



STOCK EXCHANGE LISTINGS: NZX (MCY) / ASX (MCY)

## NEWS RELEASE

### Mercury NZ Limited green bond offer – interest rate set

**4 September 2020** - Mercury NZ Limited (Mercury) today announced that, following a bookbuild for its offer of 7 year unsecured, unsubordinated fixed rate green bonds (Green Bonds), \$200 million of Green Bonds have been allocated to participants (or their clients) in the bookbuild process. There was no public pool for the offer.

The interest rate for the Green Bonds has been set at 1.56% per annum. This reflects a margin of 1.25% per annum over the underlying swap rate.

The Green Bonds will be issued on Monday 14 September 2020 and will mature on Tuesday 14 September 2027.

The Green Bonds are expected to be quoted on the NZX Debt Market under the ticker code MCY030.

Details of the offer are contained in Mercury's Product Disclosure Statement (PDS). To obtain a free copy of the PDS for the Green Bonds, investors should contact one of the Joint Lead Managers listed below, or their usual financial adviser. A copy of the PDS is also available at [www.mercury.co.nz/green-bonds](http://www.mercury.co.nz/green-bonds).

A copy of the final terms sheet has been provided to NZX with this announcement.

**Arranger, Green Bond Co-ordinator and Joint Lead Manager**



0800 269 476

**Joint Lead Managers**



0800 284 017



0800 226 263



0800 367 227



The Mercury Building, 33 Broadway, Newmarket 1023  
PO Box 90399, Auckland 1142  
New Zealand

**PHONE:** + 64 9 308 8200  
**FAX:** + 64 9 308 8209

[mercury.co.nz](http://mercury.co.nz)

**ENDS**

Howard Thomas  
General Counsel and Company Secretary  
Mercury NZ Limited

**For investor relations queries, please contact:**

William Meek  
Chief Financial Officer  
0275 173 470

**For media queries, please contact:**

Craig Dowling  
Head of Communications  
0272 105 337

**ABOUT MERCURY NZ LIMITED**

Mercury's mission is energy freedom. Our purpose is to inspire New Zealanders to enjoy energy in more wonderful ways and our goal is to be New Zealand's leading energy brand. We focus on our customers, our people, our partners and our country; maintain a long-term view of sustainability; and promote wonderful choices. Mercury is energy made wonderful. Visit us at: [www.mercury.co.nz](http://www.mercury.co.nz)

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# FINAL TERMS SHEET.

FIXED RATE  
GREEN BONDS.

4 SEPTEMBER 2020.



Arranger, Green Bond  
Co-ordinator & Joint  
Lead Manager



Joint Lead  
Managers





# FINAL TERMS SHEET.

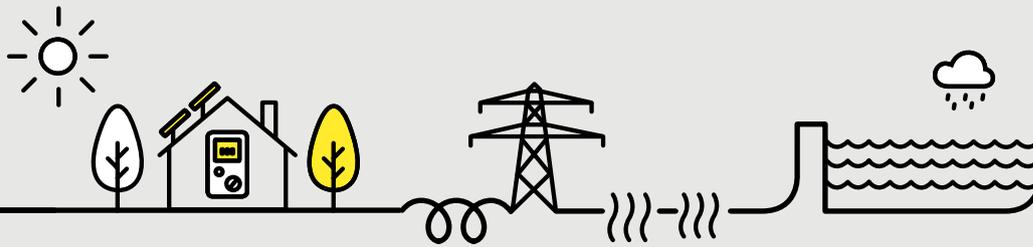
Final Terms Sheet for an issue of \$200,000,000 unsecured, unsubordinated fixed rate green bonds due Tuesday 14 September 2027

Dated 4 September 2020

The product disclosure statement (PDS) for the Green Bonds, which contains full details of the offer, is available at [www.mercury.co.nz/green-bonds](http://www.mercury.co.nz/green-bonds) or can be obtained from the Joint Lead Managers or your usual financial adviser. Investors must obtain a copy of the PDS before they apply for Green Bonds.

