

Genesis Energy Limited Green Capital Bond Offer



genesis With you. For you.

May 2022



CRAIGS[®]
INVESTMENT PARTNERS



FORSYTH BARR

Important Information

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

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

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

Genesis is subject to a disclosure obligation that requires it to notify certain

material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/GNE/announcements.

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

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

Disclaimer

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

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

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

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

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

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

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

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

This Presentation is dated 26 May 2022.

Agenda

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



Green Capital Bond Highlights

1



Offer Highlights

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

About Genesis

2.



Genesis Overview

KEY INFORMATION

Revenue (FY21): \$3.2 billion

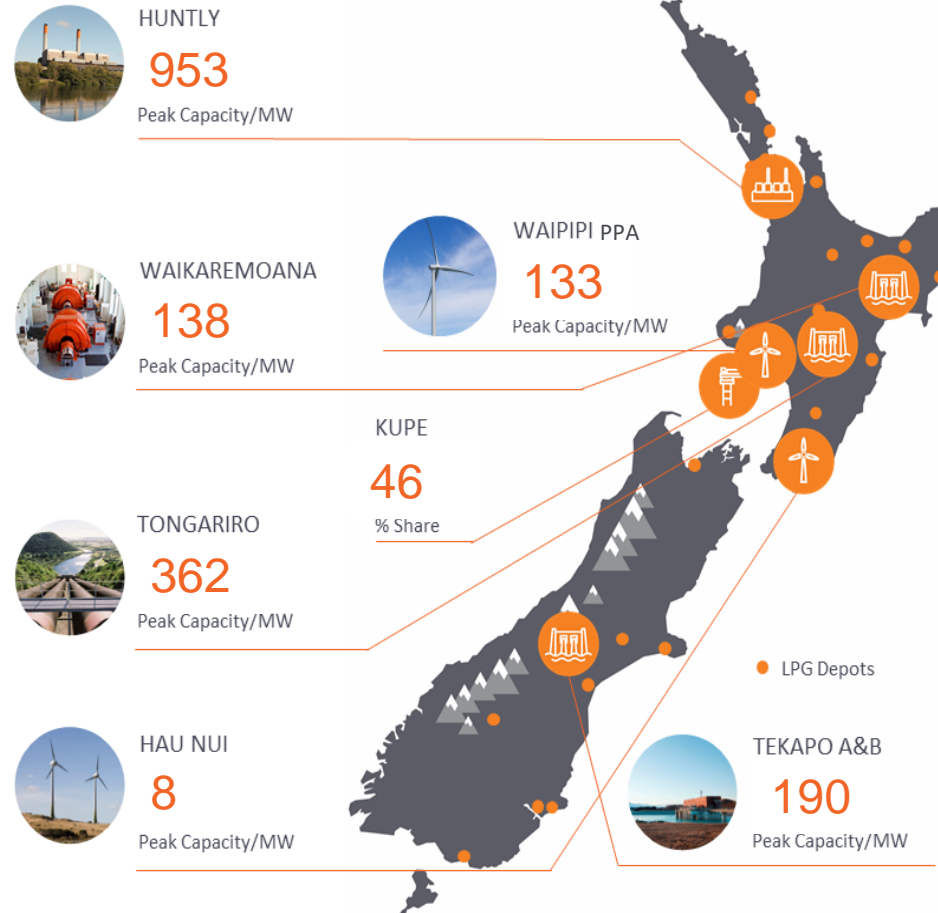
EBITDAF Guidance (FY22): \$430-440 million

Market Capitalisation: \$2.8 billion¹

Enterprise Value: \$4.4 billion³

Credit Rating (S&P Global Ratings):
Issuer Credit Rating BBB+ (Stable)

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



~470,000²

customers

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

1. Market Capitalisation as at 20 May 2022.

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

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

HY 22 Performance Highlights

Financial

EBITDAF ¹

\$210m

NPAT \$85 million

Interim Dividend

8.7cps

Gross yield of 8.3% ² and return of DRP ³

Release of Sustainable
Finance Framework

\$350m

Committed to sustainable outcomes

Operational

Strong Customer Loyalty

+26 **13.2%**

Brand NPS

Net Churn

Partnership with FRV Australia

Plan to develop up to

500MW

Grid-scale solar

Waipipi

242GWh

Renewable Generation

Social

**Ngā Ara Creating
Pathways**

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

**Power Shout
Gifting**

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

Manaaki Kenehi

Engaged with over 9,000 customers in need.

Strategic Outlook

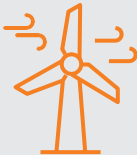

3.



