



meridian

# ***Final terms sheet fixed rate bonds***

MATURING 14 MARCH 2023



LEAD MANAGER



CO-MANAGER



CO-MANAGER



# Final terms sheet

7 MARCH 2016

## Important Notice

This Terms Sheet sets out the key terms of the offer (“Offer”) by Meridian Energy Limited (“Meridian”) of \$150,000,000 fixed rate bonds maturing on 14 March 2023 (“2023 Bonds”) under its master trust deed dated 1 December 2008 (as amended from time to time) (“Trust Deed”) as modified and supplemented by the supplemental trust deed dated 1 March 2016 (together, “Trust Documents”) entered into between Meridian and Trustees Executors Limited (“Supervisor”). Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Trust Documents.

The offer of debt securities by Meridian 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 Meridian's bonds maturing on 16 March 2017, which have a fixed interest rate of 7.55% per annum and are currently quoted on the NZX Debt Market under the ticker code MELO20 (“Existing Bonds”).

Accordingly, the 2023 Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Meridian is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (“NZX”) for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/companies/MEL](http://www.nzx.com/companies/MEL).

The Existing Bonds are the only debt securities of Meridian that are currently quoted and in the same class as the 2023 Bonds.

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

## Contact details

### ISSUER

**Meridian Energy Ltd**  
33 Customhouse Quay  
Wellington Central  
Wellington 6011

### REGISTRAR

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

### SUPERVISOR

**Trustees Executors Ltd**  
Level 5  
10 Customhouse Quay  
Wellington 6140

### LEGAL ADVISERS TO MERIDIAN

**Russell McVeagh**  
Level 24  
157 Lambton Quay  
Wellington 6143

### LEAD MANAGER

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

### CO-MANAGER

**First NZ  
Capital Securities Ltd**  
ANZ Centre, Level 14  
171 Featherston Street  
Wellington 6011  
**0800 005 678**

### CO-MANAGER

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

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**KEY TERMS OF THE BONDS**


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<b>Issuer</b>	Meridian Energy Limited						
<b>Description</b>	The 2023 Bonds are unsecured, unsubordinated, fixed rate interest bearing debt obligations of Meridian.						
<b>Guarantee</b>	The 2023 Bonds are guaranteed by various subsidiaries of Meridian that are from time to time Guaranteeing Group Members, as detailed below under “ <b>Financial Covenants</b> ”.						
<b>Purpose</b>	Meridian will use the net proceeds of the Offer for general corporate purposes.						
<b>Credit Ratings</b>	<table border="1"> <thead> <tr> <th></th> <th>Issuer Credit Rating</th> <th>Issue Credit Rating</th> </tr> </thead> <tbody> <tr> <td>Standard &amp; Poor’s</td> <td>BBB+</td> <td>BBB+</td> </tr> </tbody> </table> <p>A rating is not a recommendation by any rating organisation to buy, sell or hold the 2023 Bonds. The above credit ratings are current as at the date of this Terms Sheet and may be subject to suspension, revision or withdrawal at any time by Standard &amp; Poor’s.</p>		Issuer Credit Rating	Issue Credit Rating	Standard & Poor’s	BBB+	BBB+
	Issuer Credit Rating	Issue Credit Rating					
Standard & Poor’s	BBB+	BBB+					
<b>Issue Amount</b>	\$150,000,000 of 2023 Bonds						
<b>Opening Date</b>	1 March 2016						
<b>Closing Date</b>	7 March 2016						
<b>Rate Set Date</b>	7 March 2016						
<b>Issue Date and Allotment Date</b>	14 March 2016						
<b>Maturity Date</b>	14 March 2023						
<b>Interest Rate</b>	4.53 per cent per annum, being the sum of the Issue Margin and the Base Rate.						
<b>Issue Margin</b>	1.60 per cent per annum.						
<b>Base Rate</b>	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Lead Manager in consultation with Meridian, according to market convention, with reference to Reuters page ICAPKIWISWAP2 (or any successor page) on the Rate Set Date and rounded to 2 decimal places, if necessary, with 0.005 being rounded up.						
<b>Interest Payments</b>	<p>Interest will be payable semi-annually in arrear in equal amounts on 14 March and 14 September of each year up to and including the Maturity Date. The First Interest Payment Date will be 14 September 2016.</p> <p>If an Interest Payment Date is not a Business Day, the due date for the payment to be made on that date will be the next following Business Day and no adjustment will be made to the amount payable as a result of the delay in payment.</p>						
<b>Brokerage</b>	Meridian will pay brokerage to the Arranger of 0.50% of the aggregate principal amount of the amount issued plus 0.25% on firm allocations. Such amounts will be distributed as appropriate to Primary Market Participants and approved financial intermediaries.						
<b>Record Date</b>	5.00pm on the tenth calendar day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day or such other date as is advised by the Registrar to Holders from time to time.						
<b>Issue Price</b>	\$1.00 per 2023 Bond						
<b>Minimum Application</b>	The minimum application is \$5,000, with multiples of \$1,000 thereafter.						
<b>Registrar</b>	Computershare Investor Services Limited						
<b>Early repayment</b>	<p>The Holders of the 2023 Bonds have no right to require Meridian to redeem the 2023 Bonds early except through the Supervisor in the case of an Event of Default (as set out in the Trust Documents). If the 2023 Bonds are repaid early following an Event of Default, interest will be payable up to (but excluding) the date of repayment.</p> <p>Meridian does not have the right to redeem the 2023 Bonds early.</p>						

