

FULL TAKEOVER OFFER BY KING COUNTRY ENERGY JOINT VENTURE FOR KING COUNTRY ENERGY LIMITED

IMPORTANT

If you are in doubt as to any aspect of this offer, you should consult your financial or legal adviser.

If you have sold all your shares in King Country Energy Limited to which this offer applies, you should immediately hand this offer document and the accompanying acceptance form to the purchaser or the agent (eg the broker) through whom the sale was made, to be passed to the purchaser.

King Country Energy Limited's target company statement, together with an independent adviser's report on the merits of this offer, either accompanies this offer or will be sent to you within 14 days and should be read in conjunction with this offer.

OVERVIEW OF THE OFFER

King Country Energy Holdings Limited and the trustees of the King Country Electric Power Trust (being Robert Carter, Graeme Cosford, Uwe Kroll, Adrian Doyle and Niel Groombridge) are parties to an implementation agreement establishing an unincorporated joint venture ("**KCE JV**") and are associates of each other for the purposes of the Takeovers Code.

KCE JV is offering to acquire all of the fully paid ordinary shares ("**Shares**") in King Country Energy Limited ("**KCE**") ("**Offer**").

The key terms of the Offer are:

OFFER PRICE	\$5.00 for each Share, payable in cash.
FULL OFFER	The offer is for 100% of the Shares.
HOW TO ACCEPT	If you wish to ACCEPT the Offer, please refer to the section " How to accept this Offer " on pages 3 and 4 of this Offer Document and the Acceptance Form enclosed with this Offer Document.
CONDITIONS	The Offer is conditional on none of the events set out in paragraph 6.1 of the Offer Terms and Conditions occurring in the period between 6 December 2017 and the Condition Date (as defined in paragraph 5.7).
OFFER PERIOD	The Offer is open for acceptance from 14 and remains open for acceptance until 5pm on 14 2018 (unless extended in accordance with the Takeovers Code).
PAYMENT DATE	<p>If you accept the Offer you will be paid for your Shares taken up under the Offer no later than seven days after the later of:</p> <ul style="list-style-type: none"> the date on which the Offer becomes unconditional; the date on which KCE JV receives your acceptance of the Offer; and the Initial Closing Date (set out in paragraph 1.5(a)). <p>If you have been paid for your Shares and you become entitled to an additional payment, this will be paid to you no later than seven days after you become entitled to that additional payment.</p>
BROKERAGE COSTS	You will not pay any brokerage costs if you accept the Offer.
IMPORTANT CONTACTS	<p>If you have any questions about the Offer or you require further copies of this Offer Document and its enclosures (including the Acceptance Form and the reply paid envelope), you should contact the share registrar for the Offer, Computershare Investor Services Limited:</p> <p>Telephone: +64 9 488 8777 Facsimile: +64 9 488 8787 Email: kingcountryenergy@computershare.co.nz</p> <p>Alternatively, you should contact your financial or legal adviser.</p>

THIS IS ONLY A SUMMARY OF THE OFFER. DETAILED TERMS AND CONDITIONS OF THIS OFFER ARE SET OUT ON THE FOLLOWING PAGES. YOU SHOULD READ THOSE TERMS AND CONDITIONS CAREFULLY AND IN FULL.

HOW TO ACCEPT THIS OFFER

CLOSING DATE	<p>The Offer closes at 5.00pm on [Closing Date] 2018 (unless extended in accordance with the Takeovers Code) ("Closing Date").</p> <p>If you wish to ACCEPT the Offer, you must ensure that your Acceptance Form is sent AS SOON AS POSSIBLE, but in any event so that it is received by KCE JV before 5:00pm on the Closing Date.</p>
HOW TO ACCEPT	<p>To ACCEPT the Offer, complete and sign the enclosed Acceptance Form in accordance with the instructions set out on that form and return the form in one of the ways described below prior to 5:00pm on the Closing Date.</p>
ADDRESS FOR ACCEPTANCE	<p>You should post or deliver your completed and signed Acceptance Form in the enclosed reply paid envelope to KCE JV at one of the following addresses (if mailing from overseas please affix the required postage stamp):</p> <p>By post King Country Energy Joint Venture c/- Computershare Investor Services Limited Private Bag 92119 Auckland 1142 New Zealand</p> <p>By hand delivery King Country Energy Joint Venture c/- Computershare Investor Services Limited Level 2, 159 Hurstmere Road, Takapuna Auckland 0622 New Zealand</p> <p>By email kingcountryenergy@computershare.co.nz (Please type "King Country Energy Joint Venture Acceptance" in the subject line for easy identification)</p> <p>By facsimile King Country Energy Joint Venture c/- Computershare Investor Services Limited +64 9 488 8787</p>
IF YOU HAVE SOLD ALL YOUR SHARES	<p>If you have sold all of your Shares, please send this Offer Document and all enclosures (including the Acceptance Form) immediately to the purchaser or agent (eg broker) through whom the sale was made, to be passed to the purchaser.</p>

<p>IF YOU HAVE SOLD SOME OF YOUR SHARES</p>	<p>If you have sold some of your Shares, please alter the total holding printed on the Acceptance Form to the number of Shares which you have retained, initial the change and return the amended Acceptance Form, in any way as instructed above.</p> <p>Upon receipt of your amended Acceptance Form, KCE JV will re-calculate the consideration to which you are entitled to reflect the number of Shares for which you have accepted the Offer.</p> <p>Please also advise the purchaser(s) of your Shares, or request the broker through whom you made the sale to advise the purchaser(s) of your Shares, of the Offer and that copies of this Offer Document are available from Computershare Investor Services Limited.</p>
<p>IF YOU HAVE LOST YOUR ACCEPTANCE FORM</p>	<p>If you have lost your Acceptance Form, please contact the share registrar for the Offer, Computershare Investor Services Limited, on +64 9 488 8777 or email kingcountryenergy@computershare.co.nz.</p>