An active enabler of New Zealand's energy transition

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

Grow renewables

-  Contract for new renewable generation
-  Partner to build a pipeline of solar options

Value from flexibility and reliability

-  Contract for fuel flexibility
-  Drylandcarbon partnership
-  Sell contracts that support market reliability (swaptions)

Transition Huntly

-  Trial biofuels as a fuel option for Huntly
-  Plan for emerging technologies (Batteries)

Future-gen programme targets to deliver lower cost renewables

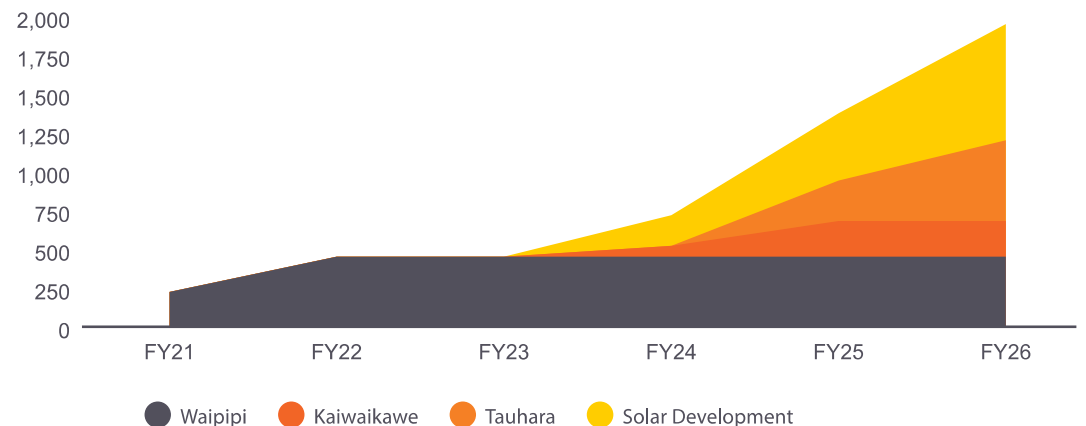
- Future-gen has already displaced an estimated 330,000 tonnes of carbon emissions through the Waipipi windfarm.
 - Waipipi is now generating 455GWh per annum.
 - Kaiwaikawe is anticipated to be completed by 1 March 2024 and provide 230GWh per annum.
 - Tauhara is expected to be completed by 1 January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

GENESIS GENERATION DIVERSITY

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

● Current ● Future-gen

FUTURE-GEN PORTFOLIO PIPELINE TARGET



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

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

Biofuels resource assessment

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



Rankine Unit lifecycle assessment (Dec 2021)

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



Technical viability assessment

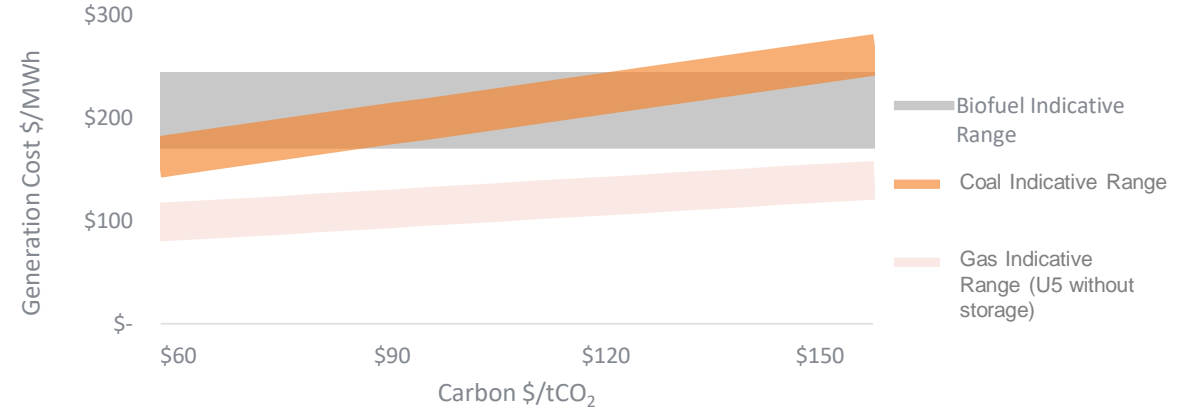
- Progressing with advanced biofuel which is practically a drop-in replacement for coal (<\$200k unit mods for trial).
- Improved weather resistance and reduced dust from advanced biofuels, negate the need for covered storage.



