



# Indicative Terms Sheet

22 August 2022



# Indicative Terms Sheet



This indicative terms sheet ("**Terms Sheet**") sets out the key terms of the offer ("**Offer**") by Manawa Energy Limited ("**Manawa Energy**") of up to \$125,000,000 (with the ability to accept oversubscriptions of up to \$25,000,000 at Manawa Energy's discretion) of unsecured, unsubordinated, fixed rate bonds maturing on 8 September 2027 ("**Bonds**").

The Bonds will be issued pursuant to a master trust deed dated 14 September 2016 (as amended from time to time) ("**Trust Deed**") as modified and supplemented by a series supplement dated 22 August 2022 ("**Series Supplement**" and, together with the Trust Deed, the "**Trust Documents**") entered into between Manawa Energy and Trustees Executors Limited ("**Supervisor**").

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

## Important notice

The Offer of Bonds by Manawa Energy 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 Bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as:

- Manawa Energy's bonds maturing on 15 December 2022, which have a fixed interest rate of 4.01% per annum and are currently quoted on the NZX Debt Market under the ticker code MNW150 ("**MNW150 Bonds**");
- Manawa Energy's bonds maturing on 22 February 2029, which have a fixed interest rate of 3.97% per annum and are currently quoted on the NZX Debt Market under the ticker code MNW170; and
- Manawa Energy's bonds maturing on 29 July 2026, which have a fixed interest rate of 3.35% per annum and are currently quoted on the NZX Debt Market under the ticker code MNW180,

(together, the "**Existing Bonds**").

Accordingly, the Bonds offered are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Manawa Energy 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/MNW](http://www.nzx.com/companies/MNW).

The Existing Bonds are the only debt securities of Manawa Energy that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds. When comparing the yield of two debt securities, it is important to consider all relevant factors (including the credit rating (if any), maturity and the other terms of the relevant debt securities).

## Key dates for the Offer

Firm Offer Opening Date	Monday, 22 August 2022
Firm Offer Closing Date	12.00pm, Thursday, 25 August 2022
Rate Set Date	Thursday, 25 August 2022
Exchange Offer Opening Date	Friday, 26 August 2022
Exchange Offer Closing Date	12.00pm, Friday, 2 September 2022
Issue Date and allotment date	Thursday, 8 September 2022
Expected quotation of Bonds on NZX Debt Market	Friday, 9 September 2022
First Interest Payment Date	Thursday, 8 December 2022
Maturity Date of the Bonds	Wednesday, 8 September 2027

## Key terms of the Bonds

Issuer	Manawa Energy Limited.
Description	Unsecured, unsubordinated, fixed rate bonds (" <b>Bonds</b> ").
Purpose of the Offer	The proceeds of the Offer will be used for general corporate purposes, including the purchase and repayment of Manawa Energy's MNW150 Bonds.
Offer	<p>The Offer consists of two parts:</p> <ul style="list-style-type: none"> <li>Under the first part ("<b>Firm Offer</b>"), Manawa Energy is offering Bonds to New Zealand clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild.</li> <li>Under the second part ("<b>Exchange Offer</b>"), Manawa Energy is offering New Zealand resident holders of its 127,734,000 MNW150 Bonds maturing on 15 December 2022, the opportunity to apply to exchange all or some of their MNW150 Bonds for Bonds under an online Exchange Offer.</li> </ul> <p>There is no public pool for Bonds under the Offer and the Offer is not underwritten.</p> <p>See "Who may apply and how to apply" below.</p>

