



Dairy for life

29 October 2024

Indicative Terms Sheet

**Fixed Rate Bonds maturing
8 November 2029**



This Indicative Terms Sheet sets out the key terms of the offer by Fonterra Co-operative Group Limited (**Fonterra**) of up to NZ\$250,000,000 (with the ability to accept up to NZ\$100,000,000 in oversubscriptions at Fonterra’s discretion) of fixed rate bonds maturing on 8 November 2029 (**Bonds**) under its master trust deed dated 18 November 2002 (as amended and restated from time to time) as modified and supplemented by the supplemental trust deed dated 21 October 2024 entered into between Fonterra and The New Zealand Guardian Trust Company Limited (**Trustee**) (together, **Trust Documents**).

Important notice

The offer of Bonds by Fonterra 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 Indicative Terms Sheet is an offer of Bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Fonterra’s 4.15% NZ\$100,000,000 fixed rate bonds maturing on 14 November 2025 which are currently quoted on the NZX Debt Market under the ticker code FCG050 (**Quoted Bonds**). The Bonds are therefore of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Fonterra 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/FCG.

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

Investors should also read the ‘Important Information’ on page 5.

Address details

Issuer

Fonterra Co-operative Group Limited
109 Fanshawe Street
Auckland 1010

Arranger

ANZ Bank New Zealand Limited
Level 26, 23-29 Albert Street
Auckland 1010

Joint Lead Managers

ANZ Bank New Zealand Limited
Level 26, 23-29 Albert Street
Auckland 1010

Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)
Level 8, 16 Takutai Square
Auckland 1010

Registrar

Computershare Investor Services Limited

Postal address:

Private Bag 92119
Victoria Street West
Auckland 1142

Physical address:

Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622

Fixed Rate Bonds Indicative Terms Sheet

29 October 2024

Issuer	Fonterra Co-operative Group Limited		
Description of the Bonds	The Bonds constitute unsecured, unsubordinated, fixed rate debt obligations of Fonterra. The Bonds will rank equally and without any preference among themselves and equally with all other unsecured and unsubordinated indebtedness of Fonterra, except indebtedness preferred by law.		
Use of proceeds	The net proceeds from the issue of the Bonds will be used for general corporate purposes.		
Ratings		Issuer Credit Rating	Expected Issue Rating
	S&P Global Ratings	A- (stable)	A-
	Fitch Ratings	A (stable)	A
	The ratings referred to in this Indicative Terms Sheet are not a recommendation to buy, sell or hold the Bonds, and each rating may be subject to revision or withdrawal at any time by S&P Global Ratings or Fitch Ratings, as the case may be. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. Neither S&P Global Ratings nor Fitch Ratings has been involved in the preparation of this Indicative Terms Sheet.		
Opening Date	Tuesday, 29 October 2024, immediately following the release on the NZX of the notice required by the FMC Regulations in connection with the offer.		
Closing Date	The offer is expected to close at 11.00am on Friday, 1 November 2024.		
Rate Set Date	Friday, 1 November 2024		
Issue Date and Allotment Date	Friday, 8 November 2024		
Maturity Date	Thursday, 8 November 2029		
Issue Amount	Up to NZ\$250,000,000, with the ability to accept up to NZ\$100,000,000 in oversubscriptions at Fonterra's discretion.		
Interest Rate	The aggregate of the Base Rate plus the Margin on the Rate Set Date. The Interest Rate will be announced by Fonterra via NZX on the Rate Set Date. The Interest Rate will not change after the Rate Set Date.		
Indicative Margin	0.85 to 0.95 per cent per annum.		
Margin	The Margin will be determined by Fonterra in consultation with the Joint Lead Managers following a bookbuild process. The actual Margin for the Bonds (which may be above or below the above mentioned indicative margin range) will be announced by Fonterra via NZX on the Rate Set Date.		
Base Rate	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger on the Rate Set Date according to market convention with reference to the Bloomberg page 'ICNZ4' and expressed on a semi-annual basis, rounded to 2 decimal places, if necessary, with 0.005 being rounded up.		

