



TRANSPOWER

DOMESTIC BOND OFFER

Investor Presentation

August 2021



Important Information

Transpower New Zealand Limited (Issuer or Transpower) is offering up to NZ\$150,000,000 fixed rate bonds (with the ability to accept up to NZ\$50,000,000 oversubscriptions) due 8 September 2026 (Bonds) in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA).

The Bonds will have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Transpower's:

NZ\$150,000,000 fixed rate bonds maturing on 30 June 2022 with a fixed interest rate of 4.30%, which are currently quoted on the NZX Debt Market under the ticker code TRP030;

NZ\$100,000,000 fixed rate bonds maturing on 16 September 2022 with a fixed interest rate of 4.069%, which are quoted on the NZX Debt Market under the ticker code TRP040;

NZ\$125,000,000 fixed rate bonds maturing on 6 March 2025 with a fixed interest rate of 3.823%, which are quoted on the NZX Debt Market under the ticker code TRP050;

NZ\$150,000,000 fixed rate bonds maturing on 14 March 2024 with a fixed interest rate of 2.73%, which are quoted on the NZX Debt Market under the ticker code TRP060;

NZ\$450,000,000 fixed rate bonds maturing on 4 September 2025 with a fixed interest rate of 1.735%, which are quoted on the NZX Debt Market under the ticker code TRP070; and

NZ\$150,000,000 fixed rate bonds maturing on 8 April 2026 with a fixed interest rate of 1.52%, which are quoted on the NZX Debt Market under the ticker code TRP080,

(together, Quoted Bonds).

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

Transpower 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 <https://www.nzx.com/companies/TRP>.

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

The Bonds will be debt securities and will constitute unsecured, unsubordinated debt obligations of the Issuer. The Bonds will rank equally and without any preference among themselves and at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, except indebtedness preferred by law and subject to laws affecting creditors' rights generally and equitable principles of general application. Neither the repayment of, nor the payment of interest on, the Bonds is guaranteed by the Crown or any other person.

Disclaimer

This presentation does not constitute a recommendation by the Issuer, Westpac Banking Corporation (ABN 33 007 457 141) acting through its New Zealand branch (Lead Manager), The New Zealand Guardian Trust Company Limited (Supervisor), nor any of their respective directors, officers, employees or agents to subscribe for, or purchase, any of the Bonds. None of the Issuer, the Supervisor or any of their respective directors, officers, employees or agents accepts any liability whatsoever for any loss arising from this presentation or its contents or otherwise arising in connection with the offer, except as provided for in the FMCA.

This presentation is for preliminary information purposes only and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The information in this document is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed. All material information in this document is derived from publicly available information, unless otherwise indicated. All of the numerical data provided in this presentation is derived from the Statement of Corporate Intent 2021/2022 and the audited Financial Statements for the year ended 30 June 2021.

Any internet site addresses provided in this presentation 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 presentation.

The presentation outlines a number of Transpower's forward-looking plans and projections. Those plans and projections reflect current expectations, but are inherently subject to risk and uncertainty, and may change at any time. There is no assurance that those plans will be implemented or that projections will be realised.

Pricing supplement No. 16, dated 31 August 2021 (Pricing Supplement) has been prepared in respect of the offer of the Bonds. The Pricing Supplement is an important document and should be read carefully. Investors should not purchase the Bonds until they have read the Pricing Supplement. Investors should consider the risks that are associated with an investment in the Bonds, particularly with regard to their personal circumstances (including financial and tax issues). Nothing in this presentation constitutes legal, financial, tax or other advice.

The Pricing Supplement sets out the applicable selling restrictions in respect of the Bonds.

Neither the Lead Manager nor any of its directors, officers, employees and agents: (a) accept any responsibility or liability whatsoever for any loss arising from this presentation or its contents or otherwise arising in connection with the offer of Bonds (b) authorised or caused the issue of, or made any statement in, any part of this presentation; and (c) make any representation 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 presentation and accept no liability (except to the extent such liability is found by a court to arise under the FMCA or cannot be disclaimed as a matter of law).

Agenda

- > Company Overview
- > Industry & Regulation
- > Capital Expenditure
- > Funding
- > Bond Offer
- > Questions

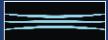


Gordon Davidson
Chief Financial Officer
+64 21 906 754
gordon.davidson@transpower.co.nz



Chris Sutherland
Treasurer
+64 21 994 925
chris.sutherland@transpower.co.nz





Company Overview



Transpower Investment Highlights

- Strong investment grade profile – “AA, Stable outlook”
- Stable, regulated cash flow - reduction in regulated revenue a result of lower WACC in RCP3
- Prudent financial risk management
- Crown ownership
- Essential national utility / high barriers to entry
- Experienced governance and management team
- Low counterparty risk / enforceable requirement to pay
- A focus on sustainability / enabling renewable generation



Company Overview

- 100% state-owned by New Zealand Crown¹
- Rated AA, stable by S&P Global Ratings
- Central to the New Zealand electricity industry
 - Owner and operator of the National Grid
 - System Operator²
- No volume risk
- Highly regulated
 - Low volatility in underlying earnings
 - Stable regulatory regime
- Impact from COVID-19 continuing. Essential maintenance continues and global supply chain risks remain elevated

¹ The Crown does not guarantee bonds issued by Transpower

² The contract between the Electricity Authority and Transpower to perform the System Operator function reset on 1 July 2021 with minor amendments to the existing terms



Transmission Network

- Over \$4.9 billion regulated transmission assets
- Sole Transmission System Operator (TSO) in New Zealand
- Approximately 11,000 kilometres of transmission lines
- 178 substations
- 27 distribution customers
- 11 large industrial direct-connect customers¹
- 6 large grid-connected generator customers



¹ Several large industrial customers have signalled strategic reviews of operations

Source: Transpower's Audited Financial Statements June 2021 and
Transpower's Transmission Planning Report 2020
<https://www.transpower.co.nz/sites/default/files/publications/resources/TPR%202020.pdf>

Strategy and Performance Framework



Whakamana i Te Mauri Hiko¹

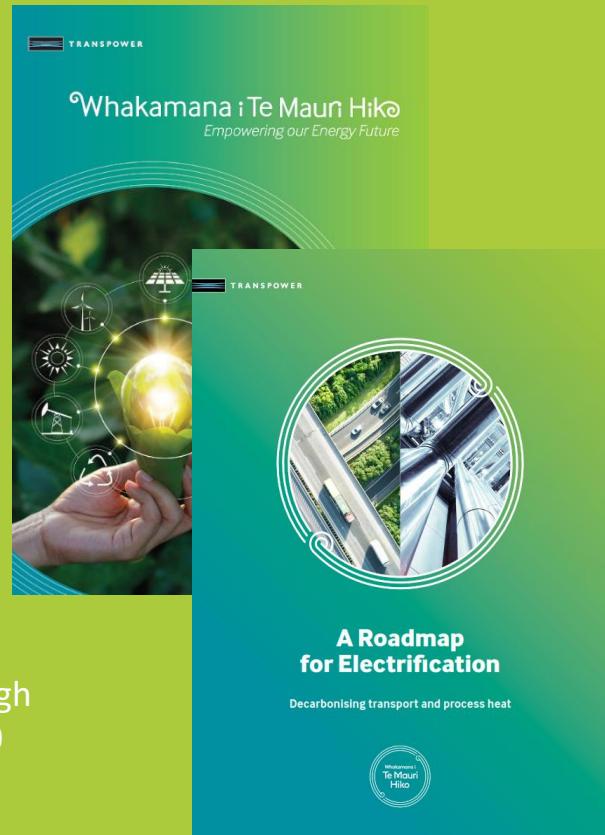
Transpower is committed to supporting a low cost and highly renewable energy future for New Zealand. The report examines a range of electricity supply, demand and future technology scenarios

Key findings of the report:

- Consensus forming that electrification is key to decarbonisation
- Transport and process heat electrification drive decarbonisation and electricity demand growth which is expected to be met by renewable generation