Physical trial

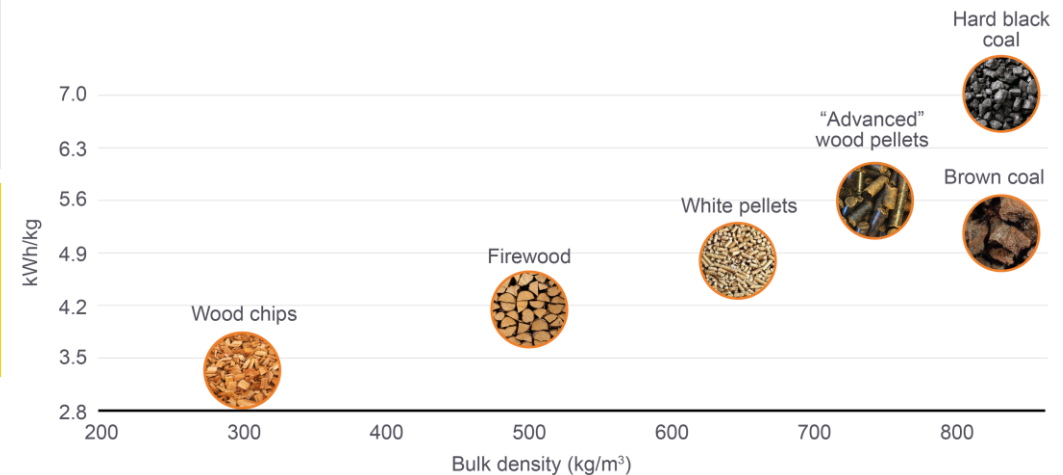
- Test plan complete.
- Trial supply of advanced biofuel being progressed.
- Trial burn planned for 2022.

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



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

ADVANCED BIOFUELS NEAR DROP-IN REPLACEMENT FOR COAL



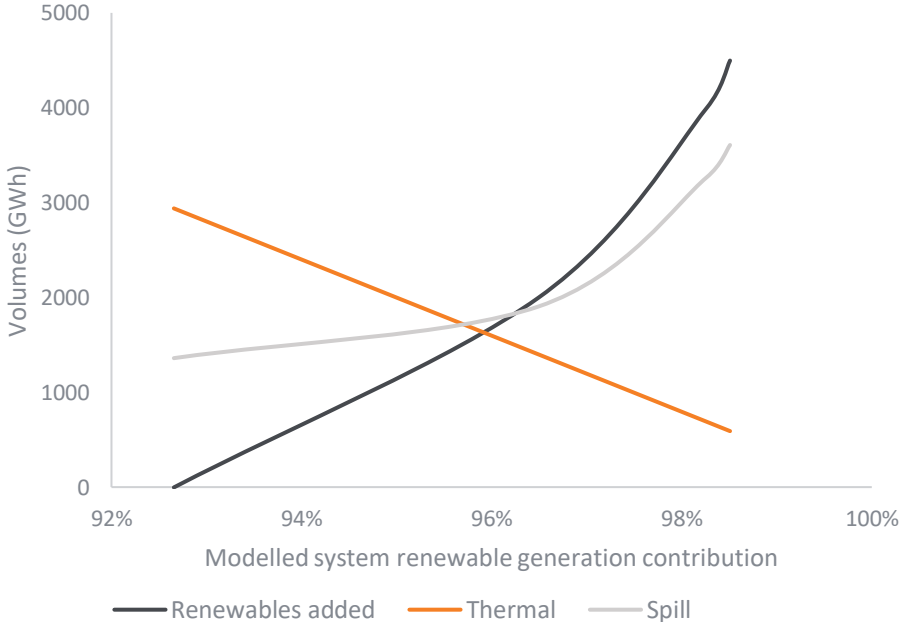
Varied scenarios trend towards 96% to 98% renewable by 2030

| Outputs | Balanced Demand growth from EV and industrials are evenly met by commercially viable renewables along with steady thermal displacement. | Regulated Renewables An incentivised renewable uptake with a goal of 100% renewable leading to increased periods of over and under supply. | Pressure cooker Faster than anticipated demand growth with development constraints, leads to slower renewable growth and displacing less thermal. | Oversupply Tiwai closure causes oversupply of low cost energy and incentivises large scale demand response. |
|--|---|--|---|---|
| NZ renewables mix, % | 88% 95% 97% | 88% 95% 98% | 87% 92% 96% | 88% 96% 98% |
| Total market generation, TWh ● Geothermal ● Hydro ● Solar ● Thermal ● Wind | | | | |
| Renewables added to Genesis Portfolio¹, TWh | | | | |
| Huntly emissions, ktCO₂ | | | | |

