

Contact Energy Limited

Investor update for proposed bond offer



Investor presentation

27 March 2023

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Contact Presenters



Matthew Forbes
Head of Corporate Finance



Will Thomson
Corporate Treasurer

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Introduction to Contact



Presented by

Matthew Forbes

Head of Corporate Finance



Electricity Market Overview



Contact Energy Strategy

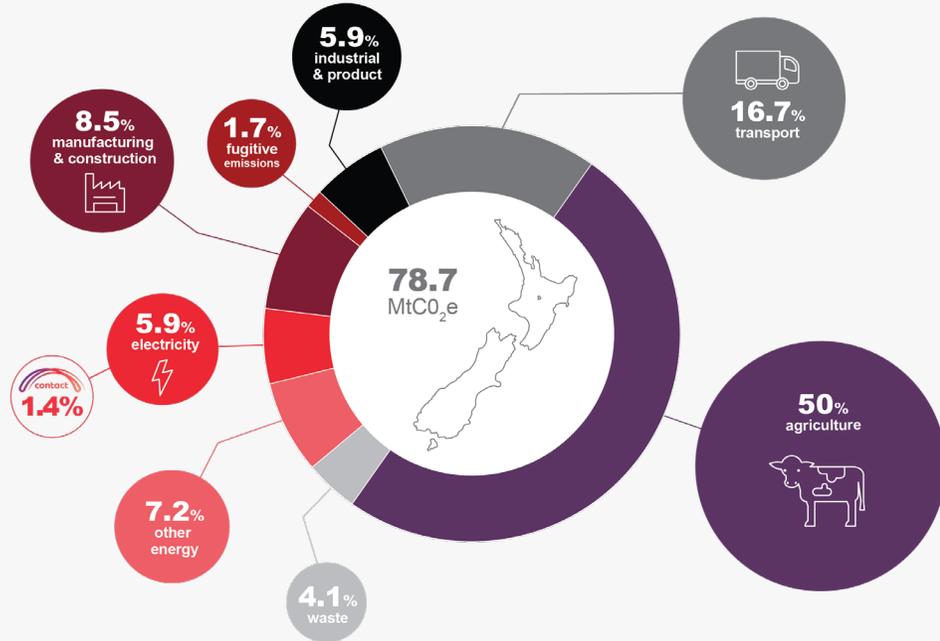


Financial Performance Update

Electrification will reduce carbon emissions

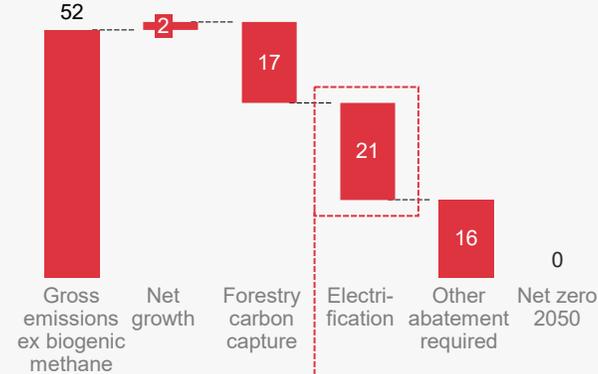
With New Zealand's high renewable penetration, electricity is the solution to reducing carbon emissions, not the problem

Greenhouse gas emissions by sector
(Greenhouse Gas Inventory, 2020)



Meaningful reductions in carbon emissions are possible with renewable electricity displacing carbon intensive fuels

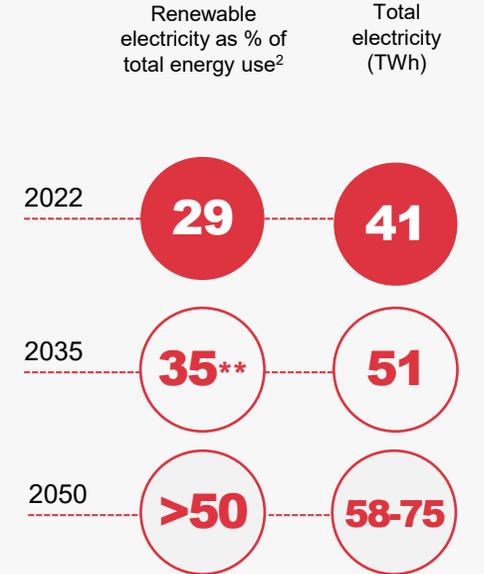
Paris agreement target, Mt CO₂e
(Transpower, 2020)



To meet this annual emissions reduction, Transpower estimates 70% more renewable generation is required to electrify heat and decarbonise transportation. This amounts to ~23TWh p.a.

This is the equivalent investment of around \$690m every year for 27.5 years¹

Our future energy profile
(Climate Change Commission, 2021)



**Transpower and Climate Change Commission analysis preceded the Government's first Emissions Reduction Plan, which targets an even more ambitious trajectory with renewables at 50% of total energy consumption by 2035

Sources: New Zealand's Greenhouse Gas Inventory 1990-2020 snapshot, 2022 Inventory, Te Rārangī Haurehu Kati Mahana a Aotearoa 1990-2020 - He whakarāpopoto New Zealand

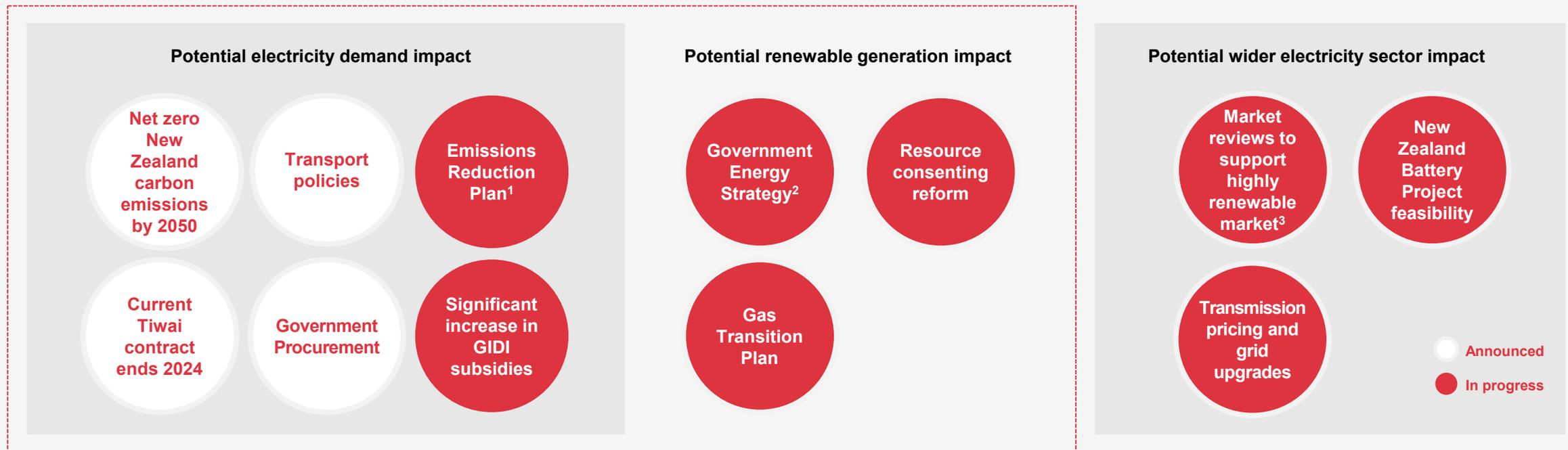
Source: Whakamana i Te Mauri Hiko - Empowering our Energy Future, March 2020 (Transpower)

¹ Based on the cost of the Meridian Harapaki wind farm as per August 2022 NZX announcement (\$448m, 542GWh p.a.)