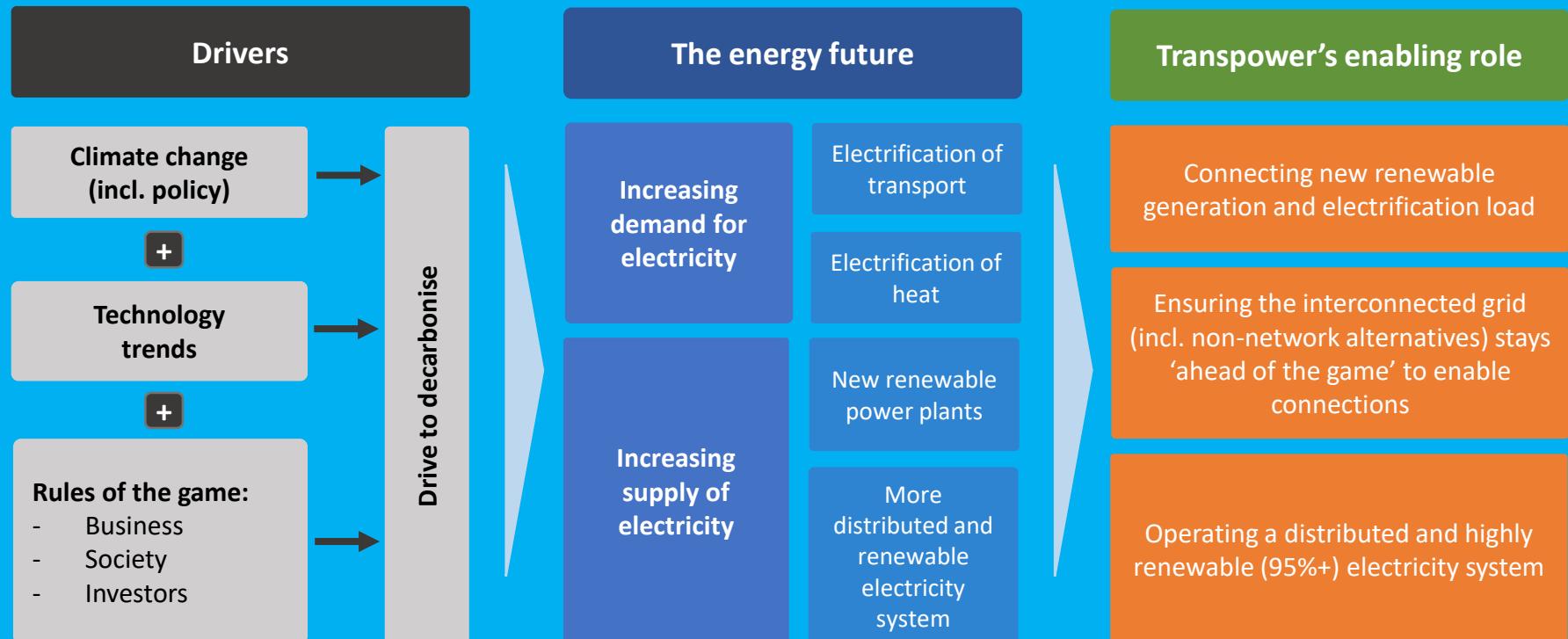
A Roadmap for Electrification

- In February 2021, we launched our Electrification Roadmap. It identifies policy, commercial and consumer levers available to accelerate the decarbonisation of New Zealand's transport and process heat sectors through electrification, consistent with meeting our 2030 Paris Agreement and 2050 net-zero carbon economy commitments

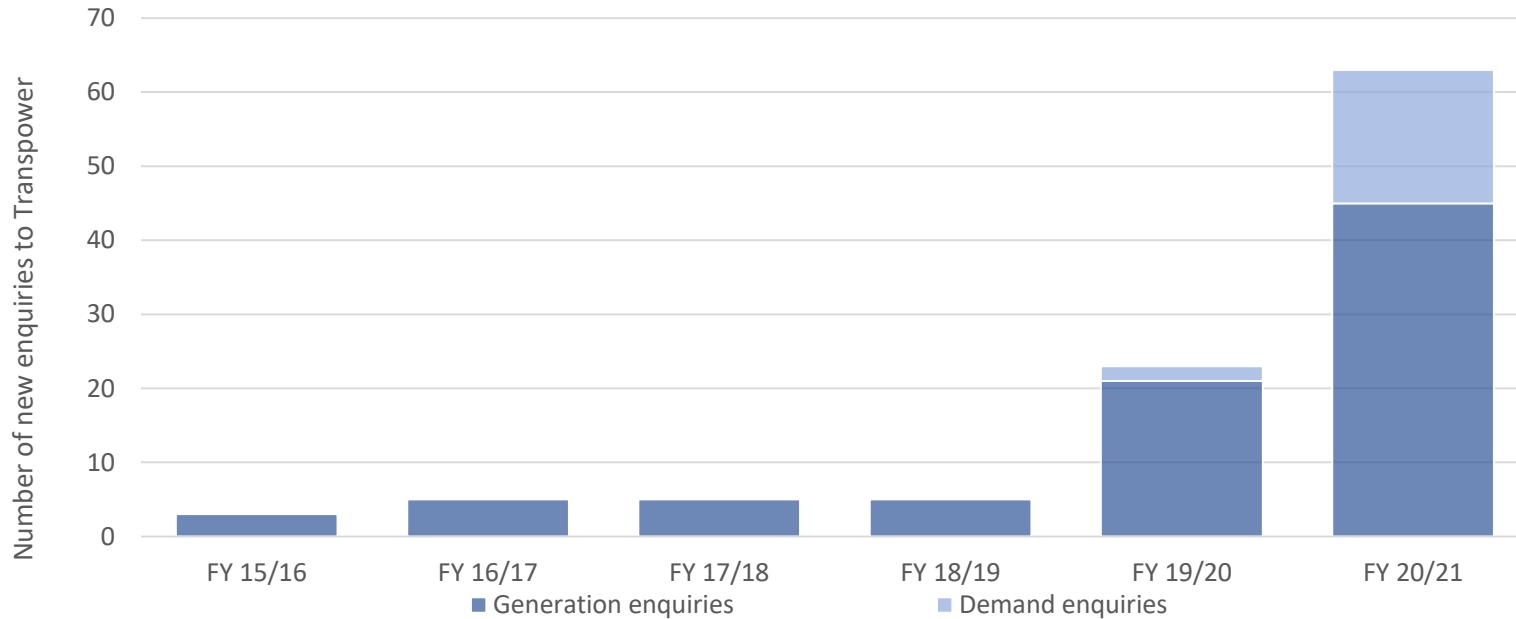


¹ <https://www.transpower.co.nz/resources/whakamana-i-te-mauri-hiko-empowering-our-energy-future>

Energy Future Implications for Electricity Transmission



Connection Enquiries



- There were 20 enquiries in July 2021, which continues the growing trend in enquiry numbers
- Not all enquiries to convert to connection but we expect a step change in connections in line with Te Mauri Hiko forecast scenarios and the Climate Change Commission decarbonisation scenarios

Sustainability Focus

Transpower is committed to:

- Annual Greenhouse Gas emissions inventory reporting
- Sustainability reporting under the Environment, Social and Governance (ESG) reporting framework
- Climate change reporting under the Task Force on Climate related Financial Disclosures (TCFD) framework by FY2023

Our Sustainability Strategy sets out goals and enabling actions across four challenge areas

Climate Change



We enable connections for new renewable generation and are working hard to reduce emissions across our supply chain

Environmental Stewardship



We aim to reduce the environmental impact and increase the efficiency with which we use materials and resources

Sustainable Business



We consider the social and environmental impacts of what we do and to report on our activities in a transparent way

Our Communities



We partner with iwi and acknowledge connection to land and we work with communities and landowners to minimise physical presence and disruption related to our assets

