



10 May 2017

NZX Announcement

## Genesis Energy Limited Bond Offer

Genesis Energy Limited ("Genesis Energy") confirmed today that it is offering up to NZ\$225,000,000 of 30 year subordinated unsecured capital bonds to institutional investors and New Zealand retail investors.

The offer opens today and will be made pursuant to the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities. The notice required by the Financial Markets Conduct Regulations 2014 has been provided to NZX and is attached. The bonds are expected to be quoted on the NZX Debt Market.

Full details of the bond offer are contained in the terms sheet which has been prepared for the offer and is also attached, as is a presentation on the bond offer. The bonds are expected to be assigned a long term credit rating of **BB+** by Standard & Poor's.

The offer will open with an indicative margin range of 2.75 per cent to 2.95 per cent for the bonds, which mature on 9 June 2047. An announcement of the actual margin (which may be above or below the indicative margin range mentioned above) and the interest rate on the bonds will be made following the bookbuild process, expected to be completed on 18 May 2017. The terms sheet will be updated to include the interest rate and will be released on the same day.

Interested investors, including holders of existing Genesis Energy capital bonds that mature on 15 July 2041, should contact Deutsche Craigs Limited (as Arranger and Joint Lead Manager), ANZ Bank New Zealand Limited, Bank of New Zealand, Forsyth Barr Limited (as Joint Lead Managers), Hobson Wealth Partners Limited (as Co-Manager), or their usual financial adviser for more details.

For further information please contact:

Deutsche Craigs	ANZ	BNZ	Forsyth Barr	Hobson Wealth
0800 226 263	0800 269 476	0800 284 017	0800 367 227	0800 742 737

The offer will close on 7 June 2017.

### Ends

*Dan Dillane*

*Capital Structure Manager*

*Genesis Energy*

*021 501 235*

**About Genesis Energy**

Genesis Energy (NZX: GNE) is a diversified New Zealand energy company. It sells electricity, reticulated natural gas and LPG through its retail brands of Genesis Energy and Energy Online. It is New Zealand's largest energy retailer with around 637,000 customer accounts. The Company generates electricity from a diverse portfolio of thermal and renewable generation assets located in different parts of the country. Genesis Energy also has a 46% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas field offshore of Taranaki, New Zealand. Genesis Energy had revenue of NZ\$2.0bn during the 12 months ended 30 June 2016. More information can be found at [www.genesisenergy.co.nz](http://www.genesisenergy.co.nz)



**10 May 2017**

**Market Release**

**Genesis Energy Limited – offer of subordinated unsecured capital bonds**

Genesis Energy Limited ("Genesis Energy") gives notice under clause 20(1)(a) of schedule 8 to the Financial Markets Conduct Regulations 2014 ("Regulations") that it proposes to make an offer of subordinated unsecured capital bonds ("Bonds") in reliance upon the exclusion in clause 19 of schedule 1 to the Financial Markets Conduct Act 2013 ("FMCA").

Except for the redemption date and interest rate, the Bonds will have identical rights, privileges, limitations and conditions as Genesis Energy's NZ\$200,000,000 subordinated unsecured capital bonds maturing on 15 July 2041, which are quoted on the NZX Debt Market under the ticker code GPLFA ("GPLFA Bonds") and, therefore, are of the same class as the GPLFA Bonds for the purposes of the FMCA and the Regulations.

The GPLFA Bonds have been continuously quoted on the NZX Debt Market over the preceding 3 months and trading in the GPLFA Bonds has not been suspended during that period.

As at the date of this notice, Genesis Energy is in compliance with:

- the continuous disclosure obligations that apply to it in relation to the GPLFA Bonds; and
- its financial reporting obligations (as defined in the Regulations).

As at the date of this notice, there is no excluded information for the purposes of the Regulations.

As at the date of this notice, there is no information that would be required to be disclosed under a continuous disclosure obligation or which would be excluded information for the purposes of the Regulations if the GPLFA Bonds had had the same redemption date or interest rate as the Bonds being offered.

**Ends**

*Dan Dillane  
Capital Structure Manager  
Genesis Energy  
021 501 235*

**About Genesis Energy**

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# Terms Sheet for **SUBORDINATED UNSECURED CAPITAL BONDS**

10 May 2017



Joint Lead Managers



Co-Manager



# Terms Sheet

## 10 May 2017

This terms sheet ("**Terms Sheet**") sets out the key terms of the offer by Genesis Energy Limited ("**Genesis Energy**") of up to NZ\$225,000,000 of subordinated unsecured capital bonds maturing on 9 June 2047 ("**Capital Bonds**") under a capital bonds trust deed dated 10 May 2017 ("**Capital Bonds Trust Deed**") entered into between Genesis Energy as issuer and Trustees Executors Limited as supervisor ("**Supervisor**").

### Important notice

The offer of Capital Bonds by Genesis Energy is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**"). The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Genesis Energy's NZ\$200,000,000 subordinated unsecured capital bonds maturing on 15 July 2041 which are currently quoted on the NZX Debt Market under the ticker code GPLFA ("**GPLFA Bonds**"). The Capital Bonds are of the same class as the GPLFA Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 ("**FMC Regulations**"). Genesis Energy is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("**NZX**") for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/markets/NZDX/hybrids/GPLFA](http://www.nzx.com/markets/NZDX/hybrids/GPLFA).

The GPLFA Bonds (which have an interest rate of 6.19% p.a. and a redemption date of 15 July 2041 or such earlier date on which redemption is to occur in accordance with the trust deed for the GPLFA Bonds) are the only debt securities of Genesis Energy 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 GPLFA Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.



Investors should also 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 Energy to defer interest, optional redemption rights for Genesis Energy, a margin step-up, an election process and the subordinated nature of the Capital Bonds. Investors should note that the offer of the Capital Bonds is the first time that the quoted financial product exclusion in clause 19 of schedule 1 of the FMCA has been used in connection with an offer of subordinated (as opposed to senior) bonds issued by a corporate issuer. Investors should read this Terms Sheet carefully (including the Risks discussed on page 10) and seek financial advice before deciding to invest in the Capital Bonds.

Issuer	Genesis Energy Limited.
Description	The Capital Bonds are subordinated, unsecured interest bearing debt securities.
Ranking	The Capital Bonds are unsecured and subordinated to all indebtedness of Genesis Energy, other than indebtedness expressed to be pari passu with or subordinated to the Capital Bonds. The Capital Bonds rank equally with the GPLFA Bonds. See “Ranking on Liquidation” below.
Purpose	<p>The proceeds from the issue of the Capital Bonds will be used to support the credit rating of Genesis Energy following the acquisition by Genesis Energy of an additional 15% stake in the Kupe Joint Venture (effective 1 January 2017) and the recently announced agreement to acquire Nova Energy’s LPG business.</p> <p>The proceeds from the issue will be used for general corporate purposes.</p>
Guaranteeing Subsidiaries	<p>Certain wholly-owned subsidiaries of Genesis Energy guarantee the obligations of Genesis Energy in relation to the Capital Bonds pursuant to the Capital Bonds Trust Deed (“<b>Guarantee</b>”). The guaranteeing subsidiaries are:</p> <ul style="list-style-type: none"> <li>• Genesis Power Investments Limited</li> <li>• GP No.2 Limited</li> <li>• GP No.5 Limited</li> <li>• Kupe Holdings Limited</li> <li>• National Petroleum Limited</li> <li>• Petroleum Equities Limited</li> <li>• Nephrite Enterprises Limited</li> <li>• Kupe Royalties Limited,</li> </ul> <p>(together, the “<b>Guaranteeing Subsidiaries</b>”).</p> <p>Each Guaranteeing Subsidiary guarantees the due and punctual payment of all amounts payable by Genesis Energy to holders of Capital Bonds (“<b>Bondholders</b>”) in respect of the Capital Bonds and there are no limits on the obligations of the Guaranteeing Subsidiaries in respect of the amounts owing under the Guarantee.</p> <p>Each Guarantee is an unsecured, subordinated obligation of the Guaranteeing Subsidiaries.</p>
Further Indebtedness	Genesis Energy and the Guaranteeing Subsidiaries may incur finance debt (including bank debt or debt in respect of new domestic bonds or new US private placement notes), without the consent of Bondholders.
Capital Structure	Genesis Energy believes that hybrid securities that are ascribed equity content such as the GPLFA Bonds and the Capital Bonds are an effective capital management tool and intends to maintain such instruments as a key feature of its capital structure going forward.
Credit Ratings	<p>Genesis Energy credit rating: BBB+ (Standard &amp; Poor’s)</p> <p>Expected issue credit rating: BB+ (Standard &amp; Poor’s)</p> <p>Genesis Energy’s current credit rating of BBB+ incorporates a one notch upgrade above Genesis Energy’s standalone credit rating of bbb for majority Government ownership.</p> <p>The issue credit rating is two notches below Genesis Energy’s stand-alone credit rating. One notch</p>

for the Capital Bonds being subordinated and a second notch because of the potential for payment of interest to be deferred.

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.

Equity Content	Intermediate. Standard & Poor's has assigned an "intermediate" equity content to the Capital Bonds. Where such equity credit content is assigned, Standard & Poor's will consider that the Capital Bonds comprise 50% equity when calculating its financial ratios for Genesis Energy. The equity content is expected to fall to minimal (0%) from 9 June 2027.
Issue Amount	Up to \$225 million. The offer is not underwritten.
Principal Amount	\$1.00 per Bond.
Opening Date	10 May 2017.
Closing Date	5pm, 7 June 2017.
Rate Set Date	18 May 2017.
Issue/Allotment Date	9 June 2017.
First Reset Date	9 June 2022.
Maturity Date	9 June 2047.
Interest Rate from the Issue Date to the First Reset Date	The percentage per annum equal to the Benchmark Rate (determined on the Rate Set Date) plus the Margin. The Interest Rate for this period will not be less than 5.70% per annum.
Benchmark Rate	5-year NZD Swap Rate (adjusted to a quarterly basis as necessary), determined on the Rate Set Date and each subsequent Reset Date.
Margin	The indicative margin range is 2.75% to 2.95% per annum for the Capital Bonds. The actual Margin for the Capital Bonds (which may be above or below the indicative margin range mentioned above), will be set by Genesis Energy (in consultation with the Joint Lead Managers) on the Rate Set Date following a bookbuild by the Joint Lead Managers. The actual Margin will be announced by Genesis Energy via NZX on the Rate Set Date.
Payment of Interest	Interest will be payable on an Interest Payment Date to the Bondholder as at the Record Date immediately preceding the relevant Interest Payment Date.
Interest Payment Dates	Interest shall be paid quarterly in arrear on 9 March, 9 June, 9 September and 9 December of each year up to and including the redemption date. The "redemption date" is the Maturity Date or such earlier date on which redemption of a Capital Bond is to occur. The first interest payment date is 9 September 2017 but as that date is a Saturday, the actual payment will be made on 11 September 2017. Interest may be deferred at the option of Genesis Energy - see "Optional Deferral of Interest" below.
Record Date	In relation to payments of interest, the date which is 10 calendar days before the due date for the payment. 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. In either case, if that date is not a Business Day, the Record Date will be the preceding Business Day.
Reset Dates	The First Reset Date for the Capital Bonds is the date that is five years after the Issue Date. Thereafter there is a further Reset Date every five years. As part of a successful Election Process, a different Reset Date may be adopted.



