



KING COUNTRY ENERGY LIMITED

TARGET COMPANY STATEMENT

**IN RESPONSE TO A FULL TAKEOVER OFFER
FROM KCE JV**

5 JANUARY 2018

This is an important document and requires your urgent attention. If you have any questions in respect of this document or the offer, you should seek advice from your financial or legal adviser.

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LETTER FROM THE CHAIRMAN OF THE INDEPENDENT COMMITTEE

5 January 2018

Dear King Country Energy Limited shareholder,

Introduction

KCE JV is making a full takeover offer under the Takeovers Code for all of the shares in King Country Energy Limited (“**KCE**”).

KCE JV is an unincorporated joint venture between King Country Energy Holdings Limited (“**Trustpower**”) and the trustees of the King Country Electric Power Trust (“**KCEP Trust**”). King Country Energy Holdings Limited, which is a wholly owned subsidiary of NZX listed Trustpower Limited, currently holds 65.07% of KCE’s shares. KCEP Trust currently holds 19.98% of KCE’s shares. Trustpower and KCEP Trust have both agreed to accept KCE JV’s offer. Together they hold 85.05% of KCE’s shares.

This letter forms part of KCE’s Target Company Statement in response to KCE JV’s offer. The Target Company Statement is required by the Takeovers Code and includes the Independent Committee’s recommendation on the offer, as well as an Independent Adviser’s Report, prepared by Simmons Corporate Finance Limited. You should read the Target Company Statement, including the Independent Adviser’s Report, carefully and in full when considering whether to accept the offer.

Independent Committee of Directors

Your Board has formed an Independent Committee of Directors, comprising Toby Stevenson, Linda Robertson and Brian Needham, to consider the offer, and to oversee preparation of this Target Company Statement. The Independent Committee sought advice from West Coast Capital Limited as financial adviser and Harnos Horton Lusk Limited as legal adviser, and carefully considered Simmons Corporate Finance Limited’s report.

Recommendation of the Independent Committee

The Independent Committee unanimously recommends that you SHOULD ACCEPT the offer.¹

The key factors which influenced the Independent Committee’s considerations and recommendation to KCE shareholders are addressed in more detail in the Why You Should Accept the Offer sections and the Other Factors

¹ The Independent Committee may change its recommendation if a higher value alternative proposal emerges. However, the Independent Committee considers that it is very unlikely that such a proposal will emerge during the offer period.

for You to Consider section of this Target Company Statement and in the Independent Adviser's Report. **You are encouraged to read those factors carefully and in full.**

Ultimately, it is your decision whether or not to accept the offer. When making this decision you should consider your own individual circumstances, views on value and the merits of the offer, and investment time horizon. You are encouraged to consider taking your own separate professional advice (e.g. from your lawyer or financial adviser) tailored to your circumstances.

Independent Committee intentions

The only member of the Independent Committee who holds shares in KCE is Brian Needham, who holds 4,852 shares as sole trustee of a trust. Absent a higher value alternative proposal emerging, Mr Needham intends to accept the offer for all of those shares.

Key terms of KCE JV's offer

The full terms and conditions of KCE JV's offer are set out in KCE JV's Offer Document, which will be sent to you separately by KCE JV.

The key terms of KCE JV's offer are as follows:

- The offer price is **\$5.00** per share. The offer price is payable in cash.
- Although the Offer Document contains conditions, those conditions no longer apply, as KCE JV has declared the offer unconditional in all respects.

Acceptance of the offer

If you wish to accept the offer, please use the Acceptance Form that accompanies KCE JV's Offer Document. Complete and return your Acceptance Form in accordance with the instructions on that form. **Acceptances, once given, cannot be withdrawn** unless KCE JV fails to pay you for your KCE shares in accordance with the Takeovers Code.

If you wish to accept the offer for only some of your shareholding, you should follow the instructions in the Offer Document and the Acceptance Form.

If you do not wish to accept the offer, you do not need to take any action.

Timing

The offer will close at 5.00pm on 16 February 2018, unless extended by KCE JV in accordance with the Takeovers Code. KCE JV will write to you to advise you if it extends the offer.

KCE JV has confirmed to KCE in writing that if you accept the offer, KCE JV will pay you for your shares within seven days after your acceptance. Accordingly, if you intend to accept the offer, then the Independent Committee recommends that **you should accept the offer as soon as possible.**

Conclusion

As noted above, the Independent Committee unanimously recommends that you should accept the offer.

If new material information arises, or if there is a material change in circumstances, the Independent Committee will update shareholders by way of announcements to the Unlisted trading platform. You can check those announcements at: www.unlisted.co.nz under the "KCE" code.

On behalf of the Independent Committee and the Board, I thank you for your support of KCE.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Toby Stevenson', with a stylized flourish at the end.

Toby Stevenson

Chairman of the Board and of the Independent Committee
King Country Energy Limited

WHY YOU SHOULD ACCEPT THE OFFER - SUMMARY

1.	THE OFFER PRICE OF \$5.00 PER SHARE IS COMFORTABLY ABOVE THE MIDPOINT OF THE INDEPENDENT ADVISER'S VALUE RANGE AND REPRESENTS A PREMIUM TO KCE SHARE TRADING PRICES ON UNLISTED
2.	THE OFFER PRICE IS EQUAL TO THE RECOMMENDED PRICE FOR TRUSTPOWER'S 2015 TAKEOVER OFFER
3.	THE OFFER PRICE IS EQUAL TO KCE'S NET ASSETS PER SHARE
4.	THE INDEPENDENT COMMITTEE BELIEVES THAT THE OFFER PRICE ADEQUATELY COMPENSATES YOU FOR THE CURRENT AND POTENTIAL FUTURE BENEFITS OF OWNERSHIP OF KCE SHARES, HAVING REGARD TO THE RISKS OF FUTURE SHARE OWNERSHIP (INCLUDING THE LIKELY REDUCTION IN, OR LOSS OF, ACOT REVENUE)
5.	KCE JV'S OFFER PROVIDES YOU WITH A CERTAIN OPPORTUNITY TO SELL ALL OF YOUR SHARES IN KCE AT A CASH PRICE IN ONE TRANSACTION AND FREE OF BROKERAGE

Further details are set out on the following pages. The Independent Committee strongly encourages you to take these factors, and the merits of the offer addressed in the Independent Adviser's Report, into account when considering your response to KCE JV's offer.