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<b>Further indebtedness</b>	Meridian may, without the consent of the Holders of the 2023 Bonds, issue additional securities or other debt obligations on such other terms and conditions as Meridian may think fit.
<b>Financial covenants</b>	<p>The Trust Documents contain the following financial covenants:</p> <ul style="list-style-type: none"> <li>(a) the ratio of EBITDA of Meridian and all of its subsidiaries and associates (the “Group”) to interest and financing costs of the Group must not be less than 2.5 to 1.0 (tested semi-annually by reference to any two of the three previous 12 month periods);</li> <li>(b) at all times debt will not be more than 55% of the debt plus equity;</li> <li>(c) at all times equity will not be less than \$1,250,000,000; and</li> <li>(d) at all times the total tangible assets of the Guaranteeing Group will not be less than 80% of total tangible assets of the Group.</li> </ul> <p>As at the date of this Terms Sheet, the Guaranteeing Group Members are Meridian Energy Limited, Three River Holdings No. 1 Limited, Three River Holdings No. 2 Limited, Meridian Wind Monaro Range Holdings Pty Limited, Meridian Wind Monaro Range Pty Limited, Meridian Australia Holdings Pty Ltd, Meridian Wind Australia Holdings Pty Ltd, Meridian Energy Markets Pty Ltd, Mt Mercer Windfarm Pty Ltd, Meridian Energy Australia Pty Limited, Meridian Finco Pty Limited and Mt Millar Wind Farm Pty Ltd.</p>
<b>Negative pledge</b>	The Trust Deed contains a negative pledge which provides that no Guaranteeing Group Member will create or permit to arise or subsist any Security Interest over its assets except under certain limited exceptions set out in the Trust Deed.
<b>How to apply</b>	<p>All of the 2023 Bonds, including oversubscriptions, are reserved for clients of the Lead Manager, the Co-Managers, institutional investors and other primary market participants invited to participate in the book-build. There will be no public pool for the offer. Accordingly, retail investors should contact the Lead Manager, a Co-Manager, their financial adviser or any primary market participant for details on how they may acquire 2023 Bonds. You can find a primary market participant by visiting <a href="http://www.nzx.com/investing/find_a_participant">www.nzx.com/investing/find_a_participant</a>.</p> <p>In respect of oversubscriptions or generally, any allotment of 2023 Bonds will be at Meridian's discretion, in consultation with the Lead Manager. Meridian reserves the right to refuse all or any part of an application without giving any reason.</p> <p>Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the 2023 Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant as well as the costs and timeframes for putting such arrangements in place.</p>
<b>ISIN</b>	NZMELDT016C8
<b>Transfers</b>	<p>Holders are entitled to sell or transfer their 2023 Bonds at any time subject to the terms of the Trust Documents and applicable securities laws and regulations. Meridian may decline to register a transfer of 2023 Bonds for the reasons set out in the Trust Documents.</p> <p>The minimum amount of 2023 Bonds a Holder can transfer is \$1,000, and integral multiples of \$1,000 thereafter. No transfer of 2023 Bonds or any part of a Holder's interest in a 2023 Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold 2023 Bonds with an aggregate principal amount of less than the minimum holding of \$5,000 (other than zero).</p>
<b>Repo-eligibility</b>	Meridian intends to apply to the Reserve Bank of New Zealand for the 2023 Bonds to be included as eligible securities for domestic market operations.
<b>NZX quotation</b>	Meridian will take any necessary steps to ensure that the 2023 Bonds are, immediately after issue, quoted. Application has been made to NZX for permission to quote the 2023 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.
<b>NZX Debt Market Ticker Code</b>	MEL030
<b>Expected Date of Initial Quotation on the NZX Debt Market</b>	15 March 2016




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**Selling restrictions**

The 2023 Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No 2023 Bonds may be offered for sale or sold in any other country or jurisdiction except with the prior consent of Meridian and in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions contained in this Terms Sheet.

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 contained in this Terms Sheet.

By purchasing the 2023 Bonds, each Holder agrees to indemnify Meridian in respect of any loss, cost, liability or expense sustained or incurred by Meridian as a result of the breach by the Holder of the selling restrictions set out above.

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<b>Arranger and Organising Participant</b>	ANZ Bank New Zealand Limited
<b>Lead Manager</b>	ANZ Bank New Zealand Limited
<b>Co-Managers</b>	First NZ Capital Securities Limited, Forsyth Barr Limited
<b>Supervisor</b>	Trustees Executors Limited
<b>Governing Law</b>	New Zealand

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The dates set out in this Terms Sheet are indicative only and are subject to change. Meridian has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

Copies of the Trust Documents are available at Meridian's website at [www.meridianenergy.co.nz/investors](http://www.meridianenergy.co.nz/investors).

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.

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

For further information regarding Meridian, visit [www.nzx.com/companies/MEL](http://www.nzx.com/companies/MEL).