



Genesis Energy Limited

Indicative Terms Sheet

Green Capital Bonds
26 June 2023

Joint Lead Managers



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This indicative terms sheet (**Terms Sheet**) sets out the key terms of the offer by Genesis Energy Limited (**Genesis**) of up to \$240,000,000 (with the ability to accept oversubscriptions at Genesis' discretion) of unsecured, subordinated green capital bonds maturing on 10 July 2053 (**Capital Bonds**) under a capital bonds trust deed dated 26 June 2023 (**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' \$285,000,000 unsecured, subordinated green capital bonds maturing on 9 June 2052 (with an interest rate of 5.66% per annum), which are currently quoted on the NZX Debt Market under the ticker code GNE070 (**GNE070 Bonds**).

The Capital Bonds are of the same class as the GNE070 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.

The GNE070 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 GNE070 Bonds to find out how the market assesses the returns and risk premium for those bonds.

Redemption of the GNE050 Bonds on the first reset date

Genesis has the right to redeem its \$240,000,000 unsecured, subordinated capital bonds which are quoted on the NZX Debt Market under the ticker code GNE050

(**GNE050 Bonds**) on 17 July 2023 (being the first business day after the scheduled first reset date of 16 July 2023, which is a Sunday). If the bookbuild for the Offer is successful, Genesis will elect to redeem the GNE050 Bonds by giving a redemption notice to holders of GNE050 Bonds (**GNE050 Bondholders**) on or about 30 June 2023.

Other information

The 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 15) 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/investor/results-and-reports/reports-and-presentations under the heading "Green 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.

Note that the GNE050 Bonds are not green capital bonds. Accordingly, the GNE050 Bonds are not the same class as the Capital Bonds and the GNE070 Bonds (which are green capital bonds) for the purposes of the FMCA and the FMC Regulations.

Issuer	Genesis Energy Limited.
Description	The Capital Bonds are unsecured, subordinated interest bearing debt securities.
Offer	<p>Up to \$240,000,000 (with the ability to accept oversubscriptions 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>
Ranking	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 titled "Ranking on Liquidation" for further information.
Opening Date	Monday, 26 June 2023.
Closing Date	10.30am, Thursday, 29 June 2023.
Rate Set Date	Thursday, 29 June 2023.
Issue Date	Monday, 10 July 2023.
First Reset Date	Monday, 10 July 2028.
Maturity Date	Thursday, 10 July 2053.
Issue Price and Principal Amount	\$1.00 per Capital Bond.
Guarantee	<p>The Capital Bonds benefit from the guarantee contained in the Capital Bonds Trust Deed (Guarantee).</p> <p>Under the Guarantee, each Guarantor (being any subsidiary of Genesis that is, or becomes, 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>
Further Indebtedness	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).
Equity Content	<p>S&P Global Ratings (S&P) is expected to assign an "intermediate" equity content to the Capital Bonds. Where such equity credit content is assigned, S&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 10 July 2023.</p>
Capital Structure	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 of the Capital Bonds
S&P	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 GNE050 Bonds if the Offer is successful

Redemption on the first reset date of the GNE050 Bonds

If the bookbuild for the Offer is successful, Genesis will issue a redemption notice in respect of the GNE050 Bonds on or about 30 June 2023 in order to redeem the GNE050 Bonds on 17 July 2023 (being the first business day after the scheduled first reset date of 16 July 2023, which is a Sunday) that are not otherwise redeemed on the Issue Date under the exchange mechanism described below. For each GNE050 Bond redeemed on 17 July 2023, Genesis will pay to the relevant GNE050 Bondholder an amount equal to the principal amount of the GNE050 Bond (\$1.00) plus the final quarterly interest payment.