WHY YOU SHOULD ACCEPT THE OFFER - THE DETAIL

The offer price of \$5.00 per share is comfortably above the midpoint of the Independent Adviser's value range and represents a premium to KCE share trading prices on Unlisted

The Independent Adviser assesses the value of KCE's shares in the range of \$4.37 to \$5.47 per share, with a midpoint of \$4.92 per share. KCE JV's offer price is \$5.00 per share. Accordingly, the offer price is comfortably above the midpoint of the Independent Adviser's value range.

KCE's shares were first quoted on Unlisted on 6 July 2004. Since that time and before announcement of KCE JV's offer, KCE's shares have traded in a range between \$2.71 and \$4.80 per share. Accordingly, the offer price of \$5.00 per share is greater than any price at which KCE shares have traded on Unlisted in that period.

In addition, the offer price represents a:

- 11% premium to the last traded price on Unlisted prior to the announcement of KCE JV's offer.
- 14% premium to the one month volume weighted average price ("VWAP") for KCE shares on Unlisted prior to the announcement of KCE JV's offer.
- 13% premium to the three month VWAP for KCE shares on Unlisted prior to the announcement of KCE JV's offer.
- 13% premium to the six month VWAP for KCE shares on Unlisted prior to the announcement of KCE JV's offer.

Further comparison of the offer price to Unlisted share prices set out in section 2.4 of the Independent Adviser's Report.

The offer price is equal to the recommended price for Trustpower's 2015 takeover offer

On 2 December 2015, Trustpower (which is a member of KCE JV) made a full takeover offer for KCE (the "**2015 Offer**"). Under the 2015 Offer, Trustpower offered:

- \$4.78 per KCE share, if acceptances were received for more than 50.1%, but less than 70.2%, of KCE's shares.
- \$5.00 per KCE share, if acceptances were received for 70.2% or more of KCE's shares.

The Board of KCE appointed an independent committee, comprising Toby Stevenson and Linda Robertson ("**the 2015 Independent Committee**"), to consider and respond to the 2015 Offer.

The 2015 Independent Committee recommended to shareholders that they should not accept the 2015 Offer at a price of \$4.78 per KCE share, but recommended that they should accept the 2015 Offer if the price was increased to \$5.00 per KCE. Trustpower did not increase the offer price for the 2015 Offer to \$5.00 per share, and the 2015 Offer closed with Trustpower acquiring 64.55% of KCE's shares.

KCE JV's offer price of \$5.00 per share is equal to the price at which the 2015 Independent Committee recommended acceptance of the 2015 Offer.

Importantly, after the KCE JV gave notice of its intention to make the current offer, KCE paid a cash dividend of 20 cents per share (being a gross dividend of 22.2 cents per share). This dividend represents additional value to all shareholders, above the offer price. The offer price, together with the cash dividend, amounts to \$5.20 per share.

The offer price is equal to KCE's net assets per share

After payment of the cash dividend of 20 cents per share on 12 December 2017, KCE has net assets of \$5.00 per share. This is equal to the offer price of \$5.00 per share.

In contrast, the offer price of \$4.78 per share under the 2015 Offer was a discount to net assets per share at the time of the 2015 Offer.

The Independent Committee believes that the offer price adequately compensates you for the current and potential future benefits of ownership of KCE shares, having regard to the risks of future share ownership (including the likely reduction in, or loss of, ACOT revenue)

In forming its own view on KCE's value, and the merits of the offer, the Independent Committee has sought financial advice and has, amongst other things, considered:

- KCE's stand-alone value (i.e. the likely value to KCE shareholders if the Board of KCE was to continue to implement its existing strategic plan, having regard to implementation risks).
- Its own assessment of the value of KCE to Trustpower and KCEP Trust, as owners and controllers (in other words, the value and opportunities that selling shareholders would be providing to Trustpower and KCEP Trust, as the members of the KCE JV, including cost savings and other synergies).
- The key assumptions that affect KCE's underlying value.

The Independent Committee has also considered the trading multiples of comparable New Zealand electricity companies which have shares quoted on the NZX Main Board.

KCE's stand-alone value

KCE has for some time identified a number of strategic challenges to the achievement of its long-term goals and business plan, as follows:

- The ability to identify and acquire retail customers at positive margin contribution.
- Ongoing 'churn' of retail customers and reduction in margins in the retail market.
- The ability to grow generation capacity at acceptable returns.

- The threat of larger competitors, who can extract costs savings through economies of scale and pass those savings on to consumers through reduced prices.
- The announced discontinuation of ACOT payments and the replacement of ACOT with a scheme that will likely see reductions in this revenue source.²

These factors represent risks to the future profitability of KCE's business, and the Board's ability to maintain and increase shareholder value in the medium to long term. By accepting the offer, you transfer these risks to KCE JV.

Synergies

KCE JV may be able to extract cost savings and synergies if it acquires full ownership of KCE, including reduction in corporate overhead costs and, potentially, retail business synergies. These cost savings and synergies are not available to KCE or its shareholders while KCE remains a 'stand alone' company. Despite this, the Independent Committee's assessment is that the offer price includes a payment to shareholders for some of these cost savings and synergies (i.e. KCE JV is transferring some of the benefit of their cost savings and synergies to you, if you accept the offer).

Key valuation assumptions

The Independent Adviser has assessed the value of KCE using the discounted cash flow ("DCF") valuation method (see section 6 of the Independent Adviser's Report).

A DCF valuation of KCE is very sensitive to two key assumptions – being the wholesale energy price path, and the extent to which KCE receives future payments for what is currently referred to as ACOT.³ These sensitivities are acknowledged (amongst others) in section 6.5 of the Independent Adviser's Report.

Higher wholesale energy prices and the maintenance of ACOT payments at current levels translate into higher DCF values for KCE's shares. Conversely, lower wholesale energy prices and lower (or no) future ACOT payments translate into reduced DCF values for KCE's shares. The Independent Committee considers the latter scenario (i.e. lower wholesale energy prices and lower future ACOT equivalent payments) is much more likely to occur.⁴ Accordingly, the Independent Committee considers that the lower end of the Independent Adviser's value range is a more accurate assessment of the underlying value of KCE's shares than the upper end of the range.

Conclusion

Having regard to the matters set out above, the Independent Committee believes that KCE JV's offer price of \$5.00 per share adequately compensates you for the current and potential future benefits of ownership of KCE shares, having regard to the risks of future share ownership.

² ACOT payments are payments for the avoided cost of transmission. More information regarding ACOT payments (and risks associated with future ACOT equivalent payments) is set out in section 4.2 of the Independent Adviser's Report. Also see footnote 4.

³ See footnote 2.

