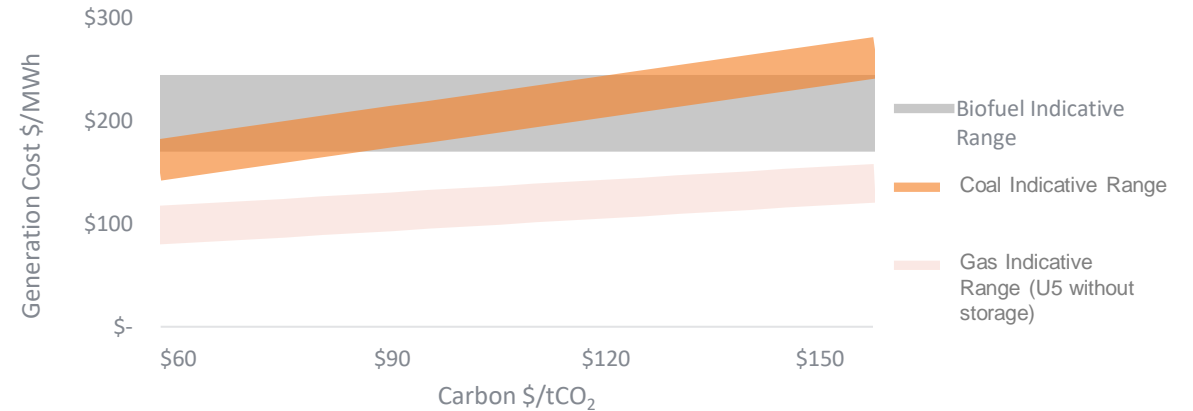
- Progressing with advanced biofuel which is practically a drop-in replacement for coal (<\$200k unit mods for trial).
- Improved weather resistance and reduced dust from advanced biofuels, negate the need for covered storage.



### Physical trial

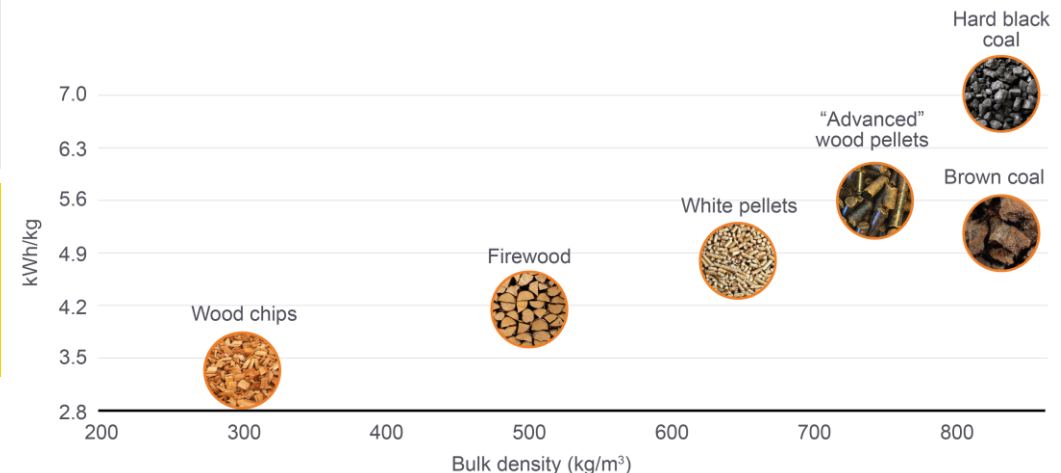
- Test plan complete.
- Trial supply of advanced biofuel being progressed.
- Trial burn planned for 2022.

## ADVANCED BIOFUELS EXPECTED TO BE COMPETITIVE WITH COAL AT CURRENT CARBON PRICES (PRIOR TO FREIGHT)

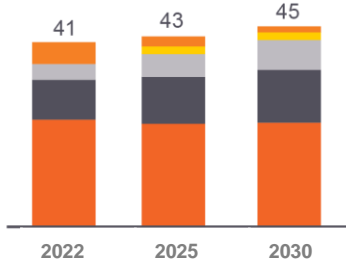
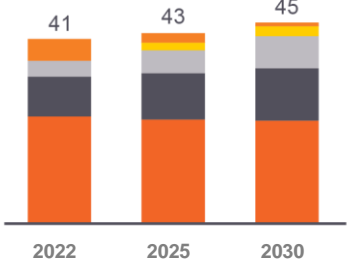
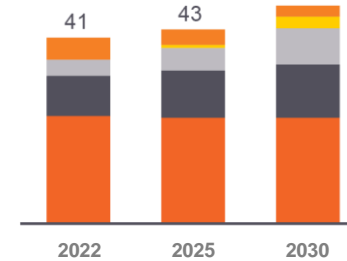
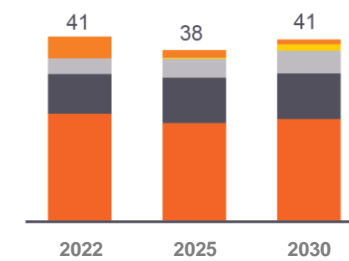





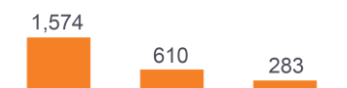




Our analysis indicates that biofuels are a viable solution to New Zealand's 100% renewables commitment and expected to be lower cost than other renewable options

