

Marlborough Electric Power Trust

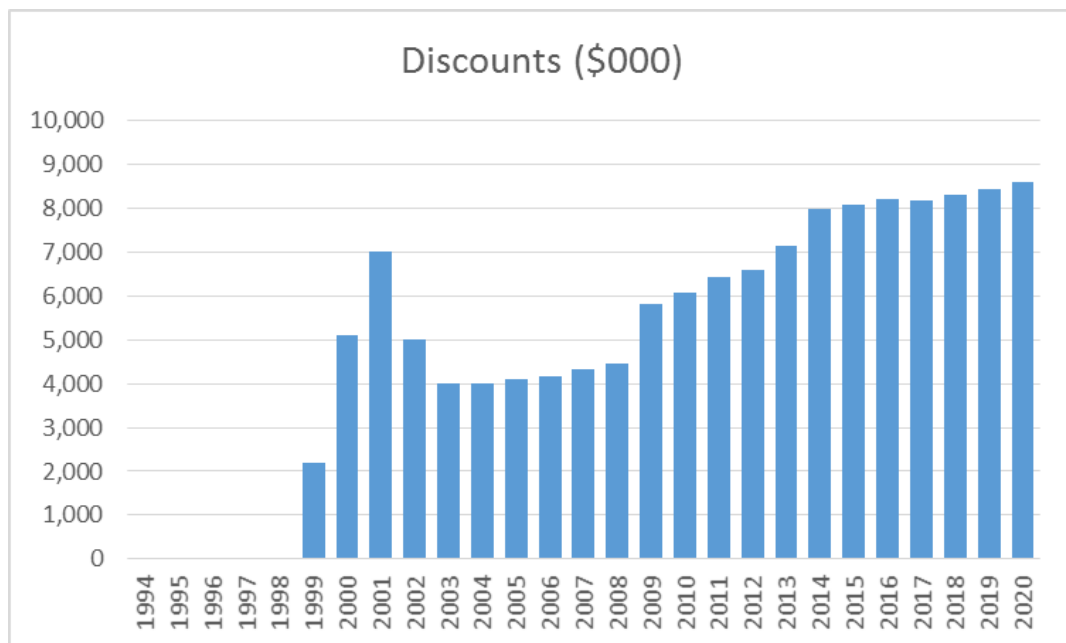
Annual Reporting Meeting

14 December 2020

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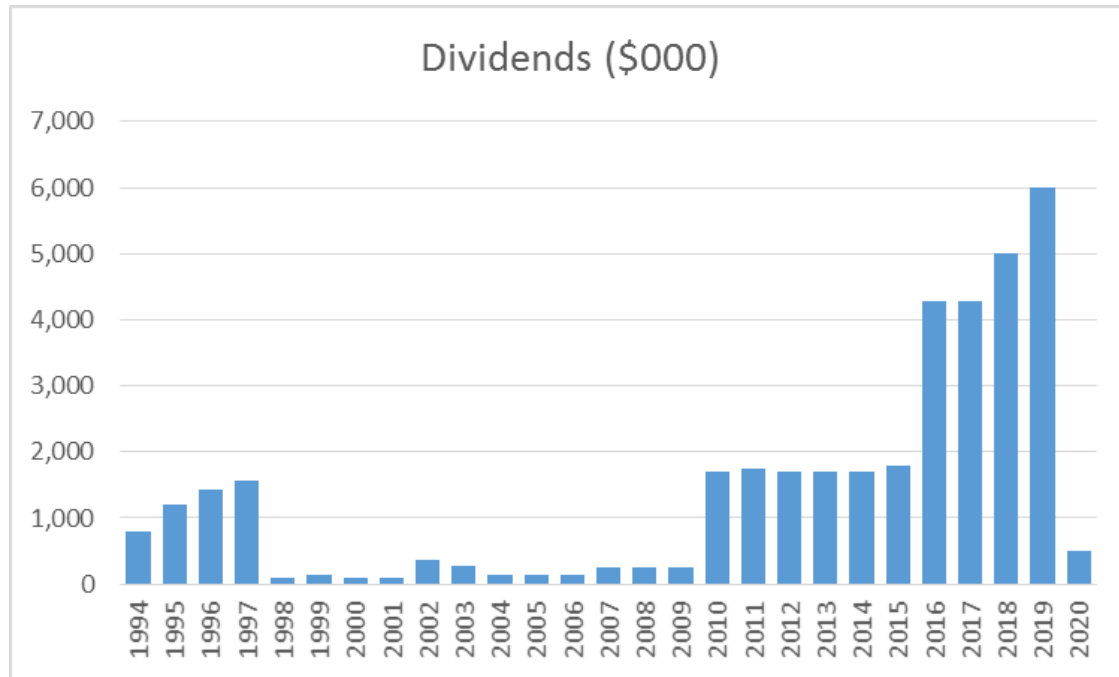
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MLL Discounts