⁴ KCE received \$2.9 million of ACOT revenue in the financial year ended March 2017, and KCE's revenue forecast for the financial year ended March 2018 ("FY18") (which is referred to in section 4.8 of the Independent Adviser's Report) assumes ACOT payments of \$3 million. The Independent Committee considers a significant reduction in ACOT equivalent revenue is likely to occur within the next two-three financial years and, therefore, that the FY18 forecast ACOT revenue assumption does not reflect future maintainable ACOT equivalent revenue.

KCE JV's offer provides you with a certain opportunity to sell all of your shares in KCE at a cash price in one transaction and free of brokerage

KCE shares are quoted on the Unlisted online trading platform.

Historically, there have been low volumes of trading of, and persons seeking to trade, KCE shares on Unlisted (often called share trading liquidity). This affects both the market price of KCE shares and the ability to buy and sell shares in KCE in reasonable parcel sizes. Trustpower's 65.07% shareholding and KCEP Trust's 19.98% shareholding have been a factor in this, as these two holdings (representing 85.05% of KCE's shares together) have significantly restricted the free float of shares (the number of shares available for buying and selling on the market). In the 12 months prior to 30 November 2017, a total of 42,388 KCE shares traded through Unlisted, representing just 0.17% of the total number of KCE shares.

Limited liquidity can have important consequences. It may hamper your ability to sell your KCE shares on Unlisted at the time that you wish at a price that you consider acceptable. Accordingly, a key benefit of KCE JV's offer is that it provides you with a certain opportunity to sell all of your shares in KCE at a cash price per share above historical levels on Unlisted, in one transaction and free of brokerage.

OTHER FACTORS FOR YOU TO CONSIDER

Competing offers are very unlikely

The members of KCE JV, Trustpower and KCEP Trust, together hold 85.05% of KCE's shares. Trustpower and KCEP Trust have agreed to accept KCE JV's offer.

As a result, the Independent Committee considers that it is very unlikely that a competing offer will be made during the KCE JV offer period.

Consequences for shareholders: KCE JV receives acceptances to the offer for 90% or more of KCE's shares

If KCE JV receives acceptances to the offer for 90% or more of KCE's shares, KCE JV will become entitled to, and intends to, compulsorily acquire the remaining shares in KCE in accordance with the Takeovers Code.

Importantly, as Trustpower and KCEP Trust in aggregate hold 85.05% of KCE's shares and have agreed to accept KCE JV offer, KCE JV only requires acceptances in respect of a further 4.95% of KCE's shares to achieve the 90% compulsory acquisition threshold.

If KCE JV achieves 90% or more ownership of KCE, then KCE shares will cease to be quoted on Unlisted.

Consequences for shareholders: KCE JV does not receive acceptances to the offer for 90% or more of KCE's shares

KCE JV's offer is not conditional on 90% acceptance. This means that KCE JV's offer may not result in KCE JV owning 90% of KCE shares. If KCE JV does not achieve 90% ownership (i.e. if it receives acceptances to the offer for less than 4.95% of KCE's shares), it will not be entitled to compulsorily acquire the remaining KCE shares.

Set out below is the Independent Committee's assessment of certain factors that are likely to be relevant to shareholders if KCE JV does not receive 90% acceptance to its offer.

Control of KCE

Trustpower and KCEP Trust have entered into an implementation agreement in respect of the offer. Under the implementation agreement, if the offer does not result in KCE JV achieving 90% ownership of KCE, all of the shares acquired under the offer will be acquired by Trustpower.

Accordingly, if the offer does not result in KCE JV achieving 90% ownership of KCE, Trustpower will maintain effective control of KCE. This means that:

- No change of control transaction, such as a takeover offer from a third party, can be successful, unless that transaction is supported by Trustpower.

- Trustpower will continue to have the ability to control the composition of KCE's Board of Directors. The KCE Board currently is comprised of six Directors, including two representatives of Trustpower and one representative of KCEP Trust. It is possible that in the future Trustpower will use its control position as majority shareholder to change the composition of the KCE Board.
- Trustpower will continue to have significant influence on a special resolution and, depending on the extent to which other shareholders vote, may be able to determine the outcome of a special resolution by itself.

Possibility of a follow-on offer

KCE JV or Trustpower can make another takeover offer for KCE after the current offer is completed (often called a "follow-on offer"), unless KCE JV or Trustpower announces that it will not do so. There are no timing restrictions on when KCE JV or Trustpower can make a follow-on offer. KCE JV or Trustpower can make a follow-on offer at a higher (or lower) price in comparison to the current offer price.

If KCE JV or Trustpower makes a follow-on offer in the future at a higher price, it is not required to pay that higher price to KCE shareholders who accept the current offer. Accordingly, if you accept the current offer for all of your KCE shares, you will not receive any uplift if a higher price follow-on offer is made.

Post offer share price

Following completion of KCE JV's offer, it is likely that KCE's share price on Unlisted will decline to levels more closely in line with the historical prices before KCE JV gave notice of its intention to make the offer

Liquidity may decline

Following completion of KCE JV's offer, the low volumes of trading of KCE shares on Unlisted is likely to continue and, depending on the level of acceptance to the offer, may decline.

This may affect the market price for KCE shares and could also adversely affect your ability to sell your KCE shares.

Continuing quotation on Unlisted

KCE's shares may continue to be quoted on Unlisted. It is also possible that KCE may be delisted from, and KCE shares will cease quotation on, Unlisted. Shareholder approval is not required for delisting.

Future intentions, including future dividends

The strategy pursued by a Trustpower controlled KCE will be a key influence on KCE's future value. Of particular importance to KCE shareholders will be KCE's future dividend policy. A key factor that influences the dividend policy is KCE's future earnings.

In this regard, if the offer does not result in KCE JV achieving 90% ownership of KCE, then Trustpower and KCEP Trust have agreed that they will assess whether KCE should sell KCE's electricity retail business to Trustpower.⁵ If this was to occur, KCE would receive a capital payment for the electricity retail business, but would not have the benefit of the earnings of that business after the sale.

⁵ For completeness, if the offer does result in KCE JV achieving 90% ownership of KCE JV, Trustpower will assess whether to buy KCE's electricity retail business from KCE. If Trustpower decides, within a prescribed timeframe, that it wishes to buy that business, then Trustpower and KCEP Trust will procure that KCE sells the electricity retail business to Trustpower on terms which have already been pre-agreed between Trustpower and KCEP Trust.

TARGET COMPANY STATEMENT (TAKEOVERS CODE DISCLOSURES)

This Target Company Statement has been prepared by King Country Energy Limited (“**KCE**”) pursuant to Rule 46 and Schedule 2 of the Takeovers Code in relation to a full takeover offer made by an unincorporated joint venture (“**KCE JV**”) between King Country Energy Holdings Limited (“**Trustpower**”) and the trustees of the King Country Electric Power Trust (being Robert Carter, Graeme Cosford, Uwe Kroll, Adrian Doyle and Niel Groombridge) (“**KCEP Trust**”). Where any information required by Schedule 2 to the Takeovers Code is not applicable, no statement is made regarding that information. The following matters are stated as at the date of this Target Company Statement.