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

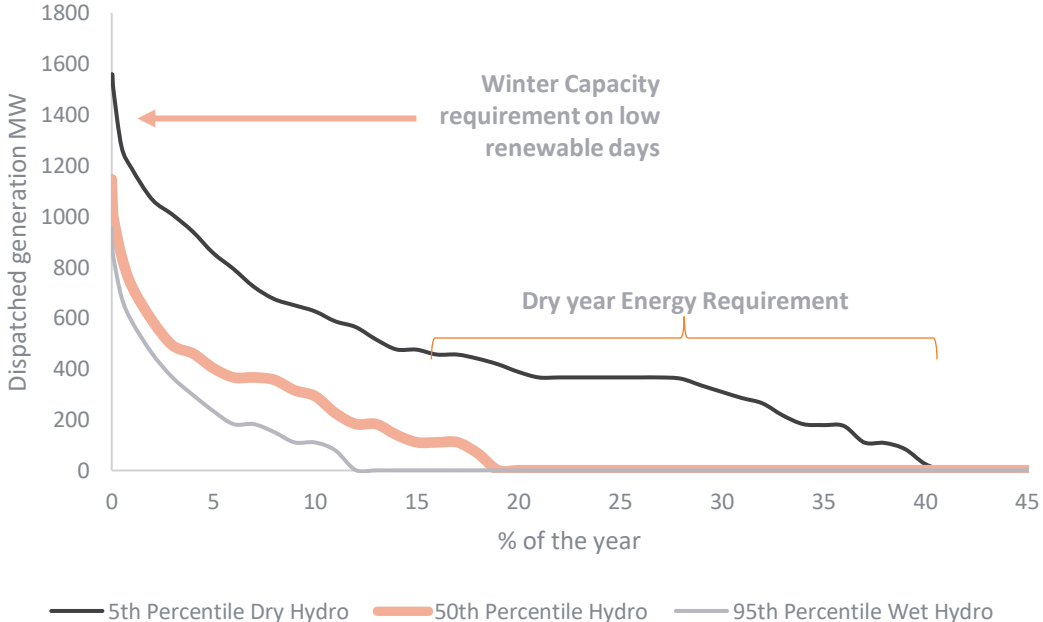
A highly renewable market will require peaking capacity and seasonal storage - market settings may need to adapt

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



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

A highly renewable¹ grid draws on backup generation to cover infrequent peak capacity needs and dry-year firming



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

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

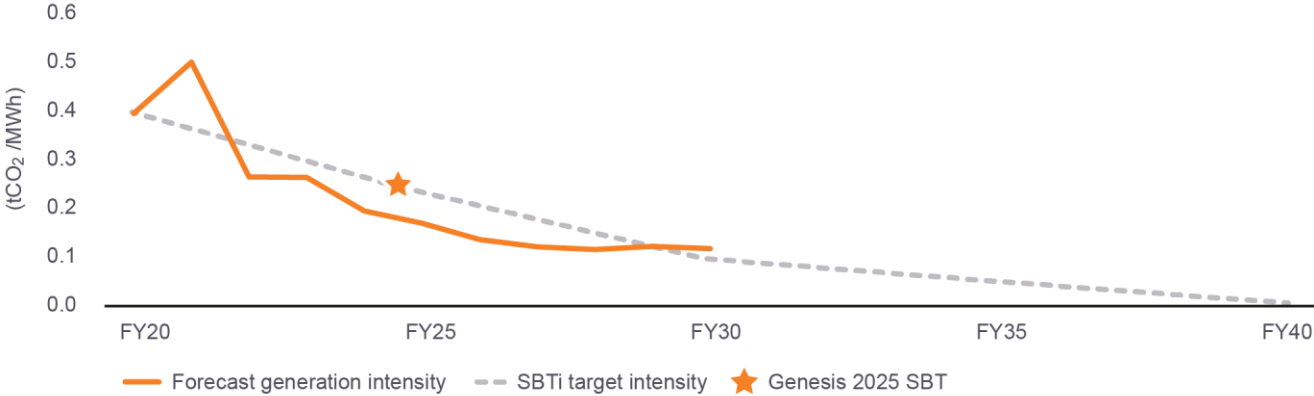
Genesis is evaluating its further long-term carbon reduction ambitions

- Genesis has committed to a 1.5 degree Science-Based Target¹ by 2025, which will reduce emissions by at least 1.2 million tonnes by FY25².
- Our Future-gen strategy aims to reduce emissions through to 2030, consistent with a net-zero pathway.
- Genesis is evaluating its further longer term carbon reduction ambitions. This could include a goal of net-zero emissions by 2040.
- We will only make a commitment if we have strategies in place to achieve this goal.
- Any commitment would be externally verified and adhere to global standards, such as the SBTi.