Source: Climate Change Commission 2021 final advice
² Based on Consumer Energy use rather than Primary Energy use

Climate change and regulation

The New Zealand regulatory framework is being adapted to deliver on this societal imperative. There is political consensus to deliver net zero by 2050 and on the emissions reductions budgets needed to get there



Society is demanding action on climate change, with clear progress expected.

¹ While the Government's first Emissions Reduction Plan has now been released, there is ongoing work on implementation and further planning. Work on the next Emissions Reduction Plan will also start in 2023.

² Covering electricity, hydrogen, and industry decarbonisation. Terms of Reference have been released.

³ Including BCG's "The Future is Electric"; EA/Transpower's "Future Security and Resilience Project"; EA's Market Development Advisory Group; Wholesale Market Review (EA currently consulting on proposals).

Topical regulatory matters

Key themes



Wholesale market security

Medium term spot and hedge market prices continue to be higher than long term averages due to coal prices, gas availability and the cost of carbon. This is increasing pressure on unhedged energy intensive industries.

The industry, Transpower and the EA are paying close attention to capacity in winter 2023. The industry CEO forum is working closely with the EA to minimise the risk of any shortage in 2023.



NZ Battery Project

The Government is assessing options to address New Zealand's dry year risk with 100% renewable generation. This includes assessing its initially preferred solution of pumped hydro at Lake Onslow.

In October 2022, Boston Consulting Group released a report "The Future Is Electric" which showed that a range of industry-led solutions were available to address the dry-year risk without the need for the proposed Lake Onslow project.

What Contact is doing

Contact is exploring further renewable generation opportunities across geothermal, wind and solar to reduce future impacts from thermal fuel volatility.

Contact is working with customers to smooth out pricing volatility through long-term contracts.

Contact is leading the development of the demand response market for C&I customers, and has introduced time-of-use offerings for retail customers, helping to reduce load during peak periods.

Contact is continuing to engage with the EA on the longer-term impacts of market volatility. The sector is now entering a period of intense investment to both decarbonise existing generation and build new generation to meet future demand.

Contact supports further analysis to address dry year risk. Multiple options exist that will require careful evaluation, including interruptible green hydrogen, interruptible load for other major customers and grid-scale batteries.

Contact continues to assess low cost, low capital options to support decarbonisation through market-led thermal solutions.

Our strategy to lead New Zealand's decarbonisation

Strategic theme

Objective



Grow demand

Attract new industrial demand with globally competitive renewables



Grow renewable development

Build renewable generation and flexibility on the back of new demand



Decarbonise our portfolio

Lead an orderly transition to renewables



Create outstanding customer experiences

Create New Zealand's leading energy and services brand to meet more of our customers' needs

Enablers

ESG

Create long-term value through our strong performance across a broad set of environmental, social and governance factors

Operational excellence

Continuously improving our operations through innovation and digitisation

Transformative ways of working

Create a flexible and high-performing environment for New Zealand's top talent

Outcomes

Growth

Pivot our business to a new growth era that captures the value unlocked by decarbonisation

Resilience

Deliver sustainable shareholder returns, aligned with our ESG commitment

Performance

Realise a step-change in performance, materially growing EBITDAF through strategic investments

Contact believes it is well positioned to enable New Zealand's decarbonisation



1/ Distinctive capabilities

Deep understanding of energy applications
 Unique in-house geothermal capability
 Wind capability
 Solar joint venture

2/ New Zealand's best renewable development pipeline



Geothermal +2.9TWh p.a
 Under development +1.8TWh p.a
 Medium-term target – +1.1TWh p.a (net)



Wind
 Land access agreements signed



Solar target 200MW
 Initial target



3/ Leading New Zealand's thermal generation transition

We have led the economic substitution of almost 3TWh of thermal generation over the last 15 years (twice as much as all of our peers combined), while developing advanced trading capabilities and systems to manage changes to our commodity risk position

Low-cost, innovative operations

We have a track record of sustainably reducing costs across the business, with low cost geothermal and retail cost-to-serve when benchmarked



Largest New Zealand electricity brand*

Contact is New Zealand's largest electricity brand, catering to changing customer needs with a great customer experience



Future-focused capabilities

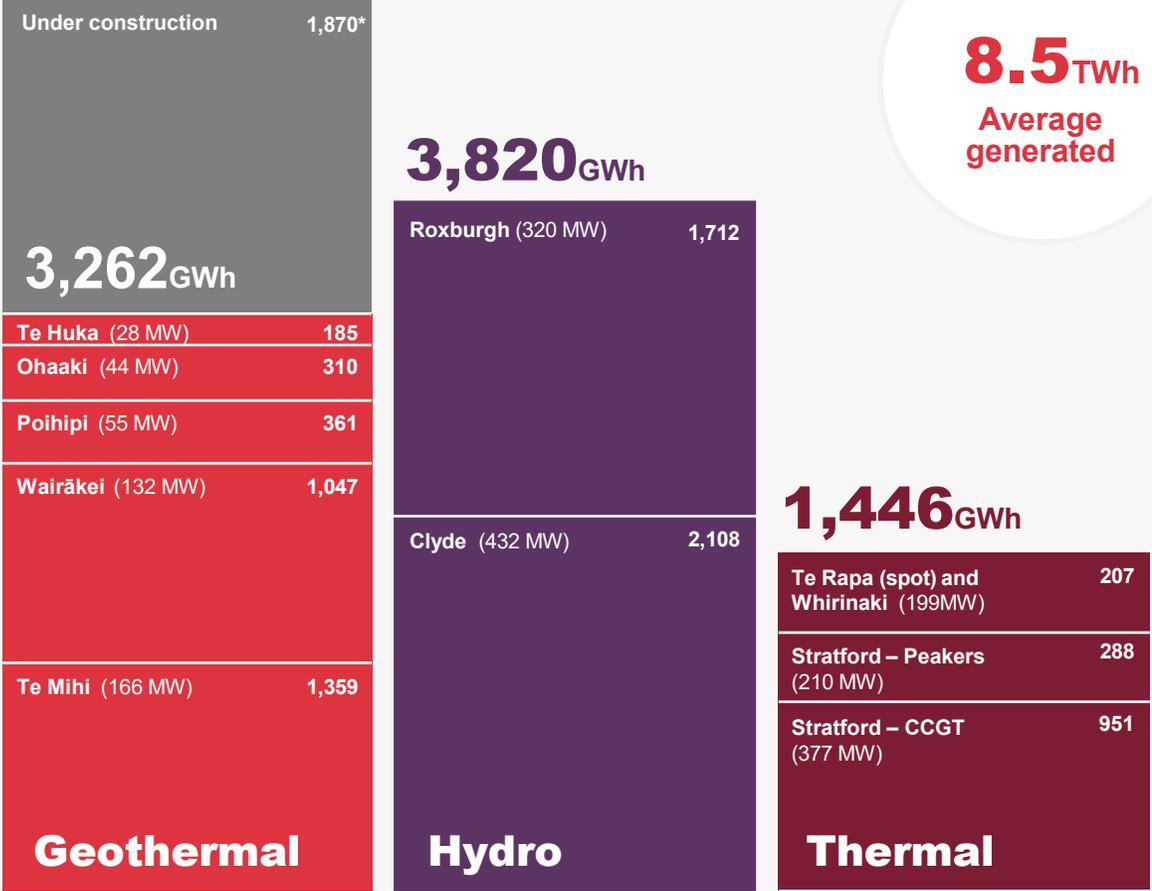
Our capabilities will support our growth with major projects, business development and digital and analytics skills recently added