1. DATE

1.1 This Target Company Statement is dated 5 January 2018.

2. OFFER

2.1 This Target Company Statement relates to a full takeover offer by KCE JV (“**Offer**”) to purchase all of the fully paid ordinary shares in KCE (“**KCE Shares**”).

2.2 At the date of this Target Company Statement:

- (a) Trustpower is a wholly owned subsidiary of NZX Main Board listed Trustpower Limited and the current holder of 65.07% of the KCE Shares; and
- (b) KCEP Trust is, at the date of this Target Company Statement, the current holder of 19.98% of the KCE Shares.

2.3 The full terms of the Offer are set out in KCE JV’s Offer Document dated 1 January 2018 (“**Offer Document**”).

3. TARGET COMPANY

3.1 The name of the target company is King Country Energy Limited.

4. DIRECTORS OF KCE

4.1 The names of the Directors of KCE are:

- (a) Toby Stevenson (Chairman);
- (b) Linda Robertson;
- (c) Brian Needham;
- (d) Robert Carter;
- (e) Vincent Hawksworth; and
- (f) Paul Ridley-Smith.

5. OWNERSHIP OF EQUITY SECURITIES OF KCE

5.1 The only class of equity securities on issue in KCE is KCE Shares. The number and the percentage of KCE Shares held or controlled by each Director or Senior Officer⁶ of KCE, or their associates, is set out in the following table:

Director, Senior Officer or associate	Description	Number of KCE Shares held or controlled by Director, Senior Officer or associate	Designation of KCE Shares	Percentage of total number of KCE Shares
Robert Carter, Graeme Cosford, Uwe Kroll, Adie Doyle and Niel Groombridge as trustees of the King Country Electric Power Trust	Director / Associate of Robert Carter ⁷	5,027,778	Ordinary	19.98%
Brian Needham as sole trustee of the Needham Family Trust ⁸	Director	4,852	Ordinary	0.02%
Robert Carter	Director	1,770	Ordinary	0.00%

The information in the above table was provided by or on behalf of the persons named in that table in response to questionnaires circulated by KCE after receipt of KCE JV's Takeover Notice.

5.2 Except as set out in paragraph 5.1, no Director or Senior Officer of KCE, or their associates, holds or controls any KCE Shares.

5.3 The number and the percentage of KCE Shares held or controlled by the persons known by KCE to hold or control 5% or more of the KCE Shares is set out in the following table:

Holder or controller of 5% or more of the KCE Shares	Number of KCE Shares held or controlled	Designation of KCE Shares	Percentage of total number of KCE Shares
Trustpower	16,375,000	Ordinary	65.07%

⁶ For the purposes of this Target Company Statement, KCE's Independent Committee has determined that the Senior Officers of KCE are Robert Foster (Chief Executive Officer) and Heather Holland (Financial Controller and person fulfilling the role of Chief Financial Officer).

⁷ Robert Carter may be an associate of the other trustees of the KCEP Trust.

⁸ Brian Needham is a beneficiary of the Needham Family Trust.

Holder or controller of 5% or more of the KCE Shares	Number of KCE Shares held or controlled	Designation of KCE Shares	Percentage of total number of KCE Shares
KCEP Trust	5,027,778	Ordinary	19.98%

The information in the above table was provided in Schedule 1 to Offer Document or on behalf of KCEP Trust in response to a questionnaire circulated by KCE to KCEP Trust after receipt of KCE JV's Takeover Notice.

5.4 Except as set out in paragraph 5.3, no other person is known by KCE to hold or control 5% or more of the KCE Shares.

5.5 No Director or Senior Officer of KCE, or their associates, have, in the two year period ending on the date of this Target Company Statement:

- (a) been issued with any KCE Shares; or
- (b) obtained a beneficial interest in any KCE Shares under any KCE employee share scheme or other remuneration arrangement.

6. TRADING IN KCE EQUITY SHARES

6.1 No Director or Senior Officer of KCE, or any of their associates, has during the six month period before 2 January 2018 (being the latest practicable date before the date of this Target Company Statement) acquired or disposed of KCE Shares.

6.2 During the six month period before 2 January 2018 (being the latest practicable date before the date of this Target Company Statement) Trustpower acquired KCE Shares as set out in the table below.

Aggregate number of KCE Shares acquired or disposed of	Week commencing of acquisition or disposal	Consideration per KCE Share / weighted average consideration per KCE Share	Designation of KCE Shares	Acquisition or disposal
2,000	3 July 2017	\$4.45	Ordinary	Acquisition
340	10 July 2017	\$4.45	Ordinary	Acquisition

6.3 Except as set out in paragraph 6.2, no person known by KCE to hold or control 5% or more of the KCE Shares has during the six month period before 2 January 2018 (being the latest practicable date before the date of this Target Company Statement) acquired or disposed of KCE Shares.

7. ACCEPTANCE OF OFFER

7.1 No Director or Senior Officer of KCE, or their associates, has an interest in KCE Shares, except as set out in paragraphs 7.2 to 7.5.

7.2 Brian Needham holds 4,852 KCE Shares as sole trustee of a trust. Unless a higher value alternative proposal emerges, Mr Needham intends to accept the Offer for all of those KCE Shares.

- 7.3 Robert Carter is a trustee of KCEP Trust, which holds 5,027,778 KCE Shares. On 5 December 2017, Trustpower and KCEP Trust entered into an implementation agreement relating to KCE ("**Implementation Agreement**") under which Trustpower and KCEP Trust (a) established an unincorporated joint venture to undertake the Offer, (b) Trustpower agreed to accept the Offer in respect of all of its KCE Shares, and (c) KCEP Trust agreed to accept the Offer in respect of all of its KCE Shares.
- 7.4 Pursuant to the Implementation Agreement, KCEP Trust agreed that as soon as acceptances have been received in respect of the Offer (excluding any acceptance from Trustpower) that, when aggregated with the KCE Shares owned by Trustpower and KCEP Trust respectively, would result in Trustpower and KCEP Trust being (in aggregate) Dominant Owners (as defined in the Takeovers Code),⁹ KCEP Trust will accept the Offer for half of the KCE Shares owned by it, which will be registered into the name of KCEP Trust. Immediately upon such KCE Shares being registered into the name of KCEP Trust, KCEP Trust will accept the Offer for the balance of its KCE Shares, which will also be registered into the name of KCEP Trust.
- 7.5 Robert Carter holds 1,770 KCE Shares. As at the date of this Target Company Statement, Mr. Carter intends to accept the Offer.