TERMS AND CONDITIONS OF THE OFFER

FULL TAKEOVER OFFER BY KING COUNTRY ENERGY JOINT VENTURE TO PURCHASE ALL OF THE SHARES OF KING COUNTRY ENERGY LIMITED

1. THIS OFFER

- 1.1 King Country Energy Holdings Limited ("**KCEHL**") and the trustees of the King Country Electric Power Trust (being Robert Carter, Graeme Cosford, Uwe Kroll, Adrian Doyle and Niel Groombridge) (the "**Trust**") are parties to an implementation agreement establishing an unincorporated joint venture ("**KCE JV**") and are associates of each other for the purposes of the Takeovers Code.
- 1.2 KCE JV offers to purchase all of the fully paid ordinary shares ("**Shares**") in King Country Energy Limited ("**KCE**") on the terms, and subject to the conditions, set out in this Offer Document ("**Offer**").
- 1.3 The Offer to purchase your Shares includes the purchase of all rights, benefits and entitlements (such as entitlements to dividends, bonuses and other payments and distributions of any nature) which attach to your Shares on, after, or by reference to 6 December 2017 but excluding the gross dividend of \$0.222 that has been announced by KCE (which has a record date of 4 December 2017 and a payment date of 12 December 2017) ("**Entitlements**"). 6 December 2017 is the "**Notice Date**" for the purposes of the Offer.
- 1.4 The Offer is dated [Offer Date] ("**Offer Date**").
- 1.5 The Offer will remain open for acceptance until 5.00pm on the "**Closing Date**", which is:
- (a) [Initial Closing Date] ("**Initial Closing Date**"); or
 - (b) if the Offer is extended to a later date in accordance with the Takeovers Code, that later date.
- 1.6 KCE JV may extend the Offer and the Closing Date one or more times in accordance with the Takeovers Code.

2. CONSIDERATION

- 2.1 The consideration offered by KCE JV for each Share is \$5.00 in cash.
- 2.2 The consideration paid for Shares may be adjusted by KCE JV in accordance with paragraphs 8.1, 8.4 and 8.6. If KCE JV adjusts the consideration, references to the consideration in paragraph 2.1 will be to the consideration as adjusted.

3. PAYMENT

- 3.1 KCE JV (or a member of KCE JV) will pay you the consideration for your Shares taken up under the Offer no later than seven days after the later of:
- (a) the date on which KCE JV receives your acceptance of the Offer;
 - (b) the date on which the Offer becomes unconditional; and

- (c) the Initial Closing Date.
- 3.2 If neither KCE JV (nor a member of KCE JV) sends you payment for your Shares within the period specified in paragraph 3.1 you may withdraw your acceptance of the Offer by notice in writing to KCE JV, but only:
- (a) after the expiration of seven days written notice to KCE JV of your intention to do so; and
 - (b) if you do not receive the price for your Shares during the seven day period referred to in paragraph 3.2(a).
- 3.3 Further information about how KCE JV will pay you is set out in paragraph 7.

4. HOW TO ACCEPT THIS OFFER

- 4.1 This Offer Document is accompanied by an Acceptance Form for you to use to accept the Offer for your Shares.
- 4.2 To accept the Offer, you only need to:
- (a) complete the enclosed Acceptance Form for the Offer in accordance with the instructions on the Acceptance Form; and
 - (b) return the completed Acceptance Form to KCE JV by hand delivery, email, facsimile or post (in the reply-paid envelope which is enclosed with this Offer Document) **AS SOON AS POSSIBLE** after receipt of the Offer, but in any event so that it is received by KCE JV by no later than 5.00 pm on the Closing Date, to:

By post

King Country Energy Joint Venture
c/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand

By hand delivery

King Country Energy Joint Venture
c/- Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna
Auckland 0622
New Zealand

By email

kingcountryenergy@computershare.co.nz (Please type "King Country Energy Joint Venture Acceptance" in the subject line for easy identification)

By facsimile

King Country Energy Joint Venture
c/- Computershare Investor Services Limited
+64 9 488 8787

KCE JV will not provide you with any acknowledgement of receipt of your Acceptance Form.

- 4.3 If you lose or damage your Acceptance Form, please request another one from the share registrar for the Offer, Computershare Investor Services Limited, at the contact details set out above, or by calling +64 9 488 8777.
- 4.4 If KCE JV receives an Acceptance Form after 5.00pm on the Closing Date which bears a postmark or other evidence of postage or despatch on or prior to 5.00pm on the Closing Date, that Acceptance Form will be deemed to have been received by KCE JV prior to 5.00pm on the Closing Date.
- 4.5 KCE JV may, in its discretion:
- (a) treat any Acceptance Form as valid even if that Acceptance Form is not accompanied by your relevant Common Shareholder Number, or does not comply with any instructions on the Acceptance Form; and
 - (b) rectify any errors in, or omissions from, any Acceptance Form to enable that form to constitute a valid acceptance of this Offer and to facilitate registration of the transfer of Shares to a member of KCE JV.
- 4.6 KCE JV will determine, in its discretion, all questions about Acceptance Forms and related documents, including the validity, eligibility, time of receipt, and effectiveness, of an acceptance of the Offer. KCE JV's determination will be final and will bind you and all other persons.