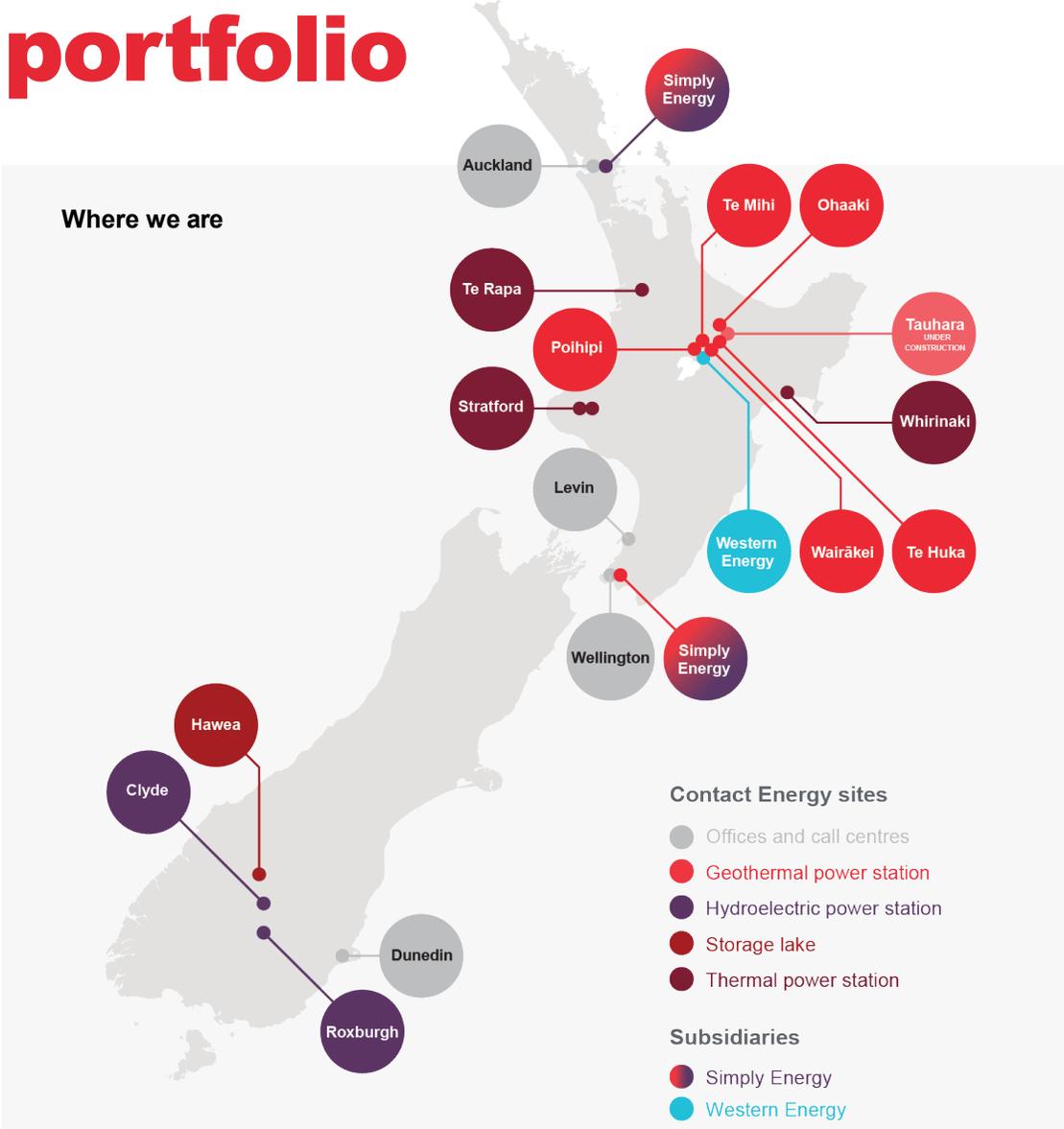
* Source: EMI ICP numbers by trader 31/01/23

Contact has a diversified portfolio of generation assets

2018 - 2022 generation by station and type (five-year average)¹



Where we are



* Source: Forsyth Barr analyst report 8/02/2023
¹ Excludes Te Rapa direct sales

Improving demand outlook for electricity

Decarbonisation ambitions and thermal economics will support growth

Focus area	 Large scale data centres	 Industrial process heat	 Major industrial energy users	 Road transport	 Green chemicals
What we've learned	<ul style="list-style-type: none"> • Attractive baseload characteristics • Low emission customers • Pipeline of hyperscale data centres announced e.g. CDC, DCI, Microsoft, Amazon 	<ul style="list-style-type: none"> • Some barriers remain e.g. high transmission costs • Higher carbon pricing needed to drive increased rate of boiler conversions • \$69m in confirmed GIDI funding allocated since 2020 	<ul style="list-style-type: none"> • Increasing commitment to decarbonisation targets by major energy users • Significant appetite for flexible, renewables-backed electricity contracts 	<ul style="list-style-type: none"> • Technology advancement enabling options for heavy transport • Increasing uptake of EVs – 21% of all registrations in December 2022¹ • Expansion of charging infrastructure required 	<ul style="list-style-type: none"> • Hydrogen export economics challenging vs alternatives • Domestic opportunity for green chemicals in a range of hard to abate sectors
Examples of our progress	<ul style="list-style-type: none"> • Data centres under construction or highly likely totalling 200MW • >100MW capacity due to be added by 2024 	<ul style="list-style-type: none"> • Supported around 50MW of new-to-market lower South Island electricity demand 	<ul style="list-style-type: none"> • Long term Tauhara backed PPAs: Genesis, Oji Fibre and Pan Pac • NZAS negotiations underway • Working with NZ Steel on options around interruptibility 	<ul style="list-style-type: none"> • Working with the HW Richardson Group to assess a trial use of hydrogen for heavy transport • Extended time of use retail offering to EV plan, introducing <i>Dream Charge</i> 	<ul style="list-style-type: none"> • Carbon capture trials complete at Te Huka. Have option to reinject or harvest • Working with BOC, a Linde company, to assess highest value commercial options for CO₂ captured at geothermal facilities

Demand response

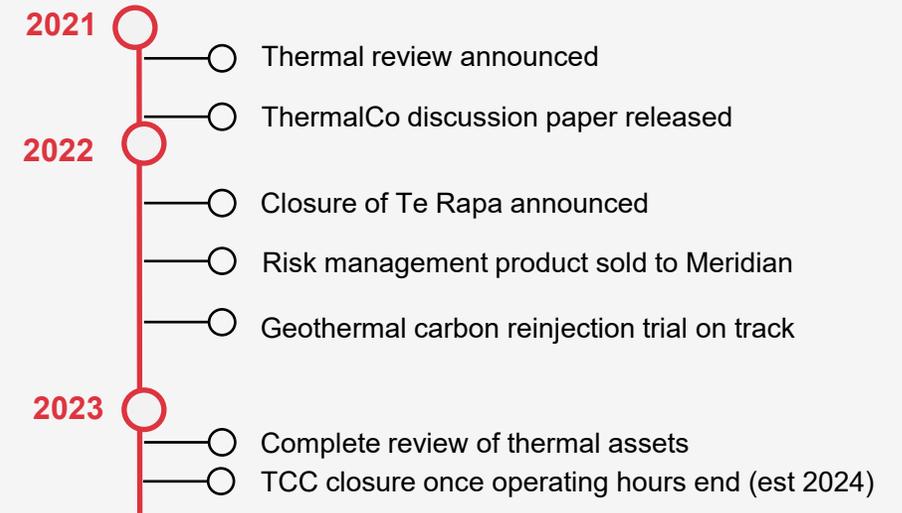
- ✓ Demand response is introduced wherever possible when entering into new supply contracts – this is high value to Contact, industrial customers and NZ
- ✓ Will contribute to decarbonisation of New Zealand whilst improving the security of supply at peak periods
- ✓ High degree of customer appetite for demand response mechanisms to be packaged into new contracts

¹ “EVs” includes the number of electric vehicle registrations for December 2022 as reported by the Motor Industry Association. This is inclusive of 100% electric (2,295), plug-in petrol hybrid (389) and petrol hybrid vehicles (1,286).