8. OWNERSHIP OF EQUITY SECURITIES OF TRUSTPOWER

- 8.1 KCE does not hold or control any class of equity security of Trustpower ("**Trustpower Shares**").
- 8.2 No Director or Senior Officer of KCE, or their associates, holds or controls any Trustpower Shares.

9. TRADING IN EQUITY SECURITIES OF TRUSTPOWER

- 9.1 KCE has neither acquired nor disposed of any Trustpower Shares during the six month period before 2 January 2018 (being the latest practicable date before the date of this Target Company Statement).
- 9.2 No Director or Senior Officer of KCE, or any of their associates, has acquired or disposed of any Trustpower Shares during the six month period before 2 January 2018 (being the latest practicable date before the date of this Target Company Statement).

10. ARRANGEMENTS BETWEEN KCE JV OR ITS ASSOCIATES AND KCE OR ITS RELATED COMPANIES

- 10.1 On 5 December 2017, Trustpower and KCEP Trust entered into the Implementation Agreement. The Implementation Agreement is summarised in paragraphs 6.1, 8.1 and 8.3 of Schedule 1 to the Offer Document.
- 10.2 As at the date of this Target Company Statement, except as set out in paragraph 10.1, KCE is not aware of any agreement or arrangement (whether legally enforceable or not) that 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, the Offer.

⁹ Under the Takeovers Code, Trustpower and KCEP Trust will become the Dominant Owner of KCE when they become the holder or controller of 90% or more of the KCE Shares.

11. RELATIONSHIP BETWEEN KCE JV, AND DIRECTORS AND SENIOR OFFICERS OF KCE

- 11.1 On 22 December 2017, KCE requested that, if the Offer results in KCE acquiring full ownership of KCE, Trustpower ensures that KCE maintains directors' and officers' insurance (substantially equivalent to existing cover) for a period of seven years for any Directors or Senior Officers of KCE who leave office/employment after conclusion of the Offer. Trustpower has confirmed it will do so.
- 11.2 Robert Carter is a director of KCE and is also a trustee of KCEP Trust. In his capacity as a trustee of KCEP Trust he has entered into the Implementation Agreement.
- 11.3 Except as set out in paragraphs 11.1 and 11.2, KCE is not aware of any agreement or arrangement (whether legally enforceable or not) that 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 any related company of KCE in connection with, or in anticipation of, or in response to, the Offer.
- 11.4 Each Director of KCE is also a Director of each of KCE Mangahao Limited, KCE Retail Limited and KCE Generation Limited (the "**KCE Subsidiaries**"). KCE and the KCE Subsidiaries are related companies of Trustpower.
- 11.5 Vincent Hawksworth is a Director of each of KCE and King Country Energy Holdings Limited. Mr. Hawksworth is also:
- (a) the Chief Executive Officer of Trustpower Limited, the owner of all of the shares in King Country Energy Holdings Limited; and
 - (b) a Director of Trustpower Metering Limited, Trustpower Insurance Limited, Hopsta Limited and GSP Energy Pty Limited, which are subsidiaries of Trustpower Limited.¹⁰
- 11.6 Paul Ridley-Smith is a Director of each of KCE and Trustpower Limited, the owner of all of the shares in KCE Holdings.
- 11.7 Robert Carter is a Director of KCE and is a trustee of KCEP Trust.
- 11.8 Except as set out in paragraphs 11.4 to 11.7, no Director or Senior Officer of KCE is also a Director or Senior Officer of KCE JV, or any related company of KCE JV.

12. AGREEMENTS BETWEEN KCE, AND DIRECTORS AND SENIOR OFFICERS

- 12.1 KCE is party to an individual employment agreement with Robert Foster, KCE's Chief Executive Officer. That agreement provides for the termination of Mr Foster's employment in certain circumstances, including in connection with a change of control of KCE.
- 12.2 KCE and Mr Foster have agreed that if KCE JV becomes the Dominant Owner of KCE, those termination provisions will apply, unless suitable redeployment opportunities are identified and mutually agreed.
- 12.3 KCE's and Mr Foster's current expectation is that if KCE JV becomes the Dominant Owner of KCE, Mr Foster's employment will be terminated and Mr Foster will serve out a three month period of 'gardening leave' (i.e. KCE will not require Mr Foster to work during that period, although Mr Foster may provide some transitional assistance to KCE and Trustpower). On termination, Mr Foster will be

¹⁰ This information is taken from Trustpower Limited's 2017 Annual Report.

entitled to certain payment entitlements under his individual employment agreement. Those entitlements were not agreed between Mr Foster and KCE in connection with, or in anticipation of, or in response to, the Offer.

- 12.4 Except as set out in paragraphs 12.1 to 12.3, KCE is not aware of any agreement or arrangement (whether legally enforceable or not) that has been made, or is proposed to be made, between KCE or any related company of KCE, and any of the Directors or Senior Officers or their associates of KCE or any related company of KCE, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, or in anticipation of, or in response to, the Offer.

13. INTERESTS OF DIRECTORS AND SENIOR OFFICERS OF KCE IN CONTRACTS OF KCE JV OR RELATED COMPANY

- 13.1 The Directors or Senior Officers of KCE, or their associates, with an interest in any contract to which KCE JV, or any related company of KCE JV, is a party are set out in the table below.

Director, Senior Officer or associate	Particulars of the nature and extent of the interest	Monetary value of the interest (if quantifiable)
Robert Carter	On 5 December 2017, Trustpower and KCEP Trust (Robert Carter is a trustee of KCEP Trust) entered into the Implementation Agreement. The particulars of the Implementation Agreement are summarised in paragraphs 6.1, 8.1 and 8.3 of Schedule 1 to the Offer Document.	Not quantified by KCEP Trust.
Robert Foster	Party to an individual employment agreement with KCE.	Not required to be disclosed. ¹¹
Heather Holland	Party to a contractor agreement with KCE.	Not required to be disclosed. ¹²
Each Director of KCE	Beneficiary of a Director Deed of Indemnity under which KCE has agreed to indemnify each Director for acts and omissions in that capacity.	Not required to be disclosed. ¹³
Robert Foster and Heather Holland	Beneficiary of an Officer Deed of Indemnity under which KCE has agreed to indemnify each of the Senior Officers for acts and omissions in that capacity.	Not required to be disclosed. ¹⁴

¹¹ Clause 13(4) of Schedule 2 to the Takeovers Code provides that a quantification of monetary value is not required for a contract which is entered into in the ordinary course of the business of the bidder (or its related company) and on usual terms and conditions.