Interest Rate after each Reset Date	The Interest Rate applying from each Reset Date up to but excluding the next Reset Date will be the percentage per annum equal to the then Benchmark Rate on that Reset Date (adjusted to a quarterly basis as necessary) plus the Step-up Margin. If a successful Election Process has been completed, the Interest Rate after each Reset Date will be as set out in the relevant Election Notice (as defined below).
Step-up Margin	Margin plus the Step-up Percentage of 0.25%.
Optional Deferral of Interest	<p>Interest payments on the Capital Bonds may be deferred if Genesis Energy determines it appropriate to do so. Genesis Energy will provide notice in writing to the Bondholders if interest payments on the Capital Bonds are deferred (and where an interest payment has not been paid on its due date, notice of its deferral shall be deemed to have been given).</p> <p>If deferred, an interest payment amount will itself accrue interest (compounding every 3 months) at the prevailing Interest Rate on the Capital Bonds (in aggregate, the <b>"Deferred Interest"</b>).</p> <p>Deferred Interest is cumulative.</p> <p>See <i>Deferral of interest payments</i> under the "Risks" section below.</p>
Maximum Deferral Period	An interest payment may be deferred for a period of up to five years after its scheduled payment date. If a deferred interest payment (or any amount accrued thereon) has not been paid by the fifth anniversary of its original deferral, all Deferred Interest that remains outstanding at that time will become due and payable to Bondholders.
Optional Deferred Interest Payment	Genesis Energy may opt to pay all or part of any Deferred Interest on an Interest Payment Date.
Distribution Stopper	<p>Whilst there is any Deferred Interest outstanding Genesis Energy shall not:</p> <ul style="list-style-type: none"> <li>(i) make any distributions or payments on any shares or any other security that is expressed to be pari passu with or subordinated to the Capital Bonds; and</li> <li>(ii) without the consent of the Supervisor redeem or repay any share or other security that is expressed to be pari passu with or subordinated to the Capital Bonds (or offer financial assistance for the acquisition of such shares or securities),</li> </ul> <p>(together, the <b>"Restrictions on Deferral"</b>).</p>
Election Process	<p>No earlier than six months and not later than 30 Business Days before any Reset Date, Genesis Energy may give to each Bondholder a notice (<b>"Election Notice"</b>) specifying new terms and conditions (<b>"New Conditions"</b>) (including for example a new Margin) proposed to apply from the next Reset Date. Bondholders can elect to accept or reject the New Conditions. Bondholders who do not respond will be deemed to have accepted the New Conditions.</p> <p>If Genesis Energy declares a Successful Election Process then it is obliged to purchase any Capital Bonds held by a Bondholder who has rejected the New Conditions. Genesis Energy may choose to establish a resale facility (<b>"Resale Facility"</b>) to seek buyers for those Capital Bonds.</p> <p>If Genesis Energy does not wish to purchase all Capital Bonds from those Bondholders that have rejected the New Conditions then Genesis Energy must declare that the Election Process has failed 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.</p>
Issuer Redemption Rights	<p>Genesis Energy must redeem the Capital Bonds on the Maturity Date or on the occurrence of an Event of Default. Genesis Energy also has the right to redeem:</p> <ul style="list-style-type: none"> <li>(i) all or part of the Capital Bonds on any Reset Date; or</li> <li>(ii) all or part 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</li> <li>(iii) all (but not some only) of the Capital Bonds if a Change of Control Event (as defined below) occurs; or</li> <li>(iv) all or part of the Capital Bonds if a Tax Event or Rating Agency Event (as defined below) occurs.</li> </ul> <p>The Redemption Price will be:</p> <ul style="list-style-type: none"> <li>(i) the Principal Amount of the Capital Bonds plus Deferred Interest plus accrued interest; or</li> </ul>

- (ii) if the redemption occurs pursuant to paragraph (ii) or (iii) immediately above, the higher of:
- a. the market value of the Capital Bonds; and
  - b. the Principal Amount of the Capital Bonds,
- plus Deferred Interest plus accrued interest. If Genesis Energy is redeeming Capital Bonds in part only then it can only do so to the extent that there will be at least 100 million of 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.

<b>Tax Event</b>	Receipt by Genesis Energy of an opinion from a reputable legal counsel or tax adviser that as a result of a change or clarification in legislation, regulation, etc. the interest payments on the Capital Bonds would no longer be deductible for tax purposes.
<b>Rating Agency Event</b>	Receipt by Genesis Energy of notice from the Rating Agency that, as a result of a change of criteria or Genesis Energy ceasing to hold a credit rating, the Capital Bonds will no longer be assigned an Intermediate Equity Content classification.
<b>Holder Put Event</b>	If both a Change of Control Event and an associated Rating Downgrade occurs and Genesis Energy has not exercised its right to redeem the Capital Bonds, then Bondholders will have the right to elect that Genesis Energy must redeem the Capital Bonds. The Redemption Price will be equal to the Principal Amount of the Capital Bonds plus Deferred Interest plus accrued interest.
<b>Change of Control Event</b>	A Change of Control Event occurs if the shareholder Ministers collectively own 50% or less of Genesis Energy's voting shares.
<b>Rating Downgrade</b>	<p>A Rating Downgrade occurs if as a result in whole or part of the Change of Control Event:</p> <ol style="list-style-type: none"> <li>(i) Genesis Energy ceases to hold a credit rating; or</li> <li>(ii) the credit rating of Genesis Energy is lowered by at least one full rating notch and the resulting credit rating is lower than 'BBB+',</li> </ol> <p>within the Change of Control Period (the period commencing on the day a notice of a Change of Control Event or pending Change of Control Event is given and ending 90 days after the date of announcement that the Change of Control has occurred).</p>
<b>Issuer Clean-up Redemption</b>	If less than 100 million Capital Bonds remain outstanding following the Bondholders exercising their election following a Holder Put Event, then Genesis Energy has the right to redeem all remaining Capital Bonds at a Redemption Price equal to the Principal Amount plus Deferred Interest plus accrued interest.
<b>Events of Default</b>	<p>The following Events of Default will result in the Capital Bonds becoming immediately redeemable:</p> <ol style="list-style-type: none"> <li>(i) Failure to pay any Deferred Interest by the fifth anniversary of its original deferral.</li> <li>(ii) Failure to comply with the Restrictions on Deferral.</li> <li>(iii) Failure to pay amounts required to be paid on the redemption of the Capital Bonds.</li> <li>(iv) Failure by Genesis Energy to give to Bondholders and the Supervisor notice following the occurrence of a Holder Put Event (where Genesis Energy has not exercised its right to redeem the Capital Bonds) accompanied by a form under which a Bondholder may elect that Genesis Energy must redeem the Capital Bonds held by that Bondholder.</li> <li>(v) Failure to pay amounts required to be paid in connection with an Election Process.</li> <li>(vi) An insolvency event of Genesis Energy occurs in the nature of the appointment of a liquidator, receiver, statutory manager, administrator or any analogous appointment, or the deregistration of the entity under any relevant jurisdiction.</li> </ol>


## Ranking on liquidation

On a liquidation of Genesis Energy amounts owing to Bondholders rank equally with all other unsecured, subordinated obligations of Genesis Energy. The Capital Bonds rank behind Genesis Energy's bank debt, senior bonds, US private placement notes and any amounts owing to unsubordinated general and trade creditors, as well as indebtedness preferred by law and secured indebtedness.

The ranking of the Capital Bonds on a liquidation of Genesis Energy is summarised in the diagram below.

Ranking on the liquidation of Genesis Energy	Example	Indicative amount of existing liabilities and equity of the Genesis Energy Group as at 31 December 2016 adjusted for expected issue proceeds <sup>1</sup>
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### Higher ranking/earlier priority

	<b>Liabilities that rank in priority to the Capital Bonds</b>	Secured creditors and creditors preferred by law (including employees up to a cap of \$22,160 each and IRD for certain unpaid taxes), unsubordinated creditors (including banks and financial institutions that have lent money to Genesis Energy, holders of Genesis Energy's senior bonds, holders of Genesis Energy's US private placement notes and unsubordinated trade and general creditors)	<b>\$1,700.7m</b>
	<b>Liabilities that rank equally with the Capital Bonds</b>	Subordinated obligations (including money owed by Genesis Energy to other holders of subordinated bonds, such as the GPLFA Bonds)	<b>\$202.6m</b>
	<b>Equity</b>	Ordinary shares, reserves and retained earnings	<b>\$1,963.1m</b>

### Lower ranking/later priority

The actual amounts of liabilities and equity of Genesis Energy at the point of its liquidation will be different to the indicative amount set out in the diagram above.

<sup>1</sup> In light of the "Purpose" above, it is assumed that the proceeds of the Capital Bonds will not reduce existing senior or subordinated liabilities of Genesis Energy.

Minimum Application Amount and Minimum Holding	Minimum 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 Energy 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 Approval	NZX has granted approval under NZX Listing Rule 11.1.5 to enable Genesis Energy to include transfer restrictions in the Capital Bonds Trust Deed permitting Genesis Energy to refuse a transfer of the Capital Bonds if the transfer is not in multiples of \$1,000 and/or results in the transferor or the transferee holding an aggregate principal amount of less than the minimum holding of \$5,000, unless the transferor would then hold no Capital Bonds.
NZX Debt Market Quotation	It is a term of the offer of the Capital Bonds that Genesis Energy take any necessary step to ensure that the Capital Bonds are quoted immediately following the Issue Date. 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.
Expected Date of Initial Quotation and Trading on NZX Debt Market	12 June 2017.
NZX Debt Market ticker code	GNE040.
ISIN	NZGNEDG004C5.
Business Days	A day (other than a Saturday or Sunday) on which banks are generally open for business in Auckland and Wellington. If an Interest Payment Date, 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.
Voting Rights	None.
Governing Law	New Zealand.
Who May Apply for Capital Bonds	The offer of Capital Bonds is open to New Zealand retail investors and New Zealand and certain overseas institutional investors. Genesis Energy may reserve up to 100% of the Capital Bonds (including oversubscriptions) for subscription by clients of the Joint Lead Managers, the Co-Manager, institutional investors and other Primary Market Participants invited to participate in the bookbuild (" <b>Firm Allocations</b> "). The aggregate number of Capital Bonds so reserved will be determined by Genesis Energy, in consultation with the Joint Lead Managers.
How to Apply	Applications to subscribe for Capital Bonds must be made on the Application Form attached to this Term Sheet as Schedule 2.  Applicants accepting a Firm Allocation from a NZX participant or approved financial intermediary must return a completed Application Form to the office of that NZX participant or approved financial intermediary which has provided the Firm Allocation in time to enable it to be forwarded to the Registrar before 5.00pm on the Closing Date.  Public pool applications (being all applicants other than applications in respect of Firm Allocations) must return a completed Application Form, so that it is received by the Registrar (on behalf of Genesis

Energy) at the address below, no later than 5.00pm on the Closing Date:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Auckland 0622

Alternatively, completed Application Forms may be lodged with any Joint Lead Manager, the Co-Manager, the Primary Market Participant, the Organising Participant or any other channel approved by NZX, but must be delivered in sufficient time to enable the Application Form to be forwarded to and received by the Registrar no later than 5.00pm on the Closing Date. Application Forms are not to be lodged directly with Genesis Energy.