Redemption of GNE050 Bonds if the Offer is successful (continued)

Exchange mechanism

If the bookbuild for the Offer is successful, holders of GNE050 Bonds that are held through a custodial account (and who wish to re-invest in the Capital Bonds) (**Custodial GNE050 Bondholders**) may be able to exchange all or some of their GNE050 Bonds for an equal number of Capital Bonds on the Issue Date (on a one-for-one basis at a face value of \$1.00). This mechanism will only be available to a Custodial GNE050 Bondholder if:

- (a) the Custodial GNE050 Bondholder receives an allocation of new Capital Bonds from a participant in the bookbuild for the Offer; and
- (b) Genesis and the relevant participant (acting on the authorisation of the Custodial GNE050 Bondholder) have agreed to the exchange.

For any GNE050 Bonds that are exchanged on the Issue Date (**Exchanged GNE050 Bonds**), Genesis will:

- (a) redeem the Exchanged GNE050 Bonds on the Issue Date (10 July 2023) (rather than on 17 July 2023 as described above under the heading “Redemption on the first reset date of the GNE050 Bonds”);
- (b) retain the principal redemption amount of the Exchanged GNE050 Bonds and apply this amount to pay the Issue Price of an equal number of new Capital Bonds that are issued on the Issue Date to the relevant custodian (that maintains the custodial account on behalf of its Custodial GNE050 Bondholders participating in the exchange mechanism); and
- (c) pay a final interest payment on the Exchanged GNE050 Bonds for the period from (and including) the previous interest payment date for the Exchanged GNE050 Bonds (16 April 2023) to (but excluding) the Issue Date (10 July 2023).

No additional amounts are payable by a holder for any Capital Bonds that are issued under this exchange mechanism. Genesis’ obligation to redeem the Exchanged GNE050 Bonds will be satisfied once it has issued the relevant number of new Capital Bonds and paid the final interest payment referred to in paragraph (c) above.

For the avoidance of doubt, the exchange mechanism does not restrict:

- (a) a Custodial GNE050 Bondholder from seeking to invest in more or less Capital Bonds than the number of GNE050 Bonds beneficially held by the Custodial GNE050 Bondholder; or
- (b) any other GNE050 Bondholder (that is not a Custodial GNE050 Bondholder) from seeking to invest in the Capital Bonds.

The Issue Price for each Capital Bond that is not otherwise settled under the exchange mechanism must be cash settled on the Issue Date.

Retail investors (including GNE050 Bondholders) who wish to participate in the Offer and invest in the Capital Bonds (including under the exchange mechanism described above) should contact their financial adviser, one of the Joint Lead Managers or another Primary Market Participant – see the sections below titled “Who may apply for Capital Bonds” and “How to apply” for further information.

Interest Rate from the Issue Date to the First Reset Date	<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 6.50% 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>
Benchmark Rate	<p>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 up to the nearest two decimal places).</p>
Indicative Margin	<p>1.95% to 2.15% per annum.</p>
Margin	<p>The Margin (which may be within, above or below the Indicative Margin mentioned 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.</p>
Interest Payment Dates	<p>10 January, 10 April, 10 July and 10 October of each year up to (and including) the Maturity Date.</p> <p>The first Interest Payment Date is 10 October 2023.</p>
Interest Payments	<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>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.</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>
Record Date	<p>Record Date means:</p> <ul style="list-style-type: none"> (a) in relation to a payment of interest, the date which is 10 calendar days before the due date for the payment; and (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, <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>
Reset Dates	<p>The First Reset Date for the Capital Bonds is the date that is five years after the Issue Date (10 July 2028). Thereafter there is a further Reset Date every five years. As part of a Successful Election Process, a different Reset Date may be adopted.</p>

Interest Rate after each Reset Date	<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>
Step-up Margin	0.25%.
Discretionary Deferral of Interest	<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 (Accrued Interest and, together with the deferred interest payment, the Unpaid Interest) 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>
Payment of Unpaid Interest	<p>If an interest payment has been deferred as described above, Genesis:</p> <ul style="list-style-type: none"> (a) may, in its absolute discretion, pay all or part of the Unpaid Interest on any subsequent Interest Payment Date; and (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, <p>in each case, to the relevant Bondholders as at the Record Date immediately preceding the date of payment.</p>
Distribution Stopper	<p>While any Unpaid Interest remains outstanding, Genesis must not:</p> <ul style="list-style-type: none"> (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 (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), <p>(together, the Restrictions on Deferral).</p>

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.