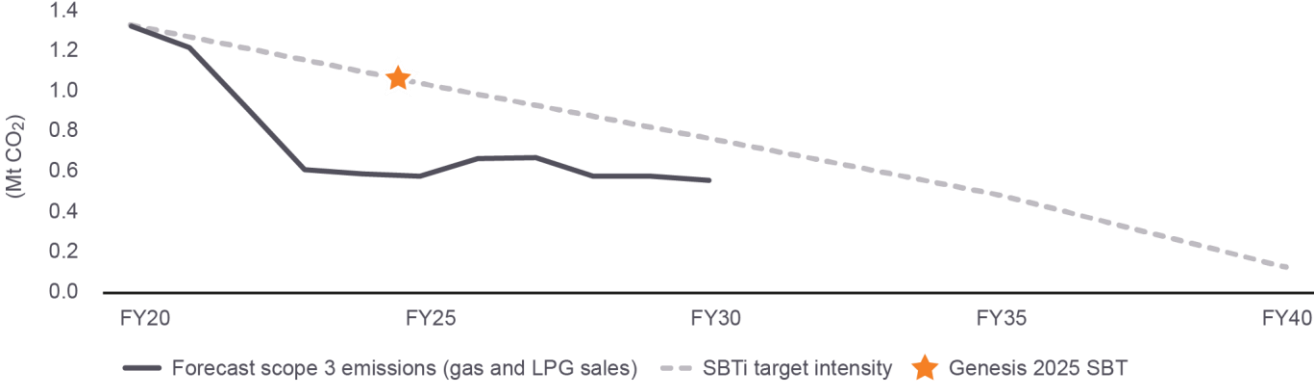
¹ Validated by the SBTi, a global partnership that provides a clearly defined path to reduce emissions in line with the Paris Agreement goals.

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

SCOPE 1 EMISSIONS - GENERATION INTENSITY (MEAN YEAR)



SCOPE 3 EMISSIONS (MtCO₂)



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

Potential Opportunities

MfE Emissions Reductions Plan

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



MBIE: NZ battery project

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



Regulatory Reviews

EA: Review of wholesale market competition

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



EA: Reviews following August 2021 outage

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



EA: Dry Year Review

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



MBIE/GIC: Gas Transition Plan

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



Sustainable Finance Framework

4.



Overview of the Sustainable Finance Framework

Established by Genesis in November 2021

- Genesis' Sustainable Finance Framework (**Sustainable Finance Framework**) sets out the process by which Genesis intends to issue and manage bonds and loans (**Sustainable Debt**) on an ongoing basis to support Genesis' sustainability objectives, to contribute towards the United Nation's Sustainable Development Goals, and to create positive environmental and social outcomes (**Sustainability Goals**).
- Through the Sustainable Finance Framework, Genesis will aim to lead the industry's response to helping New Zealand achieve its net-zero emissions goals, address social challenges and provide a mechanism for investors to contribute capital to achieve their Sustainability Goals.
- The Sustainable Finance Framework is consistent with the applicable sustainable finance principles and guidelines issued by the International Capital Market Association and the Asia Pacific Loan Market Association (together the **Market Standards**). The Market Standards are voluntary and accepted as best practice for issuance and management of Sustainable Debt in the global capital markets.



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

36%¹ of facilities linked to sustainable assets and outcomes

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

DECEMBER 2020



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



NOVEMBER/
DECEMBER 2021



Sustainable Finance Framework Released
\$250m Sustainability Linked Loans

Green designation of \$100m Senior Bonds (GNE030 bonds)²



JANUARY 2022



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



MARCH 2022



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

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

1.As at 30 April 2022.

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

Pillars of the Sustainable Finance Framework

Management & Governance

Use of Proceeds

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

Selection of Eligible Assets

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

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

Management of Proceeds

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

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

Reporting

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

Eligible Asset Register

| Hydroelectricity | Asset Value \$m (30 June 2021) | Green Debt Instrument | Green Debt Value (\$m) |
|--|---|--|-------------------------|
| Rangipo | 1,364 | GNE060 | 125 |
| Tokaanu | | GNE070 (proposed refinancing- excluding GNE040) | 225 ¹ |
| Mangaio | | Total Green Debt² | 350 |
| Tuai | | | |
| Piripaua | 486 | Total | Value (\$m) |
| Kaitawa | | Total Eligible Assets Value | 2,850 |
| Tekapo A | 994 | Total Green Debt Values | 350 |
| Tekapo B | | Surplus Eligible Assets | 2,500 |
| Wind | Asset Value \$m (30 June 2021) | Eligible Asset Ratio | 8.1x¹ |
| Hau Nui | 6 | | |
| Total Eligible Assets (\$m) | 2,850 | | |