Offer amount	<p><b>Firm Offer</b> Up to \$75,000,000 of Bonds.</p> <p><b>Exchange Offer</b> Up to \$50,000,000 of Bonds.</p> <p><b>Oversubscriptions</b> Manawa Energy has the ability to accept oversubscriptions of up to \$25,000,000 of Bonds at its sole discretion. Any such oversubscriptions can be accepted in aggregate under the Firm Offer and / or the Exchange Offer.</p> <p><b>Summary of Offer structure</b></p> <table><tr><th>Total Offer</th><th>Firm Offer</th><th>Exchange Offer</th><th>Oversubscriptions</th></tr><tr><td>Offer amount up to \$150,000,000</td><td>Up to \$75,000,000</td><td>Up to \$50,000,000</td><td>Up to \$25,000,000 in aggregate. Can be accepted under the Firm Offer and / or the Exchange Offer</td></tr></table>				Total Offer	Firm Offer	Exchange Offer	Oversubscriptions	Offer amount up to \$150,000,000	Up to \$75,000,000	Up to \$50,000,000	Up to \$25,000,000 in aggregate. Can be accepted under the Firm Offer and / or the Exchange Offer
Total Offer	Firm Offer	Exchange Offer	Oversubscriptions									
Offer amount up to \$150,000,000	Up to \$75,000,000	Up to \$50,000,000	Up to \$25,000,000 in aggregate. Can be accepted under the Firm Offer and / or the Exchange Offer									
Credit rating	The Bonds will not be rated.											
Interest Rate	<p>The Interest Rate will be the sum of the Issue Margin (which may be above or below the Indicative Issue Margin range referred to below) and the Base Rate on the Rate Set Date, but in any case will be no less than the minimum Interest Rate of 5.00% per annum.</p> <p>The Interest Rate will be announced by Manawa Energy via NZX on the Rate Set Date.</p>											
Indicative Issue Margin	The indicative range of the Issue Margin is 1.40% – 1.60% per annum.											
Issue Margin	The Issue Margin (which may be above or below the Indicative Issue Margin range) will be determined by Manawa Energy in consultation with the Joint Lead Managers following completion of the bookbuild process and announced via NZX on the Rate Set Date.											
Base Rate	A 5-year mid-market rate for a New Zealand dollar interest rate swap, determined on the Rate Set Date by the Arranger in consultation with Manawa Energy, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page), expressed as a percentage per annum, adjusted for quarterly payments and rounded, if necessary, to the nearest 2 decimal places with 0.005 being rounded up.											
Interest payments	<p>Interest will be payable quarterly in arrear in equal amounts on 8 March, 8 June, 8 September and 8 December of each year up to (and including) the Maturity Date. The first Interest Payment Date will be Thursday, 8 December 2022.</p> <p>If an Interest Payment Date is not a Business Day, the due date for the payment to be made on that date will be the next following Business Day and no adjustment will be</p>											

	made to the amount payable as a result of the delay in payment.
<b>Manawa Energy's Early Redemption Option</b>	<p>The Bonds are issued with an Early Redemption Option, meaning Manawa Energy may elect to redeem all the Bonds prior to the Maturity Date by giving Holders 15 Business Days' notice of the early redemption date.</p> <p>On early redemption, Manawa Energy will pay to each Holder an early redemption amount in respect of each Bond held by the Holder, which is equal to, in summary, the sum of:</p> <ul style="list-style-type: none"> <li>the greater of: <ul style="list-style-type: none"> <li>the Face Value of the Bond; and</li> <li>a volume weighted average market trading price for the Bond, as determined in accordance with the Series Supplement;</li> </ul> </li> <li>all accrued but unpaid interest in respect of the Bond; and</li> <li>any other amount due and payable in respect of the Bond.</li> </ul> <p>Holders have no right to require Manawa Energy to redeem their Bonds prior to the Maturity Date, except if an Event of Default (as defined in the Trust Deed) occurs.</p> <p>If the Bonds are redeemed on a day that is not an Interest Payment Date, the amount of interest payable to Holders will be adjusted to reflect the number of days in the period in which the interest accrued prior to redemption.</p>
<b>Guarantee</b>	<p>The Bonds benefit from the cross guarantee provisions in the negative pledge deed originally dated 5 September 2016, as amended and restated on 10 November 2021 ("<b>Negative Pledge Deed</b>"). As at the date of this Terms Sheet, Manawa Energy is the only member of the Guaranteeing Group under the Negative Pledge Deed.</p> <p>In the Series Supplement, Manawa Energy has covenanted that:</p> <ul style="list-style-type: none"> <li>Total Tangible Assets of the Guaranteeing Group (being Manawa Energy and any subsidiary that is a guarantor under the Negative Pledge Deed) will at no time be less than 85% of the Total Tangible Assets of the Consolidated Group (being Manawa Energy and its Subsidiaries); and</li> <li>for the 12 month period ending on each semi-annual test date, EBITDA of the Guaranteeing Group will not be less than 85% of EBITDA of the Consolidated Group.</li> </ul>
<b>Further indebtedness</b>	Manawa Energy may incur finance debt (including bank debt or debt in respect of new bonds), without the consent of the Holders, while the Bonds are outstanding.
<b>Financial covenant</b>	<p>In the Series Supplement, Manawa Energy has covenanted to ensure that, on each semi-annual test date, Net Debt of the Consolidated Group divided by Total Tangible Assets of the Consolidated Group will not exceed 50%.</p> <p>The first test date for the financial covenant is 30 September 2022.</p>