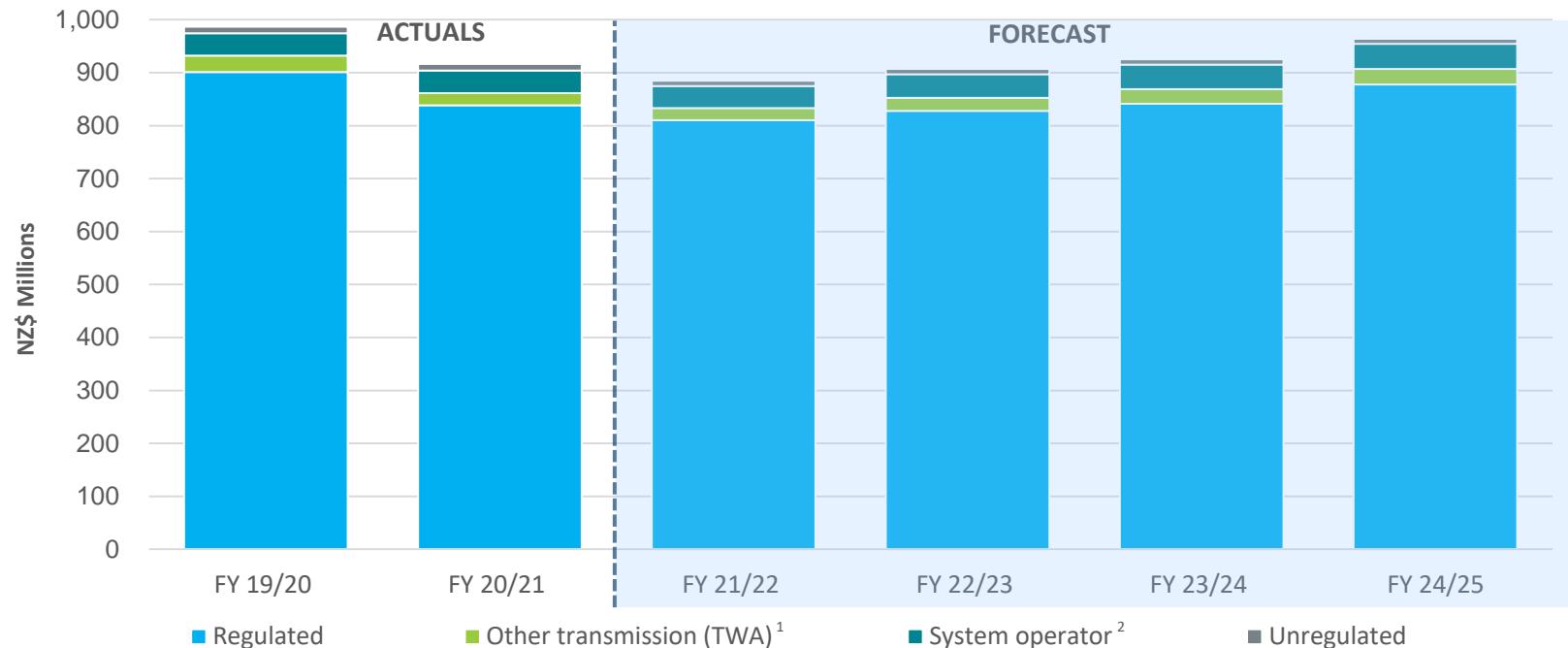
More about Transpower's sustainability focus, including strategy, governance and disclosure can be found here - <https://www.transpower.co.nz/about-us/sustainability>

Financial Performance Targets

- Our key financial performance targets are focused on:
 - Maintaining our credit rating
 - Balance sheet strength
 - Financial returns
- We remain focused on managing our financial metrics and financial profile consistent with our AA rating band (S&P Global Ratings)
- Transpower targets:
 - FFO/Interest cover no less than 2.8x
 - FFO/Debt no less than 12.5%



Forecast Revenue



¹ Transpower Works Agreement (Customer Investment Contracts)

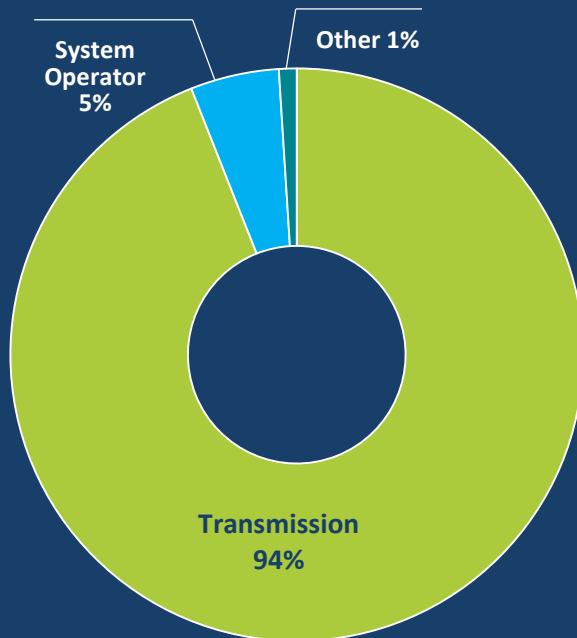
² System Operator revenue forecast based upon contract terms which reset from 1 July 2021

Source: Transpower

Revenue and Customers

- Customer charge recoverability – no exposure to credit risk on regulated revenue
- Total ca. 50 customers
- Top 10 customers account for ca. 77% of total revenue
- Transmission revenue by customer:
 - Distribution - 74% (27 distribution customers)
 - Generation - 17% (16 generators)
 - Other and direct connects - 9%
- Revenue is lower in FY 2021 than FY 2020 due to lower RCP¹ regulated WACC for a full financial year

Operating revenue composition



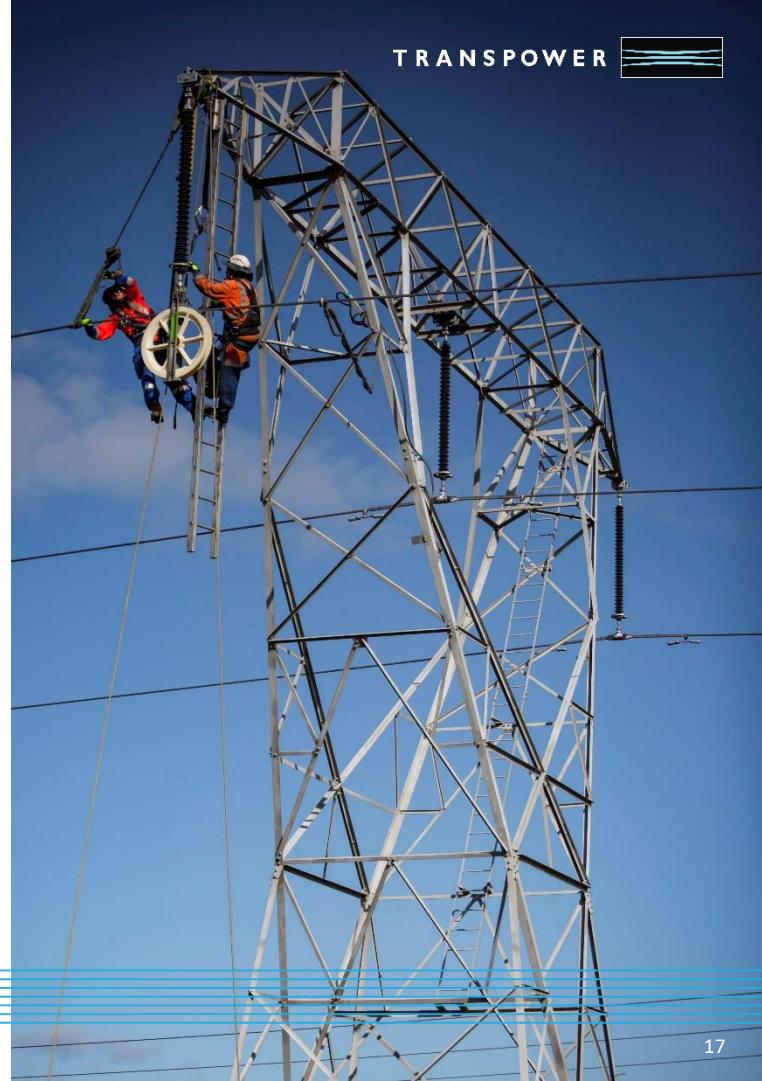
¹ Regulatory Control Periods - RCP3 revenue applies from 1 April 2020 to 31 March 2025. RCP2 applied from 1 April 2015 to 31 March 2020.



