



TRANSPower

DOMESTIC GREEN BOND OFFER

Investor Presentation

September 2022



Important Information

Transpower New Zealand Limited (Issuer or Transpower) is offering up to NZ\$150,000,000 fixed rate green bonds (with the ability to accept up to NZ\$50,000,000 oversubscriptions at Transpower's discretion) due 16 September 2027 (Green Bonds) in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA).

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

NZ\$100,000,000 fixed rate green 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 green 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 green 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 green 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;

NZ\$150,000,000 fixed rate green 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; and

NZ\$200,000,000 fixed rate green bonds maturing on 8 September 2026 with a fixed interest rate of 2.047%, which are currently quoted on the NZX Debt Market under the ticker code TRP090, (together, Quoted Green Bonds).

Accordingly, the Green Bonds are of the same class as the Quoted Green 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 Green Bonds referred to above to find out how the market assesses the returns and risk premium for those green bonds.

The Green Bonds will be debt securities and will constitute unsecured, unsubordinated debt obligations of the Issuer. The Green 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 Green Bonds is guaranteed by the Crown or any other person.



Disclaimer

This presentation does not constitute a recommendation by the Issuer, Bank of New Zealand (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 Green 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 2022/2023 and the audited Financial Statements for the year ended 30 June 2022.

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.

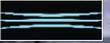
The presentation outlines a number of Transpower's forward-looking plans and projections. Those plans and projections reflect current expectations, but are inherently subject to risk and uncertainty, and may change at any time. There is no assurance that those plans will be implemented or that projections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

Pricing supplement [No. 18, dated 7 September 2022] (Pricing Supplement) has been prepared in respect of the offer of the Green Bonds. The Pricing Supplement is an important document and should be read carefully. Investors should not purchase the Green Bonds until they have read the Pricing Supplement. Investors should consider the risks that are associated with an investment in the Green 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 Green 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 Green 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
- > Sustainability
- > Green Financing Framework
- > Industry & Regulation
- > Capital Expenditure
- > Funding
- > Bond Offer
- > Questions



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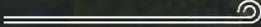
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Transpower Investment Highlights

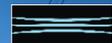
- Strong investment grade profile – AA (stable) by S&P Global Ratings
- Green Financing Framework - Certified Climate Bond
- A focus on sustainability / enabling renewable generation
- Stable, regulated cash flow
- Prudent financial risk management
- Crown ownership
- Essential national utility / high barriers to entry
- Experienced governance and management team
- Low counterparty risk / enforceable requirement to pay





Company Overview





Company Overview

- 100% Crown-owned¹
- Rated AA (stable) by S&P Global Ratings
- Central to the New Zealand electricity industry
 - Owner and operator of the National Grid
 - System Operator
- No volume risk
- Highly regulated
 - Low volatility in underlying earnings
 - Stable regulatory regime
- Impact from COVID-19 ongoing. Global supply chain risks remain elevated with access to strategic stock and specialist capabilities an ongoing challenge

¹ The Crown (State) does not guarantee bonds issued by Transpower



Transmission Network

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



Source: Transpower’s Audited Financial Statements 30 June 2022 and
 Transpower’s Transmission Planning Report 2021
<https://www.transpower.co.nz/resources/transmission-planning-report-2021>



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%



Financial Performance

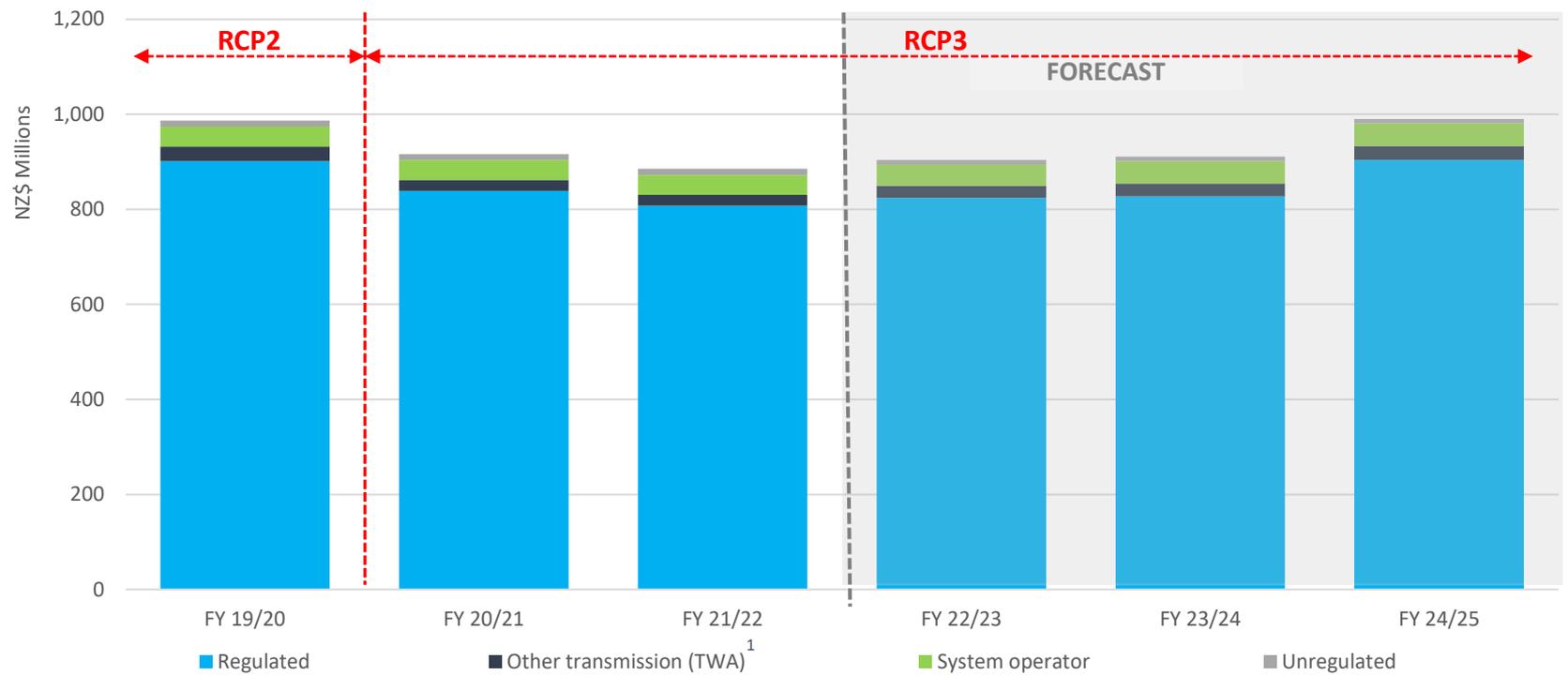
	Total Revenue				OPEX				EBITDAIF ¹			
	2022	\$M	2021	% Δ	2022	\$M	2021	% Δ	2022	\$M	2021	% Δ
FY	885.2	↓	916.2	(3.4)	(311.1)	↑	(299.5)	3.9	574.1	↓	616.7	(6.9)
	Depreciation, Amortisation				Net Finance Costs				Net Profit			
	2022	\$M	2021	% Δ	2022	\$M	2021	% Δ	2022	\$M	2021	% Δ
FY	(291.1)	↓	(351.1)	17.1	(86.2)	↑	(85.8)	(0.5)	166.6	↑	155.6	7.1