## ADVANCED BIOFUELS NEAR DROP-IN REPLACEMENT FOR COAL



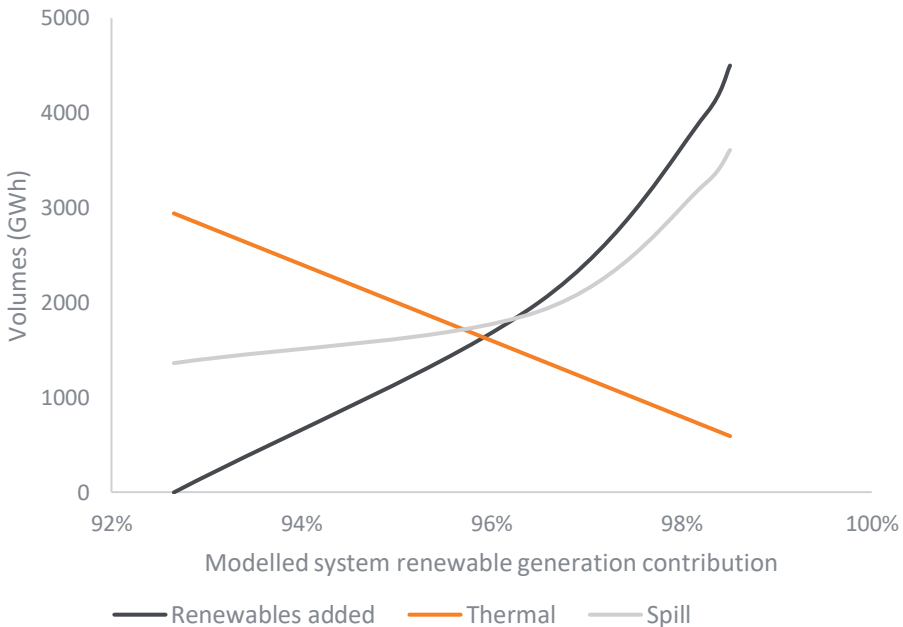
# Varied scenarios trend towards 96% to 98% renewable by 2030

Outputs	<b>Balanced</b> Demand growth from EV and industrials are evenly met by commercially viable renewables along with steady thermal displacement.	<b>Regulated Renewables</b> An incentivised renewable uptake with a goal of 100% renewable leading to increased periods of over and under supply.	<b>Pressure cooker</b> Faster than anticipated demand growth with development constraints, leads to slower renewable growth and displacing less thermal.	<b>Oversupply</b> Tiwai closure causes oversupply of low cost energy and incentivises large scale demand response.	
	NZ renewables mix, %	88% 95% 97%	88% 95% 98%	87% 92% 96%	88% 96% 98%
	Total market generation, TWh				
	Renewables added to Genesis Portfolio <sup>1</sup> , TWh				
	Huntly emissions, ktCO <sub>2</sub>				

1. Mix of Power Purchase Agreements (PPA) and solar development.

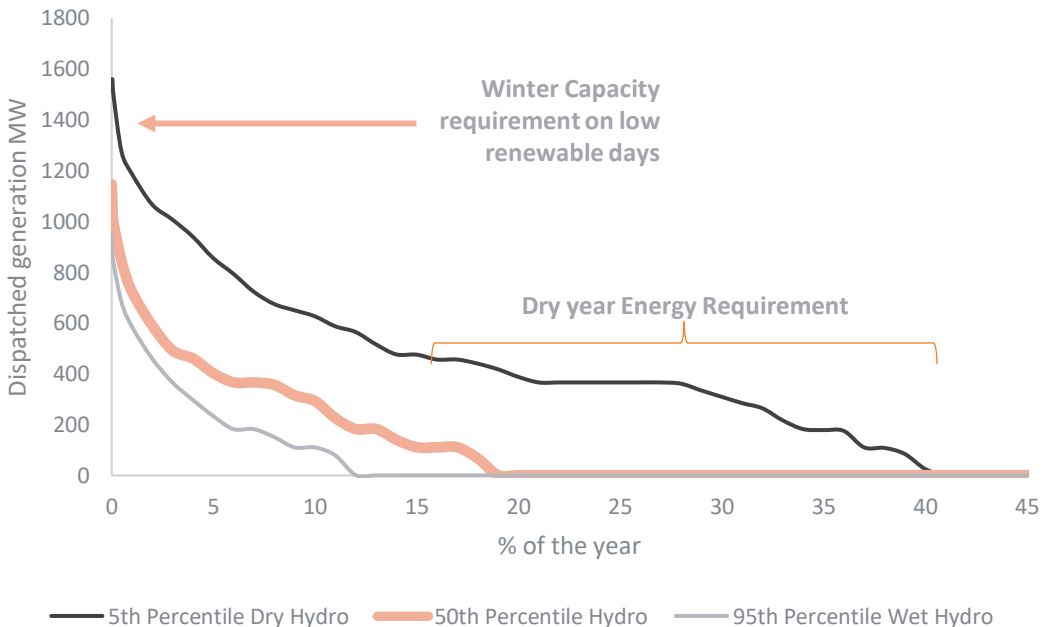
# A highly renewable market will require peaking capacity and seasonal storage - market settings may need to adapt

Near 100% renewable, spill makes further renewable build a costly way to displace remaining thermal



- New renewables start to contribute more to spill than future displacement of thermal generation.
- The system can reach 98% renewable where approximately 700GWh of backup generation is used on average.

A highly renewable<sup>1</sup> grid draws on backup generation to cover infrequent peak capacity needs and dry-year firming



- More than 750MW of peaking capacity is required in less than 1% of hours in typical hydrology (50th percentile) to maintain security of supply.
- 1650GWh of energy storage is drawn on 40% of the time in dry years (5th percentile) compared with 700GWh in normal years (50th percentile).

1. Simulated 2030 market conditions under 'Balanced' scenario.

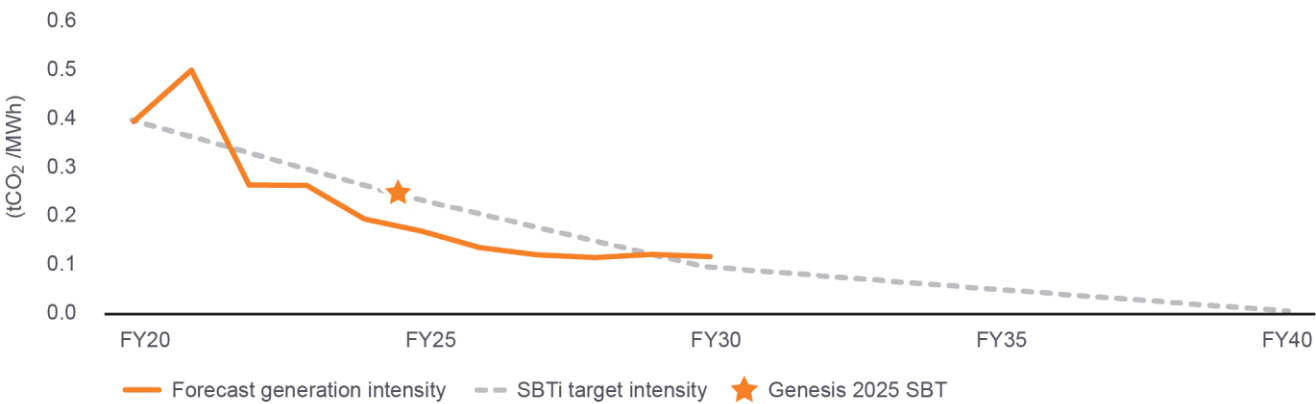
# Genesis is evaluating its further long-term carbon reduction ambitions

- Genesis has committed to a 1.5 degree Science-Based Target<sup>1</sup> by 2025, which will reduce emissions by at least 1.2 million tonnes by FY25<sup>2</sup>.
- Our Future-gen strategy aims to reduce emissions through to 2030, consistent with a net-zero pathway.
- Genesis is evaluating its further longer term carbon reduction ambitions. This could include a goal of net-zero emissions by 2040.
- We will only make a commitment if we have strategies in place to achieve this goal.
- Any commitment would be externally verified and adhere to global standards, such as the SBTi.