¹² See footnote 11.

¹³ See footnote 11.

¹⁴ See footnote 11.

13.2 Except as set out in paragraph 13.1, KCE is not aware that any Director or Senior Officer of KCE, or their associates, has an interest in any contract to which KCE JV, or any related company of KCE JV, is a party.

13A INTERESTS OF KCE'S SUBSTANTIAL SECURITY HOLDERS IN MATERIAL CONTRACTS OF KCE JV OR RELATED COMPANY

13A.1 The persons who, to the knowledge of the Directors or the Senior Officers of KCE, hold or control 5% or more of the KCE Shares and who have an interest in any material contract to which KCE JV, or any related company of KCE JV, is a party, and the nature, extent and monetary value of that interest, are set out in the following table:

Party to the material contract to which KCE JV or a related company of KCE JV is a party	Particulars of the nature and extent of the interest	Monetary value of the interest (if quantifiable)
Trustpower and KCEP Trust	On 5 December 2017, Trustpower and KCEP Trust entered into the Implementation Agreement. The particulars of the Implementation Agreement are summarised in paragraphs 6.1, 8.1 and 8.3 of Schedule 1 to the Offer Document.	Not quantified by Trustpower or KCEP Trust.
KCEP Trust	As KCEP Trust is both an offeror and a greater than 5% shareholder in KCE, KCEP Trust will have an interest in each of its own material contracts. KCEP Trust has not provided KCE with a list of those contracts (if any).	
Trustpower	As Trustpower is both an offeror and a greater than 5% shareholder in KCE, Trustpower will have an interest in each of its own material contracts. Trustpower has not provided KCE with a list of those contracts (if any).	
Trustpower Limited	Trustpower Limited, a related company of Trustpower, and KCE Mangahao Limited, which is a related company of KCE, are party to a Services Agreement relating to KCE's Mangahao power station.	Not required to be disclosed. ¹⁵
Trustpower Limited	Trustpower Limited, a related company of Trustpower, and KCE are party to a Wairere Falls, Mokauiti, Piriaka and Kuratau Hydro Electric Power	Not required to be disclosed. ¹⁶

¹⁵ Clause 13A(4) of Schedule 2 to the Takeovers Code provides that a quantification of monetary value is not required for a contract which is entered into in the ordinary course of the business of the bidder (or its related company) and on usual terms and conditions.

¹⁶ See footnote 15.

Party to the material contract to which KCE JV or a related company of KCE JV is a party	Particulars of the nature and extent of the interest	Monetary value of the interest (if quantifiable)
	Stations Operations and Maintenance Services Agreement.	

13A.2 Except as set out in paragraph 13A.1 above, no person, who, to the knowledge of the Directors or the Senior Officers of KCE, holds or controls 5% or more of KCE Shares, has an interest in any material contract to which KCE JV, or any related company of KCE JV, is a party.

14. ADDITIONAL INFORMATION

14.1 In the opinion of the Directors of KCE, no additional information, to the knowledge of KCE, is required to make the information in KCE JV's Offer Document correct or not misleading.

15. RECOMMENDATION

Independent Committee

15.1 The KCE Board formed an Independent Committee of Directors to consider, and oversee KCE's response to, the Offer. The members of the Independent Committee are Toby Stevenson, Linda Robertson and Brian Needham.

Unanimous Recommendation

15.2 The Independent Committee's recommendation is set out in the letter from the Chairman of the Independent Committee section of this Target Company Statement. In summary, **the Independent Committee unanimously recommends that you SHOULD ACCEPT the Offer.**¹⁷

15.3 The factors which influenced the Independent Committee's considerations and recommendation to KCE Shareholders are addressed in more detail in the Why You Should Accept the Offer sections and the Other Factors for You to Consider section of this Target Company Statement and in the Independent Adviser's Report. You are encouraged to read those factors carefully and in full.

Abstentions

15.4 Vincent Hawksworth and Paul Ridley-Smith represent Trustpower on the KCE Board. Accordingly, they are not members of the Independent Committee and abstain from making a recommendation in respect of the Offer.

15.5 Robert Carter represents KCEP Trust on the KCE Board. Accordingly, he is not a member of the Independent Committee and abstains from making a recommendation in respect of the Offer.

¹⁷ The Independent Committee may change its recommendation if a higher value alternative proposal emerges. However, the Independent Committee considers that it is very unlikely that such a proposal will emerge during the offer period.

16. ACTIONS OF KCE

No material arrangements

- 16.1 Except as set out in paragraph 10.1, KCE is not aware of any material agreements or arrangements (whether legally enforceable or not) of KCE and its related companies entered into as a consequence of, in response to, or in connection with, the Offer.

No material negotiations

- 16.2 Except as set out in paragraphs 10.1 and 16.3 of this Target Company Statement, and as disclosed in clauses 8 and 11 of Schedule 1 to the Offer Document, KCE is not aware of any negotiations underway as a consequence of, or in response to, or in connection with, the offer that relate to or could result in:

- (a) an extraordinary event such as a merger, amalgamation, or reorganisation involving KCE or any of its related companies; or
- (b) the acquisition or disposition of material assets of KCE or any of its related companies; or
- (c) an acquisition of equity securities by, or of KCE or any related company of KCE; or
- (d) any material change in the equity securities on issue, or policy relating to distributions, of KCE.

- 16.3 The Board of KCE has resolved that, having used reasonable endeavours to do so, it cannot locate or contact certain holders of KCE Shares (“**No Address Shareholders**”). As at the date of this Target Company Statement, a list of the No Address Shareholders can be found on KCE’s website at <http://www.kce.co.nz/about-us/our-news/article/68/hundreds-of-missing-kce-shareholders-sought-nearly-680000-in-dividends-owed->. 334,235 KCE Shares are held by No Address Shareholders.

- 16.4 KCE has commenced a process, in accordance with clause 2.8 of KCE’s constitution, under which it is able, but not required, to:

- (a) acquire and cancel the KCE Shares of No Address Shareholders; or
- (b) arrange the sale of the KCE Shares of No Address Shareholders, including by accepting the Offer on behalf of the No Address Shareholders.

- 16.5 The earliest date on which KCE could take the steps set out in paragraph 16.4 is 17 January 2018.

- 16.6 If KCE acquires and cancels the KCE Shares, or arranges the sale of the KCE Shares (including by accepting the Offer), of No Address Shareholders, KCE would hold proceeds of acquisition or sale (less reasonable costs) on trust for No Address Shareholders, subject to the requirements of the Unclaimed Money Act 1971.

