



NZX Regulation Decision

Meridian Energy Limited (“MEL”)

Application for waivers from NZX Debt Market Listing
Rules 5.2.3 and 7.11.1

7 June 2018



Background

1. The information on which this decision is based is set out in Appendix One to this decision. The waivers will not apply if that information is not or ceases to be full and accurate in all material respects.
2. The Rules to which this decision relates are set out in Appendix Two to this decision.
3. Capitalised terms that are not defined in the decisions have the meanings given to them in the Rules.

Waiver from Rule 5.2.3

Decision

4. Subject to the conditions in paragraph 5 below, and on the basis that the information provided by MEL is complete and accurate in all material respects, NZXR grants MEL a waiver from Rule 5.2.3 in respect of the MEL050s for a period of six months from Quotation Date, to the extent that this Rule would otherwise require the MEL050s be held by at least 100 Members of the Public holding at least 25% of the MEL050s on issue.
5. The waiver in paragraph 4 above is provided on the conditions that:
 - a. MEL clearly and prominently discloses this waiver, and the implications of this waiver in the Terms Sheet for the MEL050s, and any other Offering Document relating to an offer of MEL050s made during the period of this waiver;
 - b. MEL clearly and prominently discloses this waiver, and the implications of this waiver in any Half-Year and Annual Reports issued during the period of this waiver;
 - c. MEL discloses liquidity as a risk in the Terms Sheet for the MEL050s; and
 - d. MEL notifies NZXR as soon as practicable if there is a material reduction to the total number of Members of the Public holding at least a Minimum Holding of the MEL050s, and/or the percentage of MEL050s held by Members of the Public holding at least a Minimum Holding.

Reasons

6. In coming to the decision to provide the waiver set out in paragraph 4 above, NZXR has considered that:
 - a. MEL has advised that it expects the spread of the MEL050s will increase over time to meet the spread requirements of Rule 5.2.3. However, MEL will have no knowledge of how the MEL050s will be allocated until after the Bookbuild. Accordingly, MEL will be unable to confirm prior to the Offer opening, whether the spread requirements will be met on Quotation;
 - b. Debt Securities are not generally subject to the same degree of trading activity as Equity Securities;
 - c. the conditions, contained in paragraph 5(a), 5(b) and 5(c) above, require MEL to provide access to information about this waiver and its implications to prospective investors as part of the Offer, as well as those wishing to trade in the MEL050s for

the period of this waiver. Investors can take this information into account when making their investment decision;

- d. the condition contained in paragraph 5(d) above requires MEL to provide information that will allow NZXR to monitor any material reduction in the spread of the MEL050s over the period of this waiver;
- e. this waiver is granted for six months. This gives NZXR the opportunity to reconsider the spread of the MEL050s in six months' time if MEL considers a waiver is still required; and
- f. there is precedent for this decision.

Waiver from Rule 7.11.1

Decision

7. Subject to the conditions in paragraph 8 below, and on the basis that the information provided by MEL is complete and accurate in all material respects, NZXR grants MEL a waiver from Rule 7.11.1 in respect of the MEL050s, to the extent that this Rule would otherwise require MEL to allot the MEL050s within five Business Days after the latest date on which applications for the MEL050s close.
8. The waiver in paragraph 7 above is provided on the conditions that:
 - a. MEL allots the MEL050s no later than eight Business Days after the latest date on which applications for the MEL050s close; and
 - b. MEL clearly and prominently discloses this waiver in the Terms Sheet for the MEL050s.

Reasons

9. In coming to the decision to provide the waiver set out in paragraph 7 above, NZXR has considered that:
 - a. the policy of Rule 7.11.1 is to ensure that, where application monies have been submitted, subscribers obtain the benefit of their investment without undue delay. The granting of this waiver will not offend the policy behind Rule 7.11.1;
 - b. MEL has submitted, and NZXR has no reason not to accept, that bringing the allotment date forward is not practicable as it would restrict the time available to firms participating in the Offer to sell down their respective allocations to investors;
 - c. allotting five Business Days after the Offer closes on Friday 22 June 2018 would result in the maturity date for the MEL050s falling on a non-Business Day;
 - d. allotting eight Business Days after the Offer closes on Wednesday 27 June 2018 will minimise the number of interest payment dates falling on public holidays as an allotment date of Monday 25 June 2018 would result in multiple interest payment dates falling on Christmas Day, and an allotment date of Tuesday 26 June 2018 would result in multiple interest payment dates falling on Boxing Day;
 - e. the conditions of the waiver provide comfort that the impact on investors will be limited to three Business Days. Further, MEL will be required to provide information on the

extended allotment period to prospective investors, for the investors to consider before they decide to invest in the MEL050s; and

- f. there is precedent for this decision.