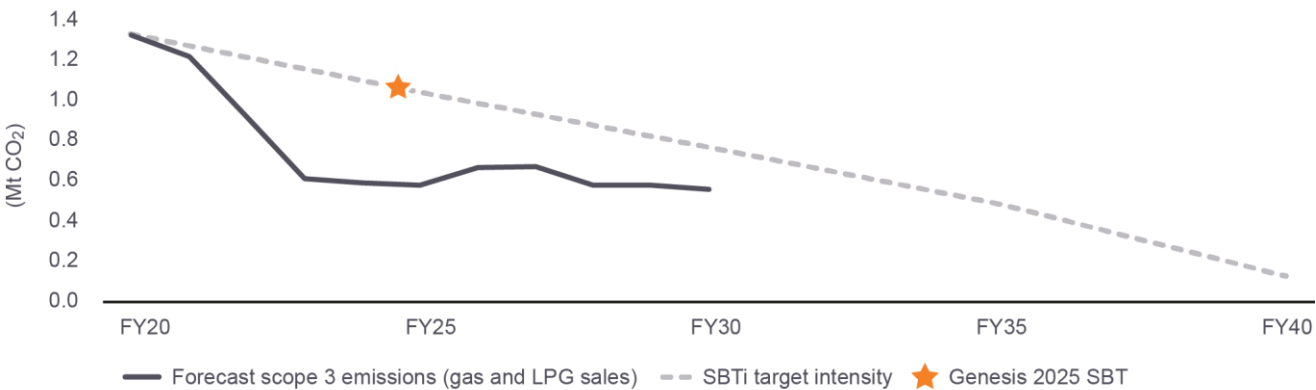
<sup>1</sup> Validated by the SBTi, a global partnership that provides a clearly defined path to reduce emissions in line with the Paris Agreement goals.

<sup>2</sup> To reduce absolute scope 1 and 2 GHG emissions 36% by FY25 from a FY20 base year and to reduce absolute scope 3 emissions from use of sold products 21% by FY25 from a FY20 base year.

SCOPE 1 EMISSIONS - GENERATION INTENSITY (MEAN YEAR)



SCOPE 3 EMISSIONS (MtCO<sub>2</sub>)





# Regulatory environment creates an opportunity for business, Government and regulators to collectively shape a low carbon energy system

## Potential Opportunities

### MfE Emissions Reductions Plan

- Delivered in 2022 determining the policy plans to meet carbon budgets.
- An energy strategy is to be developed (MBIE) setting out how the sector will navigate the transition.



### MBIE: NZ battery project

- Work programme identifying renewable options to provide dry year back-up to New Zealand.
- Genesis is engaging with the Government, including regarding the future of Huntly and opportunities in conversion of Rankines to run on biomass.



## Regulatory Reviews

### EA: Review of wholesale market competition

- Found offer prices generally reflected underlying conditions.
- Focus on the Tiwai contracts between Meridian, Contact and NZ Aluminium Smelters.



### EA: Dry Year Review

- Found the system worked largely as intended, but highlighted room for improvement in policies and communication to provide greater certainty during fuel scarcity.



### EA: Reviews following August 2021 outage

- Highlighted the importance of security of supply and resilience of our energy system.
- EA stated that actions taken by Genesis were reasonably open to Genesis and did not threaten confidence in, or the integrity of the market.



### MBIE/GIC: Gas Transition Plan

- The Government is working to develop a plan for an equitable transition for the natural gas sector, which will be a key input into the broader Energy Strategy.



# Sustainable Finance Framework

4.



# Overview of the Sustainable Finance Framework

Established by Genesis in November 2021

- Genesis' Sustainable Finance Framework (**Sustainable Finance Framework**) sets out the process by which Genesis intends to issue and manage bonds and loans (**Sustainable Debt**) on an ongoing basis to support Genesis' sustainability objectives, to contribute towards the United Nation's Sustainable Development Goals, and to create positive environmental and social outcomes (**Sustainability Goals**).
- Through the Sustainable Finance Framework, Genesis will aim to lead the industry's response to helping New Zealand achieve its net-zero emissions goals, address social challenges and provide a mechanism for investors to contribute capital to achieve their Sustainability Goals.

The Sustainable Finance Framework is consistent with the applicable sustainable finance principles and guidelines issued by the International Capital Market Association and the Asia Pacific Loan Market Association (together the **Market Standards**). The Market Standards are voluntary and accepted as best practice for issuance and management of Sustainable Debt in the global capital markets.



A copy of the Sustainable Finance Framework is available on Genesis' website. This can be found at [www.genesisenergy.co.nz/investors/reports-and-presentations](http://www.genesisenergy.co.nz/investors/reports-and-presentations)



# 36%<sup>1</sup> of facilities linked to sustainable assets and outcomes

First NZ company to have a Framework, loan and bond aligned to the Climate Transition Finance Handbook

DECEMBER 2020



Genesis commits to an ambitious 1.5°C Science Based carbon reduction target (SBTi)

NOVEMBER/  
DECEMBER 2021



Sustainable Finance Framework Released  
\$250m Sustainability Linked Loans  
Green designation of \$100m Senior Bonds (GNE030 bonds)<sup>2</sup>

JANUARY 2022



\$225m of Capital Bonds designated as Green Capital Bonds (GNE040 bonds)

MARCH 2022



\$125m of Green Senior Bond (GNE060 bonds)

- Genesis partnered with Westpac to develop its Sustainable Finance Framework. This was released in November 2021.
- Genesis has entered into three Sustainability-Linked Loans, where Genesis commits to meeting sustainability targets in order to receive a discount on interest costs. This includes Genesis' 1.5°C Science-Based emissions reduction target, an emissions reduction goal that we believe is the largest of any Sustainability-Linked Loan in New Zealand.
- As at 30 April 2022 Genesis had \$600m of bonds and bank debt facilities under its Sustainable Finance Framework and expects to extend this in the second half of FY22.