- 16.7 As at the date of this Target Company Statement, there are no discussions or negotiations underway between KCE and any other party in respect of a competing takeover offer or any other similar transaction. The Independent Committee does not anticipate any discussions or negotiations of this nature during the Offer period.

17. EQUITY SECURITIES OF KCE

- 17.1 As at the date of this Target Company Statement KCE has 25,164,052 ordinary shares on issue. The rights of KCE Shareholders in respect of capital, distributions and voting are as follows:

- (a) the right to an equal share with other KCE Shareholders in dividends authorised by the Board of KCE;
- (b) the right to an equal share with other KCE Shareholders in the distribution of surplus assets on liquidation of KCE; and
- (c) subject to the restrictions and prohibitions contained in KCE's constitution, the right to cast one vote on a show of hands, or by voice, or the right to cast one vote for each share held on a poll, in each case at a meeting of KCE Shareholders on any resolution, including a resolution to:
 - (i) appoint or remove a Director or auditor;
 - (ii) alter KCE's constitution;
 - (iii) approve a major transaction;
 - (iv) approve an amalgamation of KCE; and
 - (v) put KCE into liquidation.

17.2 As at the date of this Target Company Statement, KCE has not issued any options, or rights to acquire, KCE Shares or other KCE equity securities.

18. FINANCIAL INFORMATION

2017 Annual Report

18.1 Every person to whom the Offer is made is entitled to obtain from KCE a copy of KCE's most recent annual report (being the annual report for the 15 months ended 31 March 2017) from KCE's website: <http://www.kce.co.nz/investor-information/publications/>, or by making a written request to:

King Country Energy Limited

PO Box 363

Taumarunui 3946

NEW ZEALAND

Fax: +64 7 896 6036

Email: enquiry@kce.co.nz

18.2 A copy of KCE's half-year financial statements for the six months ended 30 September 2017 accompanies this Target Company Statement.

Changes in the financial position, trading position or prospects of KCE since the 2017 Annual Report

18.3 The Independent Committee is not aware of any changes in the financial or trading position or prospects of KCE since the annual report referred to in paragraph 18.1 which the Independent Committee considers to be material.

18.4 Other than as set out in this Target Company Statement and the Independent Adviser's Report, there is no other information about the assets, liabilities, profitability and financial affairs of KCE that could

reasonably be expected to be material to the making of a decision by KCE Shareholders to accept or reject the Offer.

18.5 The Independent Committee notes that, under applicable accounting standards, KCE is required to revalue the derivative instruments that it holds (electricity hedges and interest rate swaps) periodically. This can affect KCE's financial position and financial performance for accounting purposes. However, the revaluation of derivative instruments does not affect KCE's underlying trading performance and has no cash impact. For this reason:

- (a) KCE, like all similar New Zealand electricity companies, uses EBITDAF (earnings before interest, tax, depreciation, amortisation and fair value movements in derivatives) as its primary measure of earnings, as EBITDAF is not affected by the revaluation of derivative instruments; and
- (b) the Independent Committee does not consider the revaluation of derivative instruments to be a material consideration for KCE Shareholders in the context of the Offer.

19. INDEPENDENT ADVICE ON MERITS OF OFFER

19.1 Simmons Corporate Finance Limited, as Independent Adviser, has prepared a report on the merits of the Offer under Rule 21 of the Takeovers Code ("**Independent Adviser's Report**"). A full copy of the Independent Adviser's Report is set out in the Appendix to this Target Company Statement.

19.2 The Independent Adviser's Report includes:

- (a) a statement of the qualifications and expertise of Simmons Corporate Finance Limited; and
- (b) a statement that Simmons Corporate Finance Limited has no conflict of interest that could affect its ability to provide an unbiased report.

20. ASSET VALUATION

20.1 No information provided in this Target Company Statement refers to a valuation of any asset of KCE.

20.2 The Independent Adviser's Report refers to the valuation of KCE. The basis of computation and key assumptions on which that valuation is based is set out in the Independent Adviser's Report.

21. PROSPECTIVE FINANCIAL INFORMATION

21.1 None of the information provided in this Target Company Statement refers to prospective financial information of KCE.

21.2 The Independent Adviser's Report refers to prospective financial information of KCE. The principal assumptions on which the prospective financial information is based are set out in that report.

21.3 While it is not KCE's normal practice to provide guidance on forecast earnings, the Independent Adviser's Report sets out certain details of KCE's forecasts for the financial year ended 31 March 2018. In considering forecast information, shareholders should note that both forecasts were prepared for internal management purposes only and were not prepared for, or with the intention of giving, public guidance as to KCE's expected future financial performance. Accordingly, the basis of preparation of

the forecasts, while appropriate for internal management purposes, may differ from the basis which would be adopted when preparing prospective financial information for external reporting purposes.

22. SALES OF UNQUOTED EQUITY SECURITIES UNDER OFFER

22.1 The KCE Shares that are the subject of the Offer are quoted on the Unlisted trading platform with ticker code “KCE”. The Unlisted trading platform is not a stock exchange.

22.2 All of the information that KCE has as to the number of KCE Shares that have been disposed of in the 12 months ending on 2 January 2018 (being the latest practicable date before the date on which this Target Company Statement is sent to KCE Shareholders) and the consideration of those dispositions, is set out in the following table:

Date of disposition	Number of KCE Shares	Consideration (gross)	Consideration (per share)
23 January 2017	1,475	\$6,490.00	\$4.40
30 January 2017	590	\$2,596.00	\$4.40
31 January 2017	410	\$1,804.00	\$4.40
1 February 2017	3,425	\$15,011.00	\$4.38 ¹⁸
22 February 2017	5,975	\$26,290.00	\$4.40
7 March 2017	230	\$1,012.00	\$4.40
16 March 2017	230	\$1,012.00	\$4.40
20 March 2017	230	\$1,012.00	\$4.40
10 April 2017	590	\$2,596.00	\$4.40
2 May 2017	1,000	\$4,400.00	\$4.40
19 May 2017	590	\$2,596.00	\$4.40
26 May 2017	590	\$2,596.00	\$4.40
29 May 2017	320	\$1,408.00	\$4.40
30 May 2017	8,635	\$37,994.00	\$4.40

¹⁸ There were two trades on this date at a high of \$4.40 and a low of \$4.35. The consideration per share was calculated by dividing the aggregate gross consideration by the aggregate number of KCE Shares.