Decarbonising our portfolio: Leading an orderly transition to renewables

Key outcomes:

- Act on our commitment to ESG, contributing to better outcomes for our communities and the environment
- Support secure 24/7 electricity supply for Contact's customers and all other market participants
- Capture the value flexibility offers to the electricity market
- Provide an integrated system to support the transition to renewables by providing risk-coverage to the market and reducing price volatility
- Reduce fixed costs by finding cost reductions, synergies and highest-value ownership



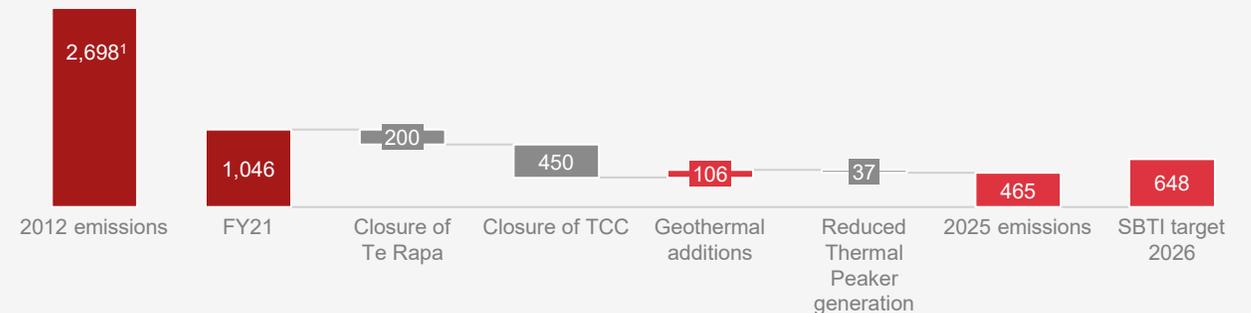
Other external commitments

Our targets have been approved by the Science-Based Targets initiative (1.5 degree warming)

Reduce Scope 1 and 2 GHG emissions 45% compared to 2018 baseline by 2026

30% reduction of 2018 Scope 3 GHG emissions by 2026

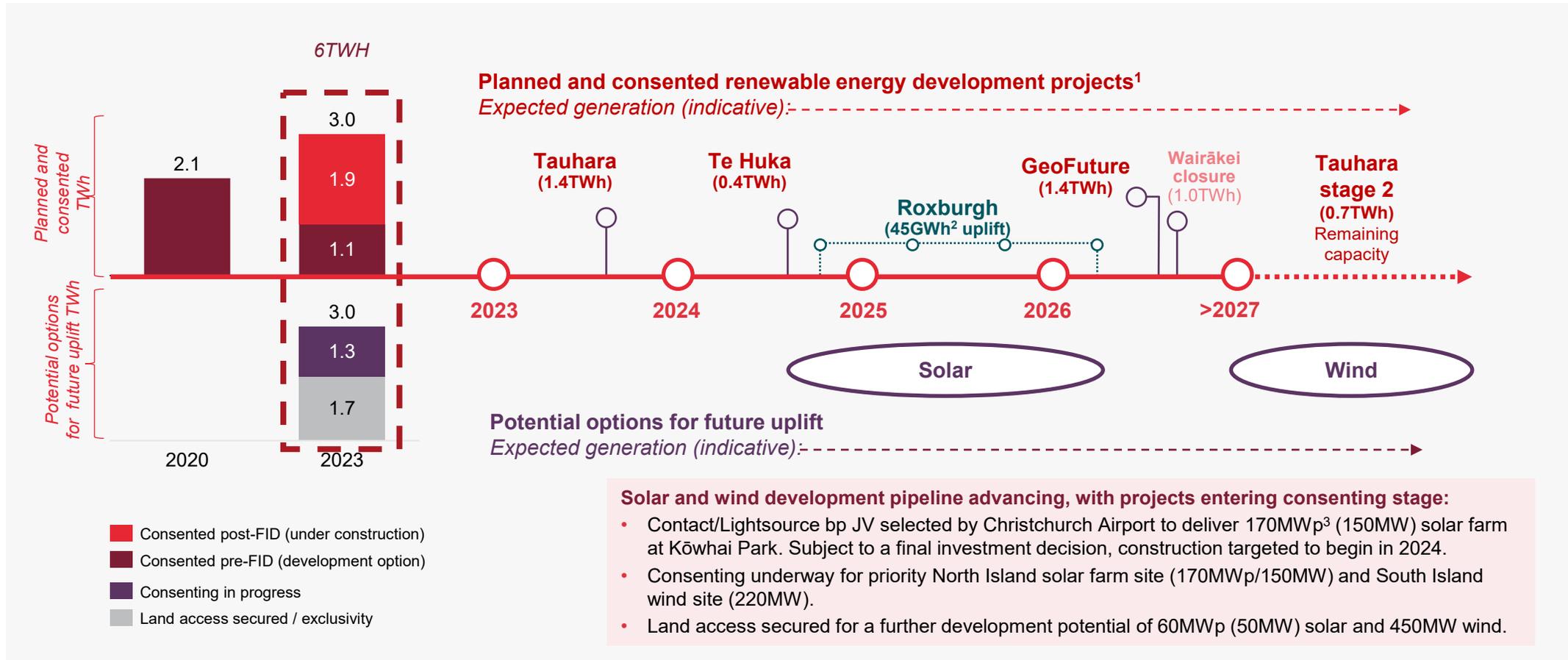
Scope 1 & 2 GHG emissions (ktCO₂e)



¹ Contact's annual emissions return to the Environmental Protection Authority for calendar year 2012. Reflects scope 1 emissions ex diesel

Market leading renewable development pipeline

Contact has built a renewable electricity development pipeline of 6TWh, with capability to deliver



¹ All uncommitted investment / closures are subject to Board investment decisions. The Tauhara, Te Huka and Roxburgh investments have been committed to.

² 45GWh p.a. uplift is based on mean hydrology conditions.

³ MWp refers to the Direct Current (DC) MW output from a Solar farm which is then converted to Alternating Current (AC) MW output (MW).