Revenue, EBITDAIF and Depreciation prior year comparatives include a one off Transpower Works Agreement (TWA) for ca. \$34 million. Normalising for the one off item, current FY financial results are in line with the comparative figures.

Source: Transpower's Audited Financial Statements 30 June 2022

¹ Earnings Before Interest, Tax, Depreciation, Amortisation, Asset write-off, Impairment and Fair Value movements

Forecast Revenue



¹ Transpower Works Agreement (Customer Investment Contracts)

Source: Transpower





Sustainability

Sustainability Focus

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

Transpower is committed to:

- Annual greenhouse gas emissions inventory reporting and assurance
- Sustainability reporting under the Environment, Social and Governance (ESG) reporting framework
- Disclose exposures to climate-related risks in accordance with the New Zealand XRB Climate Standards in 2024

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 commit 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>



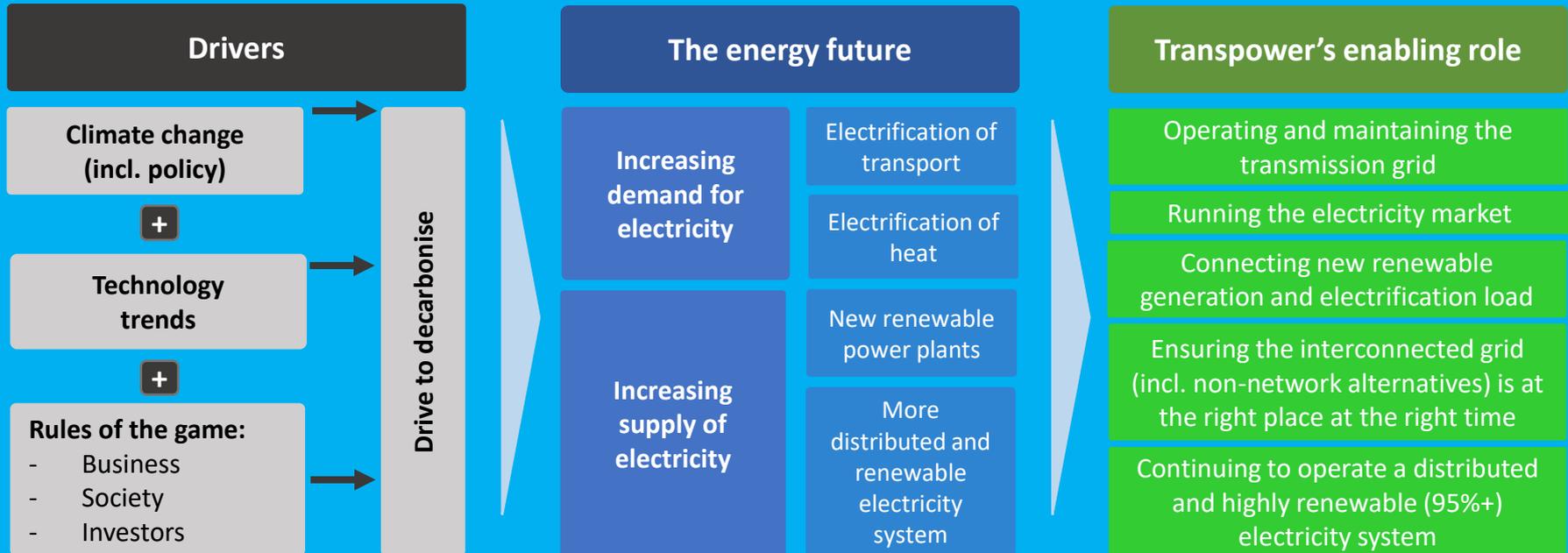
Transpower's Central Role in Decarbonisation

- Transpower has three key roles to enable the electrification of load and renewable generation required to meet New Zealand's climate change commitments
 1. To connect new electrification load and renewable generation to the grid
 2. To ensure that the core, interconnected grid stays ahead of the game and these new connections can be accommodated
 3. To operate a highly renewable and more distributed power system in real-time



Electricity Transmission – Enabling Infrastructure

- Electrification and renewable generation will play a critical role in decarbonisation
- Growth and enabling implications for electricity transmission