Date of disposition	Number of KCE Shares	Consideration (gross)	Consideration (per share)
12 June 2017	590	\$2,596.00	\$4.40
13 June 2017	100	\$440.00	\$4.40
28 June 2017	2,065	\$9,189.25	\$4.45
29 June 2017	1,015	\$4,516.75	\$4.45
3 July 2017	1,770	\$7,876.50	\$4.45
7 July 2017	230	\$1,023.50	\$4.45
14 July 2017	340	\$1,513.00	\$4.45
3 August 2017	400	\$1,760.00	\$4.40
4 August 2017	2,065	\$9,086.00	\$4.40
10 August 2017	525	\$2,310.00	\$4.40
23 August 2017	1,815	\$7,986.00	\$4.40
4 September 2017	340	\$1,496.00	\$4.40
12 September 2017	590	\$2,596.00	\$4.40
25 September 2017	85	\$374.00	\$4.40
3 October 2017	845	\$3,718.00	\$4.40
4 October 2017	340	\$1,496.00	\$4.40
9 October 2017	590	\$2,596.00	\$4.40
13 November 2017	1,475	\$6,466.40	\$4.39 ¹⁹
22 November 2017	98	\$436.10	\$4.45

¹⁹ There were two trades on this date at a high of \$4.39 and a low of \$4.38. The consideration per share was calculated by dividing the aggregate gross consideration by the aggregate number of KCE Shares.

Date of disposition	Number of KCE Shares	Consideration (gross)	Consideration (per share)
28 November 2017	885	\$3,982.50	\$4.50
18 December 2017	1,015	\$5,024.25	\$4.95

23. MARKET PRICES OF QUOTED EQUITY SECURITIES UNDER OFFER

23.1 The KCE Shares that are the subject of the Offer are quoted on the Unlisted trading platform with ticker code “KCE”. The Unlisted trading platform is not a stock exchange.

23.2 The closing price on the Unlisted trading platform of the KCE Shares on:

- (a) 22 December 2017, being the latest practicable working day before the date on which this Target Company Statement is sent to KCE shareholders, was \$4.95 per KCE Share; and
- (b) 5 December 2017, being the last day the Unlisted trading platform was open for business before KCE received KCE JV’s Takeover Notice, was \$4.50 per KCE Share.

23.3 The highest and lowest closing market price of the KCE Shares on the Unlisted trading platform (and the relevant dates) during the six months before the date on which KCE received KCE JV’s Takeover Notice were as follows:

- (a) highest closing market price was \$4.50 per KCE share (from 28 November 2017 to 5 December 2017 inclusive); and
- (b) lowest closing market price was \$4.39 per KCE share (from 13 November 2017 to 21 November 2017 inclusive).

23.4 There were, in the six month period prior to the date of this Target Company Statement, no issues of equity securities of KCE or changes in the equity securities on issue that could have affected the market prices referred to in this paragraph 23.

23.5 On 6 June 2017, KCE paid a partially imputed dividend of 24.7 cents per KCE Share (comprised of 19.5 cents cash and 5.2 cents imputation credits per KCE Share). The record date for the dividend was 1 June 2017.

23.6 On 12 December 2017, KCE paid a partially imputed dividend of 22.2 cents per KCE Share (comprised of 20.0 cents cash and 2.2 cents imputation credits per KCE Share). The record date for the dividend was 4 December 2017.

24. OTHER INFORMATION

Rounding

24.1 All shareholding percentages in this Target Company Statement are rounded to two decimal places.

Reliance on information

24.2 In preparing this Target Company Statement, KCE has relied on the completeness and accuracy of the information in Schedule 1 to the Offer Document and the information provided to it by or on behalf of various persons, including Simmons Corporate Finance Limited, KCE Directors, KCE Senior Officers, Trustpower, Trustpower Limited and KCEP Trust.

Dominant Ownership

24.3 Under the Takeovers Code, if KCE JV becomes the holder or controller of 90% or more of the voting rights in KCE then it will become a 'Dominant Owner' and be entitled to compulsorily acquire the then outstanding KCE Shares in accordance with the Takeovers Code. KCE JV has indicated its intention to implement the right to compulsorily acquire the then outstanding KCE Shares should KCE JV become a dominant owner.

25. APPROVAL OF THIS STATEMENT

25.1 This Target Company Statement has been unanimously approved by the Independent Committee under delegated authority from the KCE Board.

25.2 Vincent Hawksworth, Paul Ridley-Smith and Robert Carter are not members of the Independent Committee, for the reasons stated in paragraphs 15.4 and 15.5. They have not participated in the preparation of, and abstain from approving, this Target Company Statement.

26. CERTIFICATE

26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this Target Company Statement 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 KCE under the Takeovers Code.

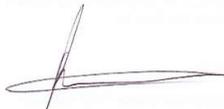
Signed by:



Toby Stevenson
Director and Chairman of the Independent
Committee



Linda Robertson
Director and member of the Independent
Committee



Robert Foster
Chief Executive Officer



Heather Holland
Financial Controller (fulfilling the role of
Chief Financial Officer)

GLOSSARY

TERM	DEFINITION
Implementation Agreement	The implementation agreement dated 5 December 2017 between KCEP Trust and Trustpower
Independent Adviser	Simmons Corporate Finance Limited
Independent Adviser's Report	The report prepared by the Independent Adviser on the merits of the Offer under Rule 21 of the Takeovers Code
Independent Committee	The Independent Committee of Directors, comprising Toby Stevenson, Linda Robertson and Brian Needham
KCE	King Country Energy Limited
KCE JV	Means the unincorporated joint venture between Trustpower and KCEP Trust
KCE Shares	The fully paid ordinary shares in KCE
KCEP Trust	Robert Carter, Graeme Cosford, Uwe Kroll, Adie Doyle and Niel Groombridge as trustees of the King Country Electric Power Trust
Offer	The full takeover offer made by KCE JV under the Takeovers Code for all of the KCE Shares
Offer Document	KCE JV's Offer Document dated 5 January 2018 which sets out the full terms and conditions of the Offer
Trustpower	King Country Energy Holdings Limited, a wholly owned subsidiary of NZX Main Board listed Trustpower Limited
Trustpower Shares	Any class of equity security of Trustpower

DIRECTORY

Board of Directors	Toby Stevenson (Chairman) Linda Robertson Brian Needham Robert Carter Vincent Hawksworth Paul Ridley-Smith
Independent Adviser	Simmons Corporate Finance Limited
Financial Adviser	West Coast Capital Limited
Legal Adviser	Harmos Horton Lusk Limited
Share Registry	Link Market Services Limited
Postal Address	King Country Energy Limited PO Box 363 Taumarunui 3946
Contact Phone Number	0800 523 637 or (07) 896 0100
Website	www.kce.co.nz

APPENDIX

Independent Adviser's Report