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

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

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

External Review

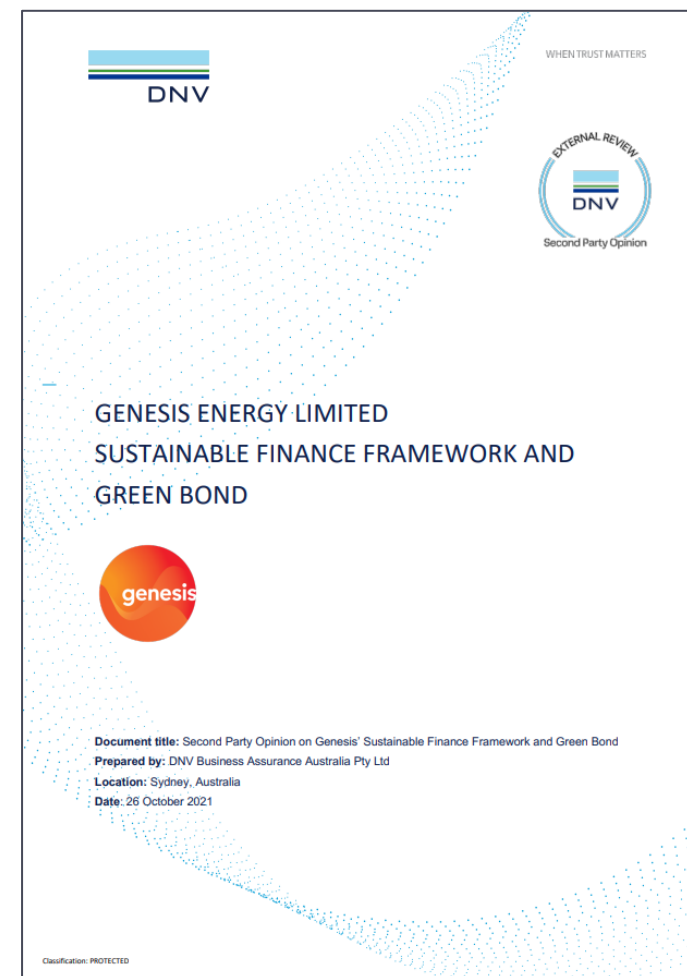
Pre Issuance Verification

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

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

Post Issuance Assurance or Verification

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



Financial Performance

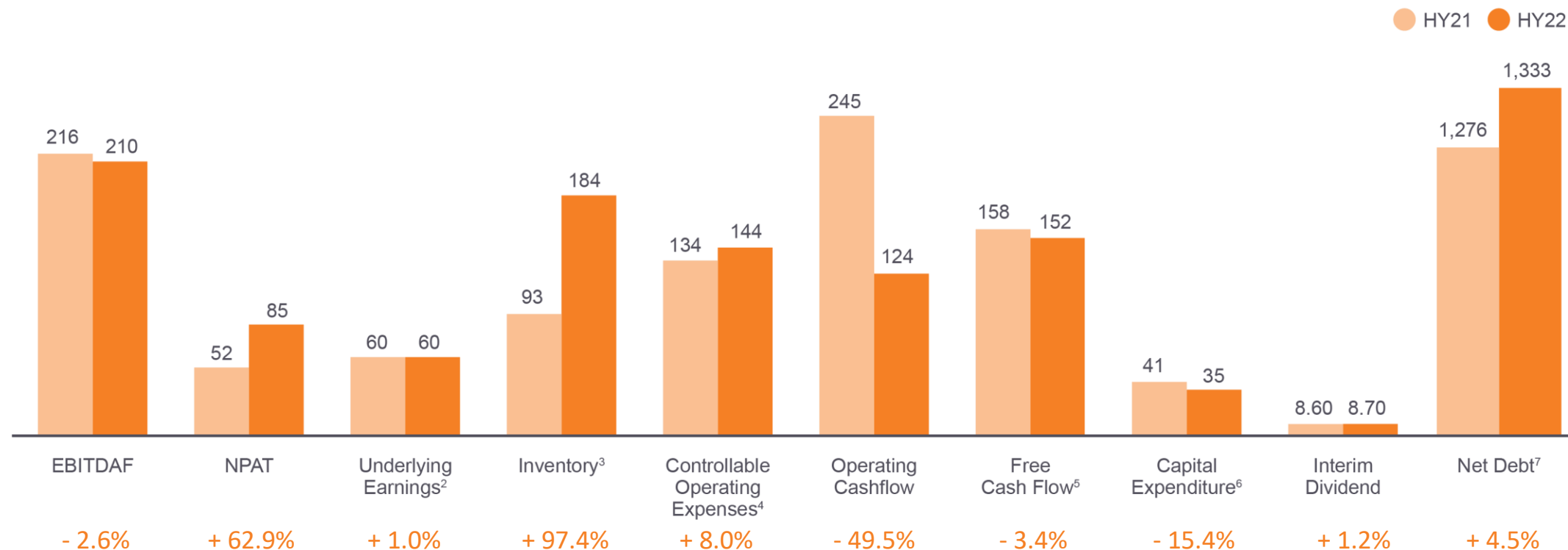
5.



HY22 Financial Summary

KEY FINANCIAL COMPARISONS¹

\$ millions



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

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

³ Inventory prior comparison period is against the period ending 30 June 2021.

⁴ Controllable operating expenses refer to Employee Benefits plus Other Operating Expenses.