Customer Credit Exposures

- Total annual revenue of ca. \$900 million - majority regulated transmission revenue and recoverable under regulation
- Customer investment contracts credit exposure is considered low
 - Currently ca. 2.5% of total revenue
 - Majority of credit exposure to Electricity Lines companies and Generators
 - Customer credit rating quality good. Low exposure to direct connect industrials
- Transpower Treasury counterparty credit rating policy minimum “A” stable

¹ Credit referenced to external rating agency score, or where no external rating, Transpower's applies an internal credit assessment criteria



Industry and Regulation

Electricity Regulation in New Zealand

- Commerce Commission
 - All electricity transmission and distribution under economic regulation, including Grid investment approvals
 - Specific regulatory powers in respect of utilities including Transpower and electricity distribution lines businesses
 - Administers price control regime applying to transmission and distribution businesses for five-year control periods
- Electricity Authority
 - Determines, monitors and enforces the Electricity Industry Participation Code (Code), including the Transmission Pricing Methodology (TPM)
 - The Code gives enforceability to transmission charges as long as calculated in accordance with the TPM
 - Contracts with Transpower for System Operator services



Regulation Overview

- Transpower's revenues are governed by a regulated price-quality path for each pricing year, with the paths being reset every 5 years
- Revenue cap - no volume risk
- Building block model determined Maximum Allowed Revenue (MAR)
- Regulated cost recovery for all approved operating costs
- Regulated transmission assets receive a WACC return
- Transpower's post tax WACC in RCP3 is 4.23% (RCP2 WACC was 7.19%)
- 100% of regulated transmission charges recovered across all regulated customers
- Financial incentives apply to over/under performance on quality and expenditure
- System Operator Service Provider Agreement - ca. 4% of total revenue



Industry Issues

- New renewable generation and thermal generation decommissioning
 - Transition towards more renewable generation with new connections and security of supply considerations
 - 900MW of thermal capacity likely to be retired in coming years. We are working closely with industry and undertaking work on the National Grid implications
 - On 9 August 2021, a grid emergency was declared when record electricity demand coincided with insufficient generation - resulting in power outages to ca. 34,000 customers. Internal and external investigations into the event have commenced
- Transmission Pricing Methodology (TPM)
 - Methodology by which Transpower's revenue is apportioned among transmission customers
 - Transpower is currently developing a new TPM on behalf of the Electricity Authority based upon new guidance published in June 2020
 - The new TPM will change the way in which Transpower's regulated transmission revenue is allocated to transmission customers through transmission charges
 - It will not change Transpower's business plan assumptions or total revenue, it only changes customer allocation of Transpower's transmission charges





Capital Expenditure





Capital Projects

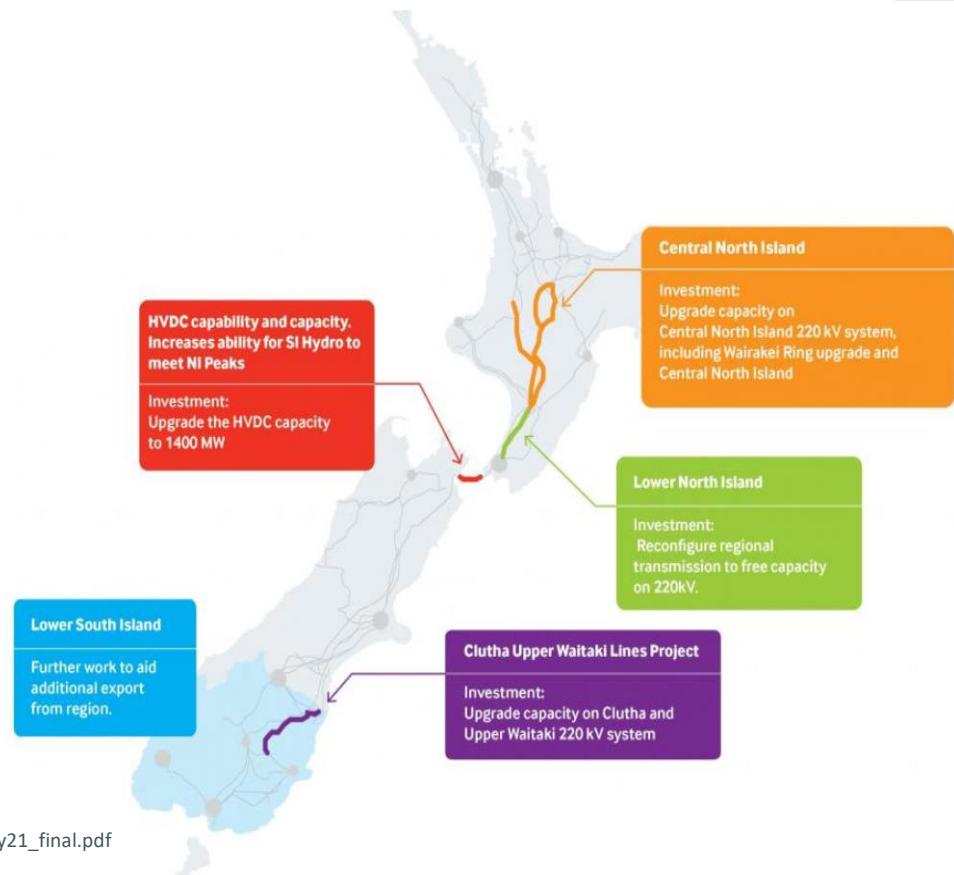
- Focus on efficiency and matching investment to need over time
- Growing asset base with capex spend exceeding depreciation
- Forecast capex over RCP3 is significantly higher than RCP2
- Most investment in transmission assets is recovered through regulated revenues approved by the Commerce Commission, with some investment directly recovered through bilateral contracts with customers