1.As at 30 April 2022.

2.The Senior Bonds (GNE030) designated as green in November/December 2021 have since matured.

# Pillars of the Sustainable Finance Framework

## Management & Governance

### Use of Proceeds

In accordance with Genesis' Sustainable Finance Framework, Genesis intends to notionally allocate an amount equal to the proceeds of its green bonds and green loans to finance or refinance renewable energy assets, or other projects, assets and/or activities, that meet the eligibility criteria set out in the Framework (**Eligible Assets**).

### Selection of Eligible Assets

Genesis has established processes to ensure that Eligible Assets are properly identified and assessed to ensure compliance with the Sustainable Finance Framework. The processes include Genesis' Sustainable Financing Committee holding responsibility for the Eligible Asset evaluation and selection process, as well as monitoring compliance with the Sustainable Finance Framework and the relevant Market Standards. The Committee consists of representatives from Financial Control, Treasury, Risk Assurance and Sustainability.

As at the date of this Presentation, the assets included in the Eligible Asset Register are renewable energy generation assets, including hydro-electricity and wind energy.

### Management of Proceeds

Genesis maintains a register of Eligible Assets that outlines (among other things) the current book value and allocation of green debt proceeds.

Genesis intends to maintain a balance of Eligible Assets that have an aggregate book value which is at least equal to the aggregate green debt proceeds of all outstanding green bonds and green loans issued by Genesis.

### Reporting

Genesis will provide annual update reports to investors that cover allocation reporting, eligibility reporting, and impact reporting.

# Eligible Asset Register

Hydroelectricity	Asset Value \$m (30 June 2021)	Green Debt Instrument	Green Debt Value (\$m)
Rangipo	1,364	GNE060	125
Tokaanu		<b>GNE070 (proposed refinancing- excluding GNE040)</b>	225 <sup>1</sup>
Mangaio			
Tuai	486	<b>Total Green Debt<sup>2</sup></b>	<b>350</b>
Piripaua		<b>Total</b>	<b>Value (\$m)</b>
Kaitawa			
Tekapo A	994	Total Eligible Assets Value	2,850
Tekapo B		Total Green Debt Values	350
<b>Wind</b>	<b>Asset Value \$m (30 June 2021)</b>	Surplus Eligible Assets	2,500
Hau Nui	6	<b>Eligible Asset Ratio</b>	<b>8.1x<sup>1</sup></b>
<b>Total Eligible Assets (\$m)</b>	<b>2,850</b>		



The full Eligible Asset Register (last published in November 2021 and to be reviewed annually), including eligibility assessment, can be found at [www.genesisenergy.co.nz/investors/reports-and-presentations](http://www.genesisenergy.co.nz/investors/reports-and-presentations).

1. If Genesis accepts oversubscriptions of \$60m the Eligible Asset Ratio will drop to 7.0x.

2. If Genesis accepts \$60m oversubscriptions Total Green Debt would be \$410m.



# External Review

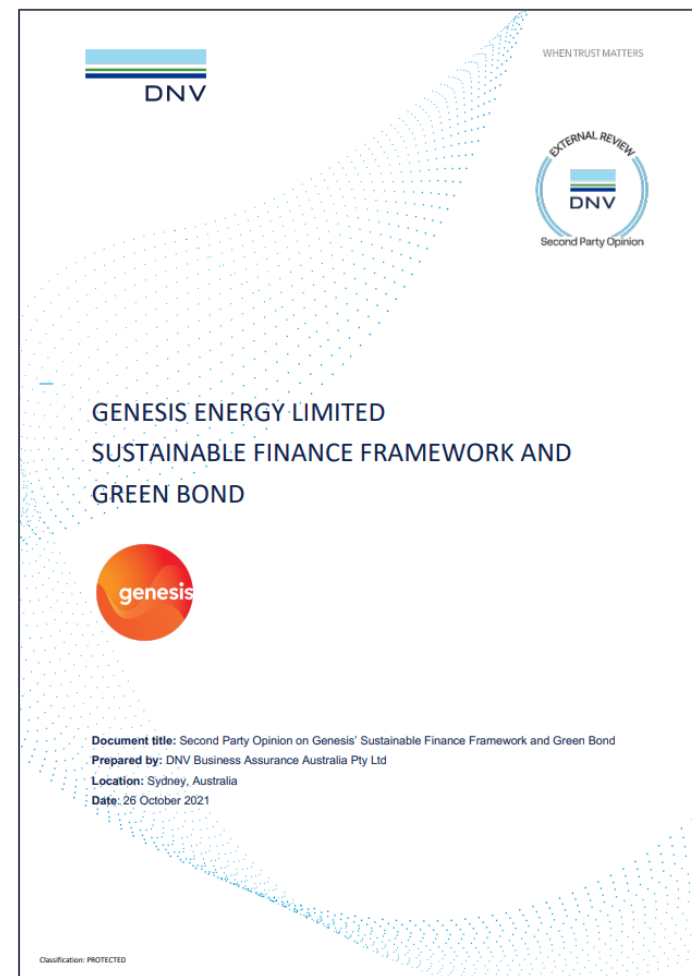
## Pre Issuance Verification

Genesis obtained Pre-Issuance verification from DNV Business Assurance Australia Pty Ltd (**DNV**) that concludes, in DNV's opinion, the Sustainable Finance Framework and Eligible Asset Register are aligned with the Green Bond Principles and the Climate Transition Finance Handbook.

The Second Party Opinion can be found at:  
[www.genesisenergy.co.nz/investors/reports-and-presentations](http://www.genesisenergy.co.nz/investors/reports-and-presentations)

## Post Issuance Assurance or Verification

At least once post-issuance of the Capital Bonds (or annually if Genesis considers it necessary), Genesis intends to seek external review from an independent and recognised sustainable finance verifier of any update report issued by Genesis regarding alignment of the Capital Bonds with the Green Bond Principles and the Sustainable Finance Framework.