5. KEY TERMS OF THIS OFFER

Acceptance of this Offer and your agreement to sell your Shares

- 5.1 This Offer is made to all holders of Shares in KCE and is open for acceptance in accordance with its terms by each such person, whether or not you acquired Shares before, on or after the date of the Offer.
- 5.2 You may accept the Offer for some or all of your Shares.
- 5.3 If you accept the Offer you create a binding contract with KCE JV. You agree to sell, and KCE JV agrees to purchase, the Shares for which you accept the Offer and all Entitlements attaching to those Shares on the terms, and subject to the conditions, of this Offer and the provisions of the Takeovers Code.
- 5.4 Your acceptance of the Offer is irrevocable. You may not withdraw your acceptance, whether or not KCE JV has varied the Offer in accordance with the Takeovers Code, except in accordance with paragraph 3.2 (which allows you to withdraw your acceptance in the event that neither KCE JV nor a member of KCE JV pays you within a specified period). You may, however, be released from the obligations arising from acceptance of the Offer in the limited circumstances set out in paragraph 5.15.
- 5.5 Your acceptance of the Offer must be free of any and all amendments, restrictions, or conditions of any nature whatsoever ("**Condition of Acceptance**"). If you attempt or purport to impose any Condition of Acceptance, it will be void and of no effect and KCE JV will be entitled to treat your acceptance as a valid and binding acceptance of the Offer free and clear of any Condition of Acceptance.

Conditions of this Offer

- 5.6 The Offer is subject to the conditions set out in paragraph 6.1.

- 5.7 The latest date on which KCE JV can declare the Offer unconditional ("**Condition Date**") is [**Condition Date**] 2018, being 14 days after the Initial Closing Date, but this date may change if the Closing Date is extended in accordance with this Offer, in which case the latest date on which KCE JV can declare the Offer unconditional will become the date that is 14 days after the extended Closing Date, provided that, subject to the Takeovers Code, this Condition Date cannot be later than [**Last Condition Date**].
- 5.8 KCE JV may, subject to paragraph 6.5 and the Takeovers Code, invoke a condition of the Offer at any time prior to 5.00pm on the Condition Date. If this Offer is not declared unconditional, or the outstanding conditions to it are not waived by KCE JV by 5.00pm on the Condition Date, then this Offer will lapse and KCE JV and you will be released from any and all obligations under this Offer (and any contract arising from acceptance of it).

Your obligations on acceptance of this Offer

- 5.9 Legal and beneficial ownership of, and title to, the Shares for which you accept the Offer and the Entitlements attaching to those Shares will pass and transfer to a member of KCE JV (as determined by the members of KCE JV) free of security interests, mortgages, options, liens, charges, encumbrances or other adverse interests of any nature ("**Encumbrances**") on payment of the price for your Shares in accordance with paragraphs 3.1 and 7.
- 5.10 You must, on request by KCE JV, provide to KCE JV or KCE's share registrar satisfactory evidence of your entitlement to Shares for which you have, or wish to, accept the Offer and/or the full and immediately effective release and discharge of any and all Encumbrances over those Shares. KCE JV may treat your acceptance as invalid if you do not comply with your obligations under this paragraph 5.10, and KCE JV is not obliged to notify you that KCE JV has done so.
- 5.11 You will not, and will not attempt or agree to, sell, transfer, grant an Encumbrance over or otherwise dispose of any interest in or control over any or all of the Shares for which you accept the Offer, except for acceptance of the Offer.
- 5.12 You irrevocably authorise and instruct KCE and KCE's share registrar to refuse to register any transfer of any or all of the Shares for which you accept the Offer, except for transfers of Shares to a member of KCE JV in accordance with the terms of the Offer. You agree that KCE and KCE's share registrar may rely on the authorisation set out in this paragraph 5.12, even if you attempt to revoke your authorisation. This paragraph will cease to apply if you are released from your obligations under paragraph 5.15.

Your warranties to KCE JV

- 5.13 You represent and warrant to the members of KCE JV, jointly and severally, that:
- (a) you are:
 - (i) the sole legal and beneficial owner of the Shares for which you accept the Offer; or
 - (ii) the sole legal owner of the Shares for which you accept the Offer and you are entitled to deal with those Shares,and, in either case, you have all necessary power, capacity and authority to sell those Shares and accept the Offer;
 - (b) the Acceptance Form has been duly completed and executed and is binding on you in accordance with its terms and the terms of the Offer; and

- (c) legal and beneficial title and ownership of the Shares for which you accept the Offer will pass to a member of KCE JV in accordance with paragraph 5.9.
- 5.14 Despite anything to the contrary in the Acceptance Form, if you are a joint holder of Shares (whether or not as a trustee of a trust) and the Acceptance Form is signed by one or some, but not all, joint holders, then you represent and warrant to the members of KCE JV, jointly and severally, that:
- (a) the holder(s) who has/have signed the Acceptance Form do(es) so on behalf of and as duly authorised agent(s) for the joint holder(s) who has/have not signed, that such authority has not been revoked, and that the acceptance is binding on the joint holder(s) who has/have not signed the Acceptance Form; and
- (b) if you hold the relevant Shares as a trustee of a trust, the instrument constituting the trust permits the execution of the Acceptance Form in the manner in which it was executed.

All obligations will be released in certain circumstances

- 5.15 You will be, and KCE JV will be, released from any and all obligations arising from the Offer and/or from your acceptance of the Offer if KCE JV withdraws the Offer with the consent of the Takeovers Panel or if the Offer lapses as a result of any condition in paragraph 6.1 not being satisfied or waived (to the extent capable of waiver) by 5.00pm on the Condition Date. If the Offer lapses, KCE JV may destroy all Acceptance Forms.