Wairākei geothermal consents granted

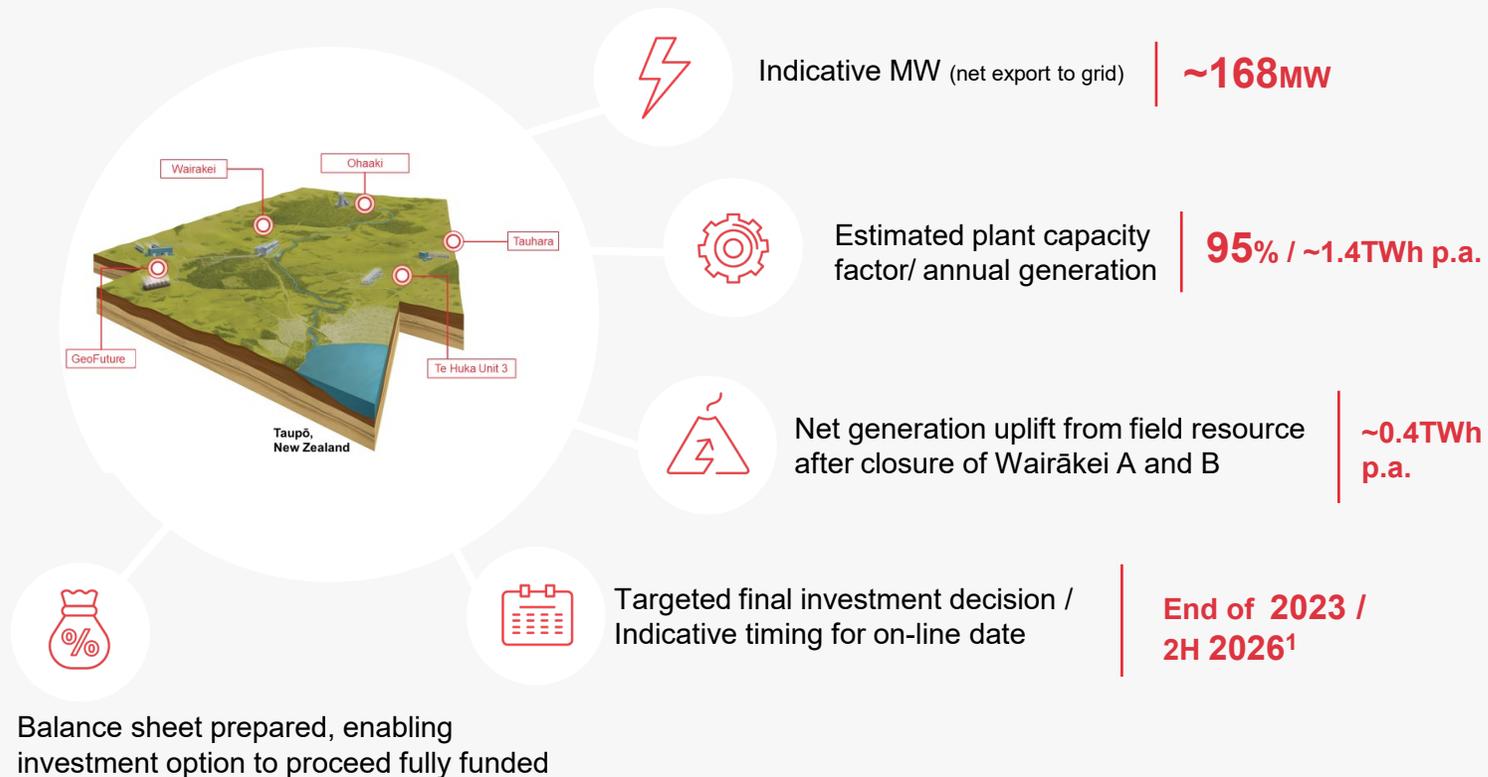
Consent received to operate for the next 35 years on the Wairākei field, enabling Contact to proceed with its plans for the replacement of Wairākei A and B legacy geothermal power stations at Te Mihi (GeoFuture)

Wairākei re-consent highlights

- ✓ Consent to continue operations for next 35 years on Wairākei geothermal steamfield.
- ✓ Consent for large new plant at Te Mihi – up to 180 MW additional to the existing Te Mihi units 1 and 2 – providing investment optionality / flexibility.
- ✓ Will result in significant local investment for Waikato during construction.
- ✓ Immediate benefits from higher geothermal mass take – 2% higher than current.
- ✓ Reinvigorated partnership with local iwi and hapu.
- ✓ All Contact's operational steamfield discharges into Waikato River cease from 30 June 2026.

GeoFuture planned development key features

(capacity / output shown as previously indicated)

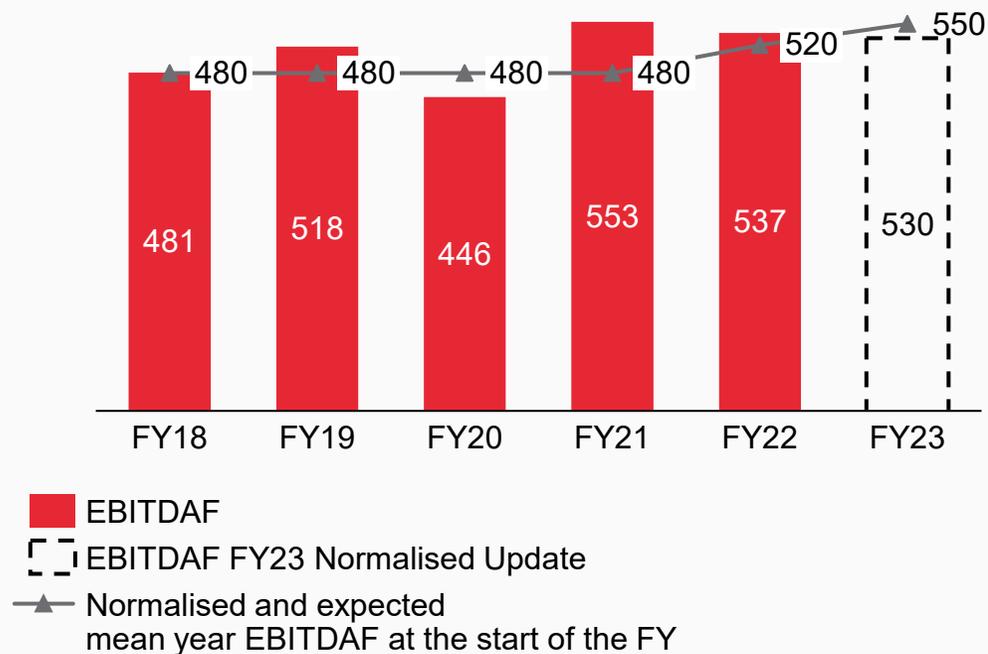


¹ References are to calendar years.

Financial performance update

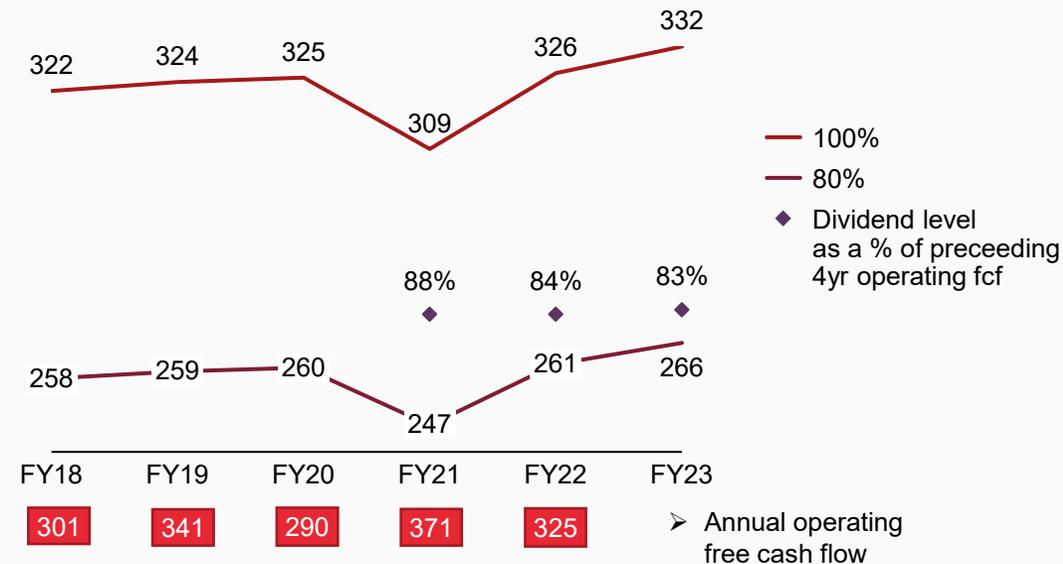
High quality, long-life generation assets support strong operating cash flow

Operating earnings (EBITDAF) (\$m)



Operating free cash flow (\$m)

Average operating cash flow for the preceding four financial years



Dividend policy range: 80-100% of average operating free cash flow for the preceding four years