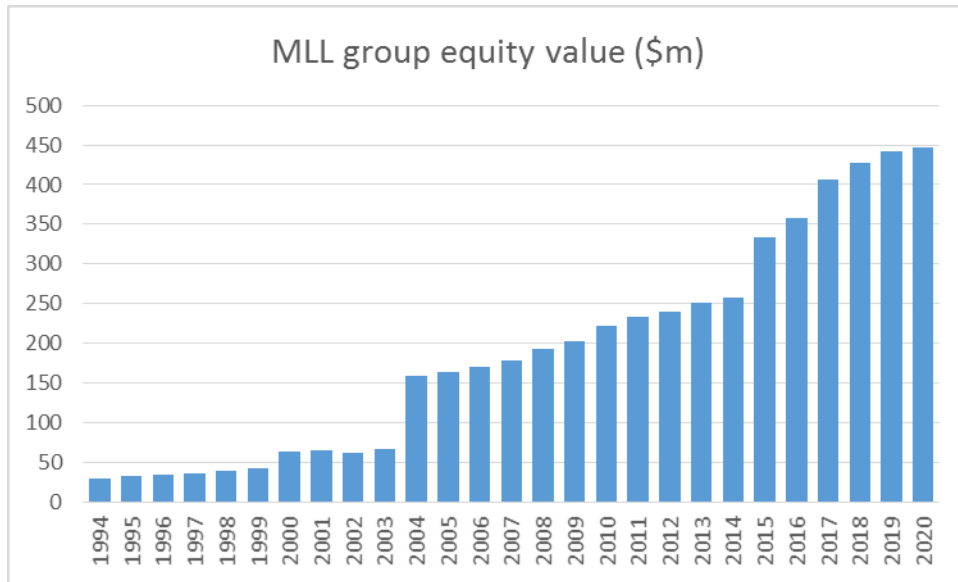
- MLL has continued to give discounts according to the electricity usage of each eligible customer.
- These have continued to grow while MLL has continued to be a ‘successful business’ as per its constitution and Section 36 of the Energy Act requirements. MLL brought forward a portion of its discount for FY21, to help eligible customers following the Covid 19 lockdown. Six months of discount paid in August 2020 and a further eight months to be paid in May 2021.
- Trust deed objects: To operate on a commercial, for profit basis, with a view to earning optimal return on its assets.
 - Trust deed says optimal means best or most favourable, not necessarily maximum.

MLL Dividends to help fund MEPT Distributions



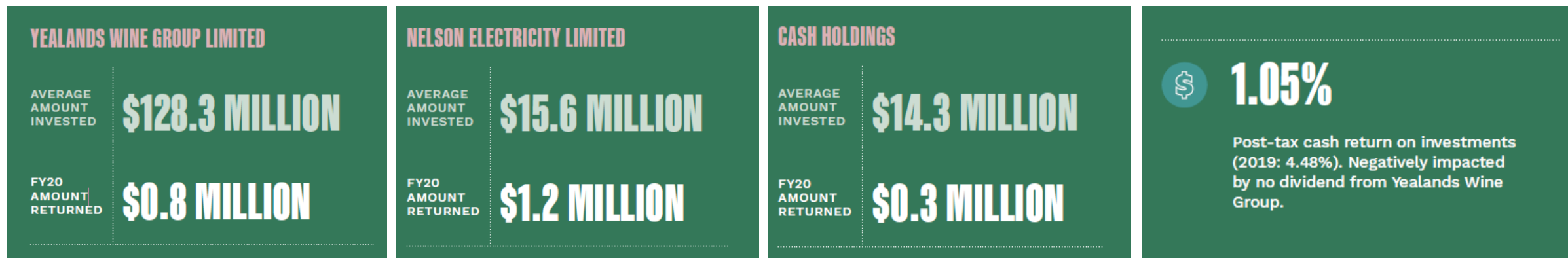
- 1998-2009: Discounts were used instead of dividends as they were more tax efficient.
- 2009-2015: MLL reach max discount level, and trust issued a \$50 distribution to cover all ICPs.
- 2016: Company investments returned dividends to help fund a Trust distribution of \$150 per ICP, which subsequently rose to \$200 per ICP in 2019.
- MEPT continues to review dividend payments from MLL, based on overall group performance. This year the overall performance has resulted in the Trust taking a smaller dividend of \$500k to cover operational costs only, thus there will be no distributions to beneficiaries this year.

Marlborough Electric Power Trust Equity



- 1993: Vesting of 28m MLL shares issued to MEPT at \$1/share.
- 1996: MLL bought a 50% stake in Nelson City Network (which it still has, and continues to deliver a dividend to MLL).
- 2004: Company revaluation of network assets added \$90m to equity.
- 2015: Sale of Otagonet and subsequent purchase of Yealands Wine Group.
- Today group equity is \$447m up 1.2% from \$442m

Return on Investments 2020



- The company's \$447m of equity can be split between the parent entity, its cash balance and its investments in NEL and YWG.
- MLL has invested \$128m in YWG and its \$0.8m returned through interest income and increases in equity are well below target in FY20.
- NEL returned a \$1.05m dividend, along with increases in equity value.
- Group overall post-tax cash return on investments was 1.05%. Below the Statement of Corporate Intent target of 5.0%.