



**Joint Lead Managers**



FIRST NZ CAPITAL



FORSYTH BARR

Institutional Bank

**29 June 2011**

This is a simplified disclosure prospectus for an offer of bonds that rank equally with the bonds already issued by Greenstone Energy Finance Limited (in respect of which Z Energy Limited became the substituted issuer).

# SIMPLIFIED DISCLOSURE PROSPECTUS

for the offer of bonds  
maturing on  
15 August 2018

# Important Information

This Prospectus is a simplified disclosure prospectus prepared in accordance with regulation 10 of the Securities Regulations, and is dated and prepared as at 29 June 2011.

This Prospectus relates to an offer (the “**Offer**”) of Bonds by Z Energy Limited (the “**Issuer**”) that will rank equally with the bonds already issued by Greenstone Energy Finance Limited (in respect of which Z Energy Limited became the substituted issuer). These Bonds are being issued as part of the Bond Programme, and form one Tranche in one new Series of Bonds. The Issuer is offering up to NZ\$100 million of Bonds to all investors in New Zealand (with the option to accept up to NZ\$50 million oversubscriptions at the Issuer’s discretion).

The Issuer is subject to a disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants in the NZDX.

## Capitalised Terms

Capitalised terms used in this Prospectus have defined meanings, which appear in the Glossary section or in the relevant section of this Prospectus in which the term is used. All references to \$ are to New Zealand dollars unless specified otherwise. All references to time are to time in New Zealand.

## Registration

A copy of this Prospectus, signed by or on behalf of the directors of the Issuer, and having endorsed on it or attached to it the documents required by section 41 of the Securities Act, has been delivered to the Registrar of Financial Service Providers for registration under section 42 of the Securities Act. These documents are copies of the NZX announcements referred to on page 48, a copy of the audited financial statements of the Borrowing Group for the year ended 31 March 2011, the Bond Trustee’s statement as set out on page 41, the consent of Jones Lang LaSalle as expert and any relevant authorities where an agent has signed the Prospectus on behalf of a director of the Issuer.

## Selling Restrictions

This Prospectus does not constitute an offer of Bonds in any jurisdiction other than New Zealand. No action has been or will be taken by the Issuer which would permit a public offering of the Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand). Bonds may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No information memorandum, prospectus, circular, advertisement or other offering material in respect of any Bonds may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations.

By subscribing for Bonds, each Bondholder indemnifies the Issuer, the Bond Trustee and the Joint Lead Managers in respect of any loss incurred as a result of the Bondholder breaching the above selling restrictions.

The Joint Lead Managers, the Organising Participant and the Bond Trustee have not independently verified the information contained in this Prospectus. In accepting delivery of this Prospectus, the recipient acknowledges that none of the Joint Lead Managers, the Organising Participant, the Bond Trustee nor their respective officers, employees, agents or advisers gives any warranty or representation of accuracy or reliability and they take no responsibility for the Prospectus. They have no liability for any errors or omissions (including for negligence) in this Prospectus, and each recipient waives all claims in that regard.

## Table of Contents

Important Information	<b>Inside Front Cover</b>
Chairman's Letter	<b>1</b>
Important Dates	<b>2</b>
Offer at a Glance	<b>3</b>
The Issuer	<b>6</b>
Group Overview	<b>7</b>
The Business Model	<b>15</b>
Our People	<b>17</b>
Z Energy's Operational Performance	<b>21</b>
Z Energy's Financial Performance	<b>23</b>
The New Zealand Refining Company	<b>27</b>
Corporate Structure and Bondholder Security Rights	<b>29</b>
Summary of Bond Documents	<b>35</b>
Risk Factors	<b>38</b>
Trustee's Statement	<b>41</b>
Statutory Information	<b>42</b>
Glossary	<b>51</b>
Application Instructions	<b>54</b>
Application Form	<b>56</b>
Directory	<b>Inside Back Cover</b>

# Chairman's Letter



Dear investor,

Z Energy is pleased to announce a further issue of retail bonds, providing an opportunity for New Zealanders to invest directly in the Z Energy business and take an even greater ownership stake in a strategically important energy company.

Z Energy is one of the country's newest Kiwi-owned brands, yet it owns and operates some of the country's most important energy infrastructure, which has been built up in New Zealand for 100 years. Over time, we anticipate that Z Energy will become one of the country's most visible and high profile brands; you will be seeing a lot more of it.

In April 2010, Infratil and the New Zealand Superannuation Fund combined to purchase the downstream assets of Shell in New Zealand for NZ\$695.5 million. The assets acquired include the 17.14% stake in The New Zealand Refining Company and a national network of retail service stations, truck stops and fuel storage and transport infrastructure, plus working capital and inventory.

The company also acquired Shell New Zealand's 25% shareholding in Loyalty New Zealand (which operates the Fly Buys loyalty scheme).

For the first year of operation, the business traded as "Greenstone Energy Limited". However, in May 2011, the business was renamed "Z Energy Limited" to better reflect the company's local ownership. The decision to adopt and begin to build a new Kiwi brand reflects a major consumer research programme, which indicated that consumers want to support a local brand. We have now re-launched two Z-branded retail sites and will rebrand a total of 10 sites in a trial branding project before making a commitment around the remaining 209 service station sites in the retail network.

The first year of owning and operating the Shell assets was a very successful one for Z Energy, with the business growing retail market share despite the total fuels market reducing slightly. Z Energy supplies around a third of New Zealand's total fuel needs, with half of Z Energy's fuel volume being sold to commercial customers – airlines, trains, fishing fleets and trucking companies. We are pleased to also report growth in volume in the important commercial market.

This Prospectus details the financial performance of Z Energy and provides an overview of Z Energy's operations, management and structure, as well as details and important information in relation to this bond issue.

Under the first year of local ownership, we are pleased to have reported a significantly improved financial performance for the now Z Energy assets. Under the Z Energy brand we are committed to continuing to grow the business and build a powerful New Zealand brand for the benefit of New Zealand, our shareholders and bondholders.

Thank you for your support.

**Marko Bogoevski**

# Important Dates

<b>Opening Date:</b>	8 July 2011
<b>Closing Date:</b>	5 August 2011
<b>Issue Date:</b>	9 August 2011 or any Friday, subsequent to 5 August 2011 (if the Offer remains open after this date), that occurs after the date on which the Issue Price payable by the applicant for the Bonds has been received in cleared funds by the Issuer.
<b>Despatch of Allotment Statements:</b>	10 August 2011
<b>Expected date of initial quotation on the NZDX:</b>	10 August 2011
<b>Interest Payment Dates:</b>	15 February, 15 May, 15 August and 15 November of each year until and including the Maturity Date (commencing on 15 August 2011)
<b>Maturity Date:</b>	15 August 2018

These dates are indicative only and are subject to change. The Issuer has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

Investors are encouraged to lodge their applications as soon as possible after the Offer opens. Interest on each Bond allotted under the Offer will accrue at the Interest Rate from (and including) the date on which a Bondholder's subscription moneys have been banked into the trust account operated in respect of the Offer.

# Offer at a Glance

<b>Issuer:</b>	Z Energy Limited
<b>Type of Bond:</b>	Secured, senior, fixed rate, listed debt obligations of the Issuer.
<b>Bond Programme:</b>	The Bonds will constitute a new Tranche in a new Series of bonds in the Bond Programme. As at the date of this Prospectus, the Issuer has issued one Series of bonds under the Bond Programme (Series 2016-1). Series 2016-1 has not yet matured.
<b>Use of Proceeds:</b>	The net proceeds of the Offer will be used to provide funding to repay bank debt.
<b>Opening Date of the Offer:</b>	8 July 2011 or such other date as the Issuer may determine.
<b>Closing Date of the Offer:</b>	5 August 2011 or such other date as the Issuer may determine.
<b>Issue Date:</b>	For each Bond that the Issuer has agreed to issue, 9 August 2011 or any Friday, subsequent to 5 August 2011 (if the Offer remains open after this date), that occurs after the date on which the Issue Price payable by the applicant for the Bonds has been received in cleared funds by the Issuer.
<b>Maturity Date:</b>	15 August 2018
<b>Interest Rate:</b>	The initial Interest Rate will be announced to NZX prior to the Opening Date.
<b>Interest Payments:</b>	The Bonds will accrue interest, payable quarterly in arrears in four equal payments on 15 February, 15 May, 15 August and 15 November of each year, with the first payment due on 15 August 2011. The first interest payment will be interest to original subscriber ("ITOS") and include Early Bird Interest earned on subscription moneys from the date that such moneys were banked into the trust account operated in respect of the Offer.
<b>Principal Amount/ Issue Price:</b>	NZ\$1.00 per Bond. The Issue Price is payable in accordance with the instructions under the heading "Application and Payment" on page 43.
<b>Issue Size:</b>	Up to NZ\$100 million with the ability to accept oversubscriptions of up to NZ\$50 million.
<b>Minimum Holding:</b>	NZ\$5,000, and multiples of NZ\$1,000 thereafter.
<b>Ranking:</b>	The Bonds will constitute secured senior obligations of the Issuer and rank equally with each other and the existing Series of bonds issued by the Issuer. Bondholders and Z Energy Group's banks share the same security on an equal ranking basis, with both groups ranking behind Shell's security over petroleum products supplied by Shell to the extent that it has not received payment of the purchase price for them, and behind statutorily preferred creditors.

<b>Guarantors:</b>	Under the Bond Documents, the Guarantors will guarantee the Bond Debt. The Guarantors are made up of any member of the Z Energy Group that from time to time guarantees, and gives security for, Z Energy Group's bank debt. As at the date of this Prospectus the Guarantors are Aotea Energy Limited, Greenstone Energy Holdings Limited, Z Energy Limited, Greenstone Energy Finance Limited, Harbour City Property Investments Limited, Big Tree Stations Limited and Mini Fuels & Oils Limited. However, as at the date of this Prospectus, Z Energy Group intends to amalgamate Greenstone Energy Finance Limited and Harbour City Property Investments Limited into Z Energy and wind up Big Tree Stations Limited. Subject to all necessary approvals, this restructuring will take place before the end of 2011. The Guarantee is not subject to any conditions and, therefore, the Guarantors will provide for the Bond Debt in all situations where the Issuer cannot.
<b>Listing:</b>	Application has been made to NZX for permission to list the Bonds on the NZDX and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus. NZX is a registered exchange, regulated under the Securities Markets Act 1988.
<b>Ticker Code:</b>	NZX ticker code "ZEL" has been reserved for the Issuer.
<b>Brokerage:</b>	The Issuer will pay brokerage on new applications of 1.25% to NZX Firms for applications carrying that NZX Firm's stamp. Applicants may be required to pay brokerage for the Bonds and should ask their broker or financial adviser for details of any charges.
<b>Underwriting:</b>	No amount of the Bonds will be underwritten.
<b>Bond Trustee:</b>	Trustees Executors Limited.
<b>Security:</b>	This is described under the heading "Corporate structure and Bondholder security rights" on pages 29 to 33.