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).

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 Event (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 there will be at least 100,000,000 Capital Bonds outstanding after the partial redemption. Any partial redemption will be done on a proportionate basis and may include adjustments to take account of the effect on marketable parcels and other logistical considerations.

Change of Control Event

In summary, a **Change of Control Event** 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.

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.

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 Event 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 any Unpaid Interest) to the relevant Bondholder.

Rating Downgrade

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

- (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.

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 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 ¹
<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)	\$2,375m ²
	Liabilities that rank equally with the Capital Bonds (including the Capital Bonds)	The Capital Bonds and the GNE070 Bonds	\$525m ³
	Equity	Ordinary shares, reserves and retained earnings	\$2,802m

1. Amounts shown above are indicative based on the liabilities and equity of the Genesis consolidated group as at 31 December 2022, adjusted for expected issue proceeds (assuming \$240 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 at 31 December 2022, other than the GNE050 Bonds and the GNE070 Bonds. It includes amounts corresponding to deferred tax (approximately \$885 million), derivative financial instruments (approximately \$121 million) and lease liabilities (approximately \$116 million) not all of which would be crystallised on liquidation. Such liabilities on liquidation may be materially different.
3. This excludes the GNE050 Bonds which will be redeemed in full 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 this offer to repay existing debt (including the GNE050 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 this 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 this Offer) (**Eligible Asset Register**).

A copy of Genesis' Sustainable Finance Framework is available at www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations under the heading "Genesis Sustainable Finance Framework 2021".

A copy of the most recent Eligible Asset Register is contained in Genesis' Sustainable Finance Report for the financial year ended 30 June 2022, which is available at www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations under the heading "FY22 Sustainable Finance Report".

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 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 at www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations under the heading "Genesis Sustainable Finance Framework and Bond 2023 DNV SPO".

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.

No Event of Default in relation to the Sustainable Finance Framework or the Green Bond Principles	<p>If:</p> <ul style="list-style-type: none"> - Genesis fails to allocate the proceeds of the Capital Bonds as described in this Terms Sheet and the Sustainable Finance Framework; - Genesis fails to comply with the Sustainable Finance Framework in any other way; - 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 - Genesis fails to notify Bondholders that the Capital Bonds cease to comply with the Sustainable Finance Framework or the Green Bond Principles, <p>then, although it is possible that the Capital Bonds may lose their green classification:</p> <ul style="list-style-type: none"> - no Event of Default will occur in relation to the Capital Bonds; and - 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.
Minimum Application Amount and Minimum Holding	Minimum application of \$5,000 with multiples of \$1,000 thereafter.
Transfer Restrictions	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.
NZX Debt Market Quotation	<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>
Expected Date of Initial Quotation and Trading on NZX Debt Market	11 July 2023.
NZX Debt Market ticker code	GNE080.
ISIN	NZGNEDG008C6.
Business Days	<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>

AIL / NRWT	Genesis proposes to register the Capital Bonds for approved issuer levy (AIL), which would be payable in lieu of deducting New Zealand non-resident withholding tax (NRWT). 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.
Voting Rights	None.
Governing Law	New Zealand.
Who may apply for Capital Bonds	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.
How to apply	<p>Retail investors (including GNE050 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 www.nzx.com/services/market-participants.</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>
Registrar and Paying Agent	Computershare Investor Services Limited.
Supervisor	Trustees Executors Limited.
Joint Lead Managers	Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited.
Fees / Brokerage	<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>
Selling Restrictions	<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 risk that the investor is unable to find a buyer or that the amount received is less than the 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 (10 July 2053). 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 Event, 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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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 9, Spark Central
42-52 Willis Street
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Registrar

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