You can find a Primary Market Participant by visiting [www.nzx.com/investing/find\\_a\\_participant](http://www.nzx.com/investing/find_a_participant).

Refunds	If Genesis Energy does not accept your application or accepts your application in part, all or the relevant balance of your application moneys received from you will be paid to you as soon as practicable and, in any event, within five Business Days after such refusal or acceptance in part. No interest will be paid on those refunds.
Registrar and Paying Agent	Computershare Investor Services Limited.
Supervisor	Trustees Executors Limited.
Arranger	Deutsche Craigs Limited.
Joint Lead Managers	ANZ Bank New Zealand Limited, Bank of New Zealand, Deutsche Craigs Limited and Forsyth Barr Limited.
Co-Manager	Hobson Wealth Partners Limited.
Organising Participant	Craigs Investment Partners Limited.
Fees	Applicants are not required to pay brokerage or any charges to Genesis Energy in relation to applications under the Offer. Genesis Energy will pay brokerage of 0.75% of the gross proceeds raised under the offer and firm fees of 0.50% of the aggregate amount of valid applications received pursuant to Firm Allocations as appropriate to Primary Market Participants and approved financial intermediaries.
Selling Restrictions	The selling restrictions set out in Schedule 1 to this Terms Sheet apply to the Capital Bonds. The Capital Bonds must not be offered or sold other than in strict compliance with those selling restrictions. By subscribing for Capital Bonds, you indemnify Genesis Energy, the Joint Lead Managers, the Co-Manager, the Organising Participant and the Supervisor in respect of any loss incurred as a result of you breaching the selling restrictions in Schedule 1.
Non-Reliance	This Terms Sheet does not constitute a recommendation by the Joint Lead Managers, the Co-Manager, the Organising Participant, 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, the Co-Manager, the Organising Participant 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 Co-Manager, the Organising Participant, 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

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

- (i) Genesis Energy 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 principal amount paid for the Capital Bonds.

Investors 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 Energy to defer interest, optional redemption rights for Genesis Energy, a margin step-up, an election process and the subordinated nature of the Capital Bonds. The 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 Energy, rather than the Capital Bonds themselves, are not set out below on the basis that information relating to Genesis Energy and its operations is disclosed to the market already pursuant to Genesis Energy's 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).

Investors should carefully consider these risk factors (together with the other information in this Terms Sheet) before deciding to invest in the Capital Bonds.

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, investors give consideration to the suitability of an investment in the Capital Bonds in light of his or her 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.

## Risks in relation to the Capital Bonds

### *Deferral of interest payments*

There is a risk that interest payments on the Capital Bonds will be deferred by Genesis Energy for a period of up to five years, as described in the paragraph headed “Optional Deferral of Interest” in the table above.

Genesis Energy has a broad discretion to defer the payment of interest on the Capital Bonds, and holders will not have an immediate redemption right in those circumstances.

### *Redemption prior to the Maturity Date*

Although the Capital Bonds have a term of 30 years, Genesis Energy may choose to, or be required to, redeem the Capital Bonds early in certain circumstances.

Genesis Energy may elect to redeem the Capital Bonds in the circumstances outlined in the paragraph headed “Issuer Redemption Rights” in the table above. While some of those issuer redemption triggers may appear to be unlikely to occur, recent history suggests that such events can occur. For example, in 2014 a “Rating Agency Event” occurred in respect of the GPLFA Bonds, following an

announcement by Standard & Poor’s that those bonds would no longer qualify for a “high” equity content classification. As a result of that event, Genesis Energy had the right to redeem the GPLFA Bonds.

If Genesis Energy is entitled to or is required to redeem any of the Capital Bonds, the method and date by which Genesis Energy 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.

### *Ranking*

The Capital Bonds rank behind all of Genesis Energy’s unsubordinated obligations. In a liquidation of Genesis Energy, the holders of the Capital Bonds would be paid only after all amounts owing by Genesis Energy to its bankers, holders of senior bonds, holders of US private placement notes, and general and trade unsubordinated creditors, have been paid. 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.

### *Trustee’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 the Issuer 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 one or more of the Guaranteeing Subsidiaries become 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 Energy or the Guaranteeing Subsidiaries unless the Supervisor fails to do so having become bound to enforce those rights in accordance with the Capital Bonds Trust Deed.

## Dates

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

## Other Information

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

Copies of the Capital Bonds Trust Deed will be made available by Genesis Energy for inspection during usual business hours by any Bondholder at Genesis Energy's registered office listed below (or such office as Genesis Energy may notify the Bondholders from time to time).

Investors should seek qualified, independent financial and taxation advice before deciding to invest.

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

# Address Details

## Issuer

Genesis Energy Limited  
660 Great South Road  
Auckland 2025

PO Box 17188  
Auckland 1546

Telephone: (09) 580 2094  
Email: [TreasuryMgmt@genesisenergy.co.nz](mailto:TreasuryMgmt@genesisenergy.co.nz)

## Supervisor

Trustees Executors Limited  
Level 5, 10 Customhouse Quay  
Wellington 6011

Telephone: 0800 878 783  
Email: [enquiries@trustees.co.nz](mailto:enquiries@trustees.co.nz)

## Arranger and Joint Lead Manager

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

## Joint Lead Managers

ANZ Bank New Zealand Limited  
ANZ Centre, Level 10  
171 Featherston Street  
Wellington 6140  
0800 269 476

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

Forsyth Barr Limited  
Level 9, Forsyth Barr House  
The Octagon  
Dunedin 9054  
0800 367 227

## Co-Manager

Hobson Wealth Partners Limited  
Level 17, Lumley Centre  
88 Shortland Street  
Auckland 1140  
0800 742 737

## Registrar

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Auckland 0622

Telephone: (09) 488 8777  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)





# Schedule 1 - Selling Restrictions

## Part A

### Initial Selling Restrictions

The Capital Bonds may only be offered in New Zealand in conformity with all applicable laws and regulations in New Zealand. In respect of the initial offer of Capital Bonds by Genesis Energy under this Terms Sheet (“**Initial Offer**”), no Capital Bonds may be offered in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions set out below in this

Part A. This 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 set out below in this Part A. For the avoidance of doubt, the selling restrictions set out below in this Part A apply only in respect of the Initial Offer.

## United States of America

The Capital Bonds have not been and will not be registered under the Securities Act of 1933, as amended (“**Securities Act**”) 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 (“**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.

None of Genesis Energy, the Joint Lead Managers, the Co-Manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) in relation to the Capital Bonds, and each Genesis Energy, the Joint Lead Managers and the Co-Manager have complied and will comply with the offering restrictions in Regulation S.

The Capital 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 Capital Bonds of the Tranche of which such Capital Bonds are part, as determined and certified by the Joint Lead Managers or the Co-Manager except in accordance with Rule 903 of Regulation S. Any Capital 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 Capital 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 (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 Capital 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.”

Until 40 days after the completion of the distribution of all Capital Bonds or the Tranche of which those Capital Bonds are a part, an offer or sale of the Capital Bonds within the United States by any Joint Lead Manager, the Co-Manager 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.

## Relevant Member States of the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) no Capital Bonds have been offered and no Capital Bonds will be offered that are the subject of the offering contemplated by this Terms Sheet in relation thereto to the public in that Relevant Member State except that an offer of Capital Bonds to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or

legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Joint Lead Manager and/or Joint Lead Managers and/or Co-Manager nominated by Genesis Energy for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Capital Bonds shall require Genesis Energy, any Joint Lead Manager or the Co-Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of the Capital Bonds to the public in relation to any Capital Bonds in any Relevant Member State** means the

communication in any form and by any means of sufficient information on the terms of the offer and the Capital Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Capital Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

## United Kingdom

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) has been or may be made or caused to be

made or will be made in connection with the issue or sale of the Capital Bonds in circumstances in which section 21(1) of the FSMA applies to Genesis Energy.

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

## Japan

The Capital 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 Capital Bonds shall not transfer or resell the Capital Bonds except where the transferor transfers or resells all the Capital 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 Terms Sheet has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Terms Sheet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Bonds may not be circulated or distributed, nor may the Capital Bonds 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 (Chapter 289 of Singapore) (“SFA”)) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Capital Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Capital Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i) (B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## Hong Kong

No Capital Bonds have been offered or sold or will be or may 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(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Capital Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in

Hong Kong or elsewhere, 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 Capital 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 Capital Bonds 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 Capital Bonds 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 Terms Sheet, information memorandum, prospectus or any other offering material or advertisement relating to the Capital Bonds in Australia,

unless:

- (i) the 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 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; and
- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

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

- (a) will be deemed by Genesis Energy, any Joint Lead Manager and the Co-Manager to have acknowledged that if any Investor on-sells the Capital 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 Capital 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 Genesis Energy, any Joint Lead Manager and the Co-Manager to have undertaken not to sell those Capital 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 Capital Bonds.

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

## Part B

### General Selling Restrictions

The Capital Bonds may only be offered for sale or sold in New Zealand. Genesis Energy 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). 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.

By subscribing for Capital Bonds, you indemnify Genesis Energy, the Joint Lead Managers, the Co-Manager, the Organising Participant, the Registrar and the Supervisor in respect of any loss incurred as a result of you breaching the above selling restrictions.

# Schedule 2 - Application Instructions and Application Form

## Annexure A

An application to subscribe for Capital Bonds must be made on the application form following these application instructions ("Application Form").

An Application Form will constitute an irrevocable offer by the applicant to subscribe for and acquire the number of Capital Bonds specified on the Application Form (or such lesser number which the Issuer may determine) on the terms and conditions set out in this Terms Sheet, the Capital Bonds

Trust Deed and the Application Form. Applications must be for a minimum of 5,000 Capital Bonds (\$5,000) and thereafter in multiples of 1,000 (\$1,000). Applications for Capital Bonds may only be lodged from when the offer is expected to open on Wednesday 10 May 2017 and close at 5:00pm on Wednesday 7 June 2017.

**Please complete all the relevant sections of the Application Form using CAPITAL BLOCK LETTERS.**

### 1. Application details and information

Insert your full name(s), address and telephone numbers. Please ensure you supply a mobile or daytime phone number to enable Computershare Investor Services Limited to get hold of you regarding your application if necessary. Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per Application.

Note that ONLY LEGAL ENTITIES are allowed to hold Capital Bonds. Applications must be in the name(s) of natural persons,

companies or other legal entities acceptable to Genesis Energy. At least one full given name and surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

#### Type of investor

Individual - use given name in full, not initials.  
Company - use company title,

not abbreviations.

Trusts - do not use the name of the trust, use the personal name(s) of the trustee(s).

All trustees must apply as joint applicants. Deceased estates - do not use the name(s) of deceased, use the personal name(s) of the executor(s).