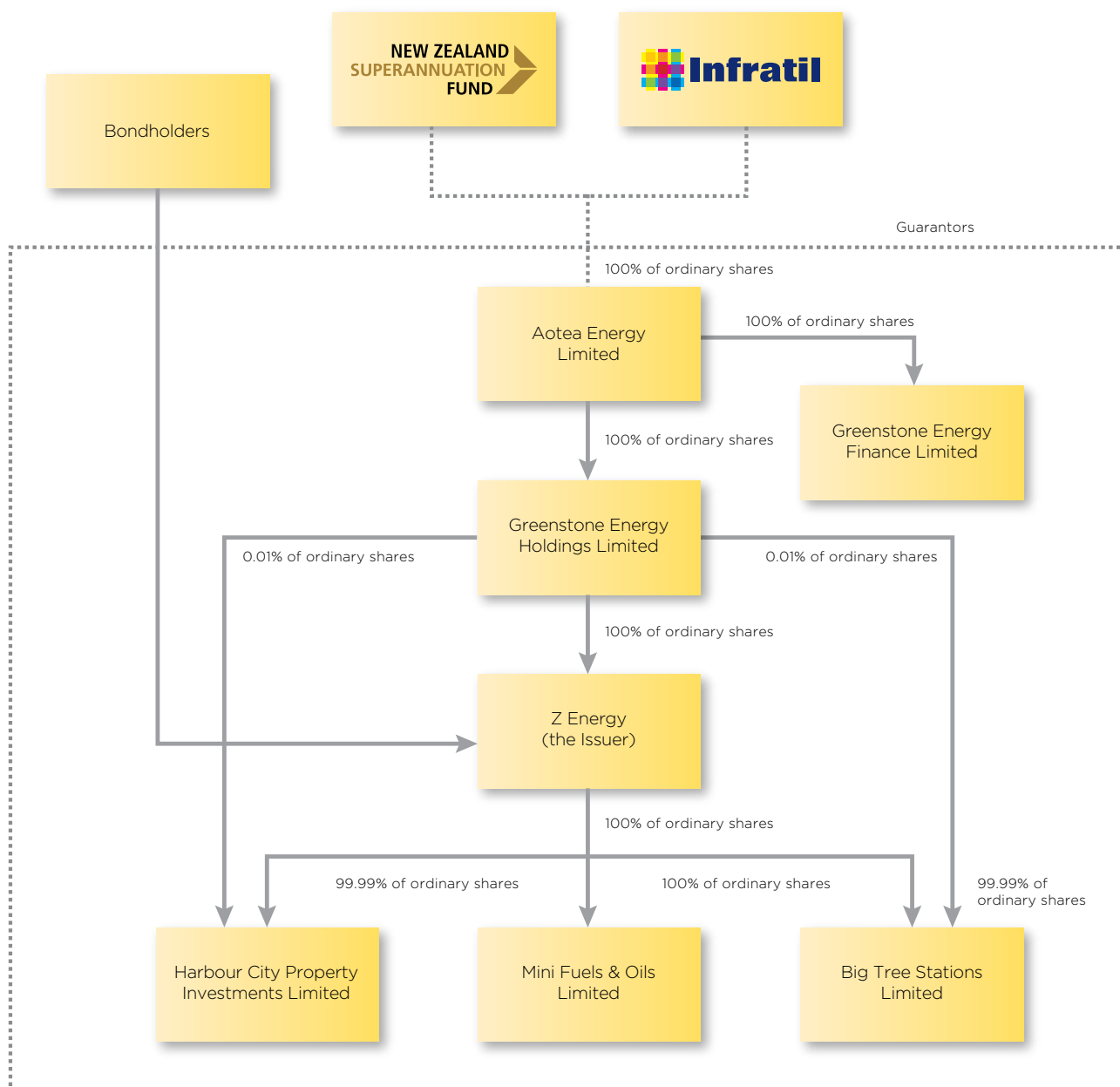
<b>Bond holder put option on a Change of Control:</b>	<p>Bondholders have a right to require redemption of Bonds before the Maturity Date if a Change of Control that is not an IPO occurs.</p> <p>Under the Bond Documents, a Change of Control occurs when Infratil and the New Zealand Superannuation Fund, together with their respective associates, cease to hold or control, in aggregate, more than 50% of the voting rights of Aotea Energy Limited, Greenstone Energy Holdings Limited, Z Energy Limited or any other entity that owns, or would directly or indirectly own, a significant portion of the assets of the Z Energy Group, including as a result of:</p> <ul style="list-style-type: none"> <li>• a Court approved scheme of arrangement which, when implemented, will involve a non pro rata change in shareholdings; or</li> <li>• an amalgamation between a relevant company and another party.</li> </ul> <p>For this purpose, “associate” and “voting rights” have the meanings given to them in the New Zealand Takeovers Code as set out in the schedule to the Takeovers Code Approval Order 2000.</p> <p>If a Bondholder wishes to redeem Bonds early in the event of a Change of Control that is not an IPO, the Bondholder will need to give the Issuer notice within 20 days of being notified of the Change of Control. The redemption will then occur 90 days after notification of the Change of Control.</p> <p>The Bondholder will have the right to redeem his/her Bonds at a price equal to the Principal Amount of the Bonds and any accrued and unpaid interest (for the days elapsing from, and including, the last Interest Payment Date up to the relevant redemption date).</p>
<b>Financial Covenants:</b>	<p>The ratio of Total Debt (described more fully on page 31) to EBITDA shall not exceed the lower of 4.0 or the equivalent ratio for the Banks’ Facilities plus 0.5 (being, as at the date of this Prospectus, 3.75). The financial covenant will be tested on 30 September 2011 and following that date every six months, each on a rolling 12 month basis.</p>
<b>Distribution stopper:</b>	<p>While a breach of the financial covenant continues, or any event of default under the Bond Documents or Banks’ Facilities is continuing, no distributions may be made by the Guarantors to non-Guarantors.</p>
<b>Prior ranking security for working capital:</b>	<p>The security structure is intended to give preference to Shell in respect of products supplied by Shell but not paid for, after which Bondholders and banks rank equally. However, to continue trading if, for example, an Event of Default occurs, Z Energy will need to continue to procure crude oil and fuel and is likely to need to grant priority to the particular products and their proceeds to the provider of working capital funding. The Bond Trustee may agree to this, if required, if it considers it is in the best interests of Bondholders as a whole. No such arrangement exists at present. In addition, although repayments of core debt (Core Bank Debt and Bond Debt) can be required to be shared proportionately between banks and Bondholders following a financial covenant breach, this does not apply to repayments of working capital funding.</p>



# The Issuer

The Issuer is a wholly-owned Subsidiary of Greenstone Energy Holdings Limited, which is a wholly owned Subsidiary of Aotea Energy Limited, a company ultimately owned by Infratil and the New Zealand Superannuation Fund. The Issuer will advance the proceeds from the Bonds to Aotea Energy Limited, on equivalent terms to the Bonds, which will in turn use the funds to repay part of the Banks' Facilities. The obligations of the Issuer under the Bonds are guaranteed by, and secured by the assets of, the Guarantors.

As at the date of this Prospectus, Z Energy Group intends to amalgamate Greenstone Energy Finance Limited and Harbour City Property Investments Limited into Z Energy and wind up Big Tree Stations Limited.



# Group Overview

## Z Energy Group's Activities

In April 2010, the New Zealand Superannuation Fund and Infratil acquired Shell's New Zealand downstream oil and fuel operations for NZ\$695.5 million. These assets included the 17.14% shareholding in The New Zealand Refining Company and the 25% shareholding in Loyalty New Zealand.

The operating company, Shell New Zealand, was renamed Greenstone Energy immediately following the acquisition of the Shell assets.


Since the acquisition, fuel has been sold under two brands. The Shell brand is used for sales through a network of 219 retail service stations and 94 truck stops. The Greenstone brand is used for commercial sales and logistical functions.

On 11 May 2011, Greenstone Energy publicly launched a new brand, Z Energy, which is expected – pending the satisfactory conclusion of a trial rebranding project – to replace eventually both the Greenstone and Shell

brands with a common New Zealand brand. Z Energy is expected to replace the Greenstone brand in the commercial sales market and logistical functions during 2011 and the Shell brand across the retail service station network by June 2012.

At a corporate level, Greenstone Energy Limited's name was changed to Z Energy Limited on 11 May 2011.

The decision to launch the Z Energy brand was made after careful consideration and as a result of one of the largest pieces of industry specific research ever undertaken in New Zealand, involving 17,000 customers.

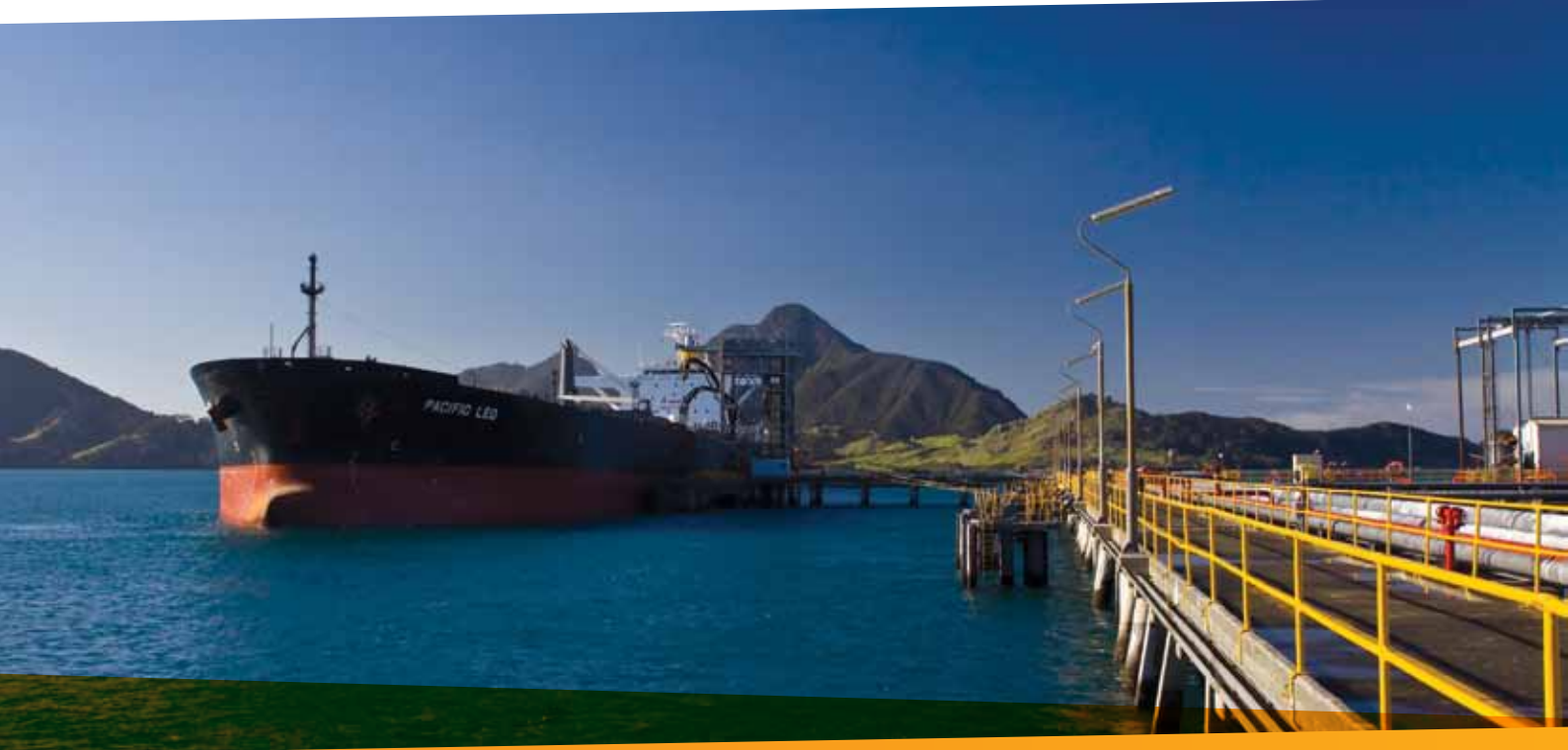


While a new retail customer value proposition could have been developed under the existing Shell branding, the decision to rebrand was taken to better represent the company's local ownership in a market in which major competitors are multinational oil companies.