<b>Negative pledge</b>	<p>In the Series Supplement, Manawa Energy has agreed that it will not create or permit to subsist any security interest over the whole or any part of its assets other than:</p> <ul style="list-style-type: none"> <li>• in certain limited circumstances defined in the Series Supplement as Permitted Security; and</li> <li>• in addition to any Permitted Security, any security interest where the aggregate value of all of Manawa Energy's assets subject to the security interests does not exceed at any time an amount equal to 7.5% of the Total Tangible Assets of the Consolidated Group.</li> </ul>
<b>Issue Price</b>	\$1.00 per Bond (being the Face Value of each Bond).
<b>Minimum application amount and denominations</b>	The minimum application is \$5,000, with multiples of \$1,000 thereafter.
<b>Record Date</b>	5.00pm on the tenth calendar day before the due date for that payment (or, if that day is not a Business Day, the immediately preceding Business Day).
<b>Who may apply and how to apply</b>	<p><b>Firm Offer</b></p> <p>All of the Bonds offered under the Firm Offer are reserved for clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild. There is no public pool for the Offer.</p> <p>Accordingly, investors that are not otherwise eligible to participate in the Exchange Offer described below should contact a Joint Lead Manager, their financial adviser or any primary market participant for details on how they may acquire Bonds under the Firm Offer. Investors can find a primary market participant by visiting <a href="http://www.nzx.com/services/market-participants/find-a-participant">www.nzx.com/services/market-participants/find-a-participant</a>.</p> <p>Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds, including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant, as well as the costs and timeframes for putting such arrangements in place.</p> <p><b>Exchange Offer</b></p> <p>A re-investment option is available to New Zealand holders of MNW150 Bonds who may participate in the Exchange Offer by submitting an online application form.</p> <p>To be eligible to apply for Bonds under the Exchange Offer, you must have been a holder of MNW150 Bonds with a registered address in New Zealand at 5.00pm on Friday, 19 August 2022.</p> <p>If an eligible holder of MNW150 Bonds wishes to participate in the Exchange Offer, they</p>

can apply by submitting an online application form.

The size of the Exchange Offer is smaller than the aggregate amount of the outstanding MNW150 Bonds. If the Exchange Offer is oversubscribed, then Manawa Energy will scale applications using a methodology of its choosing. One of the factors that may be taken into account is the timing of when applications are received, and so holders of MNW150 Bonds wishing to apply for Bonds under the Exchange Offer should do so as soon as possible after they decide to participate in the Exchange Offer.

Successful Exchange Offer participants will be able to view their allocations on the Computershare investor website ([www.investorcentre.com/nz](http://www.investorcentre.com/nz)) from the Issue Date of the Bonds. Holding statements will be sent to Exchange Offer participants on Monday, 12 September 2022, with the additional payment (referred to below) to be received by holders of MNW150 Bonds participating in the Exchange Offer to be made on Thursday, 15 September 2022.

The purchase price for each MNW150 Bond that is purchased by Manawa Energy under the Exchange Offer will be an amount equal to the sum of the Face Value of the MNW150 Bond (being \$1.00) and the additional amount described below. Any MNW150 Bonds purchased by Manawa Energy will be held as treasury stock until the MNW150 Bonds are repaid on their maturity date (15 December 2022).

If an investor applies for Manawa Energy to purchase some or all of their MNW150 Bonds and their online application is accepted, the part of the purchase price equal to the Face Value of each MNW150 Bond that is purchased will be retained by Manawa Energy and applied to pay the Issue Price of the Bonds that are to be issued to the investor under the Exchange Offer. This means:

- the investor will not need to make any separate payment for Bonds that are issued to them under the Exchange Offer;
- other than for the additional amount described below, no payment will be made to the holder of MNW150 Bonds for their bonds that are purchased by Manawa Energy; and
- the additional amount that will be included in the purchase price for each of the MNW150 Bonds that are purchased by Manawa Energy under the Exchange Offer (if any) will be an amount that is equal to interest on the MNW150 Bonds for the period from Wednesday, 15 June 2022 to (but excluding) the Issue Date of the Bonds. This amount (after the deduction of any applicable taxes) will be paid on Thursday, 15 September 2022.

The issue of Bonds and payment of the additional amount referred to above will satisfy Manawa Energy's obligation to a holder of MNW150 Bonds to purchase their exchanged bonds on the Issue Date.

If a holder of MNW150 Bonds decides not to participate in the Exchange Offer but still

wishes to apply for Bonds, or wishes to apply for Bonds in addition to their current holding of MNW150 Bonds, they can contact a Joint Lead Manager, primary market participant, or their usual financial adviser to participate in the Firm Offer.

If a holder of MNW150 Bonds has provided an email address for investor correspondence to the Registrar, they will receive an email on the Exchange Offer Opening Date (Friday, 26 August 2022) with an email link ([www.manawaenergybond.co.nz](http://www.manawaenergybond.co.nz)). The email link will take the holder to a Registrar website with information on how to apply for Bonds in the Exchange Offer using the online application form. Participants must complete and submit the online application form by no later than 12.00pm on the Exchange Offer Closing Date (Friday, 2 September 2022).