Clubs / Unincorporated bodies - do not use the name(s) of clubs etc., use the personal name(s) of the office bearer(s).

Superannuation Funds - do not use the name of the fund, use the personal name(s) of the trustee(s).

Use the table below to see how to write your name correctly.

Type of Investor	Correct way to write name	Incorrect way to write name
Individual person	JOHN SMITH	J SMITH
More than one person	JOHN SMITH, MICHELLE SMITH	J & M SMITH
Company	ABC LIMITED	ABC
Trusts	JOHN SMITH, PETER SMITH (JOHN SMITH FAMILY A/C)	SMITH FAMILY TRUST
Partnerships	JOHN SMITH, MICHAEL SMITH, (JOHN SMITH AND SONS A/C)	JOHN SMITH & SONS
Clubs and unincorporated associations	JOHN SMITH, (SMITH INVESTMENT CLUB A/C)	SMITH INVESTMENT CLUB
Superannuation funds	JOHN SMITH LIMITED (SUPERANNUATION FUND A/C)	JOHN SMITH, SUPERANNUATION FUND

## 2. Application amount and payment

Complete the amount of Capital Bonds applied for. Note the minimum amount of Capital Bonds and minimum integral multiples for Capital Bonds that are stated in the Application Form.

The Capital Bonds are issued at par value so the purchase price is an amount equal to the aggregate amount of the Capital Bonds for which you apply. Payment must be made in New Zealand dollars.

Applicants must pay for the Capital Bonds applied for by a personal cheque, by direct debit or, if the application is for Capital Bonds of an aggregate amount of \$500,000 or more, by bank cheque or any other method approved by the Arranger.

If you choose the direct debit option you must tick the box authorising the Registrar to direct debit the bank account nominated on the Application Form on the day the Application

Form is received by the Registrar for the amount applied for on the Application Form. You cannot specify a direct debit date and you must ensure that:

- the bank account details supplied are correct;
- the application funds in the bank account for direct debit are available on the day the Registrar receives the Application Form;
- the person(s) giving the direct debit instruction has/have the authority to operate the account solely/jointly; and
- the bank account you nominated is a transactional account eligible for direct debit transactions. If you are uncertain you should contact your bank.

Should your direct debit fail, your application will be rejected. If requested a direct debit authority form will be provided to you by the Registrar.

Personal cheques must be in New Zealand dollars and drawn on a New Zealand branch of a financial institution and submitted with the completed Application Form. Cheques must be made payable to “Genesis Energy Capital Bond Offer”, crossed “Not Transferable” and must not be post-dated. If an Applicant’s cheque is dishonoured, the Issuer will cancel that Applicant’s allotment of Capital Bonds and may pursue any other remedies available to it at law.

Applicants who are members of the NZClear System, or who are able to have payments made on their behalf through the NZClear System, may settle their applications for Capital Bonds through the NZClear System by prior arrangement with the Registrar up to and including the issue date.

## 3. Common Shareholder Number (“CSN”)

If you have other investments registered under a Common Shareholder Number (CSN) you

must supply your CSN in the space provided. The name and address details on your

Application Form must correspond with the registration details under that CSN.

## 4. Interest and redemption payments

If you currently receive interest or dividend payments from the Registrar by direct credit, and wish your payments in respect of the Capital Bonds to be direct credited to the same account, then you do not need to complete section 4 of the Application Form.

If you wish to be paid by direct credit and the Registrar does not already hold your bank account details or you wish to have payments credited to another bank account, please tick the box for option 1 and enter the details of the bank account.

If payment to your cash management account with a Primary Market Participant is selected, complete option 2, insert the name of the Primary Market Participant where your cash management account is held and provide your cash management client account number.

## 5. IRD number and resident withholding tax

Provide your IRD number. Only one IRD number is required in the case of a joint holding.

Where applicable elect the rate at which you wish resident withholding tax to be deducted by ticking the relevant box.

Tick the relevant box if you hold a resident withholding tax (RWT) exemption certificate. If you hold a valid exemption certificate, please attach a photocopy of the exemption certificate and supply the expiry date. Please do not attach an original document.

Complete country of tax residence and, if that is not New Zealand, tick the box if you carry on business in New Zealand through a fixed establishment (branch) in New Zealand.

## 6. Electronic correspondence and reporting

By supplying your email address Genesis Energy will be able to deliver your investor correspondence to you electronically where

possible. This is a much more environmentally friendly, cost effective and timely option than paper based investor mail outs. If you do not

provide your email address you will receive communications by mail.

## 7. Agreement of terms

Read the Application Form carefully and sign and date the form.

The Application Form must be signed by the applicant(s) personally, or by two directors of a company (or one director if there is only one director, whose signature must be

witnessed), or in either case by an attorney or duly authorised agent. If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney on the

reverse of the Application Form.

If the Application Form is signed by an agent, the agent must complete the certificate of agent on the reverse of the Application Form. Joint applicants must each sign the Application Form.

## 8. This Application Form must be received by the Registrar no later than 5pm on Wednesday 7 June 2017

This Offer is expected to close at 5:00pm on Wednesday 7 June 2017. Applicants should remember that the Closing Date may be changed at the sole discretion of the Issuer. Changes will be advised by announcement.

The Issuer reserves the right to refuse to accept applications received by the Registrar after 5:00pm on Closing Date. Applications received cannot be revoked or withdrawn.

Your Application Form should be returned to, or lodged with, an appropriate person as specified under the heading "How to Apply" on page 8 of the Terms Sheet.

## Personal information rights

Personal information provided by you will be held by the Issuer and the Registrar at their respective addresses shown on page 12 of the Terms Sheet or at such other place as is

notified upon request. This information will be used for the purpose of managing your investment. You have a right to access and correct any personal information about you

under the Privacy Act 1993. You can also access your information at [www.computershare.com/nz](http://www.computershare.com/nz). You will be required to enter your CSN and FIN.

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## Genesis Energy Limited Capital Bond Offer

## APPLICATION FORM

Brokers Stamp

Brokers code

Adviser code

This application form ("Application Form") is for an offer of capital bonds ("Capital Bonds") by Genesis Energy Limited ("Genesis Energy") to investors in New Zealand and is issued with the terms sheet dated and prepared 10 May 2017 ("Terms Sheet"), issued by Genesis Energy. Please complete this Application Form and return it to, or lodge it with, an appropriate person as specified under the heading "How to Apply" on page 8 of the Terms Sheet.

Capitalised words used but not defined in this Application Form have the same meaning given to them in the Terms Sheet.

For applications made through a broker firm ("Broker Firm"), your Application Form must be lodged with the relevant Broker Firm in sufficient time to enable your Application Form to be forwarded to and received by the Registrar no later than 5.00pm on Wednesday 7 June 2017.

For public pool applications, your Application Form must be received by Computershare Investor Services Limited ("Registrar") by 5:00pm on Wednesday 7 June 2017. Genesis Energy may accept or reject all or part of an application without giving reason.

PLEASE COMPLETE THIS APPLICATION FORM USING BLOCK LETTERS

## 1 Application details and information (please print in block letters)

Applications must be made in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application.

First name(s) \_\_\_\_\_ Last name \_\_\_\_\_

First name(s) \_\_\_\_\_ Last name \_\_\_\_\_

First name(s) \_\_\_\_\_ Last name \_\_\_\_\_

Company or Designated Account name \_\_\_\_\_

Postal address & postal code \_\_\_\_\_

Phone number Mobile    -        Business hours   -

## 2 Application amount and payment

Applications must be accompanied by payment in full, in New Zealand currency based on NZ\$1.00 per Capital Bond.

Applications must be for a minimum of NZ\$5,000 and, thereafter, in multiples of NZ\$1,000.

Amount of Capital Bonds applied for \$ \_\_\_\_\_

You may choose only ONE of the options below for payment of your application moneys. Please tick the box next to your selected option (✓)

- ☐ **OPTION 1 – Direct debit** Please direct debit my bank account stated below for the amount of Capital Bonds applied for above (or any lesser amount as determined by Genesis Energy). By ticking this box and signing this Application Form, I agree that the Registrar is authorised to direct debit my account for the full amount of Capital Bonds applied for (or any lesser amount as determined by Genesis Energy). Future Interest payments will be direct credited to this account unless a different account is specified under 3 below.

### NEW ZEALAND DOLLAR BANK ACCOUNT DETAILS FOR DIRECT DEBIT

Name of bank \_\_\_\_\_ Account name \_\_\_\_\_

-     -       -

Bank Branch Account number Suffix

- ☐ **OPTION 2 – Cheque** Please find attached my cheque payable to 'Genesis Energy Capital Bond Offer' and crossed 'Not Transferable'. I have supplied my bank account details under 3 below for the purpose of direct crediting any future Interest paid by Genesis Energy.

- ☐ **OPTION 3 – NZClear System** Payment will be made by NZClear as arranged with the Registrar (authorised institutional investors only). I have supplied my bank account details under 3 below for the purpose of direct crediting any future Interest paid by Genesis Energy.

NZClear mnemonic \_\_\_\_\_

### 3 Common Shareholder Number (CSN)

Please note that the application must be in the same name as the CSN below otherwise the application will be deemed to be made without a CSN and a new CSN will be allocated.

If you hold any other securities under a CSN, please enter your CSN here

### 4 Interest and redemption payments

#### OPTION 1 - NEW ZEALAND DOLLAR BANK ACCOUNT DETAILS FOR FUTURE PAYMENTS

Name of bank \_\_\_\_\_ Account name \_\_\_\_\_

-     -       -

Bank Branch Account number Suffix

#### OPTION 2 - FOR THE PURPOSE OF INTEREST PAYMENTS ONLY, DIRECT CREDIT TO MY CASH MANAGEMENT ACCOUNT

Name of NZX Participant where Cash Management Account held \_\_\_\_\_

Cash Management Account Client Account Number

If you wish to have your future Interest payments direct credited to a different bank account you need to advise the Registrar in writing.

### 5 IRD number and resident withholding tax rate

IRD number (only one IRD number is required in respect of a joint application)    -    -

Deduct resident withholding tax (RWT) from my Interest earned at the following rate (please tick ☒ one). Please note that companies (other than a company which is acting as a trustee or a company which is a Maori authority) do not need to tick any box unless they hold an RWT exemption certificate. Tax will automatically be deducted at 28%.

☐ 10.5% ☐ 17.5% ☐ 30% ☐ 33%

☐ Exempt – please tick this box if you hold an RWT exemption certificate from the IRD and attach a copy of your RWT exemption certificate. The RWT exemption certificate must relate to the IRD number provided.

Country of residence for tax purposes  If not a New Zealand tax resident, are you engaged in business in New Zealand through a fixed establishment in New Zealand? **Yes / No** (delete one)

### 6 Electronic correspondence and reporting

To enable Genesis Energy to provide you electronically with correspondence in relation to your holding in this security, please complete your email address below. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

Email \_\_\_\_\_

### 7 Agreement of terms

I/We hereby acknowledge that I/we have received and read the Terms Sheet for the Capital Bonds, and apply for the principal amount of Capital Bonds set out above and agree to accept such Capital Bonds (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Terms Sheet, the Capital Bonds Trust Deed and Application Form.