The customer feedback was that the best way to tell a distinctly New Zealand story was to have a distinct and relevant Kiwi brand – a visual point of difference. The Z Energy brand clearly distinguishes Z Energy's new value proposition and local ownership and will also remove the need for expensive royalties to be paid on an ongoing basis for rights to use the Shell brand under license.

Z Energy Group's core activities encompass the purchase of fuel and crude oil in the international markets and the subsequent logistics, processing and transportation required to sell fuel throughout New Zealand. Z Energy distributes approximately 30% of the fuel consumed in New Zealand and is the market leader in most sectors in which it sells fuel.

Neither the New Zealand Superannuation Fund nor Infratil guarantees any indebtedness (including the Bonds) of the Z Energy Group.



### **Procurement and Inventory**

Each year Z Energy purchases and imports approximately two billion litres of crude oil and 500 million litres of refined products.

The crude oil is delivered to the Refinery in approximately 17 cargoes of 110 million litres each. Refined products arrive in New Zealand in smaller consignments of 35 to 45 million litres.

Z Energy's inventory comprises the crude oil which has been purchased and loaded onto ships, all the way through to the refined products in a service station storage tank. Over a normal year, inventory may vary in quantity between 300 million and 650 million litres.

Refined products and crude oil are purchased via an arrangement with Shell that is available to Z Energy until at least April 2013. This allows access to crude oil and refined product, pricing relative to market benchmarks and vendor terms. Generally Z Energy pays for product 30 days after loading. Shell retains a security interest over product for which it has not received payment (see further information about priority of security rights on pages 31 to 32 under the heading "Shell's Prior Security").



The Refinery

### **Refining and National Distribution**

The Z Energy Group owns 17.14% of The New Zealand Refining Company and, like BP, Mobil and Chevron, has a contract to use the Refinery to process crude oil.

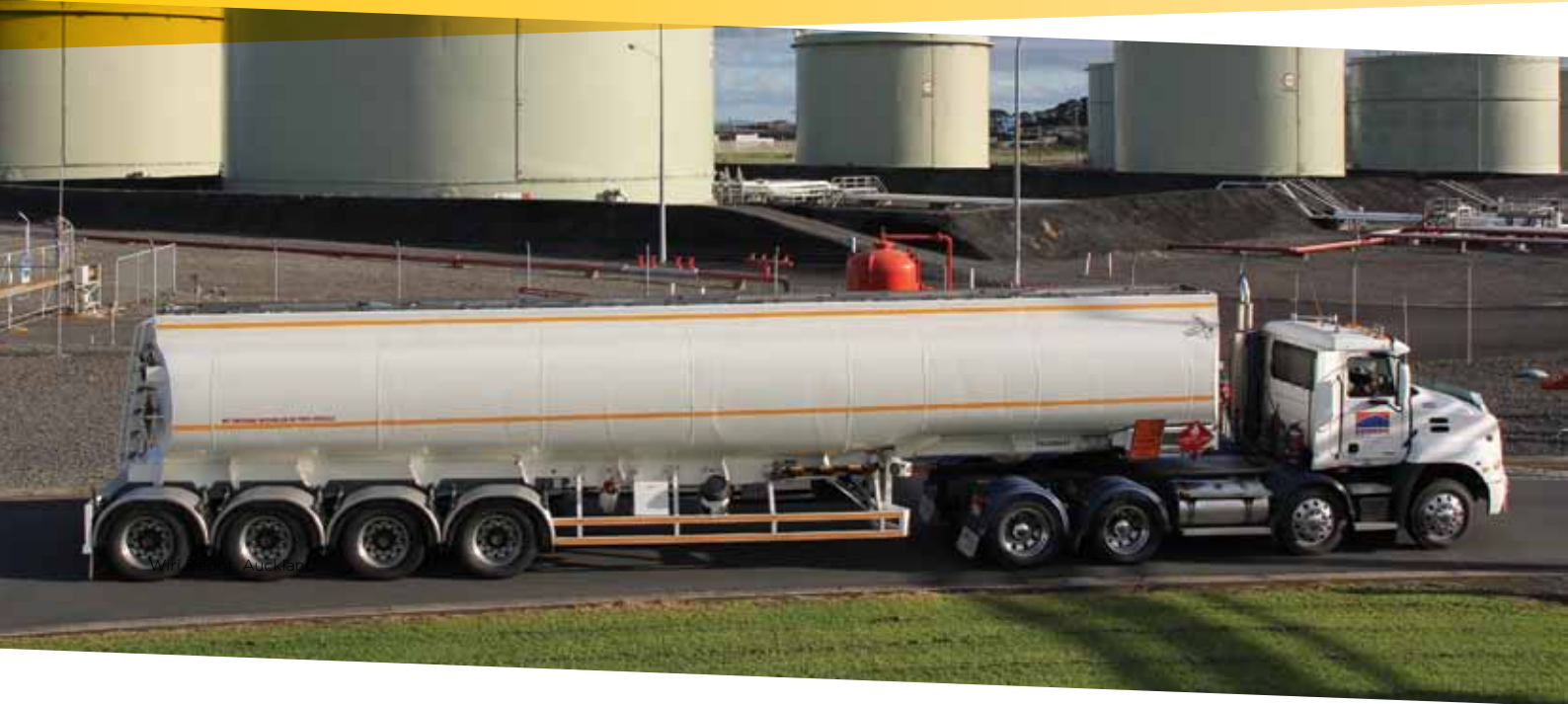
In the past, approximately 70% of the refined products distributed by Z Energy were obtained from the Refinery (utilising about 31% of the Refinery's capacity), and this has now increased to approximately 75% following the recently commissioned Refinery expansion.

The refining fee is set by reference to an international refining benchmark and provides Z Energy with an average cost that is competitive with the alternative of importing refined fuels that meet New Zealand specifications.

The New Zealand Refining Company also owns a terminal in Wiri, Auckland, and a 170 kilometre pipeline which links the Refinery to this storage and distribution facility. Z Energy's contract with The

New Zealand Refining Company allows for the use of this infrastructure, which is the least costly way refined products are transported from the Refinery to the Auckland market and surrounding region. The terminal at Wiri is operated by a joint venture between Z Energy, Mobil, BP and Chevron.

Z Energy's refined products are also distributed nationally from the Refinery by road tankers or in two coastal tankers which are jointly owned or leased by Z Energy, BP, Mobil and Chevron. The remainder of local demand is supplied from direct imports of refined products.



#### **Terminals, Storage and Regional Distribution**

Z Energy's fuel is stored in and/or distributed from terminals located at Marsden Point, Wiri/Auckland, Mt Maunganui, Napier, New Plymouth, Wellington, Nelson, Lyttelton, Christchurch, Timaru, Dunedin and Bluff.

The facilities and fuels stored at each terminal depend on regional demand for individual fuels (91 and 95 octane petrol, diesel, jet fuel, aviation gasoline, kerosene and fuel oil).

Z Energy owns or leases facilities at 12 of the 13 locations where terminals are situated in New Zealand. In some instances, ownership and operation of storage and terminal facilities is undertaken jointly with one or more of BP, Mobil or Chevron. The sharing of storage

and operations at terminals minimises over-capacity and operational duplication, providing efficiency to the relatively small and dispersed New Zealand market.

Fuel is distributed from the terminals by contracted road haulage to retail petrol stations, truck stops and directly to commercial customers. In Auckland, jet fuel is delivered to the Airport by pipeline from Wiri. Marine fuels are distributed directly from port storage as well as by road tankers and barges.





### Retail and Commercial Delivery

Z Energy has 219 retail service stations of which 111 are owned freehold, 101 are leased and 7 are independent. Approximately 50% of Z Energy's total fuel sales volumes occur through these stations, an average of 5.8 million litres per annum per site.

Between 3 June 2011 and 6 September 2011, 10 of the 219 retail service stations will be converted to the Z Energy brand. The remaining 209 service stations are Shell branded and it is anticipated that these sites will be rebranded to Z Energy by June 2012.

The use of the "Shell" name and logo for some products and services until all sites are rebranded is covered by an agreement between Z Energy and Shell.

Z Energy also owns 25% of Loyalty New Zealand, which operates the Fly Buys loyalty scheme.

Most service stations are operated by retailers who are licensed by Z Energy to manage a number of outlets.

A retailer oversees all day to day operations, employs staff and owns and manages the procurement and sale of goods through the stations' Select, Shell or Z Energy shops. The retailer is paid a cents-per-litre fee on fuel sales, receives a share of the net margin on shop sales and must meet some of the operating costs.

The Z Energy Group sets the rules governing service station operations, including the price of fuel, except in relation to the independent sites contracted to Z Energy, who have complete discretion in this regard. Compliance with Z Energy's rigorously defined safety and services standards is mandatory.

In addition to its retail network, Z Energy has facilities for distributing fuel to commercial users. Approximately half of Z Energy's fuel sales are for commercial use in shipping, fishing, jet aircraft, construction, farming and land transport.

Z Energy owns and operates a national network of 94 truck stops that are purpose built for refuelling trucks. Truck stops are sited on main highway routes and in industrial areas. Most are unmanned and operate via a card and pin system. For commercial customers operating non-road-based businesses, such as mining and civil construction, fuel is delivered directly to their business and, in many cases, into bulk storage tanks supplied by Z Energy. Z Energy is also a key supplier of bitumen into the roading market.

International and domestic jet aircraft customers are supplied by Z Energy at Auckland and Christchurch airports. Z Energy also operates a network of 45 general aviation refuelling facilities which, like truck stops, are unmanned and operated by a card and pin system.

International shipping customers are supplied by Z Energy via a purpose-built bunkering barge based in Auckland harbour and at other ports via pipelines from bulk terminals. Along with international vessels, Z Energy supplies fuel directly to domestic fishing customers in the key fishing ports of Timaru, Nelson and Auckland.

Z Energy owns 100% of Mini Fuels & Oils Limited (trading as Mini Tankers), a company that delivers diesel fuel directly into the running tanks of agricultural and construction machinery, home heating tanks and industrial generators.