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# Financial Performance

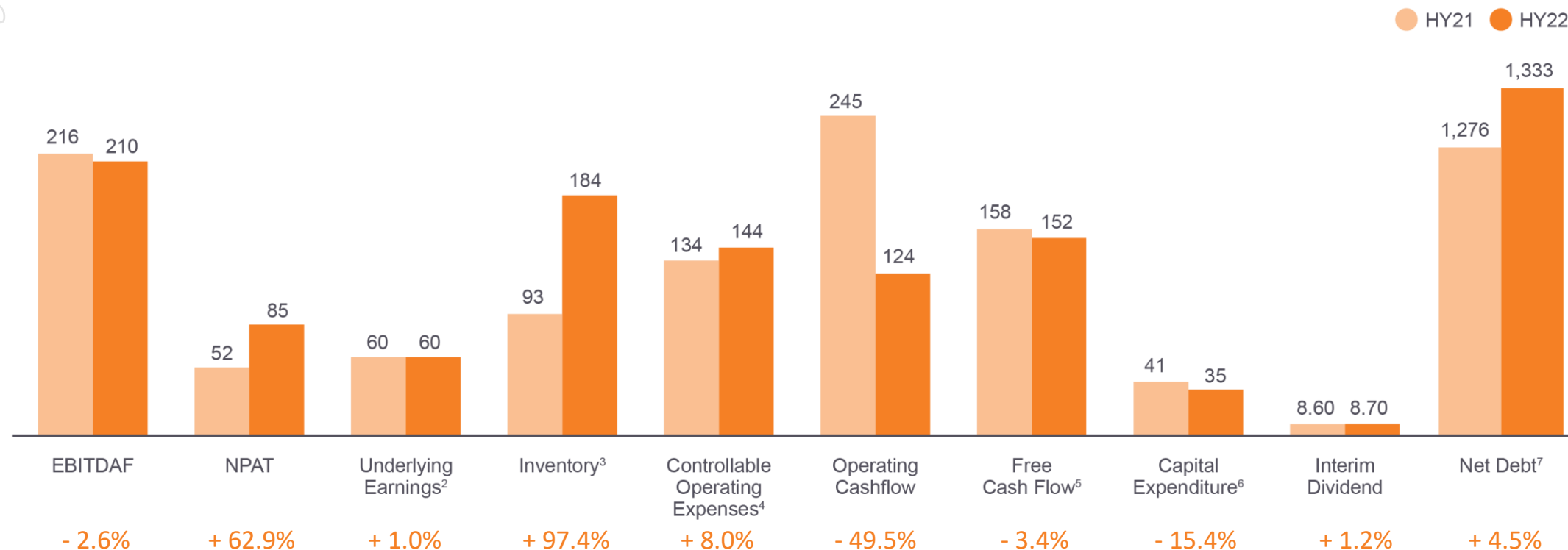
# 5.



# HY22 Financial Summary

## KEY FINANCIAL COMPARISONS<sup>1</sup>

\$ millions



<sup>1</sup> Due to the Implementation of IFRIC agenda decision on Configuration and Customisation costs incurred in implementing Software-as-a-Service, HY21 and FY21 comparable financials have been restated in this presentation. As a result, prior comparable period (pcp) metrics may also have changed.

<sup>2</sup> Underlying earnings is net profit after tax (NPAT) adjusted to exclude transactions which do not relate to the current operating performance of the business, refer to note A1 of condensed consolidated interim financial statements for reconciliation to NPAT.

<sup>3</sup> Inventory prior comparison period is against the period ending 30 June 2021.

<sup>4</sup> Controllable operating expenses refer to Employee Benefits plus Other Operating Expenses.

<sup>5</sup> Free Cash Flow represents EBITDAF less cash tax paid, net interest costs and stay in business capital expenditure. Net interest costs is interest and other finance charges paid, less interest received.

<sup>6</sup> Capital Expenditure amounts differ from amounts stated in the financial statements due to exclusion of capital expenditure relating to Huntly Unit 5's Long Term Maintenance Agreement (LTMA).

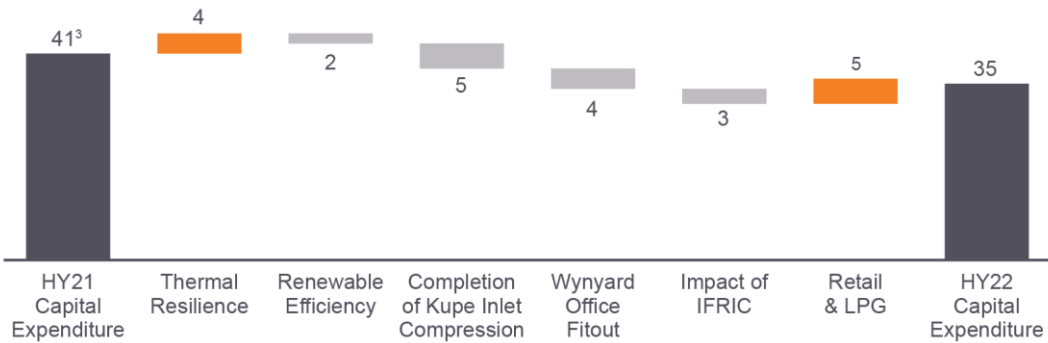
<sup>7</sup> Net Debt and interim dividends are shown on a separate scale to other financial comparisons. Net Debt prior comparison period is against the period ending 30 June 2021. Interim dividend stated in cps.