6. CONDITIONS OF THIS OFFER

- 6.1 The Offer and any contract arising from acceptance of it are subject to the conditions that, except as otherwise agreed in writing by KCE JV, during the period from (and including) the Notice Date until 5.00pm on the Condition Date:
- (a) no dividends, bonuses or other payments or distributions (within the meaning of the Companies Act 1993) of any nature (including, without limitation, any share buybacks, redemptions or other form of capital reduction) have been or will be authorised, declared, paid, or made, on or in respect of, any of the Shares or in respect of any of the shares in any subsidiary of KCE (KCE, together with its subsidiaries, the "**Group**") other than (i) a dividend or distribution from subsidiaries of KCE to KCE or to wholly-owned subsidiaries of KCE, (ii) any buyback of Shares in accordance with section 2.8 of the constitution of KCE, and (iii) the gross dividend of \$0.222 that has been announced by KCE (which has a record date of 4 December 2017 and a payment date of 12 December 2017);
- (b) no shares, convertible securities, other securities or financial products of any nature (including warrants, options, convertible notes, entitlements, rights or interests in any ordinary shares) of the Group have been, or will be, issued, agreed to be issued or made the subject of any option or right to subscribe by any member of the Group other than between KCE and wholly-owned subsidiaries of KCE;
- (c) there has not been and there will be no alteration of the rights, privileges, benefits, entitlements or restrictions attaching to any of the Shares or other securities or financial products (if any) of any member of the Group;
- (d) no action, claim, litigation, prosecution or other form of proceeding that, as at the Notice Date, was not publicly notified, is notified or commenced against, or by, any member of the Group that is material to the Group, taken as a whole;

- (e) no action, claim, litigation, prosecution or other form of proceeding in respect of the Offer is notified or commenced against any member of the Group, or any member of KCE JV, that is material to the Group, taken as a whole or that has a material adverse effect on the Offer;
- (f) the businesses of each member of the Group are carried on, in all respects which are material to the Group taken as a whole, in the normal and ordinary course, including without limitation:
 - (i) no unusual or abnormal payments, commitments or liabilities (including contingent liabilities) which are material or could be material to the Group taken as a whole, are made or incurred (or agreed to be made or incurred) by any of those entities, and no member of the Group makes any unusual payment of income tax;
 - (ii) no member of the Group, disposes of, purchases, transfers, leases, grants or permits any Encumbrance over, grants an option or legal or equitable interest in respect of, or otherwise deals with a legal or equitable interest in, a material asset, business, operation, property or subsidiary (or agrees, including agreeing to materially vary any agreement, to do any of these things), that is material to the Group taken as a whole;
 - (iii) no member of the Group (separately or together), undertakes or commits to any capital expenditure or divestment having a value of more than \$1,000,000 (either by a single act or a series of related acts), other than the completion of transactions the entering into of which have, at the Notice Date, been publicly disclosed by KCE;
 - (iv) no major transactions (as defined in section 129(2) of the Companies Act 1993), are entered into, terminated or materially varied, by any member of the Group; and
 - (v) there is no announcement to do any of the actions set out in subparagraphs (i) to (iv) above;
- (g) there is no alteration to the constitutional documents of any member of the Group or to any agreement under which any securities or financial products have been issued by any member of the Group, other than amendments that are of a formal or technical, and not substantive, nature;
- (h) no liquidator, receiver, receiver and manager, statutory manager, voluntary administrator or similar official is appointed in respect of any member of the Group or any of its assets and no other actions to appoint such a person is announced;
- (i) there not having occurred any events, circumstances or conditions of the nature referred to in paragraphs (a) to (h) (ignoring, for this purpose, any dollar thresholds, materiality or similar qualifications therein) which (while not causing a failure of any of the conditions set out in any such paragraphs), when aggregated with all other events, changes, circumstances or conditions of any of the nature referred to in such paragraphs (ignoring, for this purpose, any dollar thresholds, materiality or similar qualifications therein) that have occurred, mean that the overall impact of all such aggregated events, changes, circumstances or conditions taken as a whole is materially adverse, or could be materially adverse, to the Group, taken as a whole;

- (j) no board resolution or shareholders' resolution of any member of the Group is passed to do or authorise the doing of any act or matter referred to in any of paragraphs (a) to (h);
- (k) no resolution is passed for any amalgamation of any member of the Group, and none of them is involved in any merger or scheme of arrangement;
- (l) there is no person exercising or purporting to exercise or stating an intention to exercise any rights or refusing to give any required waiver or consent under any provision of any agreement or other instrument to which any member of the Group is a party, or by or to which any member of the Group or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of the Group taken as a whole, in:
 - (i) any moneys borrowed by any member of the Group becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
 - (ii) any such agreement or other such instrument being terminated or modified or any action being taken or arising thereunder; or
 - (iii) the interest of any member of the Group in any firm, joint venture, trust corporation or other entity (or any arrangements relating to such interest) being terminated or modified or required to be transferred or offered for sale;
- (m) there not being or having occurred any event, change, circumstance, or condition that has had, or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets (including contractual rights) or liabilities, profitability or prospects of the Group taken as a whole (including without limitation as a result of any natural disaster, accident, change of law, regulation or act of terrorism).

Nature of the conditions of this Offer

- 6.2 Each condition in paragraph 6.1 is a separate and independent condition, and is solely for KCE JV's benefit. KCE JV may waive any or all of those conditions, in whole or in part, and on any terms in its discretion. If KCE JV waives a condition, in whole or in part, the waiver will apply only in accordance with its terms, and will not operate as a waiver of or consent to any similar matter or thing. No other person has any right to waive any condition.
- 6.3 To the extent required by the Takeovers Code, where any condition set out in paragraph 6.1 requires a determination as to whether a matter is or could reasonably be expected to be material or not, is adverse or not, is onerous or not, is long term or not, is normal or not, is in the ordinary course of business or not, is of a formal or technical (and not substantive) nature or not, before the condition may be invoked, such determination must be made by a suitably qualified expert nominated by KCE JV who is independent of, and not an associate of, KCE JV.

This Offer will only proceed if it becomes unconditional in all respects

- 6.4 The Offer will only proceed, and you will only be paid for your Shares to be taken up under this Offer, if each of the conditions set out in paragraph 6.1 is satisfied or waived by KCE JV and KCE JV declares the Offer unconditional. If this does not occur, the Offer will lapse and paragraph 5.15 will apply.