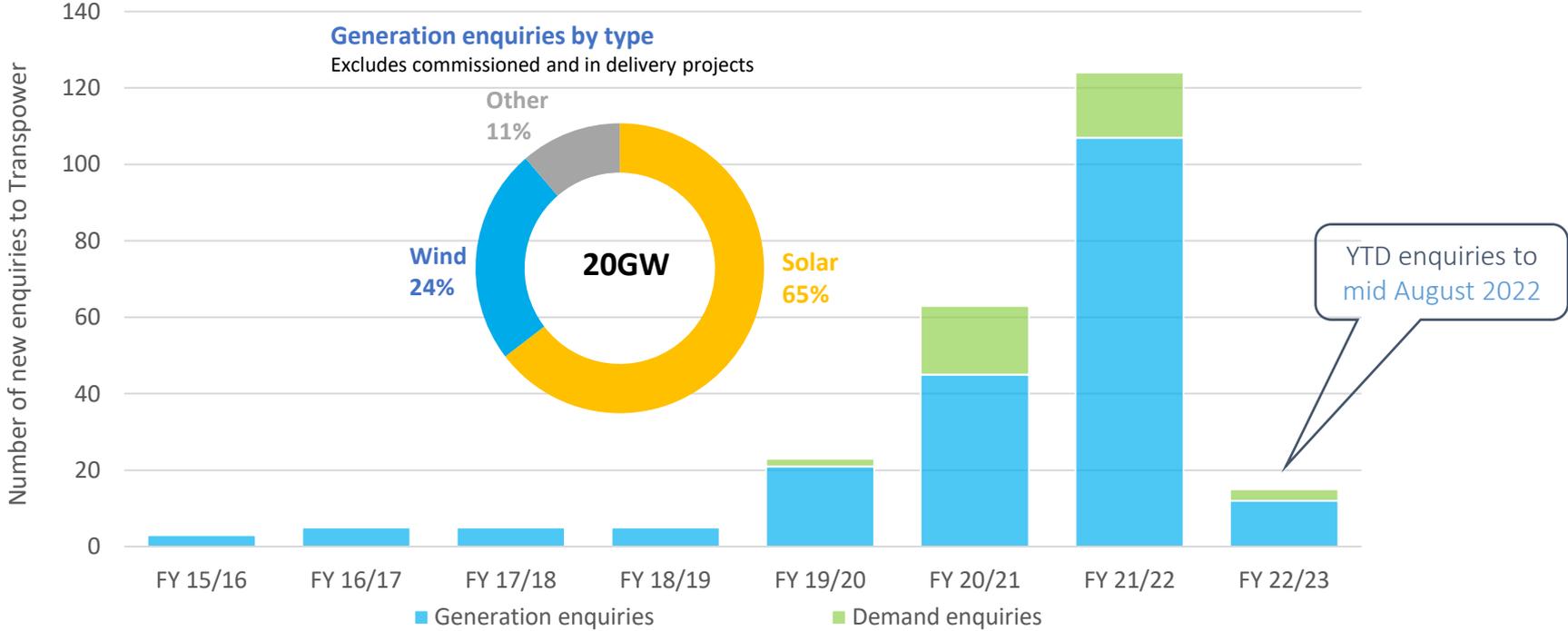
Accelerating Electrification

- Utility scale generation interest is high in anticipation of growing electrification
- New connection enquiries increasing - utility scale solar generation making up 65% and wind generation 24% of generation connection enquiries
- Driven by:
 - Solar generation faster to build than traditional thermal generation
 - Declining cost, improvements in technology and consenting
 - Increased new entrants primarily international based solar farm developers
 - Policies encouraging increased electrification and renewable energy
- Approximately 20GW of interest for new generation projects¹

¹ Not all enquiries convert to connection but we expect a step change in connections



Connection Enquiries



An aerial photograph of a town at dusk, with lights glowing from the buildings and streets. The town is situated on a hillside overlooking a large body of water, possibly a lake or bay, with mountains in the background. A large, stylized circular graphic composed of many thin, concentric lines is overlaid on the scene, framing the town and water. The sky is a deep blue, and the overall atmosphere is serene and scenic.

Green Financing Framework



Green Financing Framework (Framework)

- Launched on 4 May 2022, recognising Transpower's leading role in enabling a net zero carbon transmission grid
- Programmatic certification under the global Climate Bonds Standard
- Transpower is the first transmission grid globally to achieve certification under the newly published Electrical Grids and Storage criteria¹
- The Green Finance Programme covers both existing and future issuances of Transpower's Green Financing Instruments, the net proceeds of which will be allocated to finance or refinance Eligible Green Assets – Transpower's transmission lines and substations, key enabling infrastructure

¹ [Climate Bonds Initiative: Electrical Grids and Storage Criteria](#)





Green Financing Framework (continued)

- In assessing compliance with the Electrical Grids and Storage criteria, Transpower identifies new generation capacity added to the electrical system over a rolling five year period, along with a calculation of capacity of new generation below the generation threshold of 100g CO₂e/kWh to total new generation capacity

Instruments included under Framework:

- Commercial paper
- Bank facilities
- Retailable bonds
- Wholesale bonds
- Floating Rate Notes
- Offshore Bonds and notes

Eligible Green Assets included under Framework:

- HVAC Transmission Lines
- HVDC Transmission Lines
- HVAC Substations
- HVDC Substations



Climate Bonds Initiative - Eligibility Criteria

- Two components to achieve the criteria:
 - The Mitigation component

“More than 67% of newly connected generation capacity in the System in which the infrastructure is located below the generation threshold value of 100gCO₂e/kWh measured on a PCF basis, over a rolling five-year period”

Period	< 100g CO ₂ e/kWh	> 100g CO ₂ e/kWh	Total	Percentage
2021 Rolling 5-year average new capacity	427.4	107.0	534.4	80%

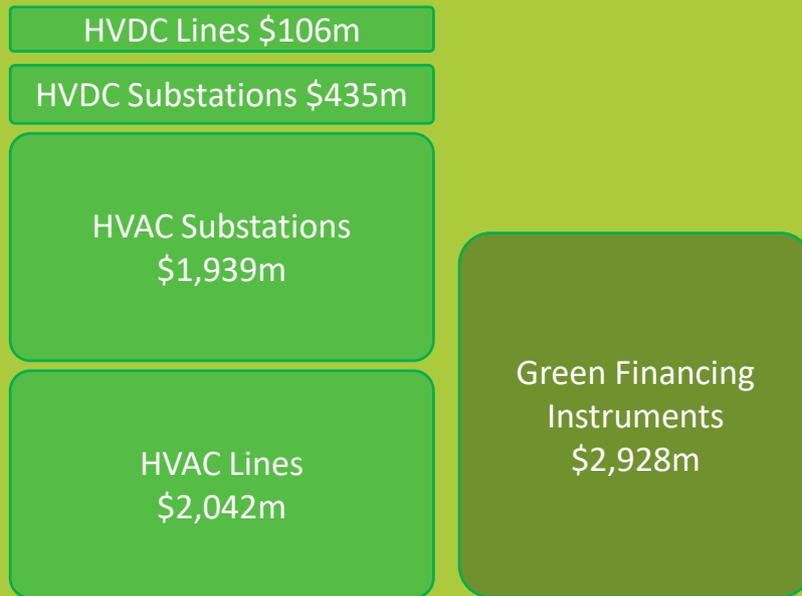
- The Adaptation & Resilience component

“Has the issuer fulfilled the requirements of the Adaptation and Resilience checklist?”