# Capital invested for efficiency and long term resilience

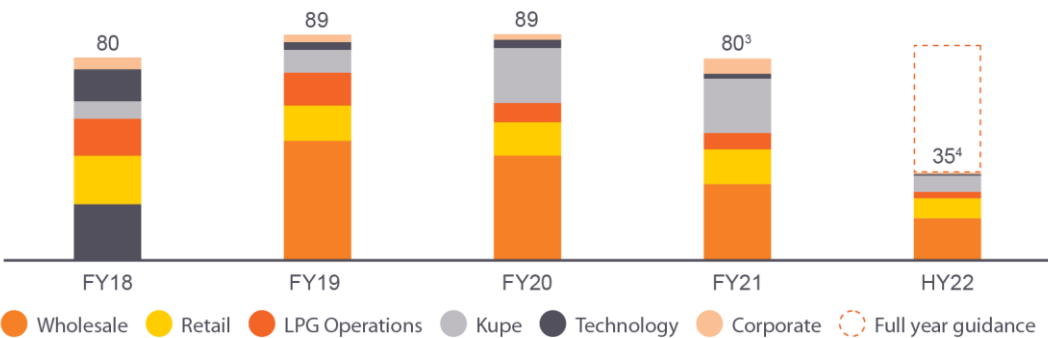
## CAPITAL EXPENDITURE<sup>1</sup>

\$ MILLIONS



## CAPITAL EXPENDITURE<sup>1</sup>

\$ MILLIONS



## HY22 stay in business capital expenditure<sup>2</sup> of \$25.5m includes:

Long term investment to improve the reliability and efficiency of generation assets. This included:

- \$1.5m invested in the ongoing Tekapo B runner upgrade project. The overhaul of both turbine runners will result in 2.5% improved efficiency for the 800GWh station.
- \$4.2m invested in the Huntly Rankine units and control room to ensure long-term continued reliability of New Zealand's thermal back-up.
- Commenced the overhaul of the Piripaua power station generators. Investment is expected to increase efficiency by 3.3% for the 42MW station.

## HY22 growth capital expenditure includes:

- Successful completion of the Kupe inlet compression project in Q1 FY22 returning production plant capacity to 77 TJ/day. Since commissioning, well deliverability has declined faster than expected and has impacted the ability to reach daily capacity rates<sup>5</sup>.
- Investing to grow customer loyalty and reduce churn through our successful Power Shout programme.
- \$1.7m invested in supporting new LPG customers and other growth initiatives.

<sup>1</sup> Capital expenditure excludes M&A activities.

<sup>2</sup> Stay in business capital expenditure includes an additional \$1.9m which reflects payments made during the period regarding LTMA contract.

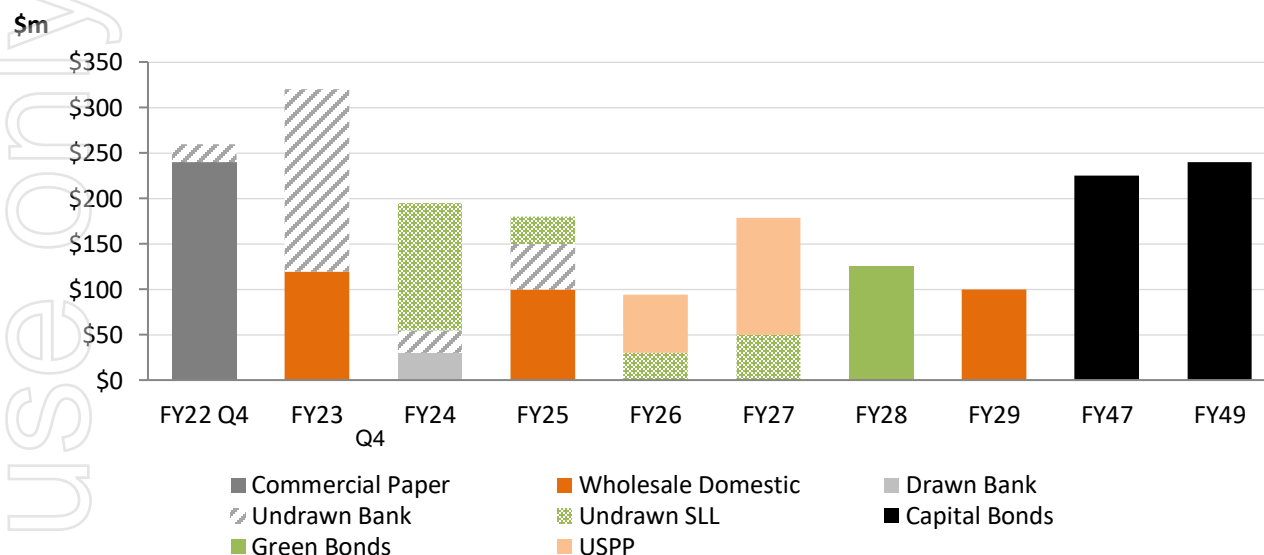
<sup>3</sup> HY21 and FY21 Capital have been restated for the impact of IFRIC agenda decision on Software as a Service configuration and customisation costs (HY21: \$1.3m, FY21: \$4.2m).

<sup>4</sup> Capital expenditure amounts differ from amounts stated in the financial statements due to exclusion of capital expenditure relating to Huntly U5's Long Term Maintenance contract (LTMA) HY22: \$3.4m

<sup>5</sup> Kupe reserves are re-evaluated annually. The results of the next re-evaluation are expected in Q1, FY23.

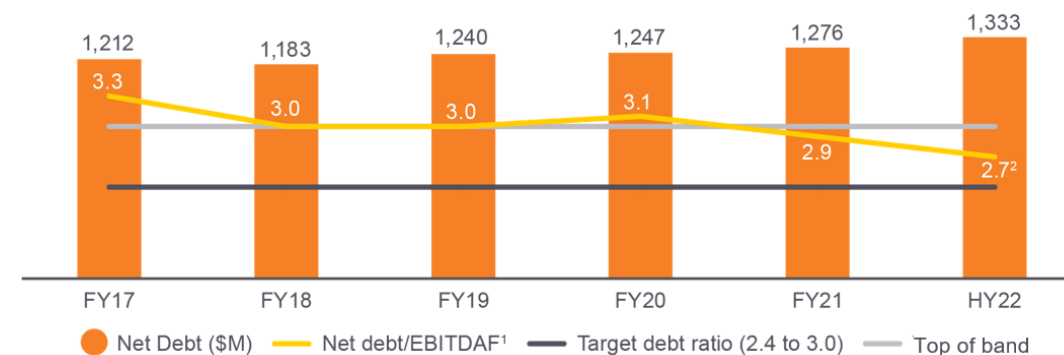
# Capital structure and debt profile

## GENESIS DEBT PROFILE AT 30 APRIL 2022



- \$545 million of bank facilities (including \$250 million of sustainability linked loans) with \$50 million drawn and \$495 million undrawn. There was \$240 million of Commercial Paper on issue at 30 April 2022. The Commercial Paper matures within 90 days.