Principal Amount and Issue Price	NZ\$1.00 per Bond.
Interest Payment Dates	8 May and 8 November of each year up to and including the Maturity Date, with the first Interest Payment Date being 8 May 2025. Interest will be payable semi-annually in arrear in two equal amounts on each Interest Payment Date.
Record Date	The date 10 calendar days before an Interest Payment Date or, if not a Business Day, the immediately preceding Business Day.
Business Day	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington. If an Interest Payment 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.
Minimum subscription amount and minimum holding	NZ\$5,000 and multiples of NZ\$1,000 thereafter.
ISIN	NZFCGDG006C2
New Zealand Registrar	Computershare Investor Services Limited
Quotation	Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market.
NZX Debt Market Ticker Code	FCG060
Expected date of initial quotation and trading on the NZX Debt Market	Monday, 11 November 2024
Early repayment	Upon the occurrence of any of the events of default (as set out in the Trust Documents) the Trustee may, and immediately upon being directed to do so by an extraordinary resolution of bondholders must, declare the Bonds to be immediately due and payable. If the Bonds are declared due and payable prior to their Maturity Date, interest will be payable at the Interest Rate from the most recent Interest Payment Date to and excluding the date of repayment.
Further issues	Fonterra may from time to time without the consent of the bondholders issue further notes so as to form a single class with the Bonds. Fonterra may also from time to time without the consent of bondholders issue notes having different terms to those applicable to the Bonds. There is no restriction on the amount of debt which Fonterra may issue or guarantee.
Repo-eligibility	Fonterra intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for domestic market operations.
Governing law	New Zealand

Applications	<p>There will be no public pool for the offer. All of the Bonds are reserved for clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries.</p> <p>Accordingly, investors wishing to purchase the Bonds should contact a Joint Lead Manager or their usual financial advisor.</p> <p>Any allotment of Bonds will be at Fonterra's discretion, in consultation with the Joint Lead Managers. Fonterra reserves the right to refuse to make any allotment (or part thereof) without giving any reason. Fonterra may deal with oversubscriptions (if any) in its sole discretion.</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 investor 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>
Selling restrictions	<p>It is a term of the offer of the Bonds that the selling restrictions included in this Indicative Terms Sheet apply.</p>
Joint Lead Managers	<p>ANZ Bank New Zealand Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).</p>
Arranger	<p>ANZ Bank New Zealand Limited</p>

Important Information

The dates, times and amounts set out in this Indicative Terms Sheet are indicative only and subject to change. Fonterra, in conjunction with the Arranger, may change the dates or times set out in this Indicative Terms Sheet. Fonterra has the right in its absolute discretion and without notice to amend the Indicative Margin and Issue Amount, 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 Maturity Date and the Interest Payment Dates) may be changed accordingly.

Any internet site addresses provided in this Indicative 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 Indicative Terms Sheet.

Copies of the Trust Documents will be made available by Fonterra for inspection during usual business hours by any bondholder at Fonterra's registered office listed above (or such office as Fonterra may notify the bondholders from time to time). Copies of the Trust Documents and final post-offer Terms Sheet can also be found on Fonterra's website at www.fonterra.com/nz/en/investors/investor-services/debt-investors.html

Investors are personally responsible for ensuring compliance with all relevant laws and regulations applicable to them (including any required registration). Investors should seek qualified, independent financial and taxation advice before deciding to invest.

The Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents:

- (a) have not authorised or caused the issue of, or made any statement in, any part of this Indicative Terms Sheet;
- (b) do not 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 Indicative Terms Sheet; and
- (c) to the extent permitted by law, do not accept any responsibility or liability for this Indicative Terms Sheet or for any loss arising from this Indicative Terms Sheet or its contents or otherwise arising in connection with the offer of Bonds.

This Indicative Terms Sheet does not constitute financial advice or a recommendation from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase, any Bonds.

You must make your own independent investigation and assessment of the financial condition and affairs of Fonterra before deciding whether or not to invest in the Bonds.

For further information regarding Fonterra, visit www.fonterra.com/nz/en/investors/investor-services.html or www.nzx.com/companies/FCG

Selling restrictions

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions contained in this Indicative Terms Sheet. This Indicative Terms Sheet may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions contained in this Indicative Terms Sheet.