When KCE JV will not rely on a condition

- 6.5 KCE JV will not allow the Offer to lapse:
- (a) in unreasonable reliance on a condition of the Offer; or
 - (b) in reliance on a condition of the Offer that restricts KCE or the Group's activities in the ordinary course of KCE or the Group's business during the period commencing on the Notice Date and ending on the Condition Date.

7. HOW KCE JV WILL SETTLE THIS OFFER AND PAY YOU

- 7.1 KCE JV (or a member of KCE JV) will pay you for your Shares taken up under this Offer in accordance with paragraph 3 and this paragraph 7 if:

- (a) the Offer becomes unconditional; and
- (b) your Acceptance Form is in order (or KCE JV rectifies any error or omissions from the Acceptance Form or otherwise accepts your Acceptance Form as valid under paragraph 4.5).

- 7.2 KCE JV (or a member of KCE JV) will pay you for your Shares by sending you a cheque by ordinary post or, if you choose in your Application Form, by making an electronic funds transfer to a New Zealand dollar account with a New Zealand registered bank.

- 7.3 However, if:

- (a) you do not select a method of payment;
- (b) your desired account is not a New Zealand dollar account with a New Zealand registered bank; or
- (c) the details that you provide to us are not sufficient for us to make an electronic funds transfer to your desired account,

KCE JV (or, as applicable, a member of KCE JV) may choose to pay you by cheque or by electronic funds transfer to any existing New Zealand dollar account that you have advised to KCE's share registrar (such as for dividend payments) which is known by KCE JV.

- 7.4 If KCE JV (or, as applicable, a member of KCE JV) chooses to make payment to you in accordance with paragraph 7.3:

- (a) KCE JV is not obliged to notify you that KCE JV (or, as applicable, a member of KCE JV) has done so; and
- (b) KCE JV (and each member of KCE JV) will have no liability to you for its choice to do so.

- 7.5 In no circumstances will KCE JV (or any member of KCE JV) be liable to you for interest on any payment due to you.

8. CHANGE IN CIRCUMSTANCES

Dividends and distributions

8.1 If, on or after the Notice Date, KCE authorises, declares, makes, or pays any dividend, bonus or other payment or distribution of any nature whatsoever on Shares (excluding, for the avoidance of doubt, any buyback of Shares in accordance with section 2.8 of the constitution of KCE and the gross dividend of \$0.222 that has been announced by KCE (which has a record date of 4 December 2017 and a payment date of 12 December 2017)) and the condition in paragraph 6.1(a) is waived by KCE JV and the Offer otherwise becomes unconditional, then, at the option of KCE JV (and subject to the terms of any waiver), either:

- (a) you will be bound to pay to KCE JV on demand an amount equivalent to the dividend, bonus or other payment or the value of the distribution (in each case grossed up for any withholding taxes deducted but exclusive of any imputation credits attached to the dividend, if applicable, and in relation to a non-resident shareholder, ignoring any supplementary dividend paid to that non-resident shareholder) that is received by, or is properly payable to, you and relates to the Shares for which you accept or have accepted the Offer and which are transferred to a member of KCE JV; or
- (b) the consideration which would otherwise have been paid to you for the Shares for which you accept or have accepted the Offer and which are transferred to a member of KCE JV will be reduced by an amount equivalent to the dividend, bonus or other payment or the value of the distribution (in each case grossed up for any withholding taxes deducted but exclusive of any imputation credits attached to the dividend, if applicable, and in relation to a non-resident shareholder, ignoring any supplementary dividend paid to that non-resident shareholder) that is received by, or is properly payable to, you and relates to the Shares for which you accept or have accepted the Offer and which are transferred to a member of KCE JV.

8.2 If you are required to make a payment to KCE JV under paragraph 8.1(a) you must make that payment:

- (a) immediately on demand, to the bank account stated in KCE JV's demand;
- (b) in cleared and irreversible funds; and
- (c) free of deduction, set off, withholding or condition.

8.3 If a dividend or distribution referred to in paragraph 8.1 is not in cash in New Zealand dollars, then KCE JV may determine the New Zealand dollar value of that dividend or distribution. KCE JV's determination will be final and will bind you and all other persons. You may not challenge or appeal that determination.

Bonus issues of securities

8.4 If, on or after the Notice Date, KCE authorises or makes any issue of shares, convertible securities, or other securities or financial products of any nature (including warrants, options, convertible notes, entitlements, rights or interests in its ordinary shares) ("**Additional Securities**"), by way of bonus issue and the condition in paragraph 6.1(b) is waived by KCE JV and the Offer otherwise becomes unconditional, then, at the option of KCE JV (and subject to the terms of any waiver), either:

- (a) you must transfer to a member of KCE JV (as determined by the members of KCE JV), in respect of the Shares for which you have accepted the Offer and

which are transferred to a member of KCE JV , any Additional Securities, without any additional payment or consideration; or

- (b) if the Additional Securities are Shares in KCE, the Offer will extend to those Additional Securities, the consideration payable for each Share as set out in paragraph 2.1 will be proportionately reduced to take account of the bonus issue, such that the total aggregate consideration payable for all Shares in KCE under the Offer (including the Additional Securities), if accepted in full, remains the same as it would have had no bonus issue taken place.

Other issues of Shares

- 8.5 If, on or after the Notice Date, KCE authorises or makes any issue of Shares to any person other than by way of bonus issue and the condition in paragraph 6.1(b) is waived by KCE JV and the Offer otherwise becomes unconditional, then the Offer will be deemed to be extended to and include those Shares and the price payable for them will be the price set out in paragraph 2.1.

Subdivisions and consolidations

- 8.6 If, on or after the Notice Date, all or any of the Shares are subdivided or consolidated by KCE then:
 - (a) the Offer will be interpreted to take into account that subdivision or consolidation and will be deemed to be for the Shares resulting from that subdivision or consolidation;
 - (b) the consideration per Share offered under the Offer set out in paragraph 2.1 will be increased or reduced, as the case may require, in proportion to that subdivision or consolidation; and
 - (c) you must transfer those subdivided or consolidated Shares for which you have accepted the Offer to a member of KCE JV (as determined by the members of KCE JV) on the basis of the price so increased or reduced.

