



Market Announcement

3 November 2015

Notice of Intention to make a full takeover offer for King Country Energy Limited

Trustpower has today announced that it has issued a Notice of Intention to make a full takeover offer for all of the shares of King Country Energy Limited (KCE) through a fully owned subsidiary company, King Country Energy Holdings Limited (Offeror).

The offer is structured such that the Offeror will pay \$5.00 per share in cash if acceptances are received for 70.2% or more of the shares in KCE (excluding any acceptances received in respect of shares held by the trustees of the King Country Energy Power Trust¹ as at 31 October 2015 or thereafter).

If the above threshold for acceptances is not reached then the Offeror will pay \$4.78 per share for acceptances received.

The Offeror and Nova Energy Limited (Nova) (which holds 54.07% of KCE) have entered into a lock up agreement in relation to the proposed takeover offer under which Nova agrees to accept the offer.

KCE owns and operates four small hydro generation stations in the King Country and the Mangahao hydro generation station near Palmerston North. Together these stations have a combined installed capacity of 53.7 MW and produce on average 191 GWh per annum. KCE also has around 17,500 electricity customer connections with close to 70% located in its local incumbency network.

KCE's most recent publicly available financial statements are for the nine month period to 31 December 2014. In that period KCE achieved EBITDAF² of \$11.2 million and NPAT of \$3.8 million. KCE has approximately 46 staff mostly located in Taumaranui.

Trustpower sees KCE's provincial North Island assets and customer base as a good strategic fit with Trustpower's New Zealand business and its core operational competencies.

Trustpower intends to fund the up to \$125 million acquisition of KCE from committed bank facilities.

The offer is conditional upon acceptances being received for 50.1% or more of the KCE shares (which will be satisfied upon Nova accepting the offer) and other usual conditions concerning the activities of KCE. Key timetable milestones for the full takeover offer are:

- Offer to be made between 14 days and 30 days after the Takeover Notice was sent to KCE
- Nova to accept the offer within 3 business days after its despatch
- Payments will commence in respect of acceptances after the offer becomes unconditional and within 7 days of receipt of the acceptance

A copy of the Notice of Intention to make an offer has been sent to NZX.

A handwritten signature in black ink, appearing to read "V. P. Hawksworth".

Vince Hawksworth
Chief Executive
Phone : 021 223 4609

Notes

1. The Trustees of King Country Energy Power Trust hold 19.98% of shares in KCE
2. Earnings before interest, tax, depreciation, amortisation and fair value movements of financial instrument