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

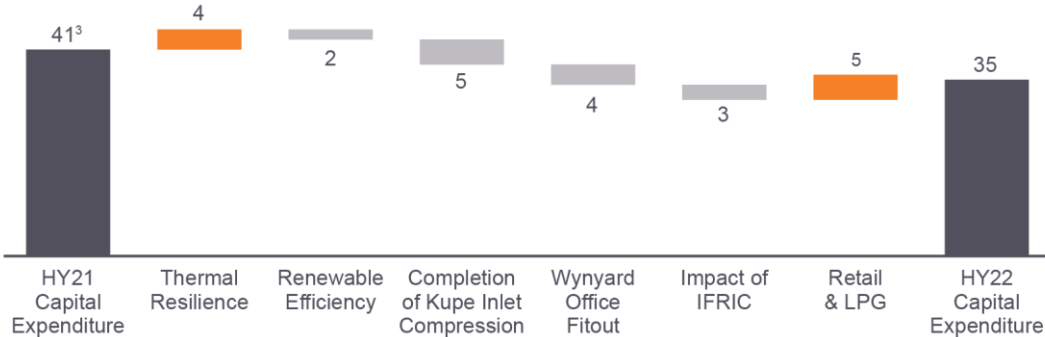
⁶ Capital Expenditure amounts differ from amounts stated in the financial statements due to exclusion of capital expenditure relating to Huntly Unit 5's Long Term Maintenance Agreement (LTMA).

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

Capital invested for efficiency and long term resilience

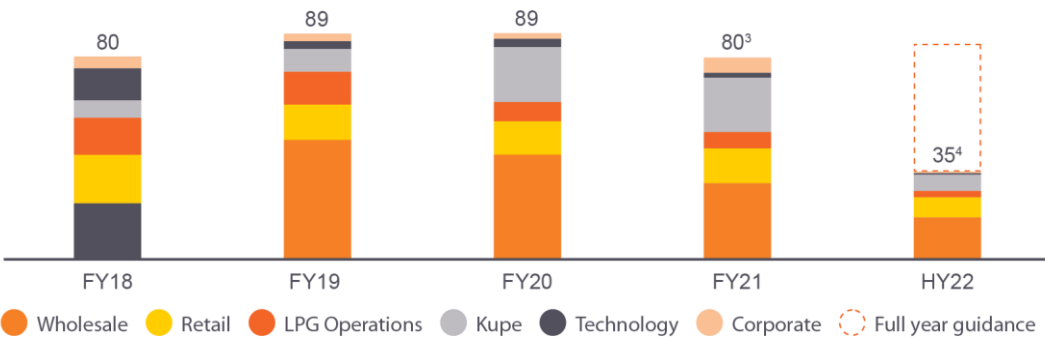
CAPITAL EXPENDITURE¹

\$ MILLIONS



CAPITAL EXPENDITURE¹

\$ MILLIONS



HY22 stay in business capital expenditure² of \$25.5m includes:

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

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

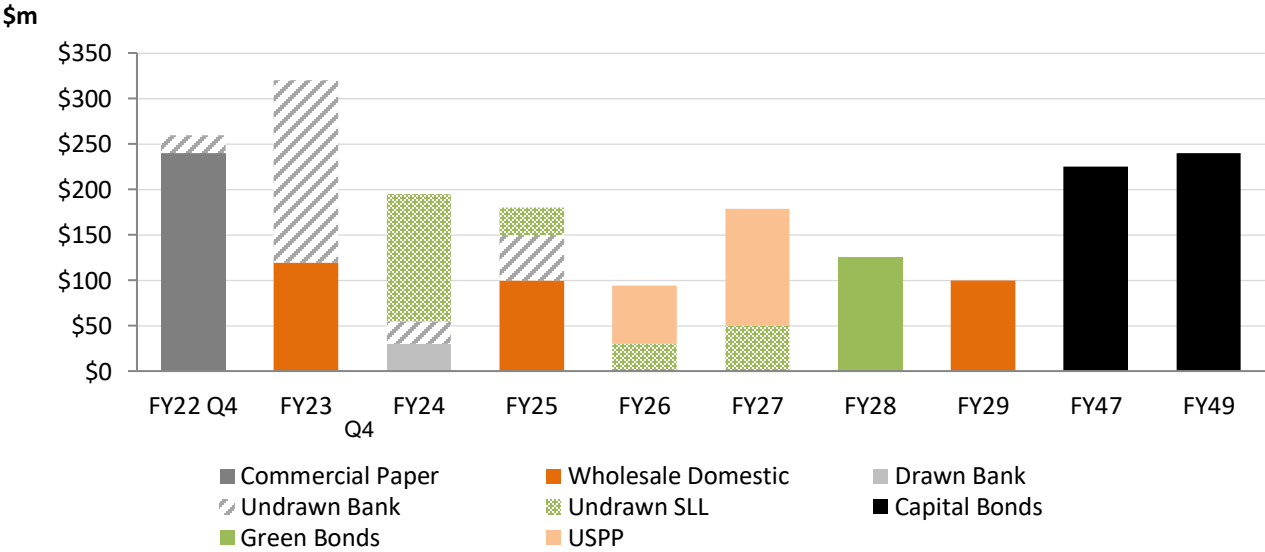
HY22 growth capital expenditure includes:

- Successful completion of the Kupe inlet compression project in Q1 FY22 returning production plant capacity to 77 TJ/day. Since commissioning, well deliverability has declined faster than expected and has impacted the ability to reach daily capacity rates⁵.
- Investing to grow customer loyalty and reduce churn through our successful Power Shout programme.
- \$1.7m invested in supporting new LPG customers and other growth initiatives.