9. NOTICES

- 9.1 Notices that KCE JV gives to KCE and the Takeovers Panel:

- (a) declaring this Offer unconditional; or
- (b) advising that the Offer is withdrawn in accordance with the Takeovers Code; or
- (c) advising that the Offer has lapsed in accordance with its terms or the Takeovers Code,

will, in each case, be deemed to be notice to you and all other offerees when so given.

- 9.2 Notice of any variation of the Offer will be sent to KCE, the Takeovers Panel and, except where not required in accordance with the Takeovers Code, to you and each other offeree under the Offer.

10. FURTHER INFORMATION, INTERPRETATION AND GENERAL TERMS

Further information

- 10.1 Further information relating to the Offer, as required by Schedule 1 to the Takeovers Code, is set out in Schedule 1 and forms part of this Offer Document.

Interpretation

- 10.2 In this Offer Document:

- (a) any reference to the Takeovers Code means the takeovers code approved in the Takeovers Code Approval Order 2000 (SR 2000/210) as amended including by any applicable exemption granted by the Takeovers Panel under the Takeovers Act 1993;
- (b) except if expressly defined in this Offer Document, or where the context requires otherwise, terms defined in the Takeovers Code have the same meaning in this Offer Document;
- (c) references to amounts of money are to New Zealand currency and to times are to New Zealand time;
- (d) headings are for convenience only and do not affect the interpretation of this Offer Document or any Acceptance Form;
- (e) the singular includes the plural and vice versa;
- (f) if you hold your Shares jointly, unless otherwise expressly stated, a reference to you is a reference to all joint holders together; and
- (g) all percentages are rounded to two decimal places.

- 10.3 If there is an inconsistency between the terms and conditions of the Offer and the provisions of the Takeovers Act 1993 or the Takeovers Code, the provisions of the Takeovers Act 1993 or the Takeovers Code (as the case may be) will prevail to the extent of that inconsistency.

Cheques, documents and transfers are at your risk

- 10.4 All cheques, electronic funds transfers, Acceptance Forms and other documents to be delivered, sent or transferred by or to you will be delivered, sent or transferred at your own risk.

Variation of this Offer

- 10.5 KCE JV may vary the Offer in accordance with rule 27 of the Takeovers Code.

Acceptance Form is part of this Offer

- 10.6 The provisions set out in the Acceptance Form are part of the terms of the Offer.

Governing law and jurisdiction

- 10.7 The Offer and any contract arising from acceptance of it are governed by, and must be construed in accordance with, the laws of New Zealand.
- 10.8 You submit to the non-exclusive jurisdiction of the Courts of New Zealand.

SCHEDULE 1

TAKEOVERS CODE INFORMATION

The information required by Schedule 1 to the Takeovers Code, and not stated elsewhere in this Offer Document, is set out below. Where any information required by Schedule 1 is not applicable, no statement is made regarding that information. The following matters are stated as at [Offer Date] ("Offer Date").

1. DATE

- 1.1 The Offer is dated [Offer Date].

2. OFFEROR AND ITS DIRECTORS

- 2.1 The offeror is an unincorporated joint venture named King Country Energy Joint Venture ("KCE JV"). The names and addresses of the participants in and members of KCE JV are:

King Country Energy Holdings Limited
108 Durham Street
Tauranga 3110
New Zealand

Robert Carter, Graeme Cosford, Uwe Kroll, Adrian Doyle and Niel Groombridge as trustees of the King Country Electric Power Trust
Peak Chartered Accountants
Cnr Manuaute and Miriama Streets, Taumarunui

- 2.2 The director of King Country Energy Holdings Limited is Vincent James Hawksworth.

- 2.3 The persons occupying a position in KCE JV that is comparable to that of a director of a company (being the members of the steering committee of KCE JV) as at the Offer Date are:

Craig Neustroski
Kevin Palmer
Adrian Doyle
Robert Carter

3. TARGET COMPANY

- 3.1 The name of the target company is King Country Energy Limited ("KCE").

4. OWNERSHIP OF EQUITY SECURITIES OF KCE

- 4.1 The table below sets out the number, designation and percentage of equity securities of any class of KCE held or controlled by:

- (a) KCE JV (as offeror);
- (b) any related company of KCE JV;
- (c) any person acting jointly or in concert with KCE JV;
- (d) any director of any of the persons described in paragraphs (a) to (c) above; and

- (e) any other person holding or controlling 5% or more of the class, to the knowledge of KCE JV.

Name	Description	Number of Equity Securities Held or Controlled	Type of Equity Security	Percentage of Class
Robert Carter, Graeme Cosford, Uwe Kroll, Adrian Doyle and Niel Groombridge (jointly as trustees of the King Country Electric Power Trust)	Offeror and holder of 5% or more of a class of KCE equity securities	5,027,778	Ordinary Shares	19.98%
King Country Energy Holdings Limited	Offeror and holder of 5% or more of a class of KCE equity securities	16,375,000*	Ordinary Shares	65.07%
Trustpower Limited	Related Company of King Country Energy Holdings Limited	16,375,000*	Ordinary Shares	65.07%
Niel Groombridge	Trustee of the King Country Electric Power Trust	885	Ordinary Shares	0.00%
Graeme Cosford	Trustee of the King Country Electric Power Trust	885	Ordinary Shares	0.00%
Robert Carter	Trustee of the King Country Electric Power Trust and a director of KCE	1770	Ordinary Shares	0.00%

*These relate to the same shares

Note: The percentage numbers are rounded to two decimal places. The information in the table above is information known at the Offer Date.