<b>Issuer</b>	Mercury NZ Limited (Mercury)		
<b>Description of Green Bonds</b>	Unsecured, unsubordinated fixed rate green bonds (Green Bonds).		
<b>Term</b>	7 years, maturing Tuesday 14 September 2027.		
<b>Issue Amount</b>	\$200,000,000.		
<b>Credit Ratings</b>		Issuer Credit Rating	Credit Rating for Green Bonds
	S&P Global Ratings	BBB+ (stable)	BBB+
	<p>Mercury's current Issuer Credit Rating includes a one-notch uplift from the company's stand-alone credit profile of 'bbb', reflecting the legislated majority ownership by the Crown. The Crown does not guarantee the Green Bonds and is under no obligation to provide financial support to Mercury.</p> <p>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.</p> <p>A credit rating is not a recommendation by any rating organisation to buy, sell or hold Green 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 S&amp;P Global Ratings.</p>		
<b>The Green Bond Principles and Climate Bonds Standard</b>	<p>Mercury has developed and adopted the Green Financing Framework to ensure that, as at the date of the PDS, its processes for identifying Eligible Projects and managing the use of the proceeds of the Green Bonds are consistent with the Green Bond Principles published by the International Capital Market Association and the Climate Bonds Standard.</p> <p>If Mercury fails to comply with the Green Financing Framework or related matters or if the Green Bonds cease to satisfy the Green Bond Principles or Climate Bonds Standard:</p> <ul style="list-style-type: none"> <li>• no Event of Default or any other breach will occur in relation to the Green Bonds; and</li> <li>• neither you nor Mercury have any right for the Green Bonds to be repaid early.</li> </ul> <p>This means there is no legal obligation on Mercury to comply with the Green Financing Framework, the Green Bond Principles or the Climate Bonds Standard on an ongoing basis. See the PDS for further information.</p>		

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<b>Purpose</b>	The proceeds of this offer are intended to be earmarked to finance or refinance new or existing projects and expenditures relating to Eligible Projects in accordance with Mercury's Green Financing Framework. In particular, as at the date of this Terms Sheet Mercury expects to apply the net proceeds of the offer to refinance existing debt, and to track an amount equal to the net proceeds within its systems, earmarked to Eligible Projects, primarily the construction of the Turitea wind farm.
<b>Issue Price</b>	\$1.00 per Green Bond, being the Principal Amount of each Green Bond.
<b>Interest Rate</b>	1.56% per annum, being the sum of the Swap Rate on the Rate Set Date and the Issue Margin.
<b>Issue Margin</b>	1.25% per annum
<b>Swap 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 Arranger in conjunction with Mercury, according to market convention, with reference to Bloomberg page ICNZ4 (or any successor page) on the Rate Set Date (rounded to 2 decimal places, if necessary, with 0.005 rounded up).
<b>Interest Payments</b>	Semi-annual in arrear in equal amounts on 14 March and 14 September in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 14 March 2021. As the First Interest Payment Date is a Sunday, interest is payable on Monday 15 March 2021 instead.
<b>Record Date</b>	5.00pm on the date that is 10 calendar days before the relevant scheduled Interest Payment Date (prior to any adjustment to the Interest Payment Date to fall on a Business Day). If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.
<b>Financial Covenant</b>	Mercury agrees to ensure that Net Worth (being total assets less total liabilities of Mercury and its subsidiaries, on a consolidated basis, calculated in accordance with the Master Trust Deed) at any time will not be less than \$500 million.
<b>Guarantee</b>	Mercury is the issuer and the sole obligor in respect of the Green Bonds. None of the Crown, any subsidiary of Mercury or any other person guarantees the Green Bonds.

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<b>Ranking</b>	<p>On a liquidation of Mercury, the Green Bonds will rank as unsecured and unsubordinated obligations of Mercury and will rank:</p> <ul style="list-style-type: none"> <li>• below any secured liabilities and liabilities which are preferred by law;</li> <li>• equally with liabilities owed to Mercury's USPP noteholders, banks and certain financial institutions that have lent money to Mercury, however (unlike Bondholders) those creditors have the benefit of guarantees from certain subsidiaries of Mercury so may also claim directly against those subsidiaries;</li> <li>• equally with (and will be repaid at the same time and pro rata with) all other unsecured and unsubordinated liabilities of Mercury, such as those owing to other Bondholders; and</li> <li>• ahead of Mercury's subordinated liabilities (including capital bonds) and shareholders.</li> </ul>
<b>Security</b>	The Green Bonds are not secured.
<b>No Public Pool</b>	There is no public pool for the Green Bonds. All Green Bonds (including any oversubscriptions) will be reserved for subscription by clients of the Joint Lead Managers, NZX Firms and other approved financial intermediaries invited to participate in the bookbuild.
<b>ISIN</b>	NZMICYDG003C8
<b>Quotation</b>	<p>Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of the PDS have been duly complied with. However, the Green Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in the PDS. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.</p> <p>NZX ticker code MCY030 has been reserved for the Green Bonds.</p>
<b>Minimum application amount</b>	\$5,000 and multiples of \$1,000 thereafter.
<b>Arranger &amp; Green Bond Co-ordinator</b>	ANZ Bank New Zealand Limited (ANZ)
<b>Joint Lead Managers</b>	ANZ, Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited
<b>Bond Supervisor</b>	The New Zealand Guardian Trust Company Limited
<b>Securities Registrar</b>	Computershare Investor Services Limited
<b>Governing Law</b>	New Zealand
<b>Further payments, fees or charges</b>	<p>Taxes may be deducted from interest payments on the Green Bonds.</p> <p>You are not required to pay brokerage or any other fees or charges to Mercury to purchase the Green Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Green Bonds. Please contact your financial adviser for further information on any brokerage fees.</p>