## NET DEBT/EBITDAF RATIO FALLING TO TARGET BAND



- S&P reaffirmed BBB+ Issuer Credit Rating in February 2022.
- Net debt has increased due to increased inventory and FY21 arbitration costs paid in HY22. Debt/EBITDAF is lower due to higher expected earnings in FY22.
- A 7-year \$100 million wholesale senior bond was issued in December 2021 at a rate of 3.65% p.a., demonstrating ongoing debt investor appetite.
- A 6-year \$125 million green retail senior bond was issued in March 2022 at a rate of 4.17% p.a.

<sup>1</sup> S&P make a number of adjustments to Net Debt and EBITDAF for the purpose of calculating credit metrics. The most significant of these is the 50% equity treatment attributed to the Capital Bonds. In FY21 S&P added back the EBITDAF related to prior year arbitration impact.

<sup>2</sup> HY22 Net Debt/EBITDAF is based on Net Debt at 31 December 2021 and the mid-point of FY22 EBITDAF guidance of \$435 million.



# Key Terms and Dates

6





# Key Terms

<b>Description</b>	<p>The Capital Bonds are unsecured, subordinated, interest bearing debt securities.</p> <p>The Capital Bonds will be designated as green bonds in accordance with Genesis' Sustainable Finance Framework dated November 2021 (as amended from time to time) (Sustainable Finance Framework).</p>
<b>Offer</b>	Up to \$225,000,000 (with the ability to accept oversubscriptions of up to an additional \$60,000,000 at Genesis' discretion).
<b>Ranking</b>	The Capital Bonds will rank equally among themselves and will be subordinated to all other indebtedness of Genesis, other than indebtedness expressed to rank equally with, or subordinated to, the Capital Bonds.
<b>Guarantee</b>	<p>The Capital Bonds benefit from the unsecured, subordinated guarantee contained in the Capital Bonds Trust Deed. As at the date of this Presentation, Kupe Venture Limited is the only guarantor.</p> <p>The New Zealand government does not guarantee the Capital Bonds and is under no obligation to provide financial support to Genesis.</p>
<b>Credit Rating</b>	<p>Expected Issue Credit Rating for the Capital Bonds: BB+ (S&amp;P) (Genesis has an Issuer Credit Rating of BBB+ (Stable)).</p> <p>Genesis' current Issuer Credit Rating of BBB+ includes a one-notch uplift from the company's stand-alone credit rating of 'bbb' reflecting the legislated majority ownership by the New Zealand government.</p> <p>The expected Issue Credit Rating of the Capital Bonds is two notches below Genesis' stand-alone credit rating. One notch is deducted for the Capital Bonds being subordinated and a second notch because of the potential for interest payments to be deferred.</p>
<b>Term</b>	30 years (maturing 9 June 2052).
<b>Reset Dates</b>	9 June 2027 and every five years thereafter. As part of a Successful Election Process, a different Reset Date may be adopted.
<b>Margin</b>	The Margin will be determined following a bookbuild process and announced via NZX on or shortly after the Rate Set Date (1 June 2022).
<b>Interest Rate from the Issue Date to the first Reset Date (9 June 2027)</b>	The Interest Rate applying from (and including) the Issue Date to (but excluding) the first Reset Date will be the percentage rate per annum equal to the Benchmark Rate (mid-market NZD swap rate for a 5-year term, as determined on the Rate Set Date) plus the Margin, subject to the minimum Interest Rate set out in the Terms Sheet.
<b>Interest Rate after each Reset Date</b>	The Interest Rate will reset on each Reset Date. The Interest Rate applying from (and including) each Reset Date to (but excluding) the next Reset Date will be the percentage rate per annum equal to the Benchmark Rate that is determined on that Reset Date plus the Margin plus the Step-up Margin (0.25%). A different Interest Rate may apply if a successful Election Process has been completed in relation to a Reset Date.
<b>Optional early redemption by Genesis</b>	Genesis has the right to redeem (a) all or some of the Capital Bonds on any Reset Date; (b) all or some of the Capital Bonds on any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken in respect of that Reset Date; (c) all (but not some only) of the Capital Bonds if a Change of Control occurs; or (d) all or some of the Capital Bonds if a Tax Event or a Rating Agency Event occurs.
<b>Deferral of interest</b>	Genesis may, in its absolute discretion, defer any payment of interest for up to five years, with a distribution stopper in place while any Unpaid Interest remains outstanding. Deferred interest is cumulative.

# Interest Payments

## Interest Rate

The Interest Rate applying from (and including) the Issue Date to (but excluding) the first Reset Date will be the percentage rate per annum equal to the Benchmark Rate (mid-market NZD swap rate for a 5-year term, as determined on the Rate Set Date) plus the Margin (as determined on the Rate Set Date), subject to the minimum Interest Rate set out in the Terms Sheet.

The Interest Rate will reset on each Reset Date. The Interest Rate applying from (and including) each Reset Date to (but excluding) the next Reset Date will be the percentage rate per annum equal to the Benchmark Rate that is determined on that Reset Date plus the Margin plus the Step-up Margin (0.25%). A different Interest Rate may apply if a successful Election Process has been completed in relation to a Reset Date, as summarised below.

## Election Process

Before any Reset Date, Genesis may propose new terms and conditions (**New Conditions**) (including, for example, a new Margin) to apply to the Capital Bonds from the next Reset Date. If Genesis declares a Successful Election Process, on the Reset Date:

- Genesis must purchase each Capital Bond in respect of which a Bondholder has rejected the New Conditions; and
- the New Conditions will apply from the relevant Reset Date.

If no Successful Election Process occurs, the New Conditions will not apply and the Interest Rate will reset as described above.

## Interest Deferral and Distribution Stopper

Genesis may, in its absolute discretion, defer any payment of interest for up to five years. If deferred, an interest payment amount will accrue interest (compounding every Interest Payment Date) at the prevailing Interest Rate on the Capital Bonds (in aggregate, the **Unpaid Interest**). Genesis' right to defer interest does not apply to interest that is due to be paid on the Maturity Date or an early Redemption Date.