# The Business Model

In simplified terms, Z Energy purchases and sells 50 million litres of fuel each week (on average). Profitability comes from the buy-sell margin minus the costs associated with processing, transport, storage, distribution and retailing. While service station shop sales also contribute to earnings, they are less significant than the fuel margin.

Typically, the prices at which product is purchased and on-sold move together, which substantially reduces the risk associated with fluctuations in international oil prices or the value of the NZ Dollar.

For the year ended 31 March 2011, the purchase and sale of fuel provided an average gross margin of approximately 15 cents per litre. The 15 cents was after the cost of transporting product to New Zealand and refining but before deducting the cost of transporting the fuel from the port to consumers. After deducting these costs, the Z Energy Group's net earnings amounted to approximately 6 cents per litre. This is before interest, tax, depreciation, amortisations and the provision of a return to shareholders.

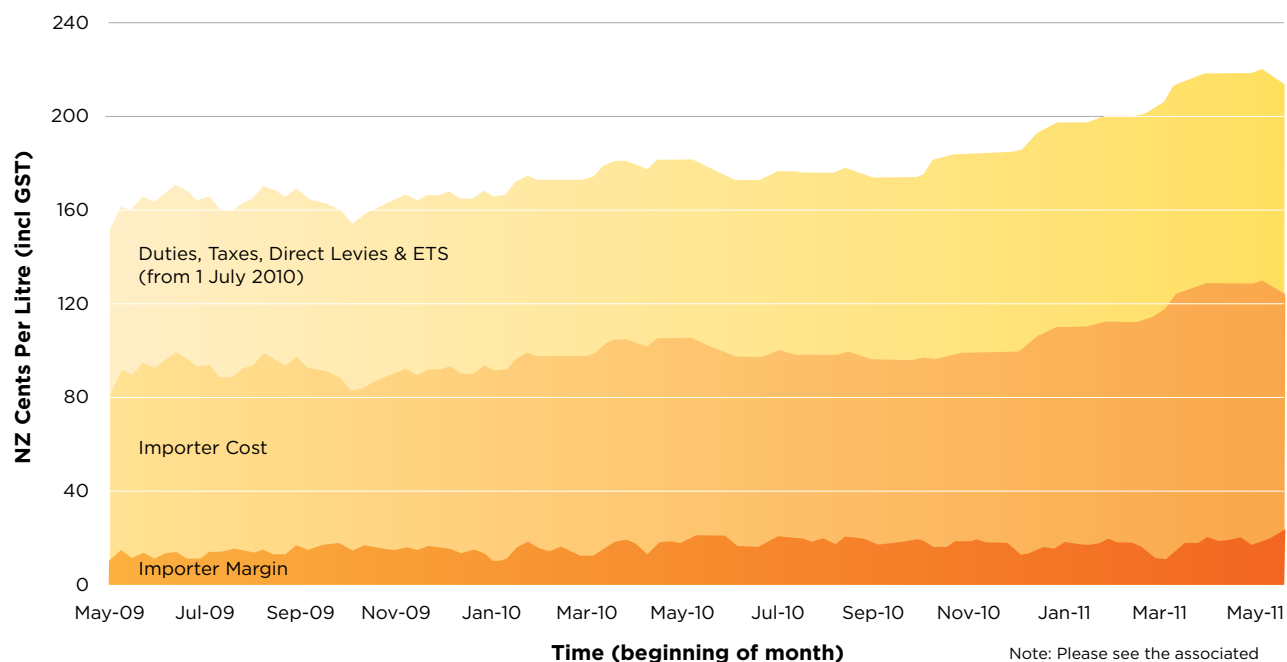
## The performance of the Z Energy Group's businesses in the financial year ended 31 March 2011

	Per litre	Per week	Per annum
Gross margin	15 cents	\$7.7M	\$400M
EBITDA	5.9 cents	\$3.0M	\$157M

This calculation is simplified and averaged, but reflects the financial essence of the Z Energy Group's business. It also reflects the nature of a business which is selling 2.6 billion litres a year – fractions of a cent matter.

The Ministry of Economic Development (“**MED**”) undertakes fuel price monitoring on a weekly-margin basis. Its graph of the last two years' pump prices for 91 octane petrol and the components which make up this price is shown below. Over these two years there were both dramatic movements in price and periods of relative price stability. Throughout, the “Importer Margin” has been reasonably stable. (The “Importer Margin” is MED's calculation of the cents per litre a company such as Z Energy earns buying and selling this particular fuel and is before deducting New Zealand distribution costs.)

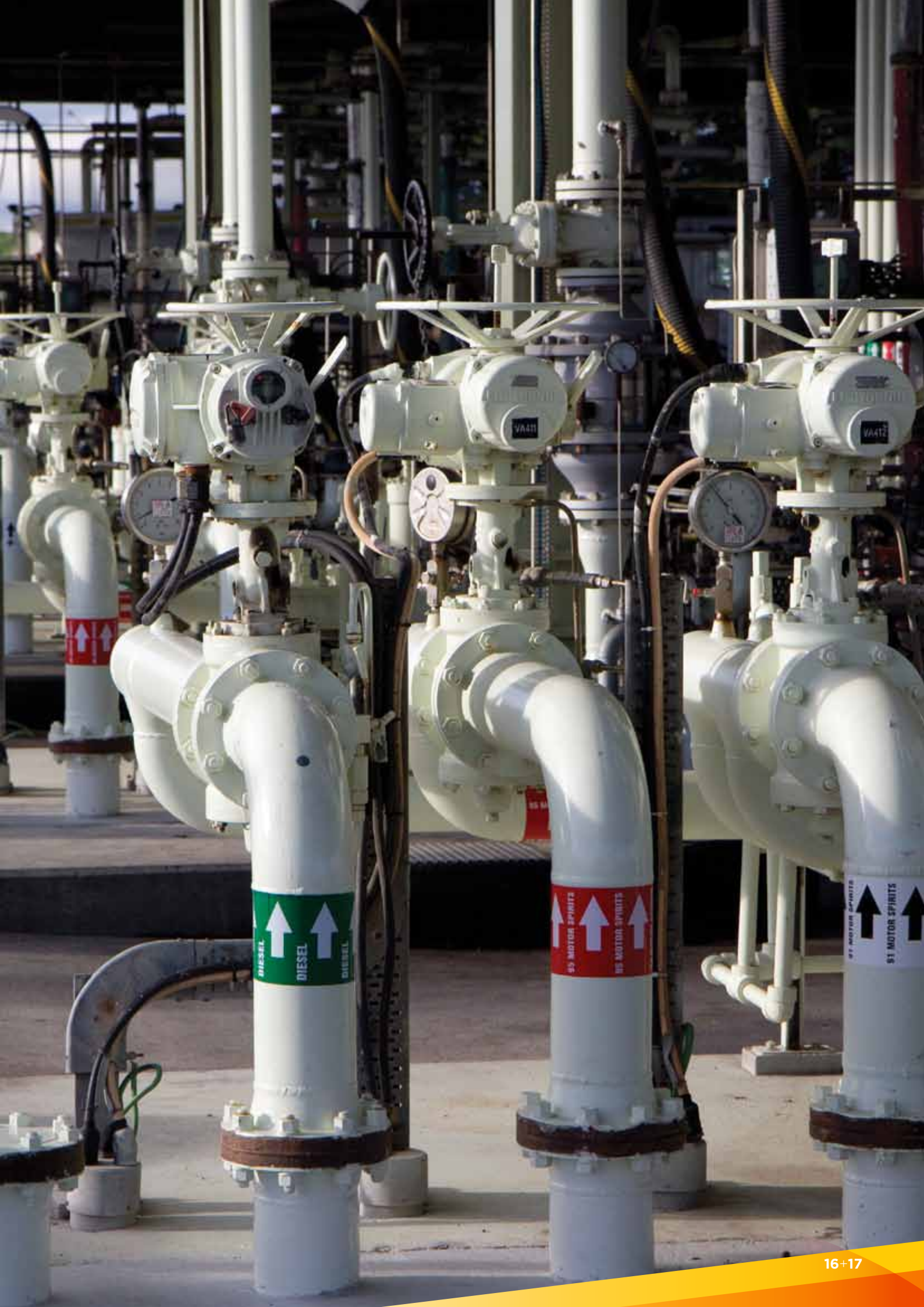
### Weekly Average Regular Petrol Price



[http://www.med.govt.nz/templates/MultipageDocumentTOC\\_39564.aspx](http://www.med.govt.nz/templates/MultipageDocumentTOC_39564.aspx)

Although MED's calculations are only in respect of the retail price of one fuel and may not be exactly accurate all the time, they illustrate an important feature of Z Energy's business – that its earnings comprise a relatively small, stable margin.





# Our People

## Directors



### **Marko Bogoievski – Chairman**

Marko Bogoievski is Chief Executive of Infratil, and Infratil's manager, Morrison & Co. He is also a director of Infratil and TrustPower and an alternate director of Auckland International Airport. He was previously Chief Financial Officer of Telecom New Zealand responsible for corporate finance, mergers and acquisitions and group strategy. He is a member of the New Zealand Institute of Chartered Accountants.



### **Alan Dunn**

Alan Dunn was Chief Executive and Chairman of McDonald's NZ from 1993 to 2004 before taking up senior management roles with McDonald's in Chicago and Sweden. In 2007 he returned to New Zealand to establish a consultancy specialising in business leadership and development. He is also a director of Burger Fuel Worldwide and New Zealand Post Limited.



#### **Paul Fowler**

Paul Fowler recently retired as Chief Executive of Nyrstar NV, the world's largest producer of zinc metal. He was previously a senior executive with Zinifex, the Australian mining and smelting company which merged its smelting assets with those of the Belgium company Umicore to form Nyrstar. Previous experience included roles as Chief Executive of Fletcher Challenge Forests and Carter Holt Harvey Forests and 15 years with BP, including a period on the board of The New Zealand Refining Company.



#### **Peter Griffiths**

Peter Griffiths was previously Chairman of BP South West Pacific, and from 1999 to 2009 Managing Director of BP New Zealand. He started with BP in 1988 working in New Zealand and offshore, including on the boards of The New Zealand Refining Company, Liquigas and Bitumix. He is a director of Wanganui Gas, New Zealand Oil and Gas, New Zealand Diving and Salvage and Northland Port Corporation (NZ) Limited.



#### **Lib Petagna**

Lib Petagna is an executive director of Morrison & Co, which he joined in 1990. He has experience in a broad range of corporate transactions in the energy and transport sectors in Australasia and Europe and leads Morrison & Co's wholesale funds management operations. He is Chairman of NZ Bus and a director of Infratil Property and Fisher Funds Management.



## Management



**Michael Bennetts**  
Chief Executive

Mike joined Z Energy in 2010 after a 25 year career with BP in New Zealand, China, South Africa, the UK and Singapore. His last role was as Chief Executive of BP's Eastern Hemisphere supply and trading business whose markets included Asia Pacific, the Middle East and sub-Saharan Africa. He has had considerable past experience across a wide range of oil company activities having managed supply, trading and marketing businesses. He has managed both growth and turn-around activities and key external relationships.