Eligible Green Assets and Green Financing Instruments

Transpower (NZ\$ million)	FY 2022
Total assets employed	6,053
Eligible Green Assets	4,522
Green Financing Instruments	2,928
Excess Eligible Green Assets	1,594
Ratio Green Financing Instruments / Eligible Green Assets	65%



Source: Transpower's Audited Full Year Financial Statements 30 June 2022

Green Financing Framework

Use of Proceeds	Transpower notionally allocates the net proceeds of its Green Financing Instruments or Green Bonds to finance or refinance, new or existing electrical grid related assets and projects that meet the eligibility criteria set out in the Framework (Eligible Green Assets)
Evaluation and Selection	Transpower’s Green Financing Committee (Committee) will oversee processes described in the Framework to ensure that Eligible Green Assets are properly identified and assessed to ensure compliance with the Framework ¹ and the Climate Bonds Standard. The Committee consists of representatives from Treasury, Finance, Risk & Assurance, Strategy, Sustainability and Legal
Management of Proceeds	Transpower will maintain a register of the book value of Eligible Green Assets and book value of Green Financing Instruments
Reporting and Verification	Transpower will report on the allocation of net proceeds of Green Financing Instruments to the Eligible Green Assets and on relevant environmental impact metrics at least annually Ernst & Young has provided an independent limited assurance report at the time Transpower launched its Green Financing Framework ²

¹ [Green Financing Framework | Transpower](#)

² [Ernst and Young - Transpower Assurance Statement](#)



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 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
- The Commerce Commission is reviewing the Input Methodologies as part of regular cycle of review in 2023
- Building block model determined Maximum Allowed Revenue (MAR)
 - Regulated cost recovery for all approved operating costs
 - Regulated transmission assets receive a WACC return
- Revenue cap - no volume risk
- 100% of regulated transmission charges recovered across all regulated customers
- Financial incentives apply to over/under performance on quality and expenditure
- Transpower's post tax WACC in RCP3 - the five year period from 2020 to 2025, is 4.23%
- System Operator Service Provider Agreement - ca. 4% of total revenue





Industry Developments

- Transition towards more renewable generation with connection and security of supply considerations
- Overall energy efficiency and energy intensity improving, offset by recent increase in residential demand growth
- Process heat decarbonisation building momentum through support of the Government Investment in Decarbonising Industry fund (GIDI)
- Electric vehicle numbers have been boosted by recent transport policy and funding, and are expected to continue rising
- Capability to meet energy demand and peak demand is generally sufficient today but recent events highlight potential future issues
- Battery technology and flexible demand providing solutions to meet peak demand and support system reliability

Source: WITMH Monitoring Report - March 22





Transmission Pricing Methodology

- Methodology by which Transpower's revenue is apportioned among transmission customers
- On 12 April 2022, the Electricity Authority announced its decision to adopt a new TPM
- Transpower is now working to implement the new TPM to come into effect from 1 April 2023
- It will not change Transpower's business plan assumptions or total revenue, it only changes customer allocation of Transpower's transmission charges