Capital Structure & Funding



Presented by

Will Thomson
Corporate Treasurer



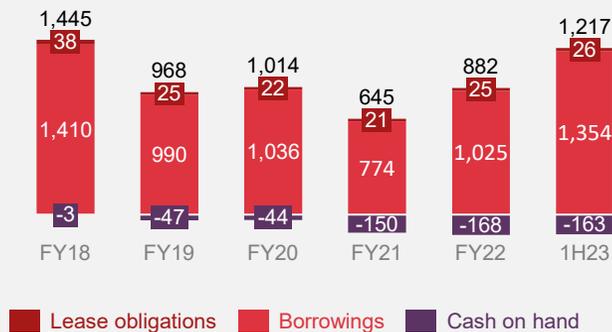
Capital Structure & Funding

Funding

A green and sustainably-linked debt portfolio aligned to our Contact26 strategy

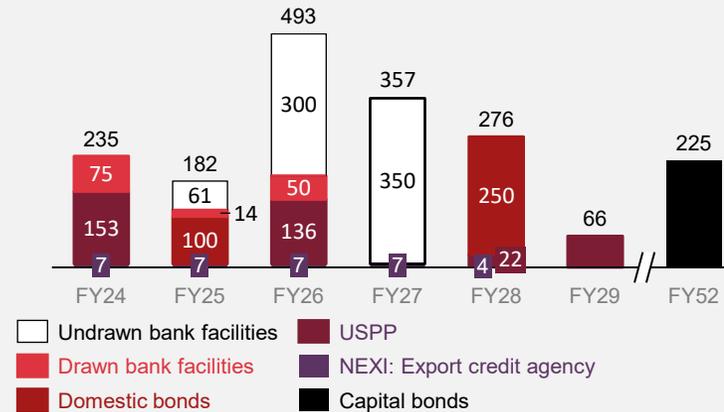
Closing net debt (\$m)

Face value of borrowings less cash



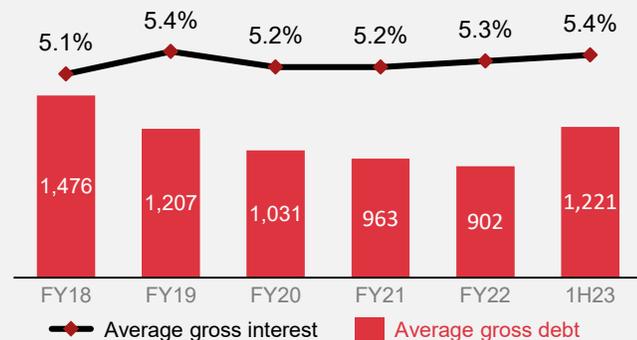
Borrowing maturities (\$m)³

Average tenor of 6.4 years as at 31 December 2022



Interest rate (%)

Weighted average gross interest¹ on average borrowings



Net debt to EBITDAF (x)

Includes S&P adjustments (prior to FY20, AGS was treated as a lease)



- Balanced debt portfolio with diverse sources of funding; comprising bank debt, domestic bonds and USPP
- Debt level has risen over the last financial year as development of the Tauhara and Te Huka geothermal power stations continues
- Entire debt portfolio is certified green by the Climate Bonds Initiative (CBI)
- A new \$850m sustainability linked loan was executed in December 2022. This replaced all existing loans and brought all bank funding into full alignment with Contact26 strategy
- S&P's key financial metric for BBB is a Net Debt/EBITDAF ratio which must be kept below 3x over the medium-term
- Gearing increased to 30% at 31 December 2022, up from 23.5% at 30 June 2022

1. Gross interest includes all interest on borrowings, bank commitment fees and deferred financing costs. Unwind of leases, provisions and capitalised interest not included
 2. Based on a normalised and expected EBITDAF of \$550m
 3. Maturity profile shows all committed debt as opposed to all drawn debt

Sustainable Finance

- Contact established our Green Borrowing Programme in 2017 – the first such certification completed by a New Zealand issuer and the first green certification of an entire debt programme globally. This demonstrates Contact’s commitment to investing in renewable energy assets (i.e. geothermal power) which have achieved independent certification by the Climate Bonds Initiative (CBI).
- The Green Borrowing Programme is described within Contact’s [Sustainable Finance Framework \(Framework\)](#), which aligns with the International Capital Markets Association Green Bond Principles, and the Asia Pacific Loan Market Association Green Loan Principles. The Framework, which also incorporates the issuance of sustainability-linked instruments was released in November 2022 and has been externally reviewed by Ernst & Young.

Eligible Asset Criteria

- Green Assets will meet the eligibility criteria set out to the right and will comply with one or more of the Green Bond Principles, Green Loan Principles, or the Climate Bonds Standard and contribute towards meeting the United Nations Sustainable Development Goals (SDGs).
- A key metric is the Green Ratio whereby the total green asset value must be at least equal to total green debt (i.e. a ratio of 1.0 minimum). As at 31 December 2022, Contact’s Green Ratio is met at 1.6 times.

ELIGIBLE CATEGORIES (GBP/ GLP)	ELIGIBILITY CRITERIA	SDG ALIGNMENT
Renewable Energy	<p>Investments in assets and activities related to the construction, transmission, maintenance, operation and/or expansion of renewable energy generation projects. This includes but is not limited to:</p> <ul style="list-style-type: none"> • Geothermal energy including: <ul style="list-style-type: none"> • Geothermal electricity generation facilities with direct emissions of less than 100g CO₂/kWh. • Hydropower energy including: <ul style="list-style-type: none"> • Run of river; • Small-scale hydropower schemes (<15MW capacity); • Natural lake system hydropower projects that do not significantly alter an ecosystem; or • Schemes with power density of greater than 5W/m²¹⁰. • Solar energy including: <ul style="list-style-type: none"> • Onshore solar electricity generation; • Onshore solar thermal facilities; or • Transmission infrastructure wholly dedicated to supporting solar generation/ thermal activity. • Wind energy including: <ul style="list-style-type: none"> • Onshore wind generation facilities; • Transmission infrastructure wholly dedicated to supporting wind generation facilities; or • Manufacturing facilities dedicated for wind energy equipment. 	<p>7 AFFORDABLE AND CLEAN ENERGY </p> <p>13 CLIMATE ACTION </p>
Energy Efficiency	<p>Investments in assets and activities that contribute to a reduction in energy consumption. This includes but is not limited to:</p> <ul style="list-style-type: none"> • Energy storage (including batteries); or • Energy efficiency processes, appliances, products and technology. 	<p>7 AFFORDABLE AND CLEAN ENERGY </p>
Clean Transportation	<p>Investments in low carbon transportation assets, systems and/ or infrastructure. This includes but is not limited to:</p> <ul style="list-style-type: none"> • Electric vehicles and supporting infrastructure and systems; or • Hybrid vehicles that meet an emissions intensity threshold of 50g CO₂ per passenger-km travelled. 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES </p>

Thank you





Indicative Terms Sheet Fixed Rate Green Bonds

27 March 2023

Indicative Terms Sheet

27 March 2023

This indicative terms sheet (**Terms Sheet**) sets out the key terms of the offer by Contact Energy Limited (**Contact** or **Issuer**) of up to NZ\$200,000,000 (with the ability to accept oversubscriptions of up to an additional NZ\$100,000,000 at Contact’s discretion) of unsecured, unsubordinated, fixed rate, green bonds maturing on Friday, 6 April 2029 (**Green Bonds**) under its Amended and Restated Master Trust Deed dated 21 August 2015 (as further amended from time to time) as modified and supplemented by the Supplemental Trust Deed dated 24 March 2023 entered into between Contact and The New Zealand Guardian Trust Company Limited (**Supervisor**) (together, **Trust Documents**).

Important notice

The offer of debt securities by Contact 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 Contact’s:

- NZ\$100,000,000 unsecured, unsubordinated, fixed rate, green bonds (which have a fixed interest rate of 3.55% per annum) maturing on 15 August 2024, which are currently quoted on the NZX Debt Market under the ticker code CEN050 (**CEN050 Bonds**); and

- NZ\$250,000,000 unsecured, unsubordinated, fixed rate, green bonds (which have a fixed interest rate of 5.82% per annum) maturing on 11 April 2028, which are currently quoted on the NZX Debt Market under the ticker code CEN070 (**CEN070 Bonds**),

(the CEN050 Bonds and the CEN070 Bonds, together the **Existing Bonds**).

