



# Terms Sheet

Indicative Terms Sheet for an offer of up to \$125 million plus up to \$25 million of oversubscriptions (at WEL's discretion) of unsecured subordinated fixed rate bonds

Dated: 29 June 2018



Arranger and Joint Lead Manager



Joint Lead Managers



Co-Manager



This indicative terms sheet (“**Terms Sheet**”) should be read together with the product disclosure statement (“**PDS**”) dated 29 June 2018 for the offer of unsecured subordinated fixed rate bonds (“**Bonds**”) by WEL Networks Limited (the “**Offer**”).

The PDS is available at [www.wel.co.nz/bondoffer](http://www.wel.co.nz/bondoffer) and can also be obtained from the Joint Lead Managers, Co-Manager or your usual financial adviser. **Investors must obtain and read a copy of the PDS before they apply for Bonds.**

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

<b>Issuer</b>	WEL Networks Limited (“ <b>WEL</b> ”).
<b>Instrument</b>	Unsecured subordinated fixed rate bonds.
<b>Joint Lead Managers</b>	Forsyth Barr Limited, Deutsche Craigs Limited, First NZ Capital Securities Limited and ANZ Bank New Zealand Limited.
<b>Co-Manager</b>	Commonwealth Bank of Australia (ABN 48 123 123 124) (acting through its New Zealand branch).
<b>Offer amount</b>	Up to \$125 million plus up to \$25 million in oversubscriptions (at WEL’s discretion).
<b>Purpose of the Offer</b>	The proceeds of the Offer will be used to repay a portion of WEL’s existing bank debt.
<b>Ranking of the Bonds</b>	<p>In a liquidation of WEL, your claim for payment of the Face Value of your Bonds and accrued interest will rank:</p> <ul style="list-style-type: none"> <li>• ahead of claims of holders of ordinary shares in WEL and holders of securities and other financial products and indebtedness that rank after the Bonds;</li> <li>• equally with other Bondholders and with the rights and claims of holders of securities and other financial products and indebtedness that rank equally with the Bonds (if any); and</li> <li>• behind all other claims on WEL.</li> </ul>
<b>Interest Rate</b>	<p>The Bonds will pay a fixed rate of interest. The interest rate will be determined on the Rate Set Date (9 July 2018) after the Bookbuild and announced via NZX on or before the Opening Date. The interest rate will be equal to the greater of:</p> <ul style="list-style-type: none"> <li>• the sum of the Margin (which will be determined following the Bookbuild) and the Swap Rate (a benchmark interest rate for a term of approximately 5 years); and</li> <li>• the Minimum Interest Rate.</li> </ul> <p>The Minimum Interest Rate and an indicative Margin range will be announced via NZX on or about 3 July 2018.</p>
<b>Issue price</b>	The Bonds will be issued at Face Value (\$1.00 per Bond)
<b>Interest Payment Dates</b>	Interest is scheduled to be paid on each 2 February, 2 May, 2 August and 2 November during the term of the Bonds up to and including the Maturity Date.
<b>Interest Deferral</b>	<p>The payment of interest on an Interest Payment Date (other than a date on which the Bonds are to be repaid) is subject to no Interest Deferral Condition existing on the Interest Payment Date. In broad terms, the Interest Deferral Conditions prevent interest from being paid if:</p> <ul style="list-style-type: none"> <li>• WEL is not solvent or would not be solvent after making the payment; or</li> <li>• an event of default or breach has occurred under an agreement made with or for the benefit of a Senior Creditor or would occur after making the payment</li> </ul> <p>The payment of interest on a date on which the Bonds are to be repaid is not subject to any conditions, and all accrued interest (including previously deferred interest) must be paid on any such repayment date regardless of whether an Interest Deferral Condition exists.</p>

<b>No Event of Default</b>	No Event of Default arises if interest on the Bonds is not paid because an Interest Deferral Condition exists on an Interest Payment Date.
<b>Dividend Stopper</b>	The payment of certain amounts by WEL to shareholders and other subordinated creditors (eg dividends) is restricted if interest is not paid on the Bonds when scheduled.
<b>Maturity Date</b>	2 August 2023.
<b>Tax Event</b>	<p>WEL may elect to repay all (but not some only) of the Bonds early if a Tax Event occurs, provided it is not in default to senior creditors. Broadly, a Tax Event means a determination by WEL that, because of a change in law or interpretation of law:</p> <ul style="list-style-type: none"> <li>• interest on the Bonds is not fully deductible; or</li> <li>• WEL would be or is likely to be exposed to any other adverse tax consequence in relation to the Bonds.</li> </ul>
<b>Listing</b>	NZX Debt Market.
<b>Principal documents</b>	<p>The PDS.</p> <p>The Trust Deed (including the Conditions of the Bonds) dated on or about 29 June 2018.</p>
<b>Registrar</b>	Link Market Services Limited.
<b>Supervisor</b>	The New Zealand Guardian Trust Company Limited.
<b>Early bird interest</b>	<p>Early bird interest is payable on application money that is received in respect of accepted applications prior to the Issue Date. Early bird interest will be calculated on a daily basis at the interest rate for the Bonds from (and including) the date the application money is received into the bank account for the Offer until (but excluding) the Issue Date. Early bird interest will be paid (less any withholding tax required to be deducted) within 5 Business Days of the Issue Date.</p> <p>No early bird interest is payable on application money that is not accepted.</p>
<b>Minimum application amount</b>	\$5,000 and in multiples of \$1,000 thereafter.

## Important dates

<b>PDS lodged</b>	<b>29 June 2018</b>
<b>Rate Set Date</b>	<b>9 July 2018</b>
<b>Opening Date</b>	<b>10 July 2018</b>
<b>Closing Date</b>	<b>27 July 2018</b>
<b>Issue Date / Allotment Date</b>	<b>2 August 2018</b>
<b>Expected date of initial quotation and trading on the NZX Debt Market</b>	<b>3 August 2018</b>
<b>First Interest Payment Date</b>	<b>2 November 2018</b>
<b>Maturity Date</b>	<b>2 August 2023</b>

If a payment on the Bonds is due on a day that is not a Business Day, WEL will make payment on the next Business Day, but no adjustment will be made to the amount of the payment as a result of the delay. Interest payments may be deferred as described in the PDS.

The dates set out in this Terms Sheet are indicative only and subject to change. WEL may vary the timetable in its absolute discretion and without notice. Any such changes will not affect the validity of any applications received. WEL reserves the right to cancel the Offer, in which case all application monies received will be refunded (without interest) as soon as practicable.

## Selling Restrictions

WEL has not taken and will not take any action which would permit a public offering of Bonds, or possession or distribution of any offering material in respect of the Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand). Bonds may only be offered for sale, sold or delivered in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Bonds may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

By subscribing for or otherwise acquiring any Bonds, you agree to indemnify, among others, WEL, the Supervisor, the Arranger, the Joint Lead Managers and Co-Manager for any loss suffered as a result of any breach by you of the selling restrictions referred to in this section.