Capital Expenditure





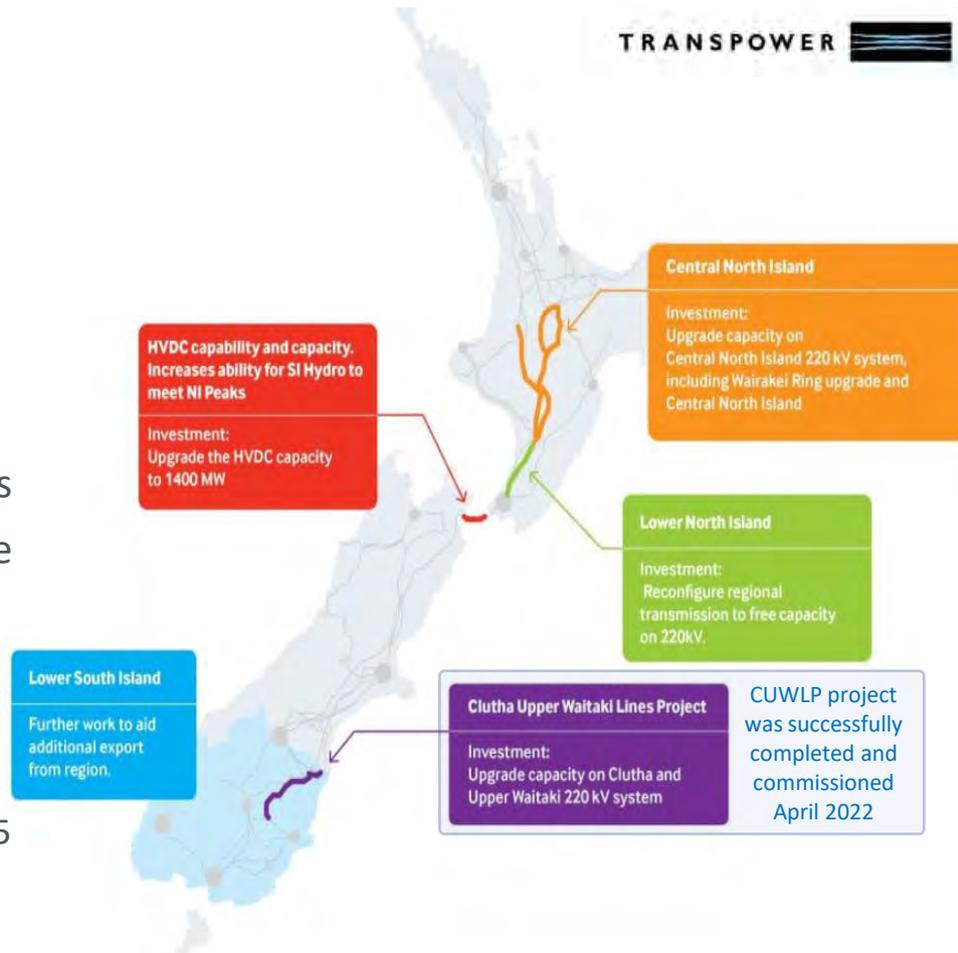
Capital Projects

- Focus on matching investment to need over time
- Growing asset base with capex spend exceeding depreciation
- Growing capex forecast over RCP4 and RCP5
- Most investment in transmission assets is recovered through regulated revenues approved by the Commerce Commission
- Some investment directly recovered through bilateral contracts with customers
- Major Capital Projects (MCP - projects greater than \$20 million) are subject to Commerce Commission approval and can be made independent of RCP's



Net Zero Grid Pathways

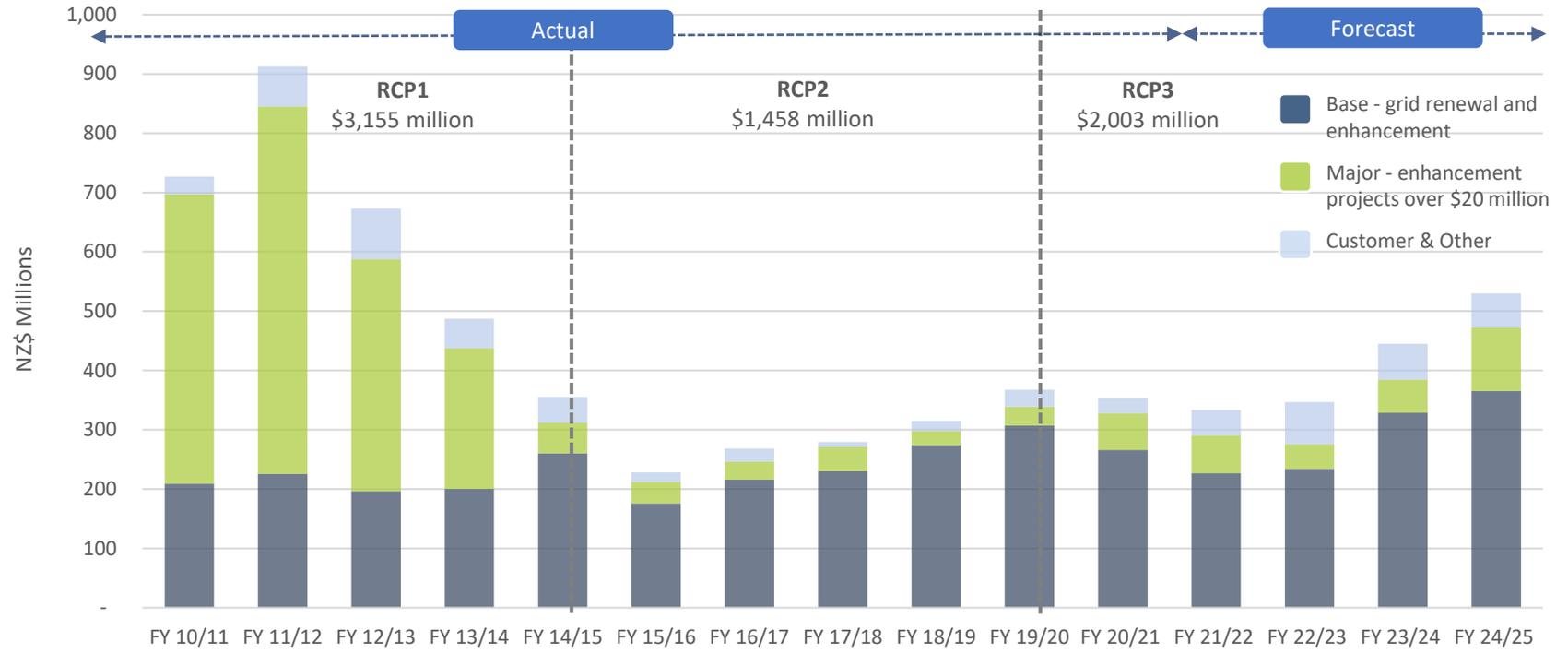
- Net Zero Grid Pathways covers Transpower’s investments on the backbone of the electricity transmission grid
- Investments of ca. \$1.1 billion will enable the electrification of the economy and assist with meeting New Zealand’s decarbonisation targets
- First MCP planned for submission to Commerce Commission by end of 2022
- Two phases
 - Enhance the existing grid backbone to 2035; and
 - Addresses the likely need for a larger grid backbone with new interconnections beyond 2035



