

19 October 2023

Dear Noteholder,

We are writing to you as a holder of existing Channel Infrastructure NZ Limited (**Channel Infrastructure**) subordinated notes which are quoted on the NZX Debt Market under the ticker CHI010 (**Subordinated Notes**). The terms and conditions applicable to your Subordinated Notes are set out in the Master Trust Deed dated 20 November 2018 (as amended on 27 June 2019).

Proposed offer of Bonds

Channel Infrastructure announced today on 19 October 2023 that it is considering an offer of up to \$75,000,000 (with the ability to accept oversubscriptions of up to an additional \$25,000,000 at Channel Infrastructure's discretion) of 6 year, unsecured, unsubordinated, fixed rate bonds (**Bonds**) to investors resident in New Zealand and institutional investors.

If the offer is made, it is expected to open in the week beginning 30 October 2023, subject to market conditions.

Redemption of Subordinated Notes on the first election date (1 March 2024) if the offer is successful

If the offer is made and the bookbuild is successful, Channel Infrastructure intends to issue a redemption notice in respect of the Subordinated Notes on or before 16 January 2024 in order to redeem any Subordinated Notes on 1 March 2024 (being the first scheduled election date) that are not otherwise purchased on the issue date of the Bonds (**Issue Date**) under the exchange mechanism described below.

Channel Infrastructure will publish the notice of redemption via NZX and also email or, as applicable, post you a copy.

Exchange mechanism

If the bookbuild for the offer is successful, those that hold Subordinated Notes through a custodial account (and who wish to apply for the Bonds) (**Custodial Subordinated Noteholders**) may be able to exchange all or some of their Subordinated Notes for an equal number of Bonds on the Issue Date (on a one-for-one basis at a face value of \$1.00).

The exchange mechanism will only be available to a Custodial Subordinated Noteholder if:

- (a) the Custodial Subordinated Noteholder receives an allocation of Bonds from a participant in the bookbuild for the offer; and
- (b) Channel Infrastructure and the relevant participant (acting on the authorisation of the Custodial Subordinated Noteholder) have agreed to the exchange in respect of an agreed number of Subordinated Notes (**Exchanged Subordinated Notes**).

Channel Infrastructure will purchase the Exchanged Subordinated Notes on the Issue Date (rather than redeem them on 1 March 2024 as described above under the heading "Redemption of Subordinated Notes on the first election date (1 March 2024) if the offer is successful").



Channel Infrastructure will satisfy its obligation to purchase the Exchanged Subordinated Notes on the Issue Date by:

- (a) issuing Bonds to the relevant custodian (that maintains the custodial account on behalf of its Custodial Subordinated Noteholder participating in the exchange mechanism) equal in number to the Exchanged Subordinated Notes purchased from the relevant custodian (on a one-for-one basis); and
- (b) paying a final interest payment on the Exchanged Subordinated Notes for the period from (and including) the previous interest payment date for the Exchanged Subordinated Notes (1 September 2023) to (but excluding) the Issue Date.

No additional amounts are payable by a Custodial Subordinated Noteholder for any Bonds that are issued under this exchange mechanism. Channel Infrastructure's obligation to purchase the Exchanged Subordinated Notes will be satisfied once it has issued the relevant number of Bonds and paid the final interest payment referred to in paragraph (b) above.

Any Exchanged Subordinated Notes purchased by Channel Infrastructure under the exchange mechanism will be cancelled. This will reduce the total amount of Subordinated Notes outstanding which may impact trading of the Subordinated Notes on the secondary NZX Debt Market.

For the avoidance of doubt, the exchange mechanism does not restrict:

- (a) a Custodial Subordinated Noteholder from seeking to invest in more or less Bonds under the offer than the number of Subordinated Notes beneficially held by the Custodial Subordinated Noteholder; or
- (b) any other subordinated noteholder (that is not a Custodial Subordinated Noteholder) from seeking to invest in the Bonds.

If the offer proceeds, it is expected that a trading halt in respect of the Subordinated Notes would occur from pre-market trading on the first trading day following the rate set date to close of trading on the Issue Date.

Any Bonds not settled under the exchange mechanism must be cash settled on the Issue Date.

If you hold Subordinated Notes directly (i.e. not through a custodial account) and you are interested in applying for the Bonds under the exchange mechanism described above if the offer proceeds, you should contact a Joint Lead Manager (details below) or your usual financial advice provider.

Offer information

There is not expected to be any public pool for the offer, with all of the Bonds being reserved for clients of the Joint Lead Managers, NZX Participants and other approved financial intermediaries.

Accordingly, if the offer is made and you are interested in investing in the Bonds (including under the exchange mechanism described above), you can register your interest in the offer by contacting a Joint Lead Manager (details below) or your usual financial advice provider.

Indications of interest will not constitute an obligation or commitment of any kind. No money is currently being sought and no Bonds can be applied for or acquired until the offer opens and the investor has received a copy of the terms sheet in relation to the Bonds.

Any such offer will be made pursuant to the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as Channel Infrastructure's existing quoted debt securities which are quoted on the NZX Debt Market under the ticker code CHI020. The Bonds are expected to be quoted on the NZX Debt Market.



Registrar

Computershare Investor Services Limited
Private Bag 92119
Victoria Street West, Auckland 1742
Telephone: 09 488 8777
Email: enquiry@computershare.co.nz

Joint Lead Managers



0800 269 476



0800 226 263



0800 367 227



0800 005 678