- 4.2 Except as stated in the above table, no person referred to in paragraphs 4.1(a) to (d) of this Schedule holds or controls equity securities of KCE.

5. TRADING IN KCE EQUITY SECURITIES

- 5.1 Except as set out in the table below, no person referred to in paragraphs 4.1(a) to (d) of this Schedule has, during the 6-month period before the Offer Date, acquired or disposed of any equity securities of KCE. King Country Energy Holdings Limited ("KCEHL") has, during the 6-month period before the Offer Date, acquired the number and type of securities, for the price and on the dates, in each case, set out in the table below:

Number of KCE securities	Consideration per security	Date of transaction
270 ordinary shares	\$4.40	12 June 2017
100 ordinary shares	\$4.40	13 June 2017

2,065 ordinary shares	\$4.45	28 June 2017
1,015 ordinary shares	\$4.45	29 June 2017
1,770 ordinary shares	\$4.45	3 July 2017
230 ordinary shares	\$4.45	7 July 2017
340 ordinary shares	\$4.45	14 July 2017

6. AGREEMENTS TO ACCEPT OFFER

- 6.1 On 5 December 2017, KCEHL and the trustees of the King Country Electric Power Trust (being Robert Carter, Graeme Cosford, Uwe Kroll, Adrian Doyle and Niel Groombridge) (the "**Trust**") entered into an implementation agreement relating to King Country Energy Limited (the "**Implementation Agreement**") under which KCEHL and the Trust (a) established an unincorporated joint venture to undertake the Offer, (b) KCEHL agreed to accept the Offer in respect of its Shares, and (c) the Trust agreed to accept the Offer in respect of its Shares.

7. ARRANGEMENTS TO PAY CONSIDERATION

- 7.1 KCE JV confirms that resources will be available to it sufficient to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer (including the debts arising under sections 47 to 53 of the Takeovers Act 1993).
- 7.2 A statement setting out the rights of each holder of Shares under rule 34 of the Takeovers Code is set out in paragraph 3.2 of the Offer Terms and Conditions.

8. ARRANGEMENTS BETWEEN KCE JV AND KCE

- 8.1 As noted in paragraph 6.1 above, KCEHL and the Trust have entered into an Implementation Agreement establishing an unincorporated joint venture and governing the terms upon which the Offer is to be made.
- 8.2 KCE is related to KCEHL because more than half of the Shares are held by KCEHL.
- 8.3 The material terms of the Implementation Agreement are as follows:
- (a) KCEHL and the Trust formed KCE JV (an unincorporated joint venture) to make the Offer and, if applicable, implement the compulsory sale procedures in Part 7 of the Takeovers Code ("**Compulsory Sale**");
 - (b) KCEHL and the Trust agreed to form a steering committee for KCE JV which has the power and authority to govern and control KCE JV in relation to all matters in respect of the Offer and the Compulsory Sale;
 - (c) The steering committee will seek to work with the KCE board to finalise the terms of the Offer, based on the draft Offer terms attached to the Implementation Agreement;
 - (d) KCEHL and the Trust agreed that the steering committee would seek to work with KCE to agree timelines so as to seek to undertake the Offer in a co-operative manner, in particular so that:
 - (i) the Offer Document could be sent to KCE shareholders together with KCE's target company statement; and
 - (ii) the KCE board unanimously recommends to KCE shareholders to accept the Offer;

- (e) Each of KCEHL and the Trust agreed to use its reasonable endeavours to implement the Offer and, if applicable, the Compulsory Sale in accordance with the timetable attached to the Implementation Agreement;
- (f) KCEHL agreed that:
 - (i) as soon as reasonably practicable following the making of the Offer, KCEHL will accept the Offer for all of its Shares; and
 - (ii) KCEHL will pay the Offer price in respect of all Shares acquired by KCE JV pursuant to the Offer (other than the Shares owned by the Trust) and all Shares acquired pursuant to the Offer will be registered into the name of KCEHL (other than the Shares owned by the Trust which will be registered into the name of the Trust);
- (g) The Trust agreed that:
 - (i) as soon as acceptances have been received in respect of the Offer (excluding any acceptance from KCEHL) that, when aggregated with the Shares owned by KCEHL and the Trust respectively, would result in KCEHL and the Trust being (in aggregate) Dominant Owners (as defined in the Takeovers Code), the Trust will accept the Offer for half of the Shares owned by it, which will be registered into the name of the Trust. Immediately upon such Shares being registered into the name of the Trust, the Trust will accept the Offer for the balance of its Shares, which will also be registered into the name of the Trust; and
 - (ii) it will pay the Offer price in respect of the Shares in respect of which it accepts the Offer;
- (h) If KCEHL and the Trust have not (in aggregate) become the Dominant Owner by the date that is 20 days before the scheduled closing date of the Offer, the representatives of KCEHL on the steering committee of KCE JV will determine if the Offer period should be extended and whether any other variations to the Offer which are permissible pursuant to the Takeovers Code should be made;
- (i) KCEHL and the Trust each agree that, unless the Implementation Agreement is terminated in accordance with its terms or the Offer lapses in accordance with its terms or is withdrawn in accordance with the Takeovers Code, it will not dispose of, encumber or deal in any way with any of its Shares (except as contemplated in paragraphs 8.3(f) and (g) above or following entry into the shareholders' agreement contemplated in paragraph 8.3(m)(i) below);
- (j) Each of KCEHL and the Trust agrees that, except as expressly set out in the Implementation Agreement, it will not acquire any further legal or beneficial interests in any Shares, increase its holding or control of voting rights in KCE, or otherwise take any action if it would result in a breach of the Takeovers Code;
- (k) Immediately following the close of the Offer, if KCEHL and the Trust have become (in aggregate) the Dominant Owner, KCE JV will implement the Compulsory Sale and the consideration payable under such sale will be paid by KCEHL and all Shares acquired under such sale will be registered into the name of KCEHL;
- (l) If KCEHL and the Trust do not become (in aggregate) the Dominant Owner in relation to KCE by reason of acceptances of the Offer and do not, therefore, implement the Compulsory Sale, then, upon the close of the Offer, KCEHL and the Trust will not be obligated to take the steps contemplated in paragraph 8.3(m) below; and