Net Zero Grid Pathways - July 2021



Capital Expenditure Forecast



Source: Transpower





Funding

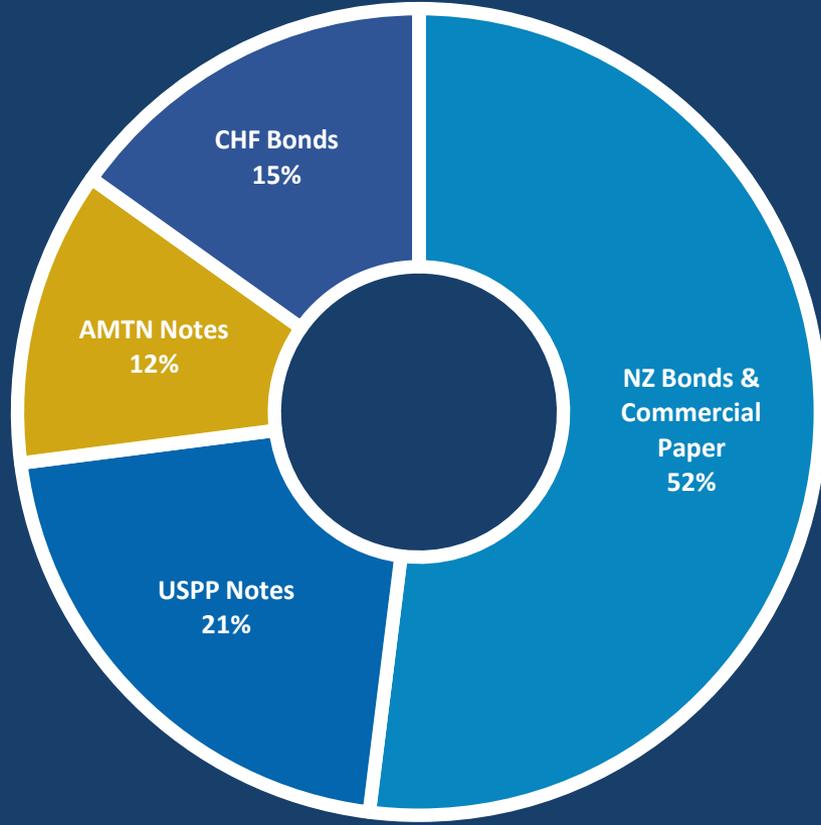
Conservative Policies/Targets

- 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 2022 and 7 December 2023 refinanced prior to maturity.



Funding

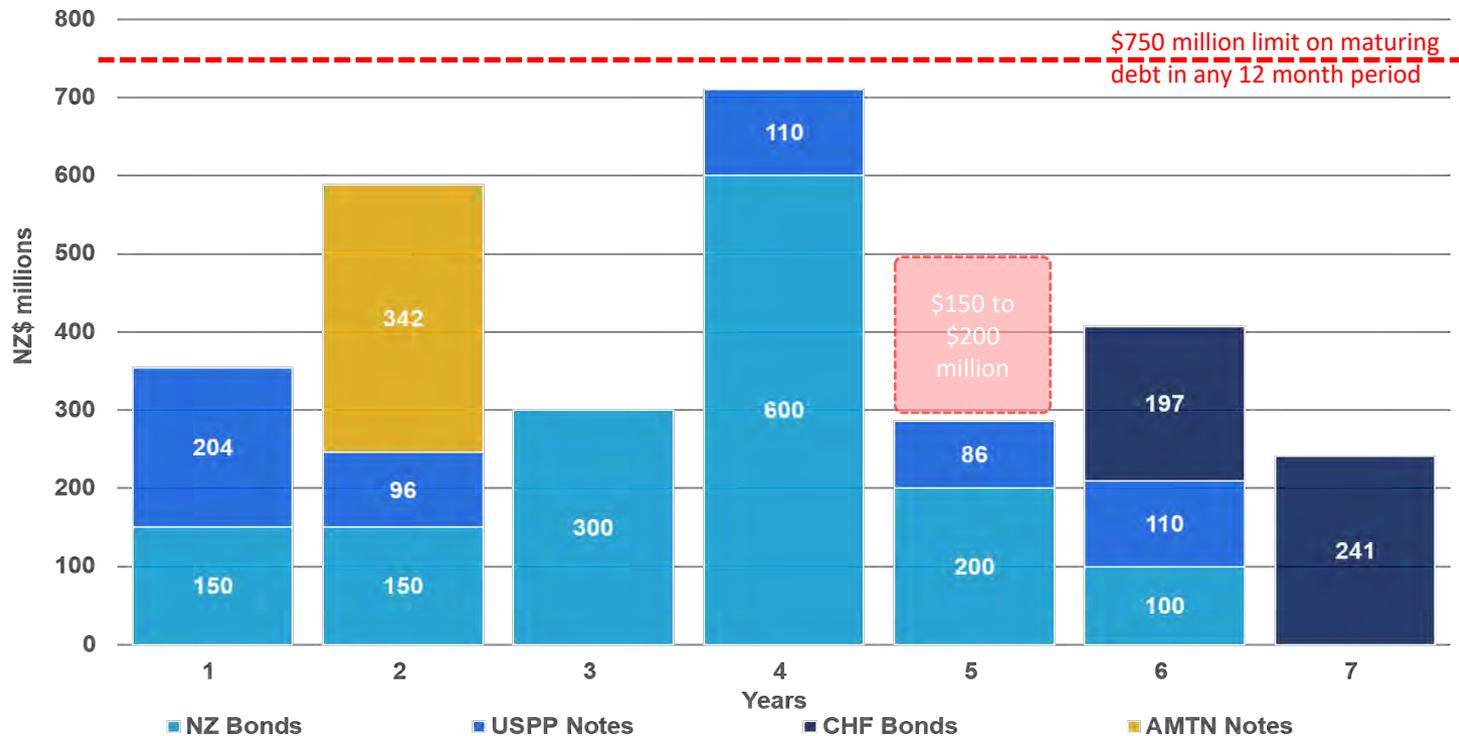


- Multiple sources of funding
- Approximately NZ\$3 billion drawn debt as at June 2022
- Leverage of ca. 62%
- Undrawn bank facilities of NZ\$500 million

Source: Transpower, Transpower Audited Financial Statements, as at 30 June 2022



Term Debt Maturity Profile



Source: Transpower Audited Financial Statements, 30 June 2022



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	16 September 2027
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 “TRP100”
Lead Manager	Bank of New Zealand



Timetable

Key Transaction Dates	
Offer Opens	Wednesday, 7 September 2022
Investor Conference Call	Thursday, 8 September 2022
Offer Close	1.00 pm, Friday 9 September 2022
Issue Rate Set	Friday, 9 September 2022
Issue and Allotment Date	Friday, 16 September 2022
Interest Payments	16 March and 16 September in each year up to and including the Maturity Date





Questions

[TRANSPower.CO.NZ](https://www.transpower.co.nz)