All applicants on the Application Form must sign.

Signature \_\_\_\_\_

Date \_\_\_\_\_ 2017

Your Application Form must be delivered in accordance with the instructions specified under the heading “How to Apply” on page 8 of the Terms Sheet.

**8** This Application Form must be received by the Registrar no later than 5pm on Wednesday 7 June 2017

For Broker Firm applications, you must deliver your Application Form to the relevant Broker Firm in sufficient time to enable your Application Form to be forwarded to and received by the Registrar no later than 5:00pm on Wednesday 7 June 2017.

**For public pool applications, deliver to:**  
Genesis Energy Capital Bond Offer  
Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142  
**Investor phone number:** (09) 488 8777

**Physical Address:**  
Level 2, 159 Hurstmere Road  
Takapuna  
Auckland 0622

## 9 Terms and conditions of application

1. By signing (or authorising an attorney or agent to sign) this Application Form:
  - (a) the applicant acknowledges that this form was distributed with the Terms Sheet; and
  - (b) the applicant acknowledges that he/she/it has read and understood the Terms Sheet.
2. An application received by the Registrar cannot be withdrawn or revoked by the applicant.
3. Genesis Energy reserves the right to decline any application, in whole or in part, without giving any reason. Genesis Energy may decide not to accept any applications whatsoever.
4. A joint application must be signed by all applicants. Only the address of the first named of the joint applicants will be recorded on the Register and all Interest payments, notices and other correspondence will be sent to that address.
5. Applications lodged by individuals must be signed personally or by their attorney or agent. If this Application Form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out below. If this Application Form is signed by an agent, the agent must complete the certificate of non-revocation of agency set out below.

The information in this Application Form is provided to enable Genesis Energy and the Registrar to process your application, and to administer your investment. By signing this Application Form, you authorise Genesis Energy and the Registrar to disclose information in situations where Genesis Energy or the Registrar are required or permitted to do so by any applicable law or by a governmental, judicial or regulatory entity or authority in any jurisdiction. If you are an individual under the Privacy Act 1993, you have the right to access and correct any of your personal information.

## 10 Certificate of non-revocation of agency

(Complete this section if you are acting as agent on behalf of the applicant on this Application Form)

I, \_\_\_\_\_ of \_\_\_\_\_  
(full name) (place and country of residence)

(occupation)

hereby certify that:

1. By the agency agreement dated \_\_\_\_\_  
(date of instrument creating the power of agency)

(full name of person/body corporate which appointed you as agent)

of \_\_\_\_\_  
(place and country of residence of person/body corporate which appointed you as agent\*)

Appointed me \_\_\_\_\_ agent;  
(his/her/its)

2. That I have executed the application for Capital Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
3. That I have not received notice or information of the revocation of my appointment as agent.

Signature of agent

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\*If a donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

## 11

### Certificate of non-revocation of power of attorney

**(Complete this section if you are acting on behalf of the application on this Application Form for whom you have power of attorney)**

I, \_\_\_\_\_ of \_\_\_\_\_  
(full name) (place and country of residence)

\_\_\_\_\_  
(occupation)

hereby certify that:

1. By the agency agreement dated \_\_\_\_\_,  
(date of instrument creating the power of attorney)

\_\_\_\_\_  
(full name of person/body corporate which granted the power of attorney)

of \_\_\_\_\_  
(place and country of residence of person/body corporate which granted the power of attorney)\*\*)

Appointed me \_\_\_\_\_ attorney;  
(his/her/its)

2. That I have executed the application for Capital Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and

3. That I have not received notice of any event revoking the power of attorney.

Signature of attorney \_\_\_\_\_

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\*If a donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

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GENESIS ENERGY

# Genesis Energy Capital Bonds Offer May 2017

May 2017

Joint Lead Managers



Deutsche  
CRAIGS



FORSYTH BARR

Co-Manager

HOBSON  
WEALTH  
PARTNERS



# Important Information and Disclaimer



## Important Information

The offer of fixed rate subordinated capital bonds (**Capital Bonds**) by Genesis Energy described in this presentation 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 the Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Genesis Energy's \$200,000,000 subordinated unsecured capital bonds maturing on 15 July 2041 which are currently quoted on the NZX Debt Market under the ticker code GPLFA (**GPLFA Bonds**). The Capital Bonds are of the same class as the GPLFA Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMCR**).

Genesis Energy is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/markets/NZDX/hybrids/GPLFA](http://www.nzx.com/markets/NZDX/hybrids/GPLFA).

The GPLFA Bonds (which have an interest rate of 6.19% p.a. and a redemption date of 15 July 2041 or such earlier date on which redemption is to occur in accordance with the trust deed for the GPLFA Bonds) are the only debt securities of Genesis Energy 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 GPLFA Bonds to find out how the market assesses the returns and risk premium for those bonds.

## Disclaimer

This presentation is for preliminary information purposes only and is not an offer to sell or the solicitation of any offer to purchase or subscribe for any financial products and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The information in this document 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.

All of the data provided in this document is derived from publicly available information in relation to Genesis Energy (including the annual report of Genesis Energy for the twelve months to 30 June 2016 and the interim report of Genesis Energy for the six months to 31 December 2016), unless otherwise indicated.

Unless otherwise indicated, all of the numerical data provided in this presentation is stated as at 31 December 2016. All figures are rounded and all \$ references are to New Zealand dollars.

This document does not constitute a recommendation by Genesis Energy, Deutsche Craigs Limited (acting as arranger and joint lead manager), ANZ Bank New Zealand Limited, Bank of New Zealand and Forsyth Barr Limited (all acting as joint lead managers), Hobson Private Wealth Limited (acting as a co-manager), Trustees Executors Limited (Supervisor), nor any of their respective directors, officers, employees, affiliates or agents to subscribe for, or purchase, any of the Capital Bonds. None of the Joint Lead Managers, Co-Manager or Supervisor nor any of their respective directors, officers, employees, affiliates or agents make any representation, recommendation or warranty, expressed or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied by or on behalf of Genesis Energy in connection with the Capital Bonds, and accept no liability therefor (except to the extent such liability arises under the FMCA or cannot by law be disclaimed).

A terms sheet dated 10 May 2017 (**Terms Sheet**) has been prepared in respect of the offer of the Capital Bonds. Investors should not purchase the Capital Bonds until they have read the Terms Sheet. Investors should consider the risks that are associated with an investment in the Capital Bonds, particularly with regard to their personal circumstances (including financial and tax issues).

The distribution of this presentation, and the offer or sale of the Capital Bonds, may be restricted by law in certain jurisdictions. Persons who receive this presentation outside New Zealand must inform themselves about and observe all such restrictions. Nothing in this presentation is to be construed as authorising its distribution, or the offer or sale of the Capital Bonds, in any jurisdiction other than New Zealand and Genesis Energy accepts no liability in that regard. The Capital Bonds may not be offered or sold directly or indirectly, and neither this presentation nor any other offering material may be distributed or published, in any jurisdiction except with the prior consent of Genesis Energy and in conformity with all applicable laws and regulations of that country or jurisdiction.

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 the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

This presentation is dated 10 May 2017.



# Agenda



1

## Strategic Overview, Financial and Operational Review

—  
**Chris Jewell**  
Chief Financial Officer

2

## Cashflow and Capital Structure

—  
**Dan Dillane**  
Capital Structure Manager

3

## The Capital Bonds

—  
**David McCallum**  
Deutsche Craigs

4

## The Offer

—  
**David McCallum**  
Deutsche Craigs



1

# Strategic Overview, Financial and Operational Review

Chris Jewell

Chief Financial Officer





# About Genesis Energy



Largest electricity and gas retailer with a flexible generation portfolio and integrated fuel position

HUNTLY

**948**

Peak Capacity/MW

WAIKAREMOANA

**138**

Peak Capacity/MW

TONGARIRO

**362**

Peak Capacity/MW

HAU NUI

**8**

Peak Capacity/MW

TEKAPO A&B

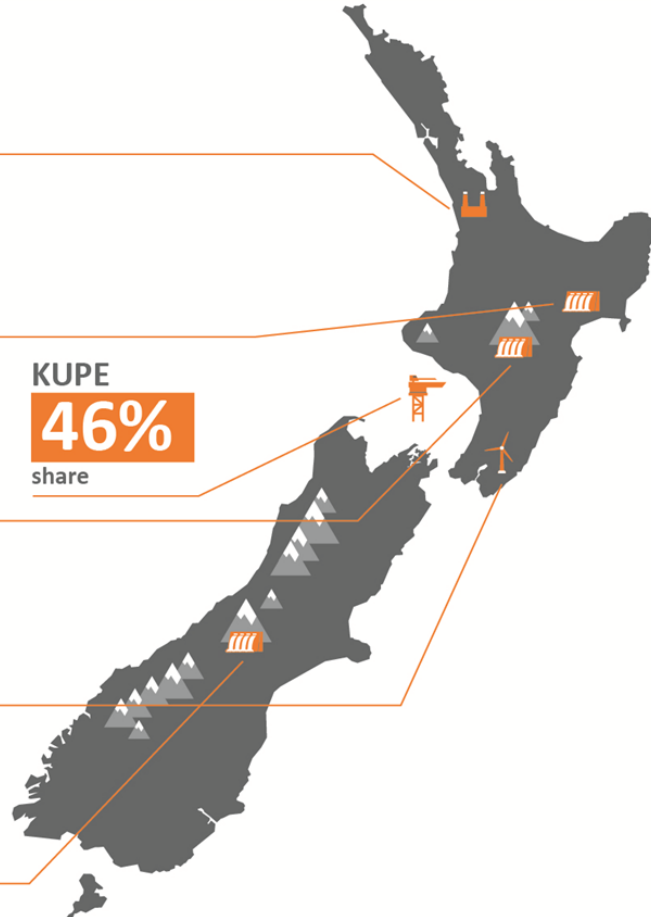
**185**

Peak Capacity/MW

KUPE

**46%**

share



NORTH ISLAND

ELECTRICITY CUSTOMER BASE

**428,010**

SOUTH ISLAND

ELECTRICITY CUSTOMER BASE

**86,145**

GAS CUSTOMER BASE

Natural Gas

Bottled Gas (LPG)