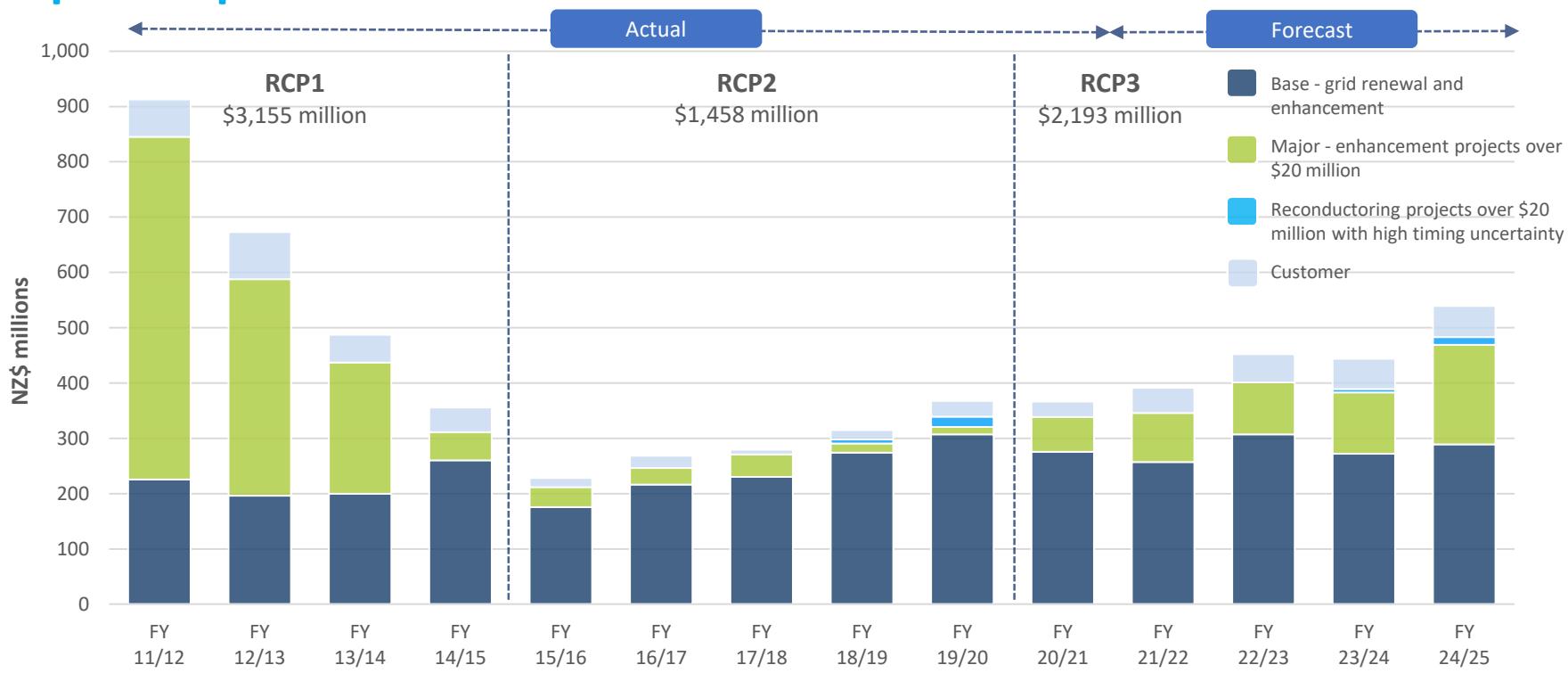
Net Zero Grid Pathways

- Net Zero Grid Pathways covers Transpower's investments on the backbone of the electricity transmission grid
- Investments of ca. \$1.1 billion will enable the electrification of the economy and assist with meeting New Zealand's decarbonisation targets
- Two phases
 - enhance the existing grid backbone to 2035; and
 - addresses the likely need for a larger grid backbone with new interconnections beyond 2035



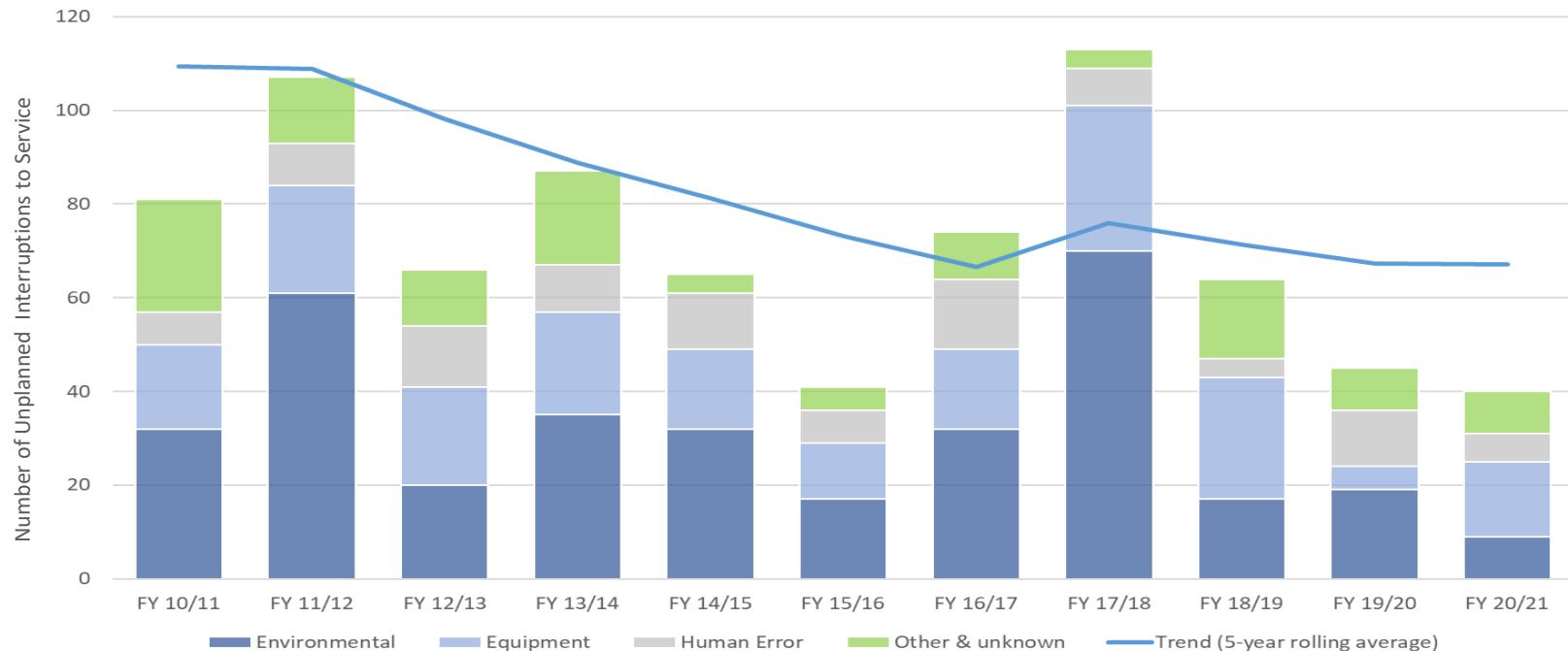
https://www.transpower.co.nz/sites/default/files/uncontrolled_docs/NZGPBrochure_6July21_final.pdf

Capital Expenditure Forecast



Source: Transpower

Improving Asset Operating Performance



- Improved asset operating performance over time a result of investments in assets and maintenance



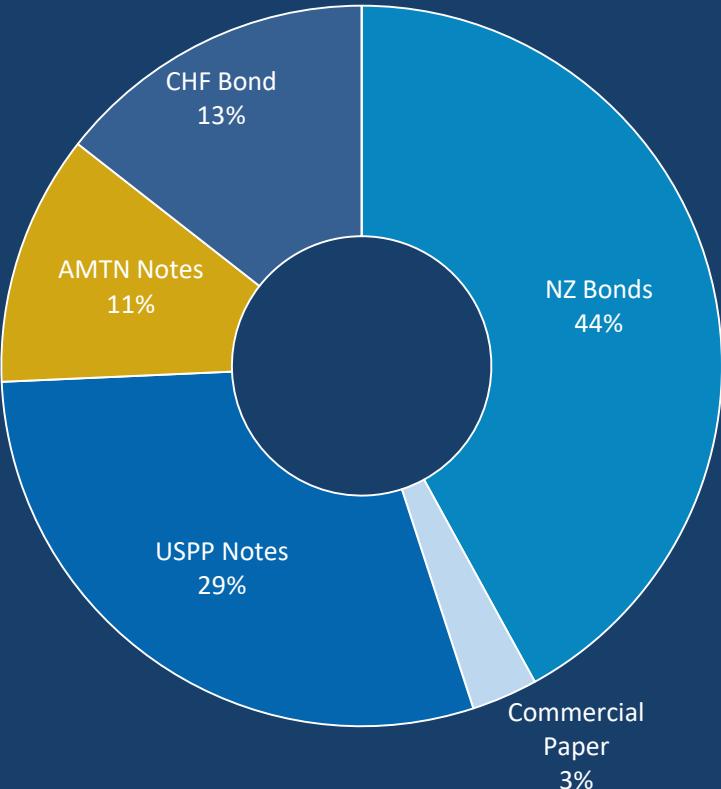
Funding

Conservative Policies/Targets

- Prudent financial policies and low financial risk
- Focused on maintaining current credit rating band, AA (S&P Global Ratings)
- Sufficient Liquidity & Funding
 - \$500 million undrawn committed standby facility¹
 - Multiple long-term and short-term funding programmes
 - Free cash flow from operations very strong
- Interest Rate
 - Interest rate risk management policies align with regulatory control periods. Transpower Treasury Policy provides for some discretion for exposure to floating interest rates

¹ Two tranches of \$250 million, maturing 7 December 2021 and 7 December 2022.