Other Information

<p>Investor centre</p>	<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)
<p>NZX Debt Market (NZDX)</p>	<p>https://www.nzx.com/companies/TRP</p>
<p>Direct contact</p>	<p>Catherine Shaw - Chief Financial Officer Phone: +64 21 644 107 Email: catherine.shaw@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	2021/22 FY Actual	2022/23 Target	2023/24 Target	2024/25 Target
FFO / Interest cover (x)	6.2	5.2	4.8	5.1
FFO / Debt (%)	14.7	13.9	12.8	13.8
Debt / (Net Debt + Equity) (%)	62.3	63.7	64.8	65.4
Return on Equity (%)	8.1	6.1	6.4	9.1
Return on Capital Employed (%)	3.8	3.5	3.6	4.5

Source: Transpower's Operational and Financial Performance Report 30 June 2022, Financial Statements 30 June 2022 (Actuals) and Statement of Corporate Intent (SCI) 1 July 2022 (Target)



Summary Financials (continuing activities)

Financial performance (NZ\$ million)	FY June 2018	FY June 2019	FY June 2020	FY June 2021	FY June 2022
Total operating revenue	1,084	1,030	987	916	885
Total operating expenses	(294)	(297)	(292)	(300)	(311)
EBITDAIF ¹	791	733	695	617	574
Earnings Before tax	352	359	316	217	231
Net profit	252	258	231	156	167

Cash flow (NZ\$ million)	FY June 2018	FY June 2019	FY June 2020	FY June 2021	FY June 2022
Net cash from operations	554	514	484	474	485
Net cash from investments	(343)	(268)	(423)	(350)	(279)
Net cash from financing	(165)	(165)	(204)	92	(378)
Closing net cash carried forward	75	156	13	230	58

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.

Summary Financials (continued)

Financial position (NZ\$ million)	FY June 2018	FY June 2019	FY June 2020	FY June 2021	FY June 2022
Total assets employed	5,749	5,932	6,116	6,158	6,055
Total liabilities	4,193	4,291	4,493	4,495	4,196
Total equity	1,556	1,641	1,623	1,663	1,859

Source: Transpower's Audited Full Year Financial Statements and Unaudited Half Year 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:	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
WiTMH - Whakamana i Te Mauri Hiko	Māori language name for Powering the Energy Future
TPM	Transmission Pricing Methodology
WACC	Weighted Average Cost of Capital



Pricing Supplement No. 18

Fixed Rate Green Bonds Due 16 September 2027

7 September 2022

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 Green Bonds (**Green 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. 12) dated 7 September 2022 (**Supplemental Trust Deed**) entered into between Transpower and The New Zealand Guardian Trust Company Limited (Supervisor) (together, **Trust Documents**).

Important Notice

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

- NZ\$100,000,000 fixed rate green 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;
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(together, **Quoted Green Bonds**). Accordingly, the Green Bonds are of the same class as the Quoted Green Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

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

Key Terms

Issuer	Transpower New Zealand Limited		
Description of Green Bonds	Unsecured, unsubordinated, debt obligations of Transpower		
Type of Green Bonds	Fixed Rate Green Bonds		
Credit 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 Green 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 Green Bonds. S&P Global Ratings has not been involved in the preparation of this Pricing Supplement.</p>		
Use of Green Bond Proceeds	<p>In accordance with Transpower's Green Financing Framework dated April 2022 (as amended from time to time) (Green Financing Framework), Transpower intends to notionally allocate an amount equal to the net proceeds of the Green Bonds to finance or refinance, in whole or in part, new or existing electrical grid related assets and projects that meet the eligibility criteria set out in the Green Financing Framework (Eligible Green Assets). Consistent with this, Transpower will apply the net proceeds of this offer for its general corporate purposes.</p> <p>In accordance with the Green Financing Framework, Transpower intends to:</p> <ul style="list-style-type: none"> - maintain a total investment exposure to Eligible Green Assets that is at least equal to the aggregate net proceeds of all its outstanding green financing instruments (including the Green Bonds issued under this offer); and - maintain a register that outlines (among other things) the allocation of net proceeds from green financing instruments (including the Green Bonds issued under this offer) to Eligible Green Assets, which will be monitored by its Green Financing Committee and reported annually. <p>As at 30 June 2022, Transpower has a total investment exposure to Eligible Green Assets of \$4,522 million and aggregate outstanding green financing instruments of \$2,928 million.</p> <p>A copy of the Green Financing Framework is available on Transpower's website at https://www.transpower.co.nz/investors/investor-information/green-financing-framework</p>		

Key Terms – continued

Alignment with the Climate Bonds Standard	<p>In accordance with the Green Financing Framework, Transpower has processes in place to identify and evaluate its Eligible Green Assets and manage the allocation of the net proceeds of the green financing instruments, including the Green Bonds issued under this Offer, in accordance with the Climate Bonds Standard, currently version 3.0, implemented by the Climate Bonds Initiative (CBI). A copy of the Climate Bonds Standard at the date of this Pricing Supplement is available at: https://www.climatebonds.net/climate-bonds-standard-v3</p> <p>Transpower has obtained programmatic certification of its green financing instruments (including the Green Bonds issued under this offer) from the CBI. As part of this programmatic certification, Transpower will obtain post-issuance independent verification on an annual basis (following Transpower’s financial year end) of all green financing instruments issued under the Green Financing Framework (including the Green Bonds issued under this offer).</p> <p>Prior to Transpower’s initial issuance of Green Bonds, Ernst & Young Limited (EY) provided a pre-issuance limited assurance report dated 26 April 2022 to Transpower on the alignment of the Green Financing Framework, Eligible Green Assets and its green financing instruments to the Climate Bonds Standard.</p> <p>Copies of the CBI programmatic certification and EY’s limited assurance report are available on Transpower’s website at https://www.transpower.co.nz/investors/investor-information/green-financing-framework</p>
No Event of Default in relation to the Green Financing Framework or the Climate Bonds Standard	<p>If:</p> <ul style="list-style-type: none"> - Transpower fails to allocate the net proceeds of the Green Bonds as described in this Terms Sheet and the Green Financing Framework; - Transpower fails to comply with the Green Financing Framework in any other way; - the Green Bonds cease to satisfy the Climate Bonds Standard (including, without limitation, as a result of an amendment to the Climate Bonds Standard) or market practices, standards, principles or regulations develop further in way that the Green Bonds are not consistent with; or - Transpower fails to notify holders of Green Bonds (“bondholders”) that the Green Bonds cease to comply with the Green Financing Framework or the Climate Bonds Standard, <p>then: although it is possible that the Green Bonds may lose their green classification:</p> <ul style="list-style-type: none"> - no Event of Default will occur in relation to the Green Bonds; and - neither the bondholders nor Transpower will have any right for the Green Bonds to be repaid early. <p>Transpower is generally required by the NZX Listing Rules to disclose to the market any material information relating to the Green Bonds, which would include material information relating to their “green” label.</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).