As the first Chief Executive of a major New Zealand owned and managed downstream fuel company, Mike is responsible for combining the talents of the Shell industry-experienced personnel and the new management team to create a dynamic business with a unique style and culture. The company has a strong heritage of customer focus, health and safety and results achievement, which will continue to be the basis for success in the future.



**Rob Freeman**  
General Manager Supply and Distribution

Rob joined Shell Australia in 1987 and has had senior management roles in commercial marketing, services, distribution and logistics. At Z Energy he is responsible for health, safety, security, environment and the entire supply chain, from sourcing crude oil and refined product from international markets to domestic distribution and supply of fuel products to customers. Rob is a director of New Zealand Oil Services Limited (NZOSL) and the chairman of Wiri Oil Services Limited (WOSL). The NZOSL joint venture with BP operates the Z Energy terminals. The WOSL joint venture with BP, Chevron and Mobil operates the Marsden Point and Wiri terminals owned by The New Zealand Refining Company.



**Mark Forsyth**  
General Manager Retail

Mark has been with Shell since 1998 in New Zealand, the UK and Ireland in the respective retail businesses. He is responsible for the operation of Z Energy's 219 service stations and 94 truck stops, as well as having group-wide responsibility for marketing, brand and retail operations and assets. Mark is also a director of Loyalty New Zealand.



#### **David Robinson**

##### **General Manager Commercial**

David has worked for Shell in New Zealand, Australia and the UK since 1994 in fuel and lubricant marketing and global brand management. At Z Energy he is responsible for all business to business sales, strategy and operations including aviation, marine, bitumen, chemicals, bulk and Shell Card and is the chairman of the wholly owned Subsidiary, Mini Fuels & Oils Limited. The priority in each division is the provision of world-class reliability and quality of service and the development of strong customer relationships.



#### **Huma Faruqi**

##### **General Manager Capability and Organisational Development**

Huma joined Z Energy following the change of ownership in 2010 having previously had senior HR leadership roles for Vero Insurance, Telecom and a number of UK based multinationals.

She is responsible for Z Energy's organisational development, which includes staff education and skills, capability, remuneration and leadership.



#### **Lindis Jones**

##### **General Manager Corporate**

Lindis joined Z Energy from ANZ National Bank where he was responsible for management of the bank's properties. Previously he was with Shell for 13 years, primarily in retail and strategy.

Lindis manages the corporate office, secretariat, internal and external relationships and strategy and regulatory development.



#### **Mark Edghill**

##### **Chief Financial Officer**

Mark has 25 years' experience in finance, strategy and business development roles in Australia, Asia and Europe. He has considerable experience in growing company returns including a start-up in the Philippines for James Hardie and an Australian wireless communications infrastructure player, Crown Castle International. He is a member of the New Zealand Institute of Chartered Accountants and fellow of the Institute of Chartered Accountants in England and Wales.

Mark leads the finance and information technology functions for Z Energy.



#### **Richard Norris**

##### **Treasurer**

Richard has held senior treasury roles at Transpower and Meridian Energy with responsibilities covering capital markets activities, risk management, funding relationships, insurance and treasury dealing.

At Z Energy Richard has responsibility for debt funding and management of the risks associated with liquidity, interest rates, currency, carbon and commodity prices. He is accountable for managing funding relationships and compliance with financial covenants.



#### **Meredith Ussher**

##### **General Counsel and Company Secretary**

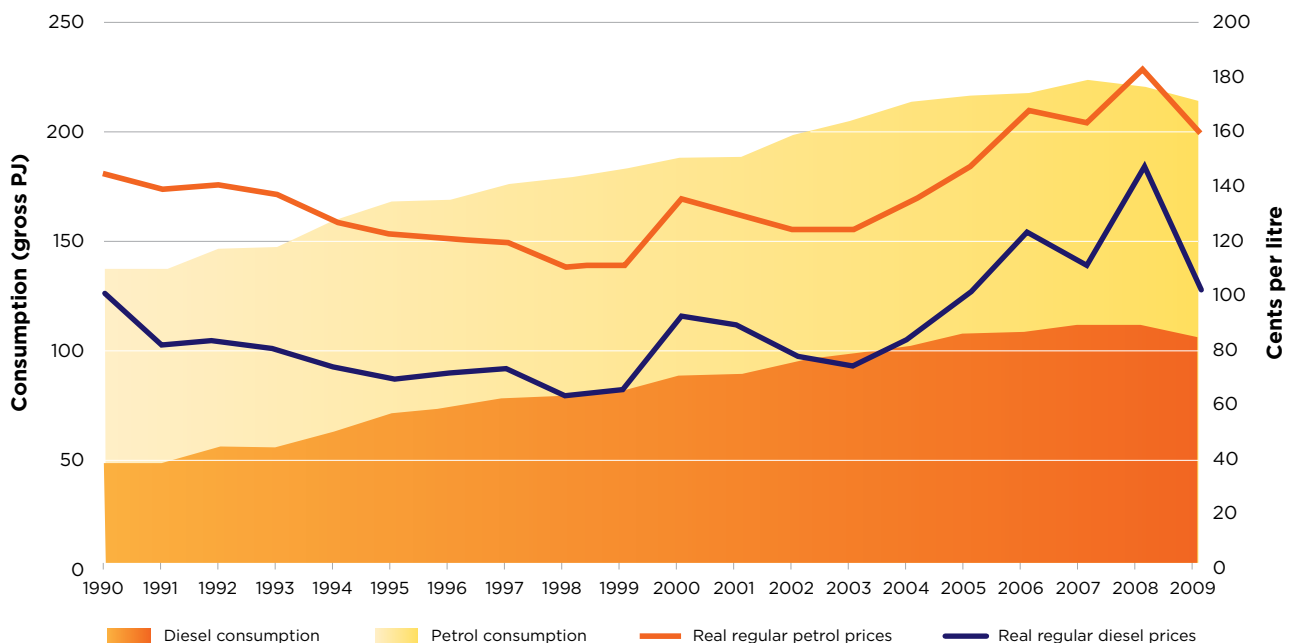
Previously with Todd Energy and the New Zealand Racing Board/TAB, Meredith is an experienced corporate lawyer in both the energy and franchise network industries. She also has a strong private practice history, having been a Senior Associate with Minter Ellison Rudd Watts.

Within Z Energy she has responsibility for all group legal risks as well as relevant strategic advice in respect of major contracts with key suppliers and customers.

# Z Energy's Operational Performance

A defining characteristic of the New Zealand fuels market is the relative stability of consumption and the muted impact of price, especially over the short term. The following graph shows MED calculations

of New Zealand petrol and diesel consumption since 1990 and the prices of these fuels (expressed in real terms). Consumption appears to be mainly a factor of economic and population growth.



Graphed information from the New Zealand Energy Data File [http://www.med.govt.nz/templates/StandardSummary\\_\\_\\_\\_15169.aspx](http://www.med.govt.nz/templates/StandardSummary____15169.aspx)

However, although consumption has been stable, the supply industry has changed. Over the last decade the New Zealand fuels market has evolved from having four approximately equal distribution companies to now having Z Energy and BP with appreciably higher market shares than Mobil and Chevron. Independent operators have also increased sales. Clearly, the market is very competitive, customers have a range of choices and it is up to each company to develop a value proposition which attracts and rewards customer loyalty.

## Market Share

Fuel distribution entails operating substantial logistical and distribution infrastructure with net earnings arising from a small margin on the final price of a product sold in a competitive market in which customers have choices as to which company they support.

Over the last 20 years, and following deregulation, distribution company margins have been subject to intense competitive pressure. At the same time, many unavoidable costs such as wages, utilities, credit card costs, insurance and compliance have risen. All the distribution companies have responded by reducing costs, most obviously by closing low volume service stations. Today New Zealand has half as many service

stations as it did 20 years ago (despite the number of cars having risen by more than 50% over the same period).<sup>1</sup>

Against this background all market participants reduced costs aggressively. However, BP and Z Energy (previously Shell New Zealand) also increased their absolute level of sales and market shares.

Shell New Zealand's performance over this period reflects success across the factors which are likely to influence consumers: convenience, the quality of fuels and products, service, price, and loyalty schemes. For instance, the Fly Buys loyalty scheme counts 70% of New Zealand households as active members and is an important influence for many consumers.

Maintaining high sales can result in a significant benefit if costs are relatively fixed. Z Energy's unit costs are lower as a result of higher throughput per service station. Today, an average Shell branded service station dispenses approximately 5.8 million litres of fuel per year, approximately twice the average of the rest of the industry of less than 3 million litres.

This volume benefit also flows up the whole logistical chain.

<sup>1</sup> [www.haletwomey.co.nz](http://www.haletwomey.co.nz)



### The right balance of product sales

The Refinery produces a basket of refined products from the crude oil it processes on behalf of Z Energy. In order to optimise the type and quantity of each of these products, different types of crude are selected that yield the most suitable ratio of products required to meet market forecasts.

### Maintaining and expanding capability

Any successful infrastructure business must sustain capability, which for Z Energy means investing to improve and expand storage, transport, terminal and distribution facilities.

Z Energy's strategy is to invest to improve and expand its facilities so as to grow its returns.

### Independent retailers, supermarkets and "dockets"

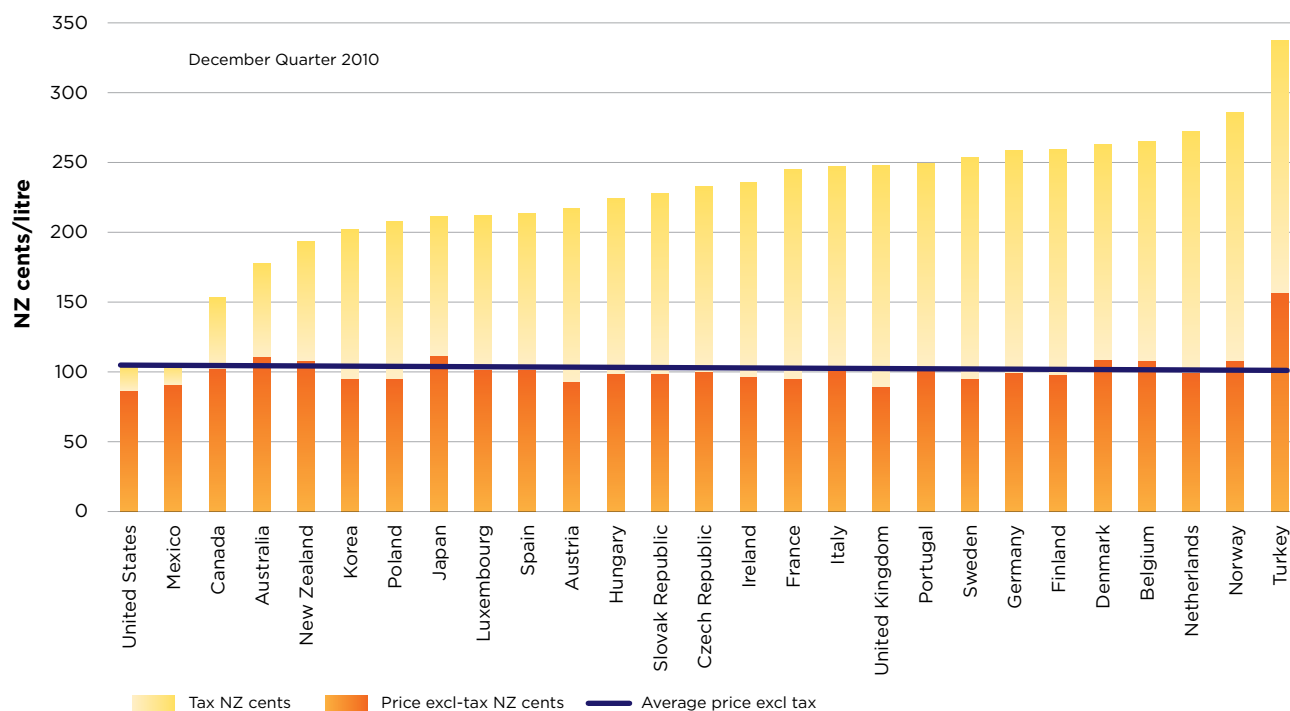
A feature of the last decade has been growing "independent" or "re-seller" fuel sales; that is sales by an outlet not controlled by one of the four main distribution companies. However, the role of these companies as competing distribution companies is relatively limited as they buy most of their products from the four main distribution companies, although some direct importing also occurs. For instance,

Pak'n Save, New World and G.A.S between them operate around 160 sites that are currently supplied by BP. Gull operate over 40 sites and have been supplied by both BP and Mobil in recent times.