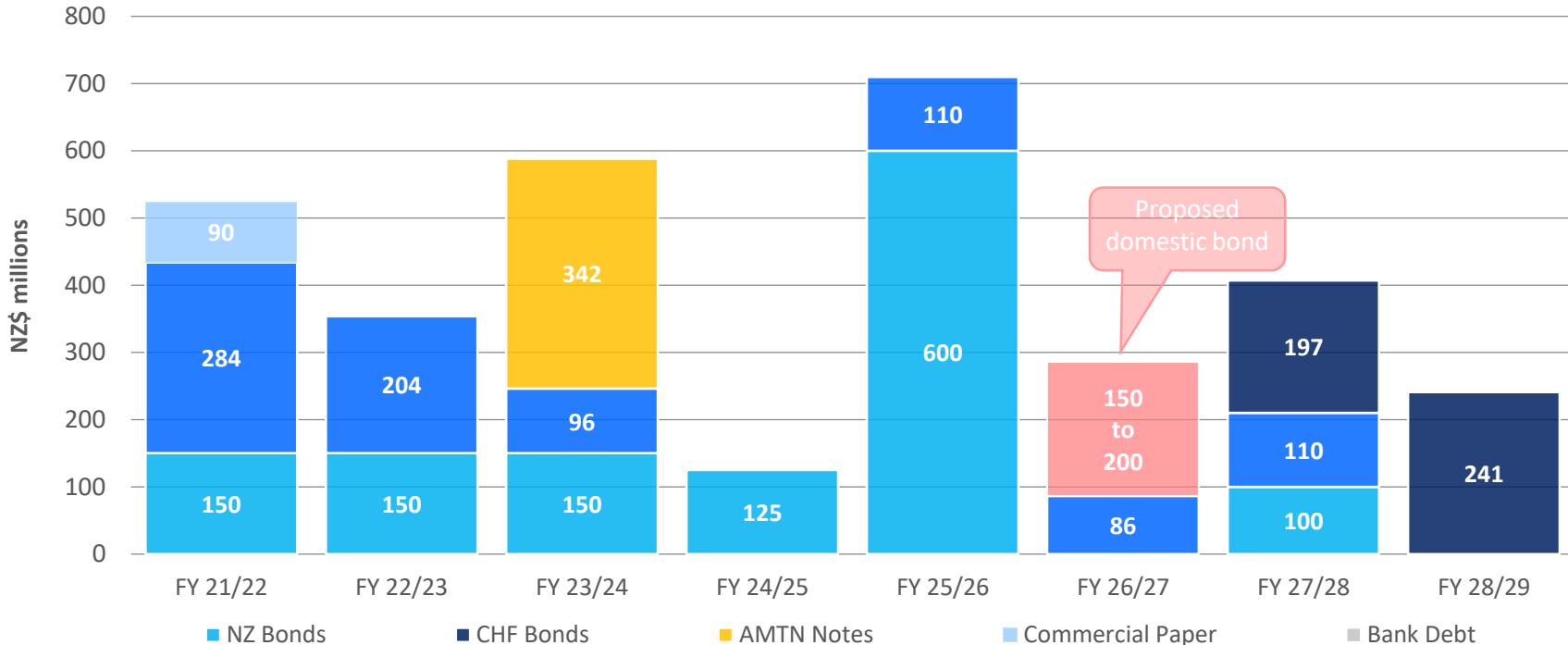
Funding



Source: Transpower, August 2021

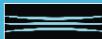
- Multiple sources of funding
- Approximately NZ\$3.1 billion debt
- Leverage of ca. 67%
- Undrawn bank facilities of NZ\$500 million

Debt Maturity Profile



Source: Transpower, August 2021

Foreign currency borrowings values are net of cross currency interest rate swaps



Bond Offer

Summary Terms and Conditions

Issuer	Transpower New Zealand Limited
Issuer Ratings	AA (stable) (S&P Global Ratings)
Expected Issue Ratings	AA (S&P Global Ratings)
Description of Bonds	Unsecured, unsubordinated debt obligations of Transpower
Maturity	8 September 2026
Issue Amount	Up to NZ\$150 million (with the ability to accept up to a further NZ\$50 million in oversubscriptions)
Interest Rate (Coupon)	The aggregate of the Base Rate on the Issue Rate Set Date and the Issue Margin
Issue Margin	The Issue Margin (which may be above or below the abovementioned indicative range) will be determined by Transpower in consultation with the Lead Manager following the bookbuild process and announced via NZX
Issue Yield	The aggregate of the Base Rate on the Issue Yield Set Date and the Issue Margin
Use of Proceeds	For general corporate purposes of the Transpower Group
Repo-eligibility	Application will be made to have the Bonds accepted by the Reserve Bank of New Zealand as eligible securities for domestic market operations
Principal Amount	NZ\$1.00 per Bond
Minimum Subscription Amount	NZ\$5,000 and thereafter in multiples of NZ\$1,000
Quotation	The Bonds will be quoted under the NZX ticker code "TRP090"
Lead Manager	Westpac Banking Corporation (ABN 33 007 457 141) acting through its New Zealand branch

Timetable

Key Transaction Dates	
Offer Opens	Tuesday, 31 August 2021
Investor Conference Call	Tuesday, 31 August 2021
Offer Close	2.00 pm, Thursday 2 September 2021
Issue Rate Set	Thursday, 2 September 2021
Issue and Allotment Date	Wednesday, 8 September 2021
Interest Payments	8 March and 8 September in each year up to and including the Maturity Date



Questions

TRANSPOWER.CO.NZ



Other Information

Investor centre	<p>https://www.transpower.co.nz/keeping-you-connected/investors</p> <ul style="list-style-type: none">• Financial statements• Annual Reports and Annual Reviews• Publications webcasts & resources• Links useful information – Statement of Corporate Intent (SCI)
NZX Debt Market (NZDX)	<p>https://www.nzx.com/companies/TRP</p>
Direct contact	<p>Gordon Davidson – Chief Financial Officer Phone: + 64 21 906 754 Email: gordon.davidson@transpower.co.nz</p> <p>Chris Sutherland - Treasurer Phone: +64 21 994 925 Email: chris.sutherland@transpower.co.nz</p> <p>22 Boulcott Street PO Box 1021, Wellington New Zealand</p>





Appendices



Key Financial Metrics – SCI Outlook

Financial performance targets	2019/20 FY Actual	2020/21 FY Actual	2021/22 Target	2022/23 Target	2023/24 Target
FFO / Interest cover (x)	3.9	6.8	5.8	5.8	5.8
FFO / Debt (%)	15.7	14.5	13.8	13.6	13.5
Debt / (Net Debt + Equity) (%)	65.5	66.8	64.7	65.2	65.7
Return on Equity (%)	10.1	7.4	8.1	7.9	7.5
Return on Capital Employed (%)	5.6	3.5	3.9	3.9	3.8

Source: Transpower's Operational and Financial Performance Report 30 June 2020 and 30 June 2021 (Actuals), Financial Statements 30 June 2021 and Statement of Corporate Intent (SCI) 1 July 2021 (Target)
<https://www.transpower.co.nz/sites/default/files/news-articles/attachments/Transpower%20Final%20202021%20SCI.pdf>

Summary Financials (continuing activities)

Financial performance (NZ\$ million)	FY June 2017	FY June 2018	FY June 2019	FY June 2020	FY June 2021
Total operating revenue	1,061	1,084	1,030	987	916
Total operating expenses	(288)	(294)	(297)	(292)	(297)
EBITDA ¹	773	791	733	695	619
Earnings Before tax	371	352	359	316	219
Net profit	266	252	258	231	158

Cash flow (NZ\$ million)	FY June 2017	FY June 2018	FY June 2019	FY June 2020	FY June 2021
Net cash from operations	522	554	514	484	476
Net cash from investments	(230)	(343)	(268)	(423)	(352)
Net cash from financing	(344)	(165)	(165)	(204)	92
Closing net cash carried forward	28	75	156	13	230

¹ Earnings Before Interest, Tax, Depreciation Amortisations and asset write-offs, Impairment and changes in Fair value of financial instruments

Source: Transpower's Audited Financial Statements

2018 results restated to be consistent with 2019 post IFRS 9 adoption. 2017 results are not restated

Summary Financials (continued)

Financial position (NZ\$ million)	FY June 2017	FY June 2018	FY June 2019	FY June 2020	FY June 2021
Total assets employed	5,598	5,749	5,932	6,116	6,163
Total liabilities	4,117	4,193	4,291	4,493	4,495
Total equity	1,481	1,556	1,641	1,623	1,668