**Selling Restrictions**

The Green Bonds may only be offered or sold in conformity with all applicable laws and regulations in New Zealand and in any other jurisdiction in which the Green Bonds are offered, sold or delivered. Specific selling restrictions as of the date of the PDS are set out in Schedule 2 to this Terms Sheet for the United States, Australia, Hong Kong, Japan, Singapore, the United Kingdom, and Switzerland.

No action has been or will be taken by Mercury which would permit an offer of Green 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).

No person may purchase, offer, sell, distribute or deliver Green Bonds, or have in their possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Green Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations and the specific selling restrictions set out in Schedule 2 to this Terms Sheet.

By subscribing for Green Bonds, you indemnify Mercury, the Arranger, the Joint Lead Managers, the Registrar and the Bond Supervisor in respect of any loss incurred as a result of you breaching these selling restrictions.

**Important Dates**

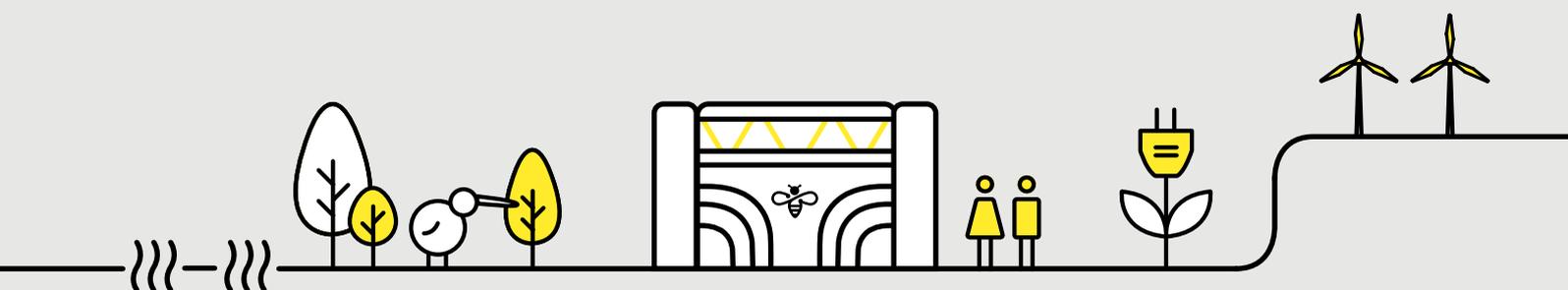
Opening Date	Monday 31 August 2020
Closing Date	Friday 4 September 2020 at 12.00pm
Rate Set Date	Friday 4 September 2020
Issue Date and allotment date	Monday 14 September 2020
Expected quotation on NZX Debt Market	Tuesday 15 September 2020

The timetable is indicative only and subject to change. Mercury may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the offer early, accepting late applications and extending the Closing Date).

If the Closing Date is extended, the Rate Set Date, the Issue Date, the expected date of initial quotation and trading of the Green Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may also be extended. Any such changes will not affect the validity of any applications received.

Mercury reserves the right to cancel the offer and the issue of the Green Bonds, in which case any application monies received will be refunded (without interest) as soon as practicable and in any event within 5 Business Days of the cancellation.

Capitalised terms used but not defined in this Terms Sheet have the meanings given to them in the PDS.



## SCHEDULE 1 CBI DISCLAIMER

The certification of the Green Bonds as Climate Bonds by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Green Bonds or any Eligible Project, including but not limited to the Terms Sheet, the transaction documents, Mercury or the management of Mercury.

The certification of the Green Bonds as Climate Bonds by the Climate Bonds Initiative was addressed solely to the board of directors of Mercury and is not a recommendation to any person to purchase, hold or sell the Green Bonds and such certification does not address the market price or suitability of the Green Bonds for a particular investor. The certification also does not address the merits of the decision by Mercury or any third party to participate in any Eligible Project and does not express and should not be deemed to be an expression of an opinion as to Mercury or any aspect of any Eligible Project (including but not limited to the financial viability of any Eligible Project) other than with respect to conformance with the Climate Bond Standard.