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

Contact 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/CEN.

The Existing Bonds are the only debt securities of Contact that are currently quoted and in the same class as the Green 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. When comparing the yield of two debt securities, it is important to consider all relevant factors (including credit rating (if any), maturity and other terms of the relevant debt securities).

ADDRESS DETAILS:

Issuer:	Arranger and Joint Lead Manager:	Joint Lead Manager:	Joint Lead Manager:	Joint Lead Manager:	Registrar:
Contact Energy Limited	ANZ Bank New Zealand Limited	Bank of New Zealand	Craigs Investment Partners Limited	Forsyth Barr Limited	Link Market Services Limited
Level 2, Harbour City Tower, 29 Brandon Street Wellington 6011	Level 25, ANZ Centre, 23-29 Albert Street Auckland 1010	Level 6, Deloitte Centre, 80 Queen Street Auckland 1010	Level 36, Vero Centre, 48 Shortland Street Auckland 1010	Level 22, NTT Tower, 157 Lambton Quay Wellington 6011	Level 30, PwC Tower, 15 Customs Street West Auckland 1010



Issuer	Contact Energy Limited (Contact).						
Description of Bonds	<p>The Green Bonds are unsecured, unsubordinated, fixed rate, debt obligations of Contact ranking equally and without preference among themselves and equally with all other outstanding unsecured and unsubordinated indebtedness of Contact, except indebtedness preferred by law.</p> <p>The Supervisor, on behalf of the Holders, has the benefit of certain provisions of Contact's deed of negative pledge and guarantee dated 19 May 2005 (Negative Pledge). Among other things, the Negative Pledge provides that Contact will not grant any security interest in its assets except under certain limited exceptions set out in the Negative Pledge. The Green Bonds are not guaranteed by any person.</p> <p>The Green Bonds are Green Debt Instruments under Contact's Sustainable Finance Framework and are certified by the Climate Bonds Initiative (CBI) based on the Climate Bonds Standard. A copy of the Sustainable Finance Framework is available on Contact's website: www.contact.co.nz/aboutus/sustainability/financial-sustainability</p>						
Financial Covenant	The ratio of consolidated unsubordinated group debt to consolidated unsubordinated group debt plus shareholders' funds (all as described in the Negative Pledge) must not exceed 60%.						
Purpose	The proceeds from the issue of the Green Bonds will be used by Contact for the financing and refinancing of renewable generation and other eligible green assets (Green Assets) in accordance with the terms of the Sustainable Finance Framework.						
Joint Lead Managers	ANZ Bank New Zealand Limited, Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited.						
Credit Ratings	<table border="0"> <thead> <tr> <th></th> <th>Issuer Credit Rating</th> <th>Expected Issue Credit Rating</th> </tr> </thead> <tbody> <tr> <td>S&P Global Ratings</td> <td>BBB (stable outlook)</td> <td>BBB</td> </tr> </tbody> </table> <p>A 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 the assigning rating organisation.</p>		Issuer Credit Rating	Expected Issue Credit Rating	S&P Global Ratings	BBB (stable outlook)	BBB
	Issuer Credit Rating	Expected Issue Credit Rating					
S&P Global Ratings	BBB (stable outlook)	BBB					
Issue Amount	Up to NZ\$200,000,000 (with the ability to accept oversubscriptions of up to an additional NZ\$100,000,000 at Contact's discretion).						
Opening Date	Monday, 27 March 2023.						
Closing Date	11:00am, Thursday, 30 March 2023.						
Rate Set Date	Thursday, 30 March 2023.						
Issue Date	Thursday, 6 April 2023.						
Expected date of initial quotation and trading on NZX Debt Market	Tuesday, 11 April 2023.						
Maturity Date	Friday, 6 April 2029.						
Indicative Issue Margin	<p>The Indicative Issue Margin range is 1.35% to 1.50% per annum.</p> <p>The actual Issue Margin for the Green Bonds (which may be within, above or below the Indicative Issue Margin range) is the rate (expressed as a percentage rate per annum) determined by Contact (in consultation with the Joint Lead Managers) through the Bookbuild held on the Rate Set Date.</p>						
Interest Rate	The Interest Rate will be set on the Rate Set Date as being equal to the Base Rate plus the Issue Margin, subject to a minimum Interest Rate of 5.40% per annum.						
Base Rate	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 consultation with Contact, according to market convention, with reference to Bloomberg page 'ICNZ4' (or its successor page) on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).

Issue Price	NZ\$1.00 per Green Bond.
Interest Payments	Quarterly in arrear in equal payments.
Interest Payment Dates	6 January, 6 April, 6 July and 6 October each year up to and including the Maturity Date. The first Interest Payment Date is 6 July 2023.
Record Date	10 calendar days before the relevant Interest Payment Date or Maturity Date or, if not a Business Day, the preceding Business Day.
Business Day	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington. If an Interest Payment 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 Business Day, with no adjustment to be made to the amount payable as a result of the delay in payment.
Minimum Application Amount	NZ\$5,000 with multiples of NZ\$1,000 thereafter.
ISIN	NZCEND0080L7.
NZX Debt Market Quotation	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 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.
NZX Debt Market Ticker Code	CEN080.
Transfers	The registered owner of a Green Bond may transfer that Green Bond at any time, subject to the terms of the Trust Documents and any applicable securities laws and regulations.
Repo-eligibility	Contact intends to apply to the Reserve Bank of New Zealand for the Green Bonds to be included as eligible securities for domestic market operations.
Brokerage	Applicants are not required to pay brokerage or any charges to Contact for an application under the Offer.
No Event of Default	Failure by Contact to: <ol style="list-style-type: none"> 1. allocate the proceeds of the Green Bonds as described in the Sustainable Finance Framework; 2. meet the Climate Bonds Standard, Green Bond Principles or the Sustainable Finance Framework in respect of the Green Bonds; 3. maintain CBI certification of the Green Bonds or other Green Debt Instruments; 4. comply with any environmental laws and standards in respect of the Green Assets or otherwise; 5. receive further assurance from CBI; 6. comply with the Sustainable Finance Framework (including updating its website in respect of the Green Bonds); 7. notify Holders that the Green Bonds cease to comply with the Sustainable Finance Framework, the Green Bond Principles or Climate Bonds Standard; or 8. in any other way ensure that the Green Bonds retain their green attributes,



is not an Event of Default or other default or breach of any obligation under the Trust Documents and does not have the result of requiring, or permitting Holders or Contact to require, the Green Bonds to be repaid early. Contact may, depending on the exact circumstances, provide the market with an update in relation to the ongoing status of the Green Bonds as green bonds.