Fixed Rate Green Bonds Due 16 September 2027

Key Terms – continued

Interest Rate (Coupon)	The aggregate of the Base Rate on the Issue Rate Set Date and the Issue Margin. 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.
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 0.49 to 0.54 per cent, per annum for the Green 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 or shortly after the Issue Rate Set Date.
Principal Amount	NZ\$1.00 per Green Bond
Issue Price	NZ\$1.00 per Green Bond
Minimum Subscription Amount and Minimum Principal Amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.
Lead Manager	Bank of New Zealand
Supervisor	The New Zealand Guardian Trust Company Limited
Opening Date	Wednesday 7 September 2022
Closing Date	1.00 pm on Friday 9 September 2022
Issue Rate Set Date	Friday 9 September 2022
Issue Date and Allotment Date	Friday 16 September 2022
Expected date of initial quotation and trading on the NZX Debt Market	Monday 19 September 2022
Maturity Date	Thursday 16 September 2027
Interest Payment Dates	16 March and 16 September in each year up to and including the Maturity Date. Interest will be paid by Transpower on the Green Bonds on each Interest Payment Date to the bondholders as at the relevant Record Date.
First Interest Payment Date	16 March 2023

Key Terms – continued

Business Day	<p>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.</p> <p>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.</p>
Frequency of Interest Payments	Semi-annually in arrears in two equal payments.
Quotation	Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market.
Ticker Code	NZX ticker code “TRP100” has been reserved for the Green Bonds.
ISIN	NZTRPD0100L4
New Zealand Registrar	Link Market Services Limited.
Applications	<p>All of the Green 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, their financial adviser or any primary market participant for details of the application process for Green Bonds. You can find a primary market participant by visiting www.nzx.com/services/market-participants.</p> <p>In respect of any oversubscriptions or generally, any allotment of Green 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.</p> <p>Each investor’s financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the 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>
Early Repayment	<p>After the occurrence of an event of default (as set out in the Trust Documents) in respect of the Green 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 Green Bonds, together with accrued interest on the Green Bonds, to be immediately due and payable.</p> <p>If the Green 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.</p>
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 Green 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 Green Bonds remain outstanding.

Key Terms – continued

Repo-eligibility	Transpower intends to apply to the Reserve Bank of New Zealand for the Green Bonds to be included as eligible securities for domestic market operations.
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 2001, 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 Green Bonds are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).
Selling Restrictions	The selling restrictions set out in Schedule 2 to this Pricing Supplement apply.
No Crown Guarantee	No obligation of Transpower under or in respect of the Green 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.

Address details**Issuer****Transpower New Zealand Limited**

22 Boulcott Street
PO Box 1021
Wellington 6011

Lead Manager**Bank of New Zealand**

Level 6, 80 Queen Street
Auckland 1010

Registrar**Link Market Services Limited**

PO Box 91976
Auckland 1142



Schedule 1 - CBI Disclaimer

The certification of the Green Bonds by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation, warranty, undertaking, express or implied, or give any assurance with respect to any other matter relating to the Green Bonds or Eligible Green Assets including but not limited to this Pricing Supplement, the transaction documents, Transpower or the management of the Transpower.

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

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the 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 Bonds or Eligible Green Assets or Transpower. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Green Bonds or Eligible Green Assets. The certification may only be used with the Green Bonds and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not, and is not in any way intended to, address the likelihood of timely payment of interest when due on the Green Bonds and/or the payment of principal at maturity or any other date. The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn

Schedule 2 - Selling Restrictions

Part A - Initial 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. In respect of the initial offer of Green Bonds by Transpower under this Pricing Supplement (**Initial Offer**), 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 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 Green 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 (as defined in Regulation S) in relation to the Green Bonds, and each of Transpower and the Lead Manager has complied and will comply with the offering restrictions in Regulation S.

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 the Lead Manager, except in accordance with Rule 903 of Regulation S. Any Green Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

"The Green Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the Securities Act) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (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 or the Tranche of which those Green Bonds are a part, an offer or sale of the Green 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.

Schedule 2 - Selling Restrictions – continued

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 Pricing Supplement 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 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 Green 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 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 Transpower.

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.

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 Pricing Supplement 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 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 Green 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 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.

Schedule 2 - Selling Restrictions – continued

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.

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

Singapore

This Pricing Supplement has not been 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 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.

Schedule 2 - Selling Restrictions – continued

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(WUMPO)**) or which do not constitute an offer to the public within the meaning of the C(WUMPO).

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.

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 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 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 Pricing Supplement, 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 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 Green Bonds under this Pricing Supplement, each person to whom the Green 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 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^(a) 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 the Issuer and the Lead Manager 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 Pricing Supplement is not, and under no circumstances is to be construed as, an advertisement or public offering of any Green Bonds in Australia.

Schedule 2 - Selling Restrictions – continued

Switzerland

This Pricing Supplement is not intended to constitute an offer or solicitation to purchase or invest in the Green Bonds. The Green 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 Green 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 Green Bonds constitutes a prospectus pursuant to the FinSA, and neither this Pricing Supplement nor any other offering or marketing material relating to the Green Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

The Green Bonds do not constitute collective investments within the meaning of the CISA. Accordingly, holders of the Green 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 Green 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 Green 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 Green 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 Offer 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 Green 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 Green 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 Green Bonds outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases the Green 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*.

Schedule 2 - Selling Restrictions – continued

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 Green 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 Green 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 Green Bonds agrees to provide Transpower with any information required to be included in Form 45-106F1 in connection with the sale of the Green Bonds in Canada. Further, each Canadian investor acknowledges that (i) its name, address, telephone number and other specified information, including the number of Green 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 Green 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 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. 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 Green 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.