



Market Announcement

14 September 2016

New Trustpower lodges product disclosure statements for bond offers

Bay Energy Limited (**New Trustpower**) (which is to be renamed Trustpower Limited following the demerger of Trustpower Limited (**Trustpower**)) has announced today that it has registered product disclosure statements (**PDSs**) in respect of each of the following bond offers (**Offers**):

- three series of unsecured unsubordinated fixed rate bonds (**Senior Bonds**); and
- one series of unsecured subordinated fixed rate bonds (**Subordinated Bonds**).

As Trustpower intends to redeem all four series of its existing bonds prior to its demerger, the Offers include an exchange offer (**Exchange Offer**) by New Trustpower available to certain existing Trustpower bondholders and involves the following three series of bonds:

- senior bonds maturing 15 December 2017 with an interest rate of 7.10% per annum. This offer is only open to holders of Trustpower's existing unsecured unsubordinated bonds that mature on 15 December 2017;
- subordinated bonds maturing 15 December 2019 with an interest rate of 6.75% per annum. This offer is only open to holders of Trustpower's existing unsecured subordinated bonds that mature on 15 December 2019; and
- senior bonds maturing 15 December 2021 with an interest rate of 5.63% per annum. This offer is only open to holders of Trustpower's existing unsecured unsubordinated bonds that mature on 15 December 2021.

Further detail concerning the Exchange Offer will be sent to all applicable holders of Trustpower bonds. Eligible Trustpower bondholders who do not wish to participate in the Exchange Offer will have their Trustpower bonds redeemed for cash.

The Offer also includes a general offer (**General Offer**) for Senior Bonds of:

- up to \$100 million (including oversubscriptions), which have been reserved for two pools:
 - the first for subscription by clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries; and
 - the second, at New Trustpower's discretion, for subscription by existing Trustpower bondholders that wish to participate in the General Offer,

with the final size of each of the two pools (which may aggregate to less than \$100 million) to be determined by New Trustpower and announced on or about 23 September 2016 on Trustpower's NZX page; and

- an additional priority pool of \$65 million set aside for holders of Trustpower's unsecured unsubordinated bonds that mature on 15 December 2016 (**Priority Pool**).

There is no public pool for the General Offer.

The Senior Bonds offered under the General Offer mature on 15 December 2022 and have an interest rate that will be set on or about 23 September 2016. The General Offer is open to all New Zealand retail and institutional investors.

The Exchange Offer and the Priority Pool under the General Offer will close on 12 October 2016 and the General Offer (other than the Priority Pool) closes on 21 October 2016.

The General Offer and the Exchange Offer, which open on 26 September 2016, will be made in accordance with the Financial Markets Conduct Act 2013. The Senior Bonds and Subordinated Bonds are expected to be issued by New Trustpower shortly following the implementation of the Demerger and quoted on the NZX Debt Market after that.

New Trustpower has appointed Deutsche Craigs Limited as Arranger and Joint Lead Manager and Forsyth Barr Limited and Bank of New Zealand as Joint Lead Managers in relation to the Offer. Craigs Investment Partners Limited is the Organising Participant.

Full details of the Offer of Senior Bonds and the Offer of Subordinated Bonds are contained in separate PDSs, both of which were lodged today. Both PDSs are available through www.business.govt.nz/disclose or by contacting a Joint Lead Manager or other Primary Market Participant, and must be obtained by investors before they decide to acquire any bonds. The opening and closing dates for both Offers may be changed at New Trustpower's discretion.

Investors can register their interest with a Primary Market Participant, the Joint Lead Managers (details below) or their usual financial adviser. Indications of interest will not involve an obligation or commitment of any kind. No money is currently being sought and no bonds can be applied for or acquired until the Offers open.

Ends

For further information please contact:

Joint Lead Managers:

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Bank of New Zealand
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Forsyth Barr Limited
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