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative. The Climate Bonds Initiative does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Eligible Project or Mercury. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Eligible Project. The certification may only be used with the Green Bonds and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the Green Bonds and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

## SCHEDULE 2 SELLING RESTRICTIONS

### GENERAL

The Green Bonds may only be offered or sold in conformity with all applicable laws and regulations in New Zealand and in any other jurisdiction in which the Green Bonds are offered, sold or delivered. Specific selling restrictions as of the date of this Terms Sheet are set out below for the United States, Australia, Hong Kong, Japan, Singapore, the United Kingdom and Switzerland.

No action has been or will be taken by Mercury which would permit an offer of Green 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).

No person may purchase, offer, sell, distribute or deliver Green Bonds, or have in their possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Green Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations and the specific selling restrictions set out below. Only the Joint Lead Managers may distribute the PDS and this Terms Sheet outside New Zealand and only in compliance with the specific selling restrictions set out below. In particular, the PDS and this Terms Sheet may not be distributed to any person in the United States and the Green Bonds may not be offered or sold, directly or indirectly, to any person in the United States.

By subscribing for Green Bonds, you indemnify Mercury, the Arranger, the Joint Lead Managers, the Securities Registrar and the Bond Supervisor in respect of any loss incurred as a result of you breaching these selling restrictions.

### UNITED STATES

The Green 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.

The Green 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 Green Bonds, as determined and certified by the Joint Lead Managers except in accordance with Rule 903 of Regulation S. Any Green 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 Green 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 Green 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 Green Bonds, an offer or sale of the Green Bonds within the United States by any Joint Lead 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.

### AUSTRALIA

The PDS, this Terms Sheet and the offer of Green Bonds are only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with applicable exemptions in sections 708(8) (sophisticated investors) or 708(11) (professional investors) of the Australian Corporations Act 2001 (the **Corporations Act**). The PDS and this Terms Sheet are not a prospectus, product disclosure statement or any other formal "disclosure document" for the purposes of Australian law and is not required to, and does not, contain all the information which would be required in a "disclosure document" under Australian law. The PDS and this Terms Sheet have not been and will not be lodged or registered with the Australian Securities & Investments Commission or the Australian Securities Exchange and the issuer is not subject to the continuous disclosure requirements that apply in Australia.

Prospective investors should not construe anything in the PDS or this Terms Sheet as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act. Investors in Australia should be aware that the offer of Green Bonds for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to the re-sale.



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## HONG KONG

**WARNING:** The PDS and this Terms Sheet have not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register the PDS or this Terms Sheet or to permit the distribution of the PDS or this Terms Sheet or any documents issued in connection with them. Accordingly, the Green Bonds have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Green Bonds has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that 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 Green Bonds that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Green Bonds may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of the PDS and this Terms Sheet have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of the PDS or this Terms Sheet, you should obtain independent professional advice.

## JAPAN

The Green Bonds have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Green Bonds may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Green Bonds may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Green Bonds is conditional upon the execution of an agreement to that effect.

## SINGAPORE

### SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION:

Solely for the purposes of sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**), Mercury has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Green Bonds are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

The PDS, this Terms Sheet and any other materials relating to the Green Bonds have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, the PDS, this Terms Sheet and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Green Bonds, may not be issued, circulated or distributed, nor may the Green Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Terms Sheet has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Terms Sheet immediately. You may not forward or circulate this Terms Sheet to any other person in Singapore.

Any offer is not made to you with a view to the Green Bonds being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Green Bonds. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## UNITED KINGDOM

None of the PDS, this Terms Sheet or any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Green Bonds.

The Green Bonds may not be offered or sold in the United Kingdom by means of the PDS, this Terms Sheet or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Terms Sheet is issued

on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This Terms Sheet may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Green Bonds has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Mercury.

In the United Kingdom, this Terms Sheet is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investment to which this Terms Sheet relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on the PDS or this Terms Sheet.

## SWITZERLAND

The Green Bonds may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. None of the PDS, this Terms Sheet or any other offering or marketing material relating to the Green Bonds constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act (**FinSA**) or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the Green Bonds has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, the PDS and this Terms Sheet will not be filed with, and the offer of Green Bonds will not be supervised by, the Swiss Financial Market Supervisory Authority.

None of the PDS, this Terms Sheet or any other offering or marketing material relating to the Green Bonds may be publicly distributed or otherwise made publicly available in Switzerland. The Green Bonds will only be offered to investors who qualify as "professional clients" (as defined in the FinSA). This Terms Sheet is personal to the recipient and not for general circulation in Switzerland.

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Energy <sup>made</sup>  
Wonderful

Mercury 