While any Unpaid Interest remains outstanding, Genesis must not:

- unless approved by Bondholders by way of an Extraordinary Resolution, pay any dividend on, or make any other distribution in respect of, or pay any interest on, any shares or securities ranking, in liquidation, equally with or after the Capital Bonds; and
- without the consent of the Supervisor, acquire, redeem or repay any of Genesis' shares or other securities ranking, in liquidation, equally with or after the Capital Bonds (or provide financial assistance for the acquisition of such shares or securities).

# Early Redemption

## Mandatory Redemption

Genesis must redeem all the Capital Bonds on the Maturity Date or if an Event of Default occurs.

## Optional Early Redemption by Genesis

Genesis has the right to redeem:

- a) all or some of the Capital Bonds on any Reset Date;
- b) all or some of the Capital Bonds on any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken in respect of that Reset Date;
- c) all (but not some only) of the Capital Bonds if a Change of Control<sup>1</sup> occurs; or
- d) all or some of the Capital Bonds if a Tax Event<sup>2</sup> or a Rating Agency Event<sup>3</sup> occurs.

If Genesis is redeeming some (but not all) of the Capital Bonds, at least 100,000,000 Capital Bonds must remain outstanding after the partial redemption.

## Holder Put Event – early redemption at the election of Bondholders

In summary, a **Holder Put Event** will occur if both a Change of Control and an associated Rating Downgrade<sup>4</sup> occurs. If a Holder Put Option occurs and Genesis has not elected to redeem all outstanding Capital Bonds, each Bondholder may (within a specified time) require Genesis to redeem all (but not only some) of the Capital Bonds held by that Bondholder.

## Redemption Amount

For each Capital Bond redeemed under paragraph b) or c) under "Optional Early Redemption by Genesis<sup>4</sup> above, the redemption amount payable is the greater of:

- a) the Principal Amount (\$1.00) plus all accrued but unpaid interest (including any Unpaid Interest); and
- b) the market value of the Capital Bonds plus all accrued but unpaid interest.

In all other cases, the redemption amount payable is the Principal Amount (\$1.00) plus all accrued but unpaid interest (including any Unpaid Interest).

<sup>1</sup> In summary, a **Change of Control** will occur if the New Zealand government no longer has majority ownership or control of Genesis.

<sup>2</sup> In summary, a **Tax Event** will occur if, as a result of any change or clarification in any law, treaties or regulations, the interest payments on the Capital Bonds would no longer be fully deductible for tax purposes.

<sup>3</sup> In summary, a **Rating Agency Event** will occur if (a) as a result of a change in criteria, the Capital Bonds will no longer be assigned an Intermediate Equity Content classification; or (b) Genesis ceases to hold an Issuer Credit Rating from S&P.

<sup>4</sup> In summary, a **Rating Downgrade** will occur if, within a specified time following a Change of Control, S&P lowers Genesis' Issuer Credit Rating by at least one ratings notch and the resulting rating is lower than BBB+.

# Key Early Redemption Drivers

## Year 5 – Reset Date (9 June 2027)

- Potential Election Process or Genesis can call (redeem) the Capital Bonds
- Step-up in margin (0.25%) if not called or no Successful Election Process
- Potential refinancing risk at year 10 if not called
- Call is at par (any subsequent issuer call between Reset Dates is at the higher of par and market value, except if a Tax Event or a Rating Agency Event occurs)

## Year 10 – Reset Date (9 June 2032)

- S&P's equity content expected to reduce to minimal (0%)
- Treated as 100% debt by S&P
- Expected to be high-cost debt with limited benefits to Genesis
- Outcomes not consistent with Genesis' rationale for issue

Genesis believes that hybrid securities that are ascribed equity content (such as the Capital Bonds) are an effective capital management tool and currently intends to maintain such instruments as a key feature of its capital structure going forward.

If Genesis chooses to redeem the Capital Bonds early, its current expectation is that equivalent replacement securities would be issued to fund that redemption.

There is no certainty that Genesis will choose to redeem the Capital Bonds on a Reset Date or any other optional redemption date. Bondholders have no right to request Genesis to redeem the Capital Bonds early unless a Holder Put Event has occurred.



# Offer Structure

## Offer Structure

- Bookbuild process
  - All of the Capital Bonds (including oversubscriptions) are reserved for subscription by clients of the Joint Lead Managers, institutional investors and certain other parties.
  - No public pool.

## Redemption of GNE040 Bonds if the Offer is successful

- If the bookbuild for the Offer is successful, Genesis will redeem the GNE040 Bonds on 9 June 2022.
- GNE040 Bondholders who wish to participate in the new Offer should contact their financial adviser, one of the Joint Lead Managers or another Market Participant.

## Minimum Application

- Minimum application of \$5,000 with multiples of \$1,000 thereafter.

## Fees / Brokerage

- Applicants are not required to pay brokerage or any charges to Genesis.
- Genesis will pay retail brokerage of 0.50% and firm fees of 0.50% to Market Participants and approved financial intermediaries (as applicable).

<sup>1</sup> Application has been made to NZX for permission to quote the Capital Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Presentation have been duly complied with. However, NZX accepts no responsibility for any statement in this Presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

# Key Dates

## Opening Date

Thursday, 26 May 2022

## Closing Date

11.00am, Wednesday, 1 June 2022

## Rate Set Date

Wednesday, 1 June 2022

## Issue Date

Thursday, 9 June 2022

## Expected Date of Initial Quotation on NZX Debt Market <sup>1</sup>

Friday, 10 June 2022

## Interest Payment Dates

9 March, June, September and December each year up to and including the Maturity Date.

The first Interest Payment Date will be 9 September 2022.

## First Reset Date

Wednesday, 9 June 2027

## Maturity Date

Sunday, 9 June 2052

# Non-GAAP Measures

EBITDAF (Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes, and other gains and losses) is a non GAAP (generally accepted accounting practice) financial measure. It is commonly used within the electricity industry (including internally by Genesis' management) as a measure of performance as it shows the level of earnings before impact of gearing levels and non-cash charges such as depreciation and amortisation. It may be useful to investors for these reasons. The EBITDAF shown in Genesis' financial statements (and used in this Presentation) has been audited for June balance dates and reviewed by the external auditor for half year numbers. Genesis' financial statements (available at [www.genesisenergy.co.nz/investors/reports-and-presentations](http://www.genesisenergy.co.nz/investors/reports-and-presentations)) include a reconciliation to net profit after tax.

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**genesis** With you. For you.

**Green Capital Bond enquiries**

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