¹ Capital expenditure excludes M&A activities.
² Stay in business capital expenditure includes an additional \$1.9m which reflects payments made during the period regarding LTMA contract.
³ HY21 and FY21 Capital have been restated for the impact of IFRIC agenda decision on Software as a Service configuration and customisation costs (HY21: \$1.3m, FY21: \$4.2m).
⁴ Capital expenditure amounts differ from amounts stated in the financial statements due to exclusion of capital expenditure relating to Huntly U5’s Long Term Maintenance contract (LTMA) HY22: \$3.4m
⁵ Kupe reserves are re-evaluated annually. The results of the next re-evaluation are expected in Q1, FY23.

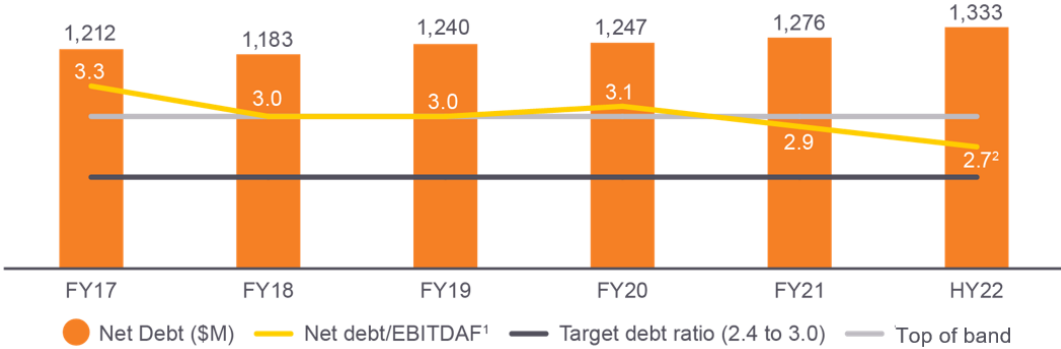
Capital structure and debt profile

GENESIS DEBT PROFILE AT 30 APRIL 2022



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

NET DEBT/EBITDAF RATIO FALLING TO TARGET BAND



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

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

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

Key Terms and Dates

6



Key Terms

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

Interest Payments

Interest Rate

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

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

Election Process

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

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

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

Interest Deferral and Distribution Stopper

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

While any Unpaid Interest remains outstanding, Genesis must not:

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

Early Redemption

Mandatory Redemption

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

Optional Early Redemption by Genesis

Genesis has the right to redeem:

- a) all or some of the Capital Bonds on any Reset Date;
- b) all or some of the Capital Bonds on any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken in respect of that Reset Date;
- c) all (but not some only) of the Capital Bonds if a Change of Control¹ occurs; or
- d) all or some of the Capital Bonds if a Tax Event² or a Rating Agency Event³ occurs.

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

Holder Put Event – early redemption at the election of Bondholders

In summary, a **Holder Put Event** will occur if both a Change of Control and an associated Rating Downgrade⁴ occurs. If a Holder Put Option occurs and Genesis has not elected to redeem all outstanding Capital Bonds, each Bondholder may (within a specified time) require Genesis to redeem all (but not only some) of the Capital Bonds held by that Bondholder.

Redemption Amount

For each Capital Bond redeemed under paragraph b) or c) under "Optional Early Redemption by Genesis⁴ above, the redemption amount payable is the greater of:

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

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

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

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

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

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

Key Early Redemption Drivers

Year 5 – Reset Date (9 June 2027)

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

Year 10 – Reset Date (9 June 2032)

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

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

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

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

Offer Structure

Offer Structure

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

Redemption of GNE040 Bonds if the Offer is successful

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

Minimum Application

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

Fees / Brokerage

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

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

Key Dates

| | |
|---|---|
| Opening Date | Thursday, 26 May 2022 |
| Closing Date | 11.00am, Wednesday, 1 June 2022 |
| Rate Set Date | Wednesday, 1 June 2022 |
| Issue Date | Thursday, 9 June 2022 |
| Expected Date of Initial Quotation on NZX Debt Market ¹ | Friday, 10 June 2022 |
| Interest Payment Dates | 9 March, June, September and December each year up to and including the Maturity Date. The first Interest Payment Date will be 9 September 2022. |
| First Reset Date | Wednesday, 9 June 2027 |
| Maturity Date | Sunday, 9 June 2052 |

Non-GAAP Measures

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



Green Capital Bond enquiries

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