Although Z Energy does not sell a material amount of fuel through petrol stations with "independent" brands, it does have a successful "dockets" agreement with Progressive Enterprises. Under this arrangement customers of Countdown, Woolworths, Foodtown, Fresh Choice and SupaValue supermarkets may receive a "docket" granting a discount when buying fuel at most Z Energy or Shell branded petrol stations. The cost of the scheme (including the fuel discount) is proportionately shared by Z Energy and Progressive Enterprises to reflect the parties' respective assessments of benefits. Higher promotional discounts are predominantly funded by Progressive Enterprises.

### Relative Cost

New Zealand's location and market provide several challenges to a fuel distributor. It is far away from the sources of crude oil and consumers are relatively spread out over quite long distances. Yet pump prices, excluding tax, are internationally comparable, which is evidence of a highly efficient industry.



### Quarterly Comparison of Petrol Price and Taxes in OECD Countries

# Z Energy's Financial Performance

The financial information in this section relates to the Z Energy Group, being Aotea Energy Limited and its subsidiaries, which at the date of this Prospectus are the Guarantors, rather than the Borrowing Group. The Z Energy Group's operational and financial performance over the last five years is set out in the following table. Operating throughput has been stable, notwithstanding occasionally very volatile oil prices and a generally weak New Zealand economy. Current Cost earnings, which reflect cash earnings, have also been reasonably stable. Factors behind the weaker returns in 2007 are explained below.

The initial goal for the financial year ending 31 March 2011 was to maintain earnings at the level of the previous year and the better result was testament to a successful transition to local ownership.

## Z Energy Group Pro-forma Consolidated Financial Results for the 12 month period ending 31 March 2011

(extracted from the underlying accounting records of the companies acquired from Shell for the years 2006-2009)

	Year Ended 31 March 2011 <sup>1</sup>	Year Ended 31 December 2009	Year Ended 31 December 2008	Year Ended 31 December 2007	Year Ended 31 December 2006
<b>Operational performance</b>					
Sales (million litres)	2,654	2,508	2,610	2,538	2,479
Retail sales as a % of total sales	47%	50%	47%	49%	50%
Average crude price	NZ\$115/bbl	NZ\$95/bbl	NZ\$125/bbl	NZ\$98/bbl	NZ\$93/bbl
Inventory at year end (million litres)	524	428	467	533	529
Inventory value (NZ\$ million)	\$549	\$334	\$305	\$454	\$351
<b>Financial (NZ\$ million)</b>					
Revenue (excluding levies taxes)	\$2,795	\$2,152	\$2,942	\$2,174	\$2,206
Gross margin	\$400	\$368	\$399	\$288	\$315
Operating costs	(\$243)	(\$230)	(\$245)	(\$208)	(\$204)
<b>Current Cost earnings EBITDA</b>	<b>\$157</b>	<b>\$138</b>	<b>\$154</b>	<b>\$80</b>	<b>\$111</b>
Current Cost stock adjustment	\$62	\$38	(\$160)	\$70	\$47
NZRC contribution <sup>2</sup>	\$10	\$3	\$32	\$33	\$41
<b>Historic cost earnings EBITDA</b>	<b>\$229</b>	<b>\$179</b>	<b>\$26</b>	<b>\$183</b>	<b>\$199</b>
Depreciation	(\$27)	(\$22)	(\$21)	(\$20)	(\$23)
Hedge revaluations	(\$10)				
External interest	(\$30)				
Tax	(\$57)				
Asset revaluations	\$121				
<b>Shareholder surplus</b>	<b>\$226</b>				
Payments to shareholders	(\$28)				
<b>Capex</b>	<b>(\$29)</b>	<b>(\$25)</b>	<b>(\$31)</b>	<b>(\$33)</b>	<b>(\$30)</b>

<sup>1</sup> Refers to the 12 month period commencing 1 April 2010 and ending 31 March 2011. The balance date for the Z Energy Group was 31 December previously.

<sup>2</sup> NZRC contribution represents the aggregate of the Group's 17.14% share of The New Zealand Refining Company's net profit before tax plus other comprehensive income before tax of that company.

The financial information in this table has been adjusted for certain re-classifications and to exclude taxes and discontinued operations. The stock adjustment restates the inventory valuation from the current to historic cost.

### Financial Performance 2011

For the year ended 31 March 2011, the Z Energy Group had sales revenue (excluding tax and levies on fuel) of \$2,795 million. After deducting the cost of sales (\$2,395 million) and operating costs (\$243 million) its Current Cost earnings EBITDA was \$157 million.

This measure of earnings is the focus of management and capital providers because it is the cash income generated from the core business. However, this is not the reported earnings, which also takes into account changes in the value of inventory. Fluctuations in oil prices change the value of the Z Energy Group's inventory and consequently also the historic cost reported results.

The Z Energy Group provides information on its earnings based on both Current Costs and historic costs. It should be noted that Current Cost earnings are used to calculate compliance with bank and bond covenants (as described under the heading "Bondholders' entitlement to repayment" on pages 30 to 31). Historic cost earnings, however, form the basis of the reported results and the calculation of income tax.

### Factors which influence earnings year to year

Past performance is not necessarily indicative of future results.

- Changes in oil prices are a source of volatility in reported earnings, but this is of limited relevance to pre-tax cash flows. Nor is it reflected in the calculation of the Z Energy Group's compliance with its bond financial covenant (described on pages 30 to 31 under the heading "Bondholders' entitlement to repayment").
- Fluctuations in the gross fuel margin impact cash earnings and over the last five years have ranged between 11.3 cents per litre and 15.3 cents per litre with an average of 13.8 cents. In 2007, the year of lowest gross margins, Shell New Zealand earned an average of 11.3 cents per litre on sales, with several factors contributing, including that:
  - the Refinery was out of commission for a period due to construction and maintenance work. This increased the amount of fuel Shell New Zealand was obliged to refine offshore at a higher cost; and
  - there was a period of particularly intense retail competition following the introduction of supermarket dockets in late 2006.
- Refining margins are also a source of earnings volatility. Over the last five years the annual return on the 17.14% shareholding in The New Zealand Refining Company has ranged between \$3 million and \$41 million. The profitability of The New Zealand Refining Company mainly depends on the fee it charges for refining (volumes, costs and asset charges also matter but not to the same extent). This fee is contractually set by reference to international benchmarks. Globally, the fees refineries charge depend on the supply of, and demand for, refinery capacity. Increasing international demand for refined fuels will increase demand for refinery capacity while the commissioning of a large new refinery will increase supply. In 2009 The New Zealand Refining Company contribution was \$3 million, \$29 million lower than in 2008, due to refining margins falling as there was a significant increase in surplus global refining capacity caused by new refinery capacity coming on stream at the same time global demand for refined fuels reduced.

## Z Energy Group Financial Position as at 31 March 2011

\$NZ millions	31 March 2011	1 April 2010
Land, Buildings, Plant and Equipment	\$469	\$256
Inventory	\$549	\$342
Receivables	\$226	\$161
Investment in NZRC	\$192	\$190
Other Assets	\$18	\$221
<b>Total Assets</b>	<b>\$1,454</b>	<b>\$1,170</b>
Payables	\$360	\$230
Other Liabilities	\$93	\$35
Bonds	\$144	
Bank Working Capital	\$9	\$147
Bank Core Debt	\$203	\$338
Equity	\$645	\$420
<b>Total Liabilities</b>	<b>\$1,454</b>	<b>\$1,170</b>

Changes in the assets and funding of the Z Energy Group over the year are explained below.

**Land, Buildings, Plant and Equipment:** \$213 million value increase. The majority of the value uplift occurred through a \$178 million increase in the valuation of the Group's fixed assets.

In accordance with New Zealand accounting standards, the acquisition of the Group's fixed assets was required to be recorded in the financial statements at fair value. Fair value is defined as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction."

The fair value of land and buildings is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. The fair value of items of plant and equipment is their market value determined by appraisal. If there is no market-based evidence of fair value, because the item of property, plant and equipment is of a specialised nature and therefore is rarely sold, except as part of a continuing business, an estimated fair value using a depreciated replacement cost approach is used. Jones Lang LaSalle undertook the valuation process for the revaluation of the Group's fixed assets, which was audited by KPMG and subsequently approved by the Boards of the

Z Energy Group. (For details in relation to Jones Lang LaSalle, see page 42 under the heading "Experts and underwriter".)

The Group's \$469 million of property, plant and equipment includes:

- freehold and leasehold land and buildings used as retail service stations and truck stops;
- plant and equipment for use in retail service stations and truck stops;
- storage and distribution infrastructure assets, which include port storage facilities, airport storage and refuelling equipment and pipelines; and
- intangible assets (\$38 million), including carbon credits purchased for the settlement of carbon obligations and the right to participate in the Fly Buys loyalty scheme.
- **Inventories** of \$549 million, recorded at historic cost, comprise \$183 million of crude oil and \$366 million of refined products, which cover between two and three months' sales. At 31 March 2011, the Z Energy Group had 524 million litres of inventory on hand, which was up on 398 million litres on 1 April 2010.
- **Receivables** are largely made up of amounts due from customers that have been extended credit for sales made to them in the last 30 days. The higher receivables balance as at 31 March 2011 reflects increasing commercial fuel sales and the higher oil price.
- **Payables** is largely comprised of amounts owing to the Z Energy Group's suppliers of crude oil and refined products for which title has been received but for which the due date for payment is in the future.
- **NZRC** investment relates to the Z Energy Group's approximately 48 million shares in The New Zealand Refining Company. As at 31 March 2011, the NZX-quoted share price was \$4.89. A year earlier it was \$3.75.
- **Bank working capital debt** represents funds drawn to finance working capital. At the date of acquisition on 1 April 2010, \$147 million was drawn to purchase existing working capital including cash of \$126 million and net accounts receivable/payable. As at the date of this Prospectus, the Z Energy Group has working capital facilities provided by its banks amounting to \$350 million.