**109,927** | **17,513**

CUSTOMERS USING APPS

**105,043**

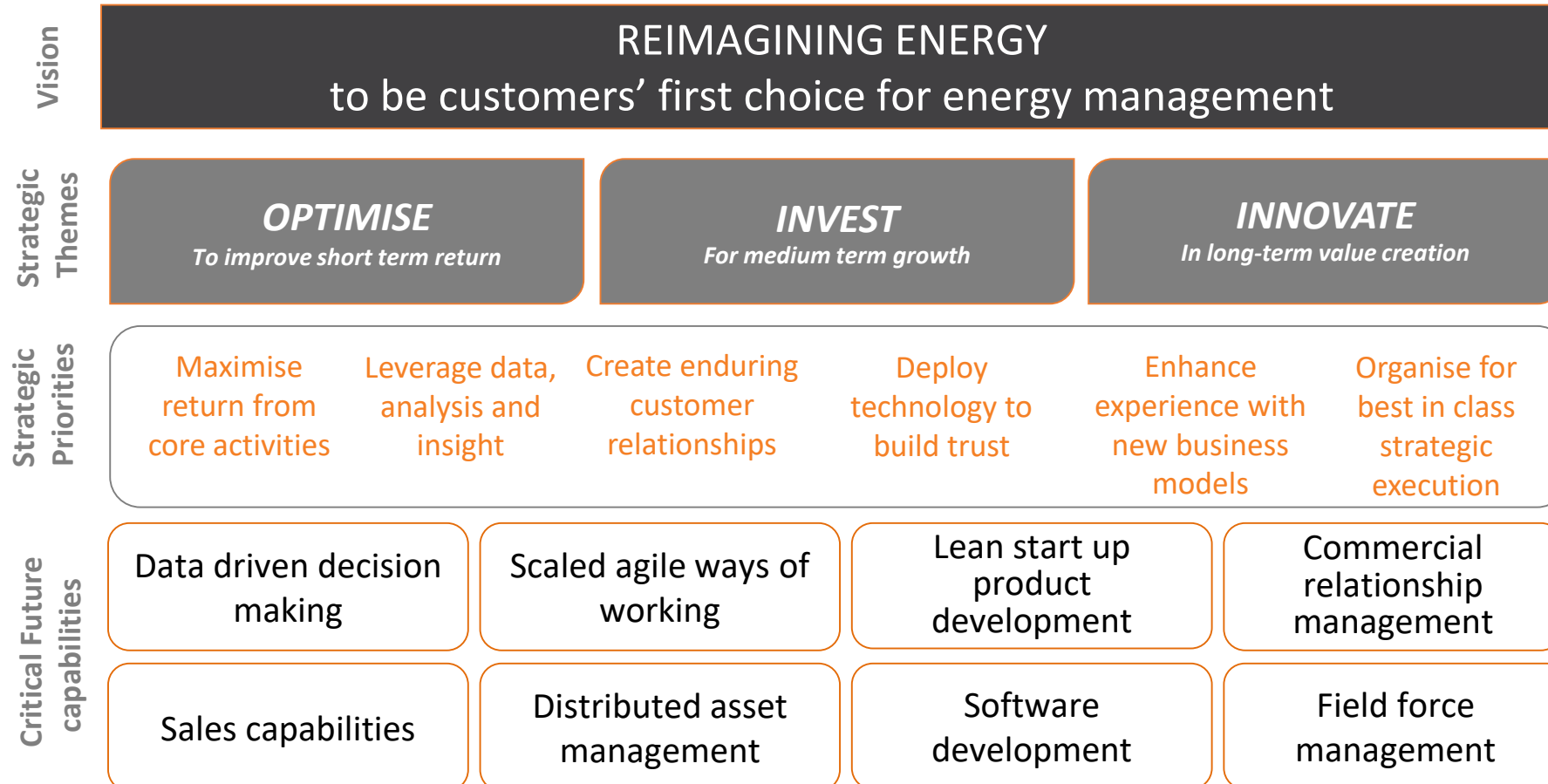
ADVANCED METER INSTALLATIONS

**393,857**

# Strategy Update



## Our plan on a page

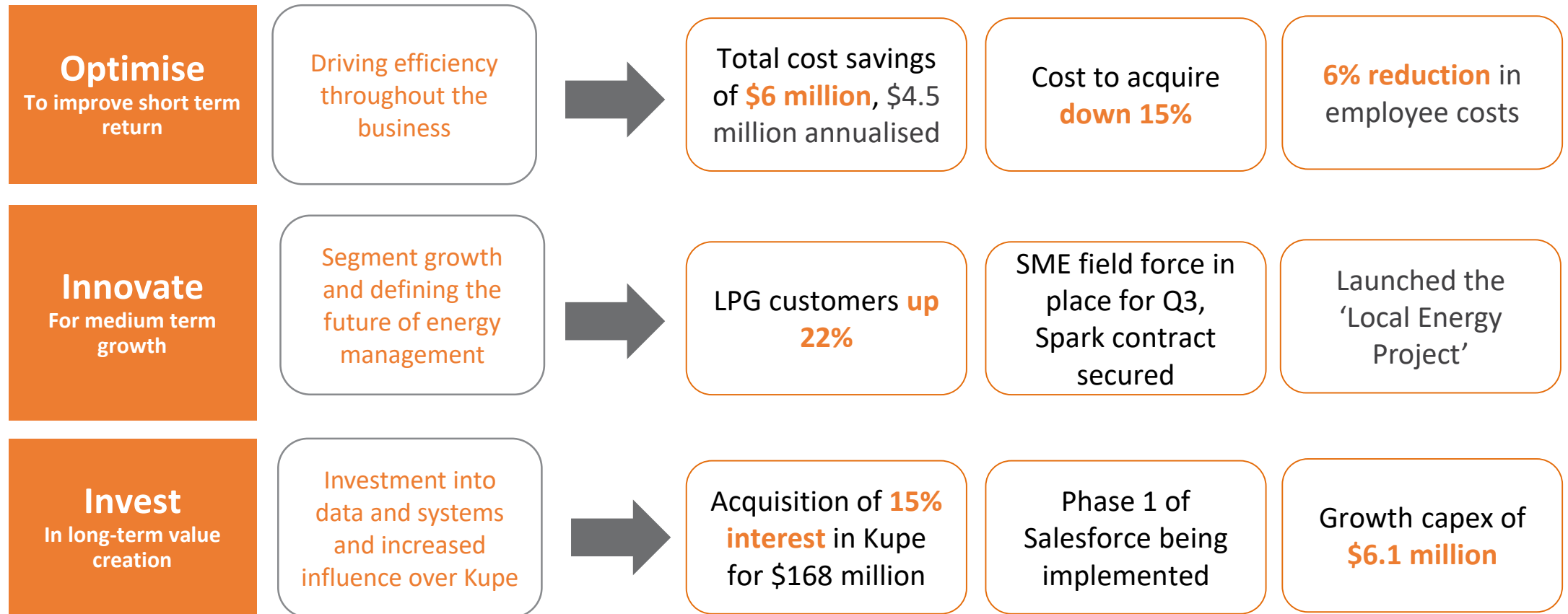


# Strategy Update



## Transformation journey underway

### HY17 Achievements



# HY17 Highlights



## A reinvigorated strategy in place



**Reset Vision and Strategy**



**Transformation Journey Underway**



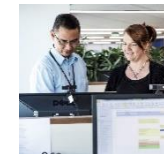
**Announced Acquisition of an Additional 15% Interest in Kupe**



**22% Growth in LPG Sector Customers**



**Strong Health & Safety Performance with TRIFR down 70%**



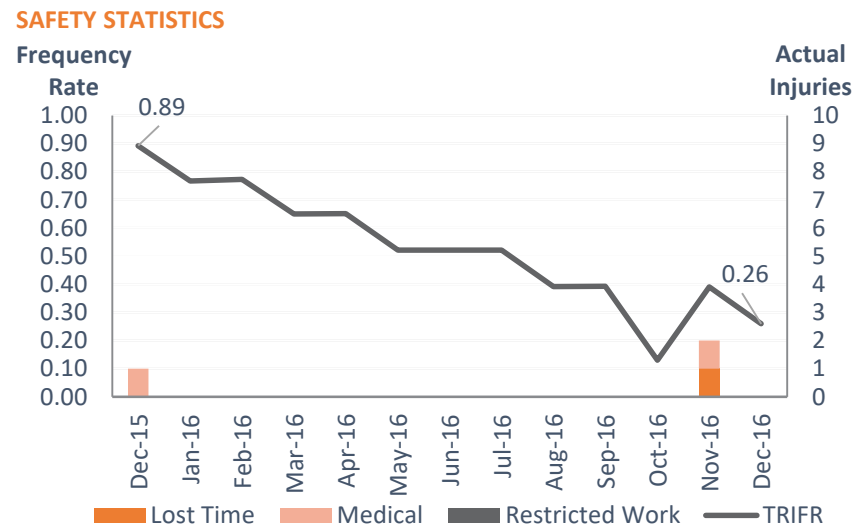
**Cost Optimisation Delivers \$6 Million in Savings**

# Health & Safety



## Zero harm is our commitment

- Our rigorous focus on health and safety is translating into tangible outcomes with our Total Recordable Injury Frequency Rate (TRIFR) down 70% over the past 12 months
- No serious incidents and only one lost time injury, down from 3 in previous year
- Staylive remains an important forum for industry collaboration and learnings



A woman with curly brown hair, wearing a bright red button-down shirt and blue jeans, is standing in a modern kitchen, stirring a red pan on the stove with a wooden spoon. In the background, a man with glasses and a white t-shirt is sitting at a wooden dining table, working on a laptop. A small white dog is sitting on a cushioned bench behind the table. The kitchen has white cabinetry, a dark countertop, and a large window with white frames. A black pendant light hangs over the dining table. The floor is made of polished wood.

## Acquisition of additional 15% stake in the Kupe Joint Venture



# Kupe Acquisition



## Acquisition of New Zealand Oil and Gas' 15% stake in Kupe

Transaction	▶ Acquisition of NZOG's 15% stake in Kupe JV for \$168m increasing Genesis Energy's stake to 46%
Strategic	▶ Greater flexibility over future gas supply and increased JV influence
Balance Sheet	▶ Strengthened funding platform for transition to new energy future
Deal Structure	▶ Purchase 100% of the shares in four NZOG subsidiaries that hold its 15% stake and royalty receipts
Production	▶ Additional 160kbbbls of oil and 15,000 tonnes of LPG per annum plus 25PJ of uncontracted gas
Dividend	▶ Enhanced support for Genesis Energy's progressive dividend policy and imputation benefits
Timing	▶ Acquisition effective 1 January 2017



## Acquisition of Nova Energy LPG Business

# Genesis Energy's Strategy in Action



Genesis Energy has entered into a binding agreement<sup>1</sup> to acquire Nova Energy's retail LPG business, a leading supplier of LPG in New Zealand, for NZ\$192 million

► **Positions Genesis Energy as a leading player in a key growth market**

► **Delivers strategic synergies in distribution and accelerated organic growth**

► **Enables capture of full value chain with Kupe upstream integration**

► **Creates unique opportunity to integrate the customer experience across three energy product categories off a single technology platform at scale**

1. The agreement remains conditional. Genesis Energy has limited walk away rights prior to completion of the transaction.