Source: Transpower's Audited Financial Statements

Credit Rating Summary

S&P Global Ratings – Key Criteria and Assessments	
Corporate Rating:	AA / Stable
Business risk:	Excellent
<ul style="list-style-type: none">• Country risk:• Industry risk:• Competitive position:• Cash flow/Leverage:	Low Very low Strong Significant
Stand-alone credit profile:	a
Related government rating:	AA+ / Stable (foreign currency), AAA / Stable (local currency)
Likelihood of government support:	Very high (+3 notches)



Glossary/Key definitions

Crown	The New Zealand Government, or State
EA	Electricity Authority
FFO	Free Funds from Operations
FY	Financial Year
Grid	National Transmission Grid
GWh	Giga Watt hours - unit of power equal to one billion watt hours
MAR	Maximum Allowable Revenue
MW	Mega Watt - unit of power equal to one million watts
RAB	Regulated Asset Base
RCP	Regulatory Control Period
SO	System Operator
Te Mauri Hiko	Maori language name for Energy Future
TPM	Transmission Pricing Methodology
WACC	Weighted Average Cost of Capital



Pricing Supplement No. 16

Fixed Rate Bonds Due 8 September 2026

31 August 2021



This Pricing Supplement sets out the key terms of an offer by Transpower New Zealand Limited (**Transpower**) for an offer of NZ\$150,000,000 (with the ability to accept up to NZ\$50,000,000 oversubscriptions at Transpower's discretion) fixed rate bonds (**Bonds**) under its master trust deed dated 18 March 2011 (as amended and restated from time to time) as modified and supplemented by supplemental trust deed (no. 10) dated 31 August 2021 (**Supplemental Trust Deed**) entered into between Transpower and The New Zealand Guardian Trust Company Limited (**Supervisor**) (together, **Trust Documents**).

Important Notice

The offer of Bonds by Transpower 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 Pricing Supplement is an offer of Bonds that will have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Transpower's:

- NZ\$150,000,000 fixed rate bonds maturing on 30 June 2022 with an interest rate of 4.30%, which are quoted on the NZX Debt Market under the ticker code TRP030;
- NZ\$100,000,000 fixed rate bonds maturing on 16 September 2022 with an interest rate of 4.069%, which are quoted on the NZX Debt Market under the ticker code TRP040;
- NZ\$125,000,000 fixed rate bonds maturing on 6 March 2025 with an interest rate of 3.823%, which are quoted on the NZX Debt Market under the ticker code TRP050;
- NZ\$150,000,000 fixed rate bonds maturing on 14 March 2024 with an interest rate of 2.73%, which are quoted on the NZX Debt Market under the ticker code TRP060;
- NZ\$450,000,000 fixed rate bonds maturing on 4 September 2025 with an interest rate of 1.735%, which are quoted on the NZX Debt Market under the ticker code TRP070; and
- NZ\$150,000,000 fixed rate bonds maturing on 8 April 2026, with an interest rate of 1.52% which are quoted on the NZX Debt Market under the ticker code TRP080,

(together, **Quoted Bonds**). Accordingly, the Bonds are of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Transpower 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/TRP.

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

Key terms

Issuer	Transpower New Zealand Limited	
Description of Bonds	Unsecured, unsubordinated, debt obligations of Transpower	
Type of Bonds	Fixed Rate Bonds	
Purpose	The net proceeds from the issue of the Bonds are intended to be applied for the general corporate purposes of the Transpower group.	
Bonds Rating	Issuer Rating	Expected Issue Rating
	S&P Global Ratings	AA (stable)
	AA	
	<p>The rating referred to in this Pricing Supplement is not a recommendation to invest in the Bonds, and the rating may be subject to revision or withdrawal at any time by S&P Global Ratings. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. S&P Global Ratings has not been involved in the preparation of this Pricing Supplement.</p>	
Issue Amount	Up to NZ\$150,000,000 (with the ability to accept up to a further NZ\$50,000,000 oversubscriptions at Transpower's discretion).	
Interest Rate (Coupon)	<p>The aggregate of the Base Rate on the Issue Rate Set Date and the Issue Margin.</p> <p>The Interest Rate will be announced by Transpower via NZX on or shortly after the Issue Rate Set Date. The Interest Rate will not change after the Issue Rate Set Date.</p>	
Base Rate	The semi-annual 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 accordance with market convention, with reference to the Bloomberg page 'ICNZ4' (or any successor page) on the Issue Rate Set Date, rounded to the nearest three decimal places (if necessary), with 0.0005 being rounded up.	
Indicative Issue Margin	The indicative range of the Issue Margin is 0.35 to 0.40 per cent, per annum for the Bonds.	
Issue Margin	The Issue Margin (which may be above or below the abovementioned indicative range) will be determined by Transpower in consultation with the Lead Manager following a bookbuild process and announced via NZX on or shortly after the Issue Rate Set Date.	
Principal Amount	NZ\$1.00 per Bond	
Issue Price	NZ\$1.00 per Bond	
Minimum Subscription Amount and Minimum Principal Amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.	
Lead Manager	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	
Opening Date	Tuesday 31 August 2021	
Closing Date	2.00 pm on Thursday 2 September 2021	
Issue Rate Set Date	Thursday 2 September 2021	

Key Terms – continued

Issue Date and Allotment Date	Wednesday 8 September 2021
Expected date of initial quotation and trading on the NZX Debt Market	Thursday 9 September 2021
Maturity Date	Tuesday 8 September 2026
Interest Payment Dates	8 March and 8 September in each year up to and including the Maturity Date. Interest will be paid by Transpower on the Bonds on each Interest Payment Date to the bondholders as at the relevant Record Date.
First Interest Payment Date	8 March 2022
Business Day	A day (other than a Saturday or a Sunday) on which registered banks are generally open for business in Auckland and Wellington and which is also a “Business Day” within the meaning given to that term in the NZX Listing Rules. If an Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the due date for any payment to be made on that date will be the next following Business Day.
Frequency of Interest Payments	Semi-annually in arrears in two equal payments.
Quotation	Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market.
Ticker Code	NZX ticker code “TRP090” has been reserved for the Bonds.
ISIN	NZTRPD0090L7
New Zealand Registrar	Link Market Services Limited.
Applications	All of the Bonds have been reserved for clients of the Lead Manager, NZX participants, and other approved financial intermediaries and will be allocated to those persons by Transpower in consultation with the Lead Manager. There is no public pool for the offer. Accordingly, retail investors should contact the Lead Manager or their financial adviser for details of the application process for Bonds. In respect of any oversubscriptions or generally, any allotment of Bonds will be at Transpower’s discretion, in consultation with the Lead Manager. Transpower reserves the right to refuse all or any part of an application without giving any reason. 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 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.
Early Repayment	After the occurrence of an event of default (as set out in the Trust Documents) in respect of the Bonds which is continuing unremedied, the Supervisor may, and must immediately upon being directed to do so by an extraordinary resolution (as defined under the Trust Documents) of bondholders of this series, declare the Principal Amount of the Bonds, together with accrued interest on the Bonds, to be immediately due and payable. If the Bonds are declared due and payable on a date prior to the Maturity Date, interest will be payable at the Interest Rate from the most recent Interest Payment Date to and excluding that date.

Key Terms – continued

Further Issues	Transpower may from time to time without the consent of the bondholders issue further bonds so as to form a single class with the Bonds. Transpower may also undertake further borrowings or offers of debt securities, without bondholder consent, on such terms and conditions as Transpower may from time to time determine, and while any Bonds remain outstanding.
Repo-eligibility	Transpower intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for domestic market operations.
Selling Restrictions	The selling restrictions set out in the schedule to this Pricing Supplement apply.
No Crown Guarantee	No obligation of Transpower under or in respect of the Bonds is guaranteed by Her Majesty the Queen in right of New Zealand.
Governing Law	New Zealand

The dates and times set out in this Pricing Supplement are indicative only and are subject to change. Transpower 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 extended, subsequent dates may be extended accordingly.

The Supervisor accepts no responsibility for the information contained in this Pricing Supplement.