- **Bond debt** is the book value of the Group's existing Series of bonds (Series 2016-01) and represents the face value of those bonds (which is \$147 million) less the costs of issuing those bonds. These costs are amortised over the term of the bonds.
- **Other asset** items include cash of \$9 million and other investments of \$4 million. At the date of acquisition on 1 April 2010, cash on hand accounted for \$126 million.
- **Other liabilities** include environmental and decommissioning and restoration provisions (\$26 million), derivatives (\$10 million), tax payable (\$24 million) and deferred tax liability (\$26 million).

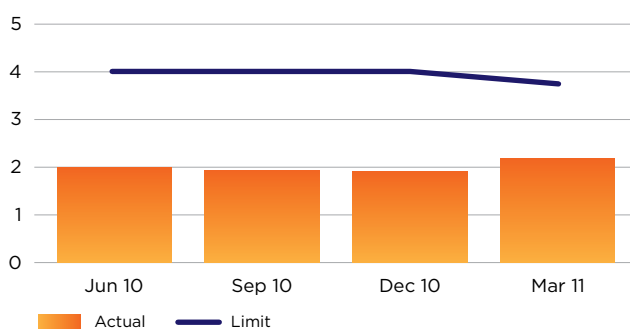
### Compliance with Financial Covenants

The key financial ratio for Bondholders (described in more detail under the heading "Bondholders' entitlement to repayment" on pages 30 to 31) measures earnings and debt and, as at 31 March 2011, required that Total Debt (which generally excludes working capital funding) cannot be more than 3.75 times the EBITDA (calculated on a Current Cost basis) of the previous twelve months.

The bond covenant is set to be 0.5 higher than the corresponding bank covenant.

Quarterly compliance with the bond ratio is shown in the following graph. The maximum Debt Coverage Ratio reduced during the financial year ended 31 March 2011 from 4.00 to 3.75.

### Debt Coverage Ratio for Bonds



Bondholders also receive the indirect benefit of the financial covenants the Z Energy Group has in its bank loan documents. This is because a default by the Z Energy Group in relation to the Banks' Facilities that resulted in the banks requiring early repayment (of financial indebtedness exceeding \$10 million) is also an Event of Default, meaning that the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders of a Series must, declare the Bond Debt to be immediately due and payable. The Z Energy Group has maintained compliance with its financial covenants under the bank loan documents.

### Medium term earnings growth

The Z Energy Group has provided guidance that it anticipates Current Cost earnings to be higher in the financial year ended 31 March 2012 than they were in the financial year ended 31 March 2011. Management's goal is to grow the Z Energy Group's earnings over the medium term. Local direction and management is expected to make the Z Energy Group more responsive to opportunities, and the shareholders have indicated a willingness to support growth investment. The structural changes to the New Zealand fuels industry and the Z Energy Group's relative willingness to invest in capacity are also expected to assist the Z Energy Group to lift earnings.

There are risks to the achievement of this target, in particular from increased competition in the retail and commercial markets. See the section entitled "Risk Factors" on pages 38 to 40 for further information.

# The New Zealand Refining Company

The Z Energy Group owns 17.14% of The New Zealand Refining Company, which is listed on the NZX. Over the last year, the market value of this holding ranged between \$150 million and \$250 million. BP, Mobil and Chevron also own shares in The New Zealand Refining Company.

The New Zealand Refining Company operates New Zealand's only oil refinery, which has been set up to produce fuels which meet the needs and specifications of the New Zealand market. It has recently increased its capacity and it will now process approximately 75% of the refined products consumed in New Zealand (up from about 70%).

The Refinery is exclusively used by Z Energy, BP, Mobil and Chevron, with individual allocations of capacity contractually determined for each user to reflect their respective shares of the New Zealand refined fuels market over the previous three years.

The Refinery receives a tolling income from its four oil company users that is defined in processing agreements and is based on receiving fees based on international refining margins. These processing agreements benefit the Refinery when refining margins are very low as they

guarantee a minimum level of income. The relationship between refining margins/fees and The New Zealand Refining Company's earnings and profits are indicated by the company's results over the last five years. This is illustrated by the figures in the table below, which are taken from The New Zealand Refining Company's annual reports.

In addition to refining fees The New Zealand Refining Company derives income from charging for the use of its pipeline to Auckland and its terminal facilities at Wiri.

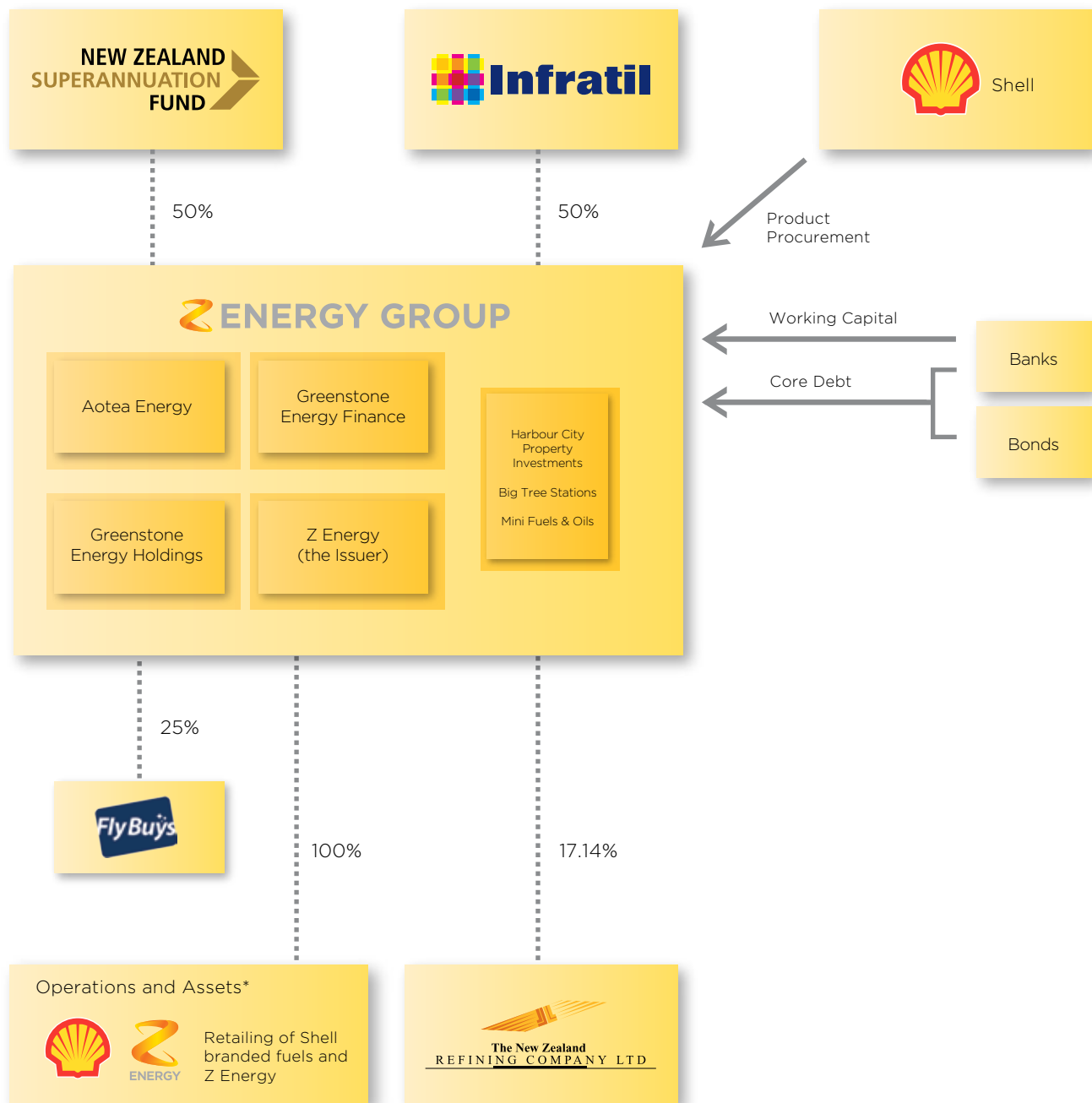
Although the shareholding in The New Zealand Refining Company is significant to Z Energy, the agreement to use the Refinery is probably more important as it provides access to a mix of refined products which suit the specifications of the New Zealand market at a relatively attractive cost.

Year ended 31 December	2010	2009	2008	2007	2006
Throughput (barrels)	39.0m	37.9m	39.1m	36.9m	38.8m
Refining margin	US\$6.17	US\$4.16	US\$11.30	US\$8.14	US\$8.37
Processing fee income	\$233m	\$189m	\$346m	\$286m	\$353m
EBITDA	\$157m	\$107m	\$242m	\$210m	\$259m
Net profit after tax	\$58m	\$24m	\$125m	\$112m	\$135m
Dividends paid	\$6m	\$72m	\$120m	\$108m	\$78m





# Corporate Structure and Bondholder Security Rights



\* Z Energy is a Shell licensee and uses Shell trade marks under licence. The views expressed in this Prospectus are made by Z Energy, and are not made on behalf of, nor do they necessarily reflect the views of, any company of Shell.



### Bondholder security rights

The Z Energy Group's banks and the Bondholders share the same security on an equal ranking basis. This means that both groups of lenders will rank equally if Z Energy were ever to default on its borrowing obligations and the Security was enforced. However, in practice, providers of working capital (including the Z Energy Group's banks) and suppliers of product may be repaid first – see the section entitled "Priority of Security" on pages 31 to 32.

The rights of the Bondholders are summarised below.

### Security

The Guarantors, who guarantee the Bonds, also provide the Security, which comprises:

- a General Security Deed over all the present and future assets of the Guarantors; and
- Mortgages over all freehold land valued at more than \$1 million owned by the Guarantors.

A small number of contracts are excluded from the General Security Deed while Z Energy endeavours to obtain the relevant counterparty consents to the Security, principally Z Energy's interest in an industry joint venture that arranges distribution to coastal terminals.

The Security is held on trust by the Security Trustee for the benefit of the Z Energy Group's banks and the Bondholders (who are the "**Beneficiaries**"). The Security Trust Deed governs the relationship between the two groups of lenders and the Security Trustee.

The Security Trustee has the right to (among other things) sell the relevant assets upon enforcement of the Security and use the proceeds to repay the Banks' Facilities and the Bonds on a pro rata basis.

The Guarantors are the same members of the Z Energy Group that guarantee the Banks' Facilities.

### Changes to security rights

Subject to the following, the security rights of Bondholders will be amended, waived or released if the banks' agent agrees to such amendment, waiver or release. However, if an amendment or waiver materially adversely affects Bondholders when compared with the banks, or subordinates the Security, the Bond Trustee's support would be required before the change could come into effect. Otherwise, changes agreed by the banks' agent bind the Bond Trustee and Bondholders automatically, and the banks' agent does not need

the Bond Trustee's or Bondholders' approval before agreeing the change. This applies no matter how much the banks are owed. The Security Trustee must act solely on the banks' instructions to give effect to any such amendment or waiver, or any release, and it incurs no liability for doing so.