Without limiting the generality of the above, the following selling restrictions apply in respect of each relevant jurisdiction:

United States of America

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.

None of Fonterra, any Joint Lead Manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts in relation to the Bonds, and each of Fonterra and the Joint Lead Managers has complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act.

The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all Bonds of the Tranche of which such Bonds are part, as determined and certified by the Joint Lead Managers, except in accordance with Rule 903 of Regulation S. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

"The Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the Securities Act) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act."

Until 40 days after the completion of the distribution of all Bonds or the Series of which those Bonds are a part, an offer or sale of the Bonds within the United States by the Joint Lead Managers or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

Member States of the European Economic Area

In relation to each Member State of the European Economic Area, no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Indicative Terms Sheet in relation thereto to the public in that Member State except that an offer of Bonds to the public in such Member State may be made:

- (a) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the Joint Lead Managers nominated by Fonterra for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation, provided that no such offer of the Bonds referred to in (a) and (c) above shall require Fonterra or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression **offer of Bonds to the public** in relation to any Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression **EU Prospectus Regulation** means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of Sales to UK Retail Investors

No Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Indicative Terms Sheet in relation thereto to the public in the United Kingdom except that an offer of Bonds to the public in the United Kingdom may be made:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the Joint Lead Managers nominated by Fonterra for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000, as amended (**FSMA**),

provided that no such offer of the Bonds referred to in (a) to (c) above shall require Fonterra or any Joint Lead Manager to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression **offer of Bonds to the public** in relation to any Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Other UK Regulatory Restrictions

Each Joint Lead Manager has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to Fonterra.

All applicable provisions of the FSMA with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with.

Japan

The Bonds have not been and will not be registered in Japan pursuant to Article (4), Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the **FIEA**) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article (2), Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Bonds shall not transfer or resell the Bonds except where the transferor transfers or resells all the Bonds en bloc to one transferee. For the purposes of this paragraph, **Japanese Person** shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

This Indicative Terms Sheet has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Indicative Terms Sheet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds has not been, and will not be, circulated or distributed, nor have the Bonds been, nor will they be, offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Hong Kong

No Bonds have been, and no Bonds will be, offered or sold in Hong Kong, by means of any document, other than (a) to **professional investors** as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMPO)**) or which do not constitute an offer to the public within the meaning of the C(WUMPO).

The Joint Lead Managers have not issued or had in their possession for the purposes of issue, and will not issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to **professional investors** as defined in the SFO and any rules made under the SFO.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (**Corporations Act**)) in relation to the Bonds (including this Indicative Terms Sheet) has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (**ASIC**) or any other regulatory authority in Australia. No person may:

- (a) make or invite (directly or indirectly) an offer of the Bonds (or an interest in them) for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) distribute or publish, any Indicative Terms Sheet, information memorandum, prospectus or any other offering material or advertisement relating to the Bonds (or an interest in them) in Australia,

unless:

- (i) the minimum aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or other person offering the Bonds or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- (ii) the offer or invitation is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws, regulations and directives in Australia (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act); and
- (iv) such action does not require any document to be lodged with, or registered by, ASIC or any other regulatory authority in Australia.

By applying for the Bonds under this Indicative Terms Sheet, each person to whom the Bonds are issued (an **Investor**):

- (a) will be deemed by Fonterra and each of the Joint Lead Managers to have acknowledged that if any Investor on-sells the Bonds within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
 - (i) that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
 - (ii) the sale offer is received outside Australia; and
- (b) will be deemed by Fonterra and each of the Joint Lead Managers to have undertaken not to sell those Bonds in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Bonds.

This Indicative Terms Sheet is not, and under no circumstances is to be construed as, an advertisement or public offering of any Bonds in Australia.

Indemnity

By its subscription for or purchase of the Bonds, each bondholder agrees to indemnify Fonterra, the Arranger, the Joint Lead Managers and the Trustee and each of their respective directors, officers and employees for any loss, liability or expense sustained or incurred by Fonterra, the Arranger, the Joint Lead Managers or the Trustee, as the case may be, as a result of the breach by that bondholder of the selling restrictions set out above.