Any internet site addresses provided in this Pricing Supplement 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 Pricing Supplement.

Copies of the Trust Documents will be made available by Transpower for inspection by any bondholder at the office of Transpower at the address below during usual business hours (or such office as Transpower may notify the bondholders from time to time). Copies can also be found on Transpower's website at www.transpower.co.nz/investors/investor-information.

Investors are personally responsible for ensuring compliance with all relevant laws and regulations applicable to them (including any required registrations). Investors should seek qualified independent financial and taxation advice before deciding to invest.

Singapore Securities and Futures Act Product Classification: Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) as modified or amended from time to time (the **SFA**), Transpower has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Bonds are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Address details

Issuer	Lead Manager	Registrar
Transpower New Zealand Limited 22 Boulcott Street PO Box 1021 Wellington 6011	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) PO Box 934 Auckland 1010	Link Market Services Limited PO Box 91976 Auckland 1142

Schedule – Selling Restrictions

Part A - Initial Selling Restrictions

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. In respect of the initial offer of Bonds by Transpower under this Pricing Supplement (**Initial Offer**), no 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 set out below in this Part A. This Pricing Supplement may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions set out below in this Part A. For the avoidance of doubt, the selling restrictions set out below in this Part A apply only in respect of the Initial Offer.

United States of America

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the **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 Transpower, the 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 Bonds, and each of Transpower and the Lead Manager has complied and will comply with the offering restrictions requirements of Regulation S.

The 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 Bonds of the Tranche of which such Bonds are part, as determined and certified by the Lead Manager, except in accordance with Rule 903 of Regulation S. Any 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 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 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 Bonds or the Tranche of which those Bonds are a part, an offer or sale of the Bonds within the United States by any 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.

United Kingdom

No Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such 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 Lead Manager 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 Bonds shall require the Issuer or the Lead Manager 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 Bonds to the public** in relation to any Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the 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 Bonds in circumstances in which section 21(1) of the FSMA applies to Transpower.

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

Member States of the European Economic Area

In relation to each Member State of the European Economic Area, no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Pricing Supplement in relation thereto to the public in that Member State except that an offer of 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 Lead Manager 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 Bonds shall require Transpower or the Lead Manager 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 Bonds to the public** in relation to any 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 Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression **EU Prospectus Regulation** means Regulation (EU) 2017/1129 (as amended or superseded) and includes any relevant implementing measure in each Member State.

Japan

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

No more than 49 offerees in aggregate in Japan will be offered the Bonds by the Lead Manager.

Singapore

This Pricing Supplement has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Pricing Supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the 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 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 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)(i)(B) of the SFA;
 - (2) where no consideration is or will be given for the transfer;
 - (3) where the transfer is by operation of law;
 - (4) as specified in Section 276(7) of the SFA; or
 - (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Hong Kong

No 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 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 Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to **professional investors** as defined in the SFO and any rules made under the SFO.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (**Corporations Act**)) in relation to the Bonds (including this Pricing Supplement) 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 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 Pricing Supplement, information memorandum, prospectus or any other offering material or advertisement relating to the 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 Part 7.9 of the Corporations Act;
- (ii) the offer or invitation is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws, regulations and directives; and
- (iv) such action does not require any document to be lodged with, or registered by, ASIC or any other regulatory authority in Australia.

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

- (a) will be deemed by the Issuer and the Lead Manager to have acknowledged that if any Investor on-sells the 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 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 the Issuer and the Lead Manager to have undertaken not to sell those 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 Bonds.

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

Switzerland

This Pricing Supplement is not intended to constitute an offer or solicitation to purchase or invest in the Bonds. The Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Pricing Supplement nor any other offering or marketing material relating to the Bonds constitutes a prospectus pursuant to the FinSA, and neither this Pricing Supplement nor any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

The Bonds do not constitute collective investments within the meaning of the CISA. Accordingly, holders of the Bonds do not benefit from protection under the CISA or from the supervision of the Swiss Financial Market Supervisory Authority. Investors are exposed to the default risk of the Issuer.

Canada

This document constitutes an “exempt offering document” as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Bonds. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Bonds and any representation to the contrary is an offence.

Transpower is not a “reporting issuer” in Canada (as such term is defined in Canadian securities laws) and is not, and may never be, a reporting issuer in any province or territory of Canada and there currently is no public market in Canada for any of the Bonds, and one may never develop.

Certain of the underwriters and/or dealers acting on behalf of Transpower may provide commercial banking, financial advisory and/or investment banking services to Transpower and its affiliates, from time to time, for which they may receive customary fees and expenses. To the extent that such services have been provided, a portion of the net proceeds from the Initial Offering may be used, in whole or in part, to repay indebtedness to such underwriters and/or dealers. Accordingly, Transpower may be considered to be a “connected issuer” and/or “related issuer” of the underwriters and/or dealers as such terms are defined in National Instrument 33-105 Underwriting Conflicts.

Resale Restrictions

The offer and sale of the Bonds in Canada is being made on a private placement basis only and is exempt from the requirement that the issuer prepares and files a prospectus under applicable Canadian securities laws. Any resale of Bonds acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Bonds outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases the Bonds will be deemed to have represented to Transpower and any underwriters and/or dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an “accredited investor” as such term is defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario); and (iii) is a “permitted client” as such term is defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Rights of Action for Damages or Rescission

If, in connection with a distribution of an eligible foreign security as defined in Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* and in Multilateral Instrument 45-107 *Listing Representation and Statutory Rights of Action Disclosure Exemptions*, Transpower, or any underwriter and/or dealer acting on behalf of Transpower, delivers to a Canadian investor an offering document that constitutes an offering memorandum under applicable securities laws in Canada, such Canadian investor may have, depending on the province or territory of Canada in which the trade was made to the Canadian investor, remedies for rescission or damages if the offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the Canadian investor within the time limit prescribed by the securities legislation of the Canadian investor’s province or territory. Canadian investors should refer to any applicable provisions of the securities legislation of the applicable province or territory for the particulars of these rights or consult with a legal advisor.

Post-Trade Reporting

The offer and sale of the Bonds in Canada will require that Transpower complete and file a *Form 45-106F1 Report of Exempt Distribution (Form 45-106F1)* with the securities regulatory authority or regulator in each jurisdiction of Canada where a distribution of the Bonds is made. Schedule 1 of Form 45-106F1 requires certain information pertaining to each Canadian investor to be disclosed (including the investor's name, address, telephone number, email address, if provided, and the number and type of securities purchased, the total purchase price paid for such securities, the date of the purchase and specific details of the prospectus exemption relied upon under applicable securities laws to complete such purchase, including how the purchaser qualifies for such exemption). Each Canadian investor who purchases the Bonds agrees to provide Transpower with any information required to be included in Form 45-106F1 in connection with the sale of the Bonds in Canada. Further, each Canadian investor acknowledges that (i) its name, address, telephone number and other specified information, including the number of Bonds it has purchased and the aggregate purchase price paid by the investor, may be disclosed to the applicable Canadian securities regulatory authorities or regulators and may become available to the public in accordance with the requirements of applicable Canadian laws, (ii) the information is being collected indirectly by the securities regulatory authority or regulator under the authority granted to it under the securities legislation of the applicable jurisdiction, (iii) the collection of the information is for the purposes of the administration and enforcement, and (iv) the contact information for the public officer in each jurisdiction of Canada who can answer questions about the regulators' indirect collection of information may be found in Form 45-106F1. By purchasing the Bonds, the Canadian investor has authorized the indirect collection of the information by the applicable securities regulatory authority or regulator in Canada and consents to the disclosure of such information.

Part B - General Selling Restrictions

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No 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. This Pricing Supplement 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. For the avoidance of doubt, this paragraph applies to initial and subsequent sales.

Indemnity

By its subscription for or a purchase of the Bonds, each bondholder agrees to indemnify Transpower, the Lead Manager and the Supervisor and each of their respective directors, officers and employees for any expense, loss, cost, liability or expenses sustained or incurred by Transpower, the Lead Manager or the Supervisor, as the case may be, as a result of the breach by that bondholder of the selling restrictions set out above.