Registrar and Paying Agent	<p>Link Market Services Limited.</p> <p>The Green Bonds will be accepted for settlement within the NZClear system.</p>
Early Repayment	<p>Holders have no rights to require Contact to redeem the Green Bonds early except through the Supervisor in the case of an Event of Default (as set out in the Trust Documents). Contact does not have the right to redeem the Green Bonds early.</p> <p>In the case of an Event of Default (as set out in the Trust Documents) which is continuing unremedied, the Supervisor may declare, and may be directed by an Extraordinary Resolution (as defined in the Trust Documents) of the Holders to declare, the principal amounts of the Green Bonds, together with any accrued interest, to be immediately due and payable.</p>
Supervisor	The New Zealand Guardian Trust Company Limited.
Governing Law	New Zealand.
Who May Apply & How to Apply	<p>All of the Green Bonds including any oversubscriptions will be reserved for clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild.</p> <p>There will be no public pool for the Green Bonds.</p> <p>Retail investors should contact the Joint Lead Managers, their financial advisor or any Primary Market Participant for details on how they may acquire Green Bonds. You can find a Primary Market Participant by visiting www.nzx.com/investing/find-a-participant</p> <p>Any allotment of Green Bonds will be at Contact's discretion, in consultation with the Joint Lead Managers. Contact reserves the right to refuse to make any allotment (or part thereof) without giving any reason. Contact may deal with oversubscriptions (if any) in its sole discretion.</p> <p>Each investor's financial advisor will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Green 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>
Singapore Securities and Futures Act Product classification	<p>Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001, as modified or amended from time to time (the SFA), Contact 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).</p>
Selling Restrictions	The selling restrictions set out in the schedule to this Terms Sheet apply.
Sustainable Finance Framework Assurance	<p>Contact has received a pre-issuance certification from CBI in respect of the Green Bonds.</p> <p>Contact has engaged Ernst & Young Limited to provide independent assurance of the Sustainable Finance Framework to confirm that the Sustainable Finance Framework continues to meet the requirements of the Climate Bonds Standard and the Green Bond Principles. Contact will seek to obtain further assurance at least annually.</p> <p>Copies of the CBI certification and the latest Ernst & Young Limited independent limited assurance report (which details the assurance procedures and standards followed) can be found here: www.contact.co.nz/aboutus/sustainability/financial-sustainability</p>



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

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 Trust Documents will be made available by Contact for inspection during usual business hours by any Holder at Contact's registered office listed above (or such office as Contact may notify the Holders from time to time). Copies of the Trust Documents are also available on Contact's website:

www.contact.co.nz/aboutus/investor-centre/investor-information#Bond-information

Investors should seek qualified, independent financial and taxation advice before deciding to invest. Investors will be personally responsible for all tax return filing obligations in respect of their investment in the Green Bonds, compliance with the financial arrangements rules (if applicable) and payment of provisional or terminal tax (if required) on interest derived.

The Supervisor accepts no responsibility for the information contained in this Terms Sheet.

For further information regarding Contact, visit www.nzx.com/companies/CEN.



SELLING RESTRICTIONS

The Green Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Green Bonds may be offered for sale or sold in any other country or jurisdiction except 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.

Without limiting the generality of the above, the following selling restrictions apply in respect of each relevant jurisdiction:

Member States of the European Economic Area

In relation to each Member State of the European Economic Area, no Green Bonds have been offered and no Green Bonds will be offered that are the subject of the offering contemplated by this Terms Sheet in relation thereto to the public in that Member State except that an offer of Green Bonds to the public in the Member State may be made:

- a) to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the Joint Lead Managers for any such offer; or
- c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of the Green Bonds shall require Contact or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an **offer of the Green Bonds to the public** in relation to any Green Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Green Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Green Bonds and the expression **EU Prospectus Regulation** means Regulation (EU) 2017/1129.

United Kingdom

No Green Bonds have been offered and no Green Bonds will be offered that are the subject of the offering contemplated by this Terms Sheet in relation thereto to the public in the United Kingdom except that it may make an offer of such Green Bonds to the public in the United Kingdom:

- a) to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the Joint Lead Managers for any such offer; or
- c) in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 (**FSMA**),

provided that no such offer of the Green Bonds shall require Contact or the Joint Lead Managers to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an **offer of the Green Bonds to the public** in relation to any Green Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Green Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Green Bonds and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Other regulatory restrictions

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the 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 Green Bonds in circumstances in which section 21(1) of the FSMA applies to Contact.

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

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 Green Bonds may not be circulated or distributed, nor may the Green Bonds be offered or sold, or caused to be made the subject of an invitation for subscription or purchase, whether directly or



indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) 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 (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Green 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 or securities-based derivatives contracts (each term as defined in Section 2(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 Green Bonds pursuant to an offer made under Section 275 of the SFA except:

- 1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) 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 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (**Corporations Act**)) in relation to the Green Bonds (including this Terms Sheet) 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 Green 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 Green Bonds in Australia, unless:
 - i. the minimum 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 Chapter 7 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 (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act); and
 - iv. such action does not require any document to be lodged with, or registered by, ASIC or any other regulatory authority in Australia.

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

- a) will be deemed by Contact and the Joint Lead Managers to have acknowledged that if any Investor on-sells the Green 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 Green 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 Contact and the Joint Lead Managers to have undertaken not to sell those Green 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 Green Bonds.



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

United States of America

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.

None of Contact, any Joint Lead Manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts in relation to the Green Bonds, and each of Contact, any Joint Lead Manager have complied and will comply with the offering restrictions requirements of Regulation S under 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 of the Tranche of which such Green Bonds are part, as determined and certified by any Joint Lead Manager, except in accordance with Rule 903 of Regulation S under the Securities Act. 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 (as defined in Regulation S under the Securities Act) (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 of the Tranche of which those Green Bonds are a part, 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.

Hong Kong

No Green 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 Green 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 Green 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.

Japan

The Green 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 Green Bonds shall not transfer or resell the Green Bonds except where the transferor transfers or resells all the Green 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.

Indemnity

By its subscription for the Green Bonds, each Holder agrees to indemnify Contact, the Arranger, the Joint Lead Managers and the Supervisor and each of their respective directors, officers and employees for any loss, cost, liability or expense sustained or incurred by Contact, the Arranger, the Joint Lead Managers or the Supervisor, as the case may be, as a result of the breach by that Holder of the selling restrictions set out above.



CBI disclaimer

The certification of the Green Bonds as Climate Bonds by the Climate Bonds Initiative is based solely on the Climate Bonds Standard and does not, and is not intended to, make any representation, warranty, undertaking, express or implied, or give any assurance with respect to any other matter relating to the Green Bonds, the Sustainable Finance Framework, any other Green Debt Instrument or Green Asset, including but not limited to this Terms Sheet, the Trust Documents, any transaction documents, Contact or the management of Contact.

The certification of the Green Bonds as Climate Bonds by the Climate Bonds Initiative was addressed solely to the board of directors of Contact and is not a recommendation to any person to purchase, hold or sell the Green Bonds (or any other Green Debt Instruments in the Sustainable Finance Framework) and such certification does not address the market price or suitability of the Green Bonds or the Sustainable Finance Framework for a particular investor. Each potential purchaser of the Green Bonds should determine for itself the relevance of this certification. Any purchase of Green Bonds should be based upon such investigation that each potential purchaser deems necessary. The certification also does not address the merits of the decision by Contact or any third party to participate in the Green Bonds, any other Green Debt Instruments or any Green Asset and does not express and should not be deemed to be an expression of an opinion as to Contact or any aspect of the Green Bonds, any other Green Debt Instruments or any Green Asset (including but not limited to the financial viability of the Green Bonds, any other Green Debt Instruments or any Green Asset) other than with respect to conformance with the Climate Bonds 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 fairness, accuracy, reasonableness 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 or liability 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 Green Debt Instruments, Green Asset or Contact. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Green Debt Instruments or Green Asset. 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 (or any other Green Debt Instruments in the Sustainable Finance Framework) 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.

Arranger and Joint Lead Manager important information

None of the Arranger, the Joint Lead Managers nor any of their respective directors, officers, employees and agents: (a) to the extent permitted by law, accept any responsibility or liability whatsoever for this Terms Sheet or any loss arising from this Terms Sheet or its contents or otherwise arising in connection with the offer of Green Bonds; (b) authorised or caused the issue of, or made any statement in, any part of this Terms Sheet; and (c) make any representation, recommendation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Terms Sheet. This Terms Sheet does not constitute financial advice or a recommendation from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase, any Green Bonds. Each Holder must make its own independent investigation and assessment of the financial condition and affairs of the issuer before deciding whether or not to invest in the Green Bonds.