(m) On completion of the Compulsory Sale:

- (i) KCEHL and the Trust will enter into a shareholders' agreement in the form appended to the Implementation Agreement relating to their respective rights and obligations as shareholders of KCE (which agreement, amongst other things, contains a call option allowing the Trust to acquire from KCEHL such number of Shares as represents 5% of the total Shares on issue on the date such acquisition is completed);
- (ii) KCEHL and the Trust will each have the right to appoint directors to KCE and its subsidiaries in accordance with the shareholders' agreement and the Implementation Agreement; and
- (iii) KCEHL will assess whether KCE and KCE Retail Limited should dispose of their electricity retail business and, if KCEHL determines that such sale is appropriate before the date that is six months after completion of the Compulsory Sale, then KCEHL and the Trust will procure that KCE and KCE Retail Limited enter into a retail business sale and purchase agreement with Trustpower Limited, which agreement will be in the form appended to the Implementation Agreement, with such changes to that agreement as may be reasonably requested by KCEHL and approved by the Trust (such approval not to be unreasonably withheld, conditioned or delayed, other than in respect of changes to price or value approval of which may be withheld by the Trust, at its discretion).

Except for the Implementation Agreement and the associated transactions detailed above, as at the date of this Offer, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between KCE JV or any of its associates and KCE or any related company of KCE in connection with, in anticipation of, or in response to this Offer

9. ARRANGEMENTS BETWEEN KCE JV, AND DIRECTORS AND OFFICERS OF KCE

- 9.1 Except as noted in paragraph 9.2, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between KCE JV or any associate of KCE JV, and any of the directors or senior officers of KCE or of any related company of KCE in connection with, in anticipation of, or in response to, this Offer.
- 9.2 Robert Carter is a director of KCE and is also a trustee of the Trust. In his capacity as a trustee he has entered into the Implementation Agreement referred to in paragraph 8 above.

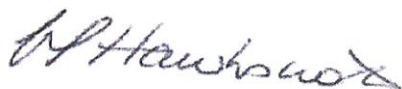
10. FINANCIAL ASSISTANCE

- 10.1 No agreement or arrangement has been made, or is proposed to be made, under which KCE or any related company of KCE will give (directly or indirectly) financial assistance for the purpose of, or in connection with, the Offer.
- 10.2 KCEHL and Trustpower Limited are related companies of KCE. KCEHL will, through Trustpower Limited, fund the purchase of the Shares pursuant to this Offer (save for the Shares of the Trust which will be paid for by the Trust)

11. INTENTIONS ABOUT MATERIAL CHANGES IN KCE

- 11.1 If KCEHL and the Trust become Dominant Owners (as defined in the Takeovers Code) then they will implement a Compulsory Sale in accordance with the Takeovers Code and, upon that being completed:

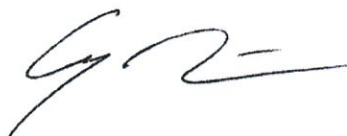
- (a) will remove KCE from Unlisted;
 - (b) will restructure the board of KCE so that it comprises nominees of KCEHL and the Trust and (if the KCE board determines an independent director is required to fill an identified gap in expertise) one independent director who will be able to receive notice of, attend, and speak at, meetings of the board of directors of KCE but will not be entitled to vote on resolutions; and
 - (c) KCEHL will assess whether KCE and KCE Retail Limited should dispose of their electricity retail business to Trustpower as more fully explained in paragraph 8.3(m)(iii) above.
- 11.2 If KCEHL and the Trust do not become Dominant Owners (as defined in the Takeovers Code) then the steps set out in paragraph 11.1 may not occur. KCE will remain a subsidiary of KCEHL (and therefore also of Trustpower Limited). While there will be no obligation on KCE and KCE Retail Limited to dispose of their electricity retail business, KCEHL will work with the KCE board to assess whether such a sale should take place.
- 12. PRE-EMPTION CLAUSES IN KCE'S CONSTITUTION**
- 12.1 There are no restrictions contained in the constitution of KCE on the right to transfer Shares which would have the effect of requiring holders of Shares to offer such Shares for purchase to members of KCE or another person before transferring the securities.
- 13. ESCALATION CLAUSES**
- 13.1 There is no agreement or arrangement (whether legally enforceable or not) to which KCE JV or any of its related entities is a party, under which any existing holder of equity securities in KCE will or may receive in relation to, or as a consequence of, the Offer, any additional consideration or other benefit over and above the consideration set out in the Offer, or under which any prior holder of equity securities in KCE will or may receive any consideration or other benefit as a consequence of the Offer.
- 14. CLASSES OF FINANCIAL PRODUCTS**
- 14.1 No report is required under rule 22 of the Takeovers Code (which, if the offer is for more than 1 class of financial products, requires a report by an independent adviser on the fairness and reasonableness of the consideration and terms of the offer as between the different classes of financial products).
- 15. CERTIFICATE**
- 15.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying the takeover notice is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Offeror under the Takeovers Code.



Vincent James Hawksworth
being the sole director of King Country Energy
Holdings Limited



Adrian Doyle
Trustee of King Country Electric Power Trust



Craig Neustroski
Person fulfilling the role of Chief Executive Officer
and Chief Financial Officer of King Country Energy
Holdings Limited



Adrian Doyle
Person authorised in writing to sign this
document on behalf of each of the following
trustees of the King Country Electric Power
Trust:

Robert Carter

Graeme Cosford

Uwe Kroll

Niel Groombridge