**Once an applicant submits an online application form for the Exchange Offer, they will no longer be able to sell or otherwise transfer those MNW150 Bonds to which their application relates. If their application (or part of their application) for the Exchange Offer is unsuccessful, the MNW150 Bonds pertaining to their unsuccessful application (or unsuccessful part of their application) will be available again to them to sell or otherwise transfer once the Exchange Offer has settled following the Issue Date.**

Further details of the Exchange Offer application process, including the confirmations required to be provided by holders of MNW150 Bonds, is set out on the Registrar's website referred to above.

#### **Applications may be refused**

In relation to the Firm Offer, Manawa Energy reserves the right to refuse any application or to accept an application in part only, without providing a reason.

If Manawa Energy refuses any application under the Exchange Offer due to the applicant being ineligible or as a result of the scaling process referred to above, the MNW150 Bonds that will not be exchanged will continue until their maturity date in accordance with their existing terms and conditions.

<b>Brokerage</b>	<p>Applicants are not required to pay brokerage or any charges to Manawa Energy for an application under the Offer.</p> <p>Manawa Energy will pay brokerage of 0.50% plus a firm fee of 0.25% of the aggregate principal amount of Bonds issued. Such amounts will be paid to the Arranger who will distribute the funds to primary market participants and approved financial intermediaries as appropriate.</p>
<b>Quotation on NZX Debt Market</b>	<p>Manawa Energy will take any necessary steps to ensure that the Bonds are, immediately after issue, quoted on the NZX Debt Market. Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating 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</p>



	<p>any statement in this Terms Sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the FMCA.</p> <p>NZX Ticker code MNW190 has been reserved for the Bonds.</p>
<b>ISIN</b>	NZMNWDT190C7.
<b>Transfers</b>	<p>Holders are entitled to sell or transfer their Bonds at any time subject to the terms of the Trust Documents, applicable securities laws and regulations and the selling restrictions set out below. Manawa Energy may decline to accept or register a transfer of Bonds for the reasons set out in the Trust Documents.</p> <p>No transfer of Bonds will be registered if the transfer would result in the transferee holding Bonds of less than the minimum holding of \$5,000 of Bonds (unless the transferee would then hold no Bonds).</p>
<b>Selling restrictions</b>	<p>The Bonds will only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No action has been taken or will be taken to permit a public offering of Bonds or possession or distribution of any offering material, in any jurisdiction other than New Zealand. Nothing in this Terms Sheet is to be construed as authorising its distribution or the offer or sale of the Bonds, in any jurisdiction other than New Zealand, and Manawa Energy accepts no liability in that regard. This Terms Sheet may not be published, delivered or distributed in or from any country other than New Zealand other than in conformity with all applicable laws and regulations of that jurisdiction.</p> <p>By subscribing for or otherwise acquiring any Bonds, each Holder agrees to indemnify Manawa Energy, the Supervisor, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents for any loss, cost, liability or damages suffered as a result of an investor breaching the selling restrictions referred to above in this Terms Sheet.</p>
<b>Governing law</b>	New Zealand.

The dates set out in this Terms Sheet are indicative only and are subject to change. Manawa Energy has the right in its absolute discretion and without notice to close the Firm Offer and / or the Exchange Offer early, to accept late applications, to extend the Firm Offer Closing Date and / or the Exchange Offer Closing Date or to choose not to proceed with the Offer. If either closing date is extended, subsequent dates may be extended accordingly. If Manawa Energy chooses to cancel the Offer and the issue of the Bonds, all application monies received will be refunded (without interest) as soon as possible.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

None of the Arranger, Joint Lead Managers nor any of their respective directors, officers, employees and

agents: (a) accept any responsibility or liability whatsoever for any loss arising from this Terms Sheet or its contents or otherwise arising in connection with the Offer of the Bonds; (b) authorised or caused the issue of, or made any statement in, any part of this Terms Sheet; and (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 Terms Sheet, 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).

Copies of the Trust Documents are available at Manawa Energy's website at [www.manawaenergy.co.nz/share-and-bondholder-information](http://www.manawaenergy.co.nz/share-and-bondholder-information).

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, investors should consult their tax adviser in relation to their specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations or tax filing obligations).

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

## Address details

### Issuer

**Manawa Energy Limited**  
108 Durham Street  
Tauranga 3110

### Registrar

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

### Arranger and Joint Lead Manager

**ANZ Bank New Zealand Limited**  
Level 10, ANZ Centre  
171 Featherston Street  
Wellington 6011

### Joint Lead Managers

**Craigs Investment Partners Limited**  
Level 32, Vero Centre  
48 Shortland Street  
Auckland 1010

### Forsyth Barr Limited

Level 10, Forsyth Barr House  
35 The Octagon  
Dunedin 9016

### Supervisor

**Trustees Executors Limited**  
Level 5 Spark Central  
70 Boulcott Street  
PO Box 10-519  
Wellington 6143

### Legal advisers to Manawa Energy

**Bell Gully**  
Vero Centre  
48 Shortland Street  
Auckland 1140