# Nova Energy Retail LPG Highlights



## Pivotal moment in customer centric-growth strategy

- ✓ **Significant LPG distribution network** covering key demand centres in New Zealand and complementary to Genesis Energy's existing footprint
- ✓ **Well established customer base** across residential, commercial and industrial customers
- ✓ **Distribution chain ideally positioned** to capture ongoing growth in New Zealand's LPG market
- ✓ **Experienced operating team** adding to Genesis Energy's existing capabilities
- ✓ **~\$17 million in additional EBITDAF** before integration costs and synergies
- ✓ **Option to acquire Nova's interest in Liquigas**



# Strategic Benefits for Genesis Energy



Creating value in our LPG business in an attractive market whilst supporting the strategy of delivering a superior offering of integrated energy management solutions



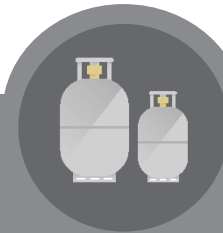
**Becoming a LPG  
retailer of scale  
in a growth  
market with  
higher margins**

Total LPG market share  
increases from 3% to 19%  
in a market with  
attractive dynamics



**Improved  
customer  
loyalty through  
integrating the  
customer  
experience**

Scale allows an improved  
holistic customer offering  
and acceleration of  
innovation activities



**Unlocking new  
customer  
segments**

Superior distribution  
network will allow  
Genesis Energy to unlock  
further growth



**Capturing  
additional  
margin from  
upstream  
position**

Rebalancing upstream  
and downstream LPG  
positions



**Scale capability  
in distribution  
with associated  
margin benefits**

Leveraging distribution  
network capabilities to  
reduce costs

# Transaction Summary



## Accelerated platform for LPG segment growth

Transaction	▶	Acquisition of Nova Energy's LPG distribution assets and customer base for \$192 million with an option to acquire Nova's 12.5% interest in Liquigas for up to \$15 million
Strategic	▶	Positions Genesis as the second largest LPG retailer (by customer numbers) in New Zealand with a high quality network that will deliver further growth in a growing market
Synergies	▶	Expected to deliver annual synergies of \$4-6 million by FY19 predominantly due to vertical integration benefits
Deal Structure	▶	Acquisition of LPG distribution assets and customers and approximately 6,400 multi-fuel customers
Scale	▶	23 depots, 2 reticulated networks and 68 vehicles servicing approximately 35,000 LPG customers with the support of over 70 employees
Earnings	▶	Incremental annual EBITDAF of ~\$17 million in FY18 before integration costs and synergies, with 5% EPS accretion on a pro forma basis after synergies are included Implied multiple of 8.5x after adjustment for synergies
Funding	▶	Combination of existing facilities and market offer of capital bonds with 50% equity credit
Timing	▶	Transaction effective 30 April 2017 subject to completion of limited confirmatory due diligence and customary approvals



2

## Capital Structure

**Dan Dillane**

Capital Structure Manager



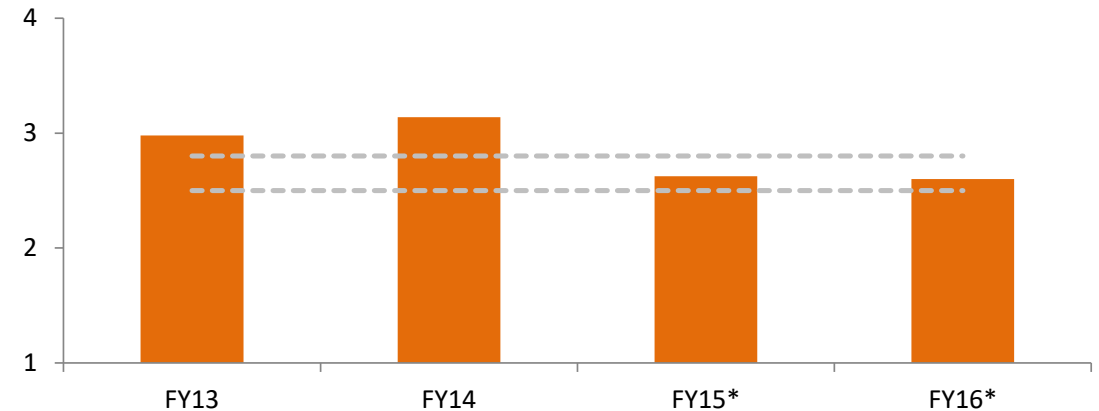


# Net Debt to EBITDAF ratio



- Net Debt to EBITDAF ratio is the key metric focused on by Standard & Poor's
- In order to maintain a BBB+ rating the target range for the Net Debt to EBITDAF ratio is 2.5x to 2.8x
- S&P would consider a downgrade if the ratio was to approach 3.0x with no prospect of an improvement
- Note that S&P calculation of Net debt/EBITDAF includes a number of adjustments to reported numbers:
  - excludes USPP foreign currency translation
  - includes operating leases and asset retirement obligations
  - Net Debt excludes equity content attributed to hybrid debt (50% for GPLFA Bonds and Capital Bonds)

**NET DEBT TO EBITDAF**  
NET DEBT TO EBITDAF RATIO



\*FY2015 and FY2016 net debt adjusted for USPP



# Funding Profile at 31 December 2016



## Increased gearing from Kupe investment

- Adjusted gearing has increased to 34.9% due to additional bank funding required for Kupe acquisition
- Average tenor of 7.9 years with an average cost of debt of 5.5% p.a.

GENESIS ENERGY DEBT PROFILE



Debt Information		HY17 (\$m)	HY16 (\$m)	Variance (%)
Total Debt	\$	1,084.7	938.8	
Cash and Cash Equivalents	\$	209.7	37.5	
<b>Headline Net Debt</b>	<b>\$</b>	<b>875.0</b>	<b>901.3</b>	<b>(2.9%)</b>
USPP FX and FV Adjustments	\$	30.1	37.0	
<b>Adjusted Net Debt</b>	<b>\$</b>	<b>844.9</b>	<b>864.3</b>	<b>(2.2%)</b>
Headline Gearing		35.6%	34.7%	0.9%
Adjusted Gearing		34.9%	33.8%	1.1%
Net Debt/EBITDAF		2.7	2.5	8.0%
EBITDAF Interest Cover		6.5	6.6	1.5%
Average cost of debt	% p.a.	6.0%	6.4%	0.4%

- Net Debt has been adjusted for foreign currency translation and fair value movements related to USD denominated borrowings which have been fully hedged with cross currency swaps
- Gearing is Debt/(Debt + Equity)
- HY17 EBITDAF annualised for calculation

# Funding Profile at 30 April 2017



## GENESIS ENERGY DEBT PROFILE



- \$100 million of 8 year wholesale domestic bonds issued on 3 April 2017
- \$175 million of new bank facilities entered into effective from 31 March 2017
- Average tenor of 7.5 years
- \$330 million of bank facilities were undrawn at 30 April 2017

# Financial Impact of Nova LPG Acquisition



- ~\$17 million additional EBITDAF in FY18 before integration costs and synergies
- Synergies of \$4-6 million per annum expected to be delivered within first 2 years, mainly due to savings in delivery costs
- Incremental growth synergies and strategic benefits drive further potential long term upside
- The transaction will be funded from existing debt facilities
- S&P has stated that Genesis Energy's BBB+ issuer rating is not immediately affected due to:
  - The announcement that Genesis Energy will issue up to \$225 million of Capital Bonds to support its credit metrics
  - Genesis Energy continuing to target a Net Debt to EBITDAF ratio of 2.5x to 2.8x over time

Year Ended 30 June	1 Month FY17 EBITDAF Impact \$ millions	FY18 \$millions
Revenue	5.0	53.5
Cost of Sales	(2.0)	(25.0)
Gross Margin	3.0	28.5
Opex	(1.5)	(13.0)
Electricity Customers EBITDAF	0.0	1.5
Underlying EBITDAF	1.5	17.0
Opex – One off Costs <sup>2</sup>	(5.5)	(2.5)
EBITDAF	(4.0)	14.5
Stay in Business Capex	0.0	2.5
Integration Capex <sup>3</sup>	0.5	3.5

1. Proforma before one off costs and after synergies are fully realised
2. Includes transaction costs, rebranding, Transition Services Agreement costs and shipping costs due to Kaikoura earthquake
3. Reflects replacement of legacy dispatch software and truck routing software

3

# The Capital Bonds

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**David McCallum**  
Deutsche Craigs





# Key Terms of the Capital Bonds



<b>Capital Bonds</b>	Subordinated, unsecured, interest bearing debt obligations of Genesis Energy
<b>Ranking</b>	The Capital Bonds rank behind Genesis Energy's bank debt, senior bonds, US private placement notes and any amounts owing to unsubordinated general and trade creditors, as well as indebtedness preferred by law and secured indebtedness The Capital Bonds rank equally and without preference among themselves and equally with any other subordinated, unsecured indebtedness of Genesis Energy (including the GPLFA Bonds)
<b>Guarantee</b>	Genesis Energy's obligations in relation to the Capital Bonds are guaranteed on an unsecured and subordinated basis by certain wholly-owned subsidiaries of Genesis Energy
<b>Credit Ratings (S&amp;P)</b>	Issuer Credit Rating – BBB+ Expected Issue Credit Rating – BB+ Genesis Energy's Issuer credit rating incorporates a one notch upgrade for majority Government ownership The expected Issue Credit Rating is two notches below Genesis Energy's stand-alone credit rating of bbb One notch for subordination and one notch for the potential deferral of interest
<b>Issue amount</b>	Up to \$225 million
<b>Tenor</b>	30 years, maturing 9 June 2047
<b>First Reset &amp; Step-up Date</b>	9 June 2022
<b>Issuer redemption rights</b>	First Reset Date and each subsequent Interest Payment Date and other limited circumstances, including on a Change of Control Event, Tax Event or Rating Agency Event
<b>Reset Dates</b>	The First Reset Date for the Capital Bonds is the date that is 5 years after the Issue Date Thereafter there is a further Reset Date every 5 years
<b>Interest Rate</b>	The Interest rate and Margin for the first 5 year period will be set following a bookbuild on 18 May 2017 On each Reset Date the Interest Rate for the next 5 year period will reset to the five year swap rate on the applicable Reset Date plus the Step-up Margin (Margin plus the Step-up percentage of 0.25%)
<b>Deferral of Interest</b>	Payment of Interest can be deferred (for no more than five years) at Genesis Energy's discretion and must be deferred if paying the interest would cause insolvency Deferred Interest is cumulative

# Interest Payments



## Interest rate

- Interest rate for the period until the first Reset Date (9 June 2022) and the Margin is to be set by bookbuild
- Interest rate resets every five years at the then swap rate plus Margin plus the step-up Margin of 0.25%

## Interest deferral

- An interest payment may be deferred at Genesis Energy's discretion for up to 5 years
- If deferred, an interest payment amount will itself accrue interest (compounding every 3 months) at the prevailing Interest Rate on the Capital Bonds (in aggregate, the Deferred Interest)
- If there is any Deferred Interest outstanding, Genesis Energy shall not:
  - make any distributions on its shares or payments on other subordinated bonds (e.g. GPLFA Bonds)
  - without the consent of the Supervisor redeem or repay any share or other subordinated bond

# Issuer redemption rights



- Must redeem Capital Bonds on the Maturity Date or if an Event of Default occurs
- Right to redeem:
  - a) all or part of the Capital Bonds on any Reset Date; or
  - b) all or part of the Capital Bonds on any Interest Payment Date after a Reset Date if a successful election process has not been undertaken; or
  - c) all (but not some only) of the Capital Bonds if a Change of Control Event occurs; or
  - d) all or part of the Capital Bonds if a Tax Event<sup>(1)</sup> or Rating Agency Event<sup>(2)</sup> occurs
- The Redemption Price will be:
  - principal amount of the Capital Bonds plus Deferred Interest plus accrued interest; or
  - if the redemption occurs pursuant to (b) or (c) above, the higher of:
    - a) the market value of the Capital Bonds; and
    - b) the principal amount of the Capital Bonds plus Deferred Interest plus accrued interest
- Partial redemption permitted where there will be at least \$100m of Capital Bonds outstanding after the partial redemption