Confidentiality

10. MEL has requested that this application, and any decision made in relation to it, be kept confidential until the Terms Sheet, and the form of notice to be provided by MEL under clause 20(1)(a) of Schedule 8 of the Financial Markets Conduct Regulations 2014, has been released.
11. In accordance with Footnote 1 to Rule 1.11.2 NZXR grants MEL's request.



Appendix One

1. Meridian Energy Limited (**MEL**) is a Listed Issuer with bonds Quoted on the NZX Debt Market (**Debt Market**). These include the MEL030 Bonds which mature on 14 March 2023 and the MEL040 Bonds which mature on 20 March 2024.
2. MEL intends to make a new offer of fixed-rate bonds (**MEL050s**) to be Quoted on the Debt Market (**Offer**).
3. The Offer will open on 11 June 2018 and close on 15 June 2018. The joint lead managers for the Offer will conduct a bookbuild on or about 15 June 2018 in order to determine the MEL050s' margin (**Bookbuild**), which will be used to determine the MEL050s' interest rate. MEL intends to allot the MEL050s on or about 27 June 2018 (**Allotment Date**). MEL intends to Quote the MEL050s on the Debt Market on or about 28 June 2018 (**Quotation Date**).
4. MEL will release a terms sheet prior to the Offer opening, setting out the main terms of the MEL050s (**Terms Sheet**).
5. NZX Debt Market Listing Rule (**Rule**) 7.11.1 requires securities to be allotted within five Business Days after the latest date on which applications for Securities close. MEL has sought a waiver from Rule 7.11.1 to structure the Offer so that the Allotment Date is eight Business Days after the Closing Date. Subscription monies for the Offer are payable by the holder on allotment of the MEL050s.
6. In accordance with NZX Regulation's (**NZXR**) Ruling on Rule 5.2.3 issued on 29 September 2015 (the **Ruling**), the MEL050s are required to be held by at least 100 Members of the Public holding at least 25% of the number of Securities of that Class issued, with each Member of the Public holding at least a Minimum Holding, and those requirements are maintained.
7. The Offer is structured so that 100% of the MEL050s are reserved for clients of the joint lead managers and co-manager of the Offer, primary market participants, and other approved financial intermediaries. There will be no public pool for the Offer. MEL has therefore indicated that it is uncertain whether the MEL050s will satisfy the spread requirements of Rule 5.2.3, when the MEL050s are initially Quoted on the Debt Market.



Appendix Two

NZX Debt Market Listing Rule 5.2.3

A Class of Securities will generally not be considered for Quotation on the NZSX or NZDX unless those Securities are held by at least 500 Members of the Public holding at least 25% of the number of Securities of that Class issued, with each Member of the Public holding at least a Minimum Holding, and those requirements are maintained, or NZX is otherwise satisfied that the Issuer will maintain a spread of Security holders which is sufficient to ensure that there is a sufficiently liquid market in the Class of Securities.

Ruling on NZX Debt Market Listing Rule 5.2.3 – 29 September 2015

For the purposes of Rule 5.2.3, a Class of Debt Securities will generally not be considered for Quotation on the NZDX unless those Securities are held by at least 100 Members of the Public holding at least 25% of the number of Securities of that Class issued, with each Member of the Public holding at least a Minimum Holding, and those requirements are maintained.

NZX Debt Market Listing Rule 7.11.1

An Issuer making an issue of Securities Quoted or to be Quoted (other than Equity Securities issued under Rule 7.3.10) shall proceed to allotment within five Business Days after the latest date on which applications for Securities close.