*(1) A Tax Event is where a change of law or regulation occurs and interest payable on the Capital Bonds is no longer tax deductible*

*(2) A Rating Agency Event occurs where Standard & Poor's changes its criteria and the Capital Bonds no longer qualify for Intermediate Equity Content*

# Key early redemption drivers



## Year five (2022)

- Genesis Energy can call the Capital Bonds
- Step-up in margin if not called (0.25%) at the first Reset Date (five years after the issue date)
- Potential refinancing risk at year ten if not called
- Callable at par (any subsequent issuer call between Reset Dates is at the higher of par and market)

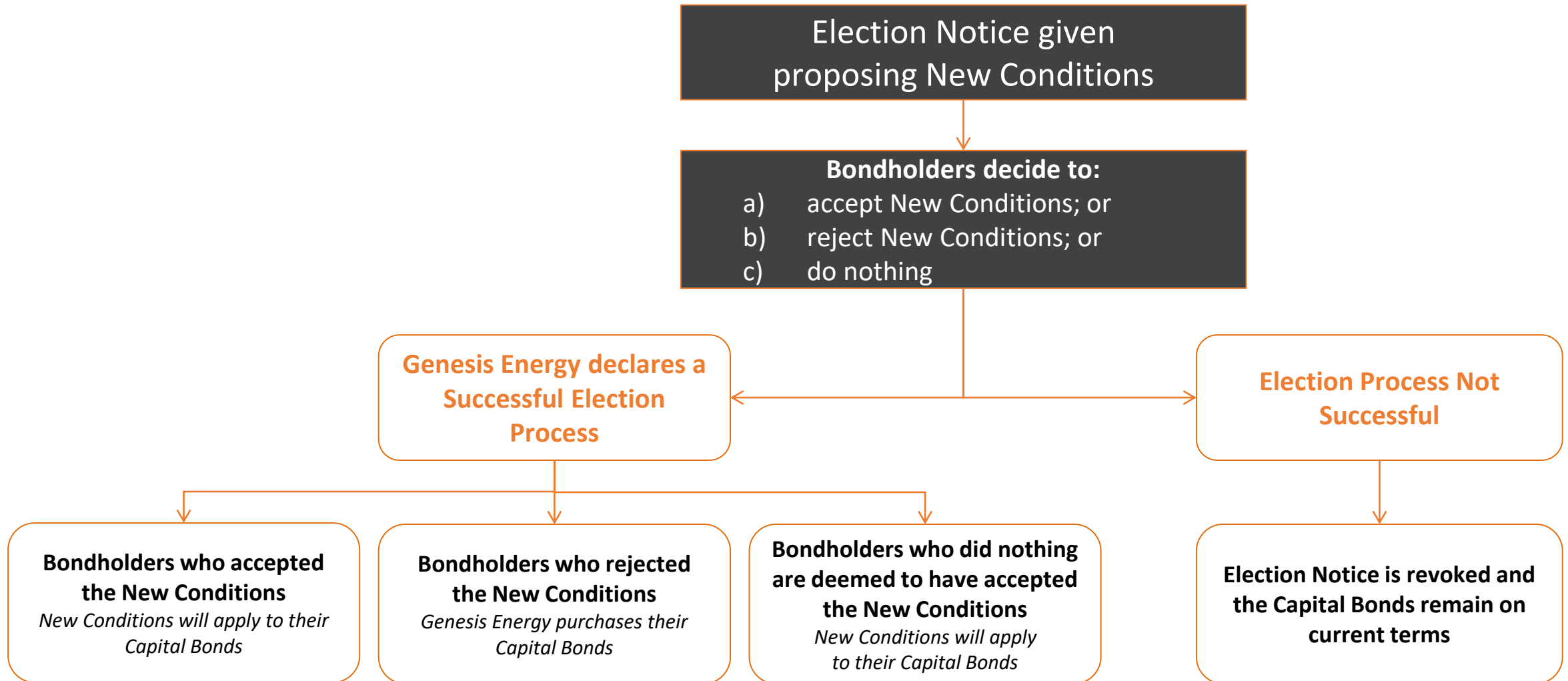
## Year ten (2027)

- Loss of all equity credit, treated as 100% debt by Standard & Poors
- Capital Bonds become included in bank financial covenants as debt
- Significant loss of financial flexibility if not redeemed
- Likely to be high cost debt with limited benefits
- Outcomes not consistent with rationale for issue

Notwithstanding the above, Genesis Energy considers that hybrid securities that are ascribed equity content, such as the Capital Bonds, will be a key feature of its capital structure going forward



# A reminder of the Election Process



# Change of Control Event



- A Change of Control Event is defined to be Government shareholding / control of voting rights / board control falling to 50% or below
- Issuer Call: Genesis Energy will have the right to call the Capital Bonds upon a Change of Control Event
  - Price is at higher of market or par
- Investor Put: Investors will have the right to put the Capital Bonds upon a Change of Control if there is an associated rating downgrade of one notch or more (and the new rating is below BBB+)
  - Price is at par
  - Genesis Energy's current credit rating of BBB+ incorporates a one notch upgrade for majority Government ownership

A photograph of two children in a field at sunset. On the left, a boy with blonde hair holds a glowing light bulb. On the right, a girl with blonde hair holds a small fan. Both devices are connected by red and black wires. The background shows a field of tall grass and a large green plant in the foreground. The sky is a warm orange and yellow.

4

## The Offer

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**David McCallum**

Deutsche Craigs

# Offer Structure



## Bookbuild Process

- NZX Firms, institutional investors and other approved parties to be invited to participate in the bookbuild process
- Public Pool, if any, will be determined after the bookbuild

## Minimum Applications

- \$5,000 and multiples of \$1,000 thereafter

## Fees

- Firm Fees of 0.5% to those participating in the bookbuild
- Brokerage fee of 0.75%

# Key Dates



Opening Date	10 May 2017
Rate Set Date	18 May 2017
Closing Date	7 June 2017
Issue Date	9 June 2017
First Interest Payment Date *	11 September 2017
First Reset Date	9 June 2022
Equity credit cliff	9 June 2027
Maturity Date	9 June 2047

\* The first Interest Payment Date is 9 September 2017 but as that date is a Saturday the actual payment will be made on 11 September 2017.





# Conclusion

**Chris Jewell**  
Chief Financial Officer

# Investment Highlights



**New Zealand's  
largest electricity  
and gas retailer**

**Diversified  
portfolio of  
generation assets**

**Consistent  
EBITDAF under  
variable operating  
conditions**

**History of using  
free cash flow to  
reduce debt**

**Issuer credit  
rating BBB+**

**Issue credit  
rating BB+**

**Diversified  
funding  
position**

# Supplementary Information





# 5 Year Financial Summary



Summary Financial Results		FY12	FY13	FY14	FY15	FY16
Operating Revenue	\$m	2,265	2,070	2,005	2,098	2,011
EBITDAF	\$m	387	336	308	345	335
NPAT	\$m	86	105	49	105	184
Net Cash inflows from operating activities	\$m	363	298	304	319	325
Net cash (outflows) from investing activities	\$m	(69)	(173)	(83)	(49)	(32)
Net Assets	\$m	1,797	1,950	1,881	1,825	1,991
Net Debt	\$m	995	1,002	966	937	877
Adjusted Net Debt <sup>(1)</sup>	\$m	995	1,002	966	905	834

- Adjusted Net Debt has been adjusted for foreign currency translation and fair value movements related to USD denominated borrowings which have been fully hedged with cross currency swaps

# HY17 Financial Highlights



Performance in line with expectations and guidance

EBITDAF

**\$155.7m**

11% lower year on year but **performance stable** excluding market impacts and one off transformation activities

NPAT

**\$37.4m**

4% **higher** driven by fair value changes in financial instruments

FREE CASH FLOW

**\$94.7m**

Consistent with lower EBITDAF

TOTAL DIVIDENDS

**8.2cps**

Consistent with HY16

ADJUSTED NET DEBT

**\$845m**

2.2% Lower on HY16

COST SAVINGS

**\$4.5m**

Annualised

# HY17 Financial Summary



## Stable operating performance when market impacts are excluded

- EBITDAF down 11% but taking account of market impacts and one off transformation activities underlying operating performance was stable (and in line with previous guidance)
- Key drivers:
  - Adverse oil prices and yield decline at Kupe
  - Adverse long fuel volume sale prices
  - Reduced spot prices and less thermal volume
  - Warm weather and reduced retail consumption; offset by higher prices in both MM and TOU markets
  - Cost saving initiatives
- NPAT up 4% due to fair value movements in financial instruments
- EPS also up 4% whilst net debt is down 2%

Key Financial Performance		HY17 (\$m)	HY16 (\$m)	Variance
EBITDAF	\$	155.7	175.5	(11.3%)
Net Profit After Tax	\$	37.4	35.9	4.2%
Earnings Per Share	cps	3.74	3.59	4.2%
Stay in Business Capital Expenditure	\$	16.8	13.5	24.4%
Free Cash Flow	\$	94.7	116.4	(18.6%)
Dividends Per Share	cps	8.2	8.2	0.0%
Dividends Declared as a % of FCF		86.6%	70.4%	23.0%
Adjusted Net Debt	\$	844.9	864.3	(2.2%)

# HY17 Cashflow and Capital Expenditure



## Free cash flow in line with EBITDAF movement

- Operating cash flow reduced by \$36 million due to reduced EBITDAF, a one off tax credit paid in FY16, a lower reduction in the coal stockpile offset by a reduction in carbon credits on hand
- Investing cash flow higher from increased capital expenditure
  - Stay in business capex up on prior year with additional capex of \$6.1 million on strategic growth initiatives
  - Key investments include customer relationship management system and CIC call system
- Financing cash flow impacted by cash on hand required to settle Kupe acquisition and repayment of borrowings
  - Excluding \$168 million acquisition funding net cash increase was \$5.7 million

Cash Information	HY17 (\$m)	HY16 (\$m)	Variance
Net Operating Cashflow	\$ 126.5	162.5	
Net Investing Cashflow	\$ (29.8)	(13.0)	
Net Financing Cashflow	\$ 78.1	(133.0)	
<b>Net Increase in Cash</b>	<b>\$ 174.8</b>	<b>16.5</b>	<b>NA</b>
<b>EBITDAF</b>	<b>\$ 155.7</b>	<b>175.5</b>	<b>(11.3%)</b>
Less: Finance Expense	\$ (28.7)	(31.4)	8.6%
Less: Income Tax Expense	\$ (15.5)	(14.2)	(9.2%)
Less: Stay in Business Capital Expenditure	\$ (16.8)	(13.5)	(24.4%)
<b>Free Cash Flow</b>	<b>\$ 94.7</b>	<b>116.4</b>	<b>(18.6%)</b>

# Thank You