The Total Tangible Assets and Covenant EBITDA of the Guarantors must comprise 95% of the Group Total Tangible Assets and Group Covenant EBITDA respectively, which is the same guarantor coverage ratio agreed with the banks. If the banks agree to change the guarantor coverage ratio for the Banks' Facilities, then the guarantor coverage ratio in the Bond Documents will automatically change accordingly (because Bondholders have the same security as the banks).

If the banks agree to release the Security entirely, then Bondholders' security rights will be replaced by negative pledge limitations on secured borrowing by Z Energy equivalent to those in the Banks' Facilities at that time.

### Bondholders' entitlement to repayment

Bondholders are entitled to be repaid on the Maturity Date, if there is a Change of Control (other than an IPO) or if an Event of Default has occurred. The Events of Default are as follows:

1. Non payment of Bond principal or interest within five Business Days of the due date.
2. A breach of the major bond covenants given by Z Energy. The major bond covenants are, in summary, as follows:
  - (a) The Debt Coverage Ratio must not exceed a specified maximum on two consecutive Test Dates.

The Debt Coverage Ratio is the ratio of Total Debt to the Z Energy Group's previous 12 months' Earnings Before Interest, Tax, Depreciation and Amortisation ("**EBITDA**"). In the event that the upper limit for the equivalent debt coverage ratio in the Banks' Facilities is less than 3.5 then the Debt Coverage Ratio must not exceed the maximum debt coverage ratio for the Banks' Facilities plus 0.5. The maximum debt coverage ratio for the Banks' Facilities for

calendar year 2011 is 3.25 and following that it is 3.0. As at the date of this Prospectus the Debt Coverage Ratio is 3.75.

This covenant will be tested on 30 September 2011 and then every six months thereafter. An Event of Default will have occurred if the test is failed twice in a row.

Total Debt means all financial indebtedness of the Group, excluding amounts owing under the banks' working capital facility (except to the extent the working capital facility is not fully repaid for at least three clear Business Days over the previous six months) and subordinated debt.

- (b) If a breach of the Debt Coverage Ratio limit described above, or any Event of Default or bank event of default is occurring, the Issuer and the Guarantors must not make any distributions to persons other than the Issuer or the Guarantors.
- (c) None of the Issuer or the Guarantors may change its core business.

Z Energy must fail to remedy a breach of (b) and (c) within 30 days of being required to do so before an Event of Default occurs.

- 3. The repayment of financial indebtedness of Z Energy exceeding \$10 million (such as the Banks' Facilities) is accelerated due to a default.
- 4. Insolvency, receivership, liquidation, voluntary administration or statutory management proceedings, or enforcement of the Security.
- 5. A breach of any other covenant or representation given by the Issuer or a Guarantor under the Bond Documents not remedied within 30 days of being required to do so by the Bond Trustee that has, in the Bond Trustee's reasonable opinion, a material adverse effect.
- 6. Any of the Bond Documents is invalid or repudiated by the Issuer or a Guarantor.

### **Enforcing Security**

The Bond Trustee could require the Security Trustee to enforce the Security if any of the first four Events of Default listed above occurs, after consulting with the banks.

If any other Event of Default occurs, the Bond Trustee can only require the Security Trustee to enforce the Security if the "Majority Beneficiaries" of the Security (i.e. banks and Bond Trustee together representing

more than 50% of the secured debt at that time) agree. The banks will determine the outcome of any vote while the amounts owing under the Banks' Facilities exceed the Bond Debt.

If both groups of lenders are entitled to require the Security Trustee to enforce the Security, but they give the Security Trustee conflicting instructions, the Security Trustee must appoint a receiver and thereafter act on the instructions of the banks' agent in instructing the receiver. The Bond Trustee and Bondholders have no right to give instructions to a receiver, and will be bound by any instructions the Security Trustee gives.

If the Security was enforced, the Bond Trustee would represent Bondholders in accordance with the Bond Documents. The Bond Trustee would work with the banks and the Security Trustee to seek the repayment of debt.

Bondholders have no direct enforcement rights. More information can be found under the heading "No Enforcement by Bondholders" on page 36.

### **Priority of Security**

Although Bondholders share the same security as the Z Energy Group's banks on an equal ranking basis, there are certain circumstances in which suppliers of product and/or working capital providers will rank ahead of, or in practice will be repaid before, core debt providers (including the Bondholders).

### **Shell's Prior Security**

Shell has security over crude oil, fuel and other products it supplies to Z Energy for which it has not received payment. This security right ranks ahead of the Security rights of the Z Energy Group's banks and Bondholders. The relationship between the two sets of security is defined by an Intercreditor Deed between the Security Trustee and Shell.

As it is likely that paid for and unpaid for product supplied by Shell would be mixed together, there may be difficulties identifying product over which Shell has priority. To help address this, Shell and the Security Trustee have agreed on a set of principles that would be the starting point for any discussions on allocating petroleum products between them. They have also agreed to consult with each other, where practicable, in relation to any enforcement.

Shell also has security rights over other Z Energy assets which rank after the security rights of the banks and Bondholders. This security covers any unpaid purchase price not recovered from Shell's security over the

relevant products supplied, and other amounts that Shell may be owed.

### **Priority of repayments of working capital during breach of Debt Coverage Ratio**

While the Debt Coverage Ratio limit is breached, any repayment of the Banks' Facilities before enforcement of the Security will in practice repay the banks' working capital facility and hedging obligations first. As at the date of this Prospectus, this includes a \$350 million working capital facility (which is used to fund Z Energy's working capital needs, in particular the purchase of product) and hedging facilities for managing interest rate, currency, carbon and commodity price risk.

Only when these and other amounts owing to the banks are extinguished, will Core Bank Debt be repaid. If the Security is subsequently enforced before the Debt Coverage Ratio breach is remedied, then distributions of the enforcement proceeds to the banks will be adjusted, and if necessary the banks will share any such Core Bank Debt prepayments with Bondholders, to ensure that the banks and Bondholders share repayments of core debt (Core Bank Debt and Bond Debt) since the financial covenant breach began and the enforcement proceeds in proportion to the amount of debt they provide. The proportional sharing of core debt repayments does not apply to repayments of the banks' working capital facility or hedging obligations.

### **Potential for other working capital providers to acquire priority**

The security structure is intended to give preference to Shell in respect of products supplied by Shell for which Z Energy has not yet paid. Bondholders and banks then rank equally. However, if for example an Event of Default ever occurs and Z Energy is to continue trading, it will need to continue to procure crude oil and fuel and it is likely to need to grant priority to the particular products and their proceeds to the provider of working capital funding. The Bond Trustee may agree to this if required, if it considers it is in the best interests of Bondholders as a whole. No such arrangement exists at present and the potential is only noted so that prospective Bondholders are fully aware of the possibility.

### **Role of the Security Trustee**

The Security Trustee is appointed in a representative capacity on behalf of the Beneficiaries. The Security Trustee has very limited discretions under the Security Trust Deed. Except as outlined under the heading "Enforcing Security" on page 31, the Security Trustee

will act solely on the instructions given by the banks' agent in exercising its rights, powers and discretions in relation to the Security, without having to revert to the Bond Trustee or Bondholders, and no matter how much the banks are owed. This applies both before and after the Security is enforced and includes, for example, rights to insurance proceeds or the appointment of a replacement Security Trustee. The Security Trustee will not be liable for any action it takes, or any omission to act, provided it does so in accordance with the instructions of the banks' agent. Any action the Security Trustee takes in accordance with the instructions of the banks' agent will be binding on Bondholders. Bondholders will have no rights to instruct the Security Trustee directly aside from instructions to enforce the Security as described above.

The Security Trustee's duties and obligations are limited to those expressly set out in the Security Trust Deed and any other Security Document to which it is party. Those obligations are solely of a mechanical and administrative nature and the Security Trustee does not have any duty, obligation or responsibility to, or relationship of trust or agency with, the Issuer or any of the Guarantors or, other than as expressly set out in the Security Documents, any Beneficiary. Any liability of the Security Trustee to Bondholders is limited to the amount it is able to recover under the Security, except to the extent of any fraud, gross negligence or wilful breach by the Security Trustee.

In particular, the Security Trustee will not be responsible for the execution, validity, enforceability, effectiveness, or sufficiency of the Security, or any Security document or other relevant document; any ability of the Issuer or any Guarantor to meet its payment and other obligations under the Bond Documents; the accuracy of any statements made in or in connection with any relevant document or made in any communication or documentation received by it which it provides to any party; or the value, adequacy of, nature, or suitability of any of the secured property.

The Security Trustee, Bank of New Zealand, also currently acts as the banks' agent. In its capacity as banks' agent, Bank of New Zealand acts on instructions of, and solely in the interests of, the banks it represents. In giving instructions to the Security Trustee, the banks' agent does not, and will not, take into account the interests of Bondholders who must rely solely on the Bond Trustee to act on their behalf in representing their interests in relation to the exercise and enforcement of Security rights.

## Summary of the Z Energy Group's Banks' Facilities

Currently, the Banks' Facilities comprise:

- a \$203 million "core debt" facility. The initial facility of \$350 million was fully drawn in April 2010 to fund the acquisition of Shell's New Zealand downstream oil and fuel operations and shareholding in The New Zealand Refining Company and Loyalty New Zealand, and partially repaid in 2010 following the initial bond issue of \$147 million;
- a \$350 million working capital facility, which can be used to fund Z Energy's working capital needs, in particular the purchase of product;
- hedging facilities for managing interest rate, currency, carbon and commodity price risk.

The net proceeds of the Bond issue will be used to repay part of the "core debt" facility.

The Banks' Facilities expire at the end of June 2011, in relation to the Core Bank Debt, or on 27 May 2014, in relation to the working capital facilities. They contain usual representations, covenants and events of default and review for facilities of their nature. Generally, the banks can require that the Banks' Facilities be repaid before the expiry date if these representations or covenants are breached, or an event of default occurs, and the breach or event of default is not remedied, or if any circumstances giving rise to an event of review are not addressed to the banks' satisfaction. The banks could require the Security Trustee to enforce the Security if any event of default occurs under the Banks' Facilities.

Any such acceleration of more than \$10 million of the Banks' Facilities, or enforcement of the Security, would constitute an Event of Default entitling the Bond Trustee to accelerate the Bonds and, where relevant, require enforcement of Security.

Although the facilities expire at the end of June 2011 or on 27 May 2014, as noted above, they must be prepaid from the net proceeds of any of the following:

- any IPO or trade sale of Z Energy or its business.
- in any 12 month period, any proceeds of any non-ordinary course type disposals of assets of more than \$10 million which are not reinvested in capital assets, or any sale and leaseback of more than \$25 million in aggregate and any insurance claim of more than \$5 million not applied to replacing or repairing the relevant assets or to meet any liability to which the claim relates.
- any secured financial indebtedness issued, offered or placed or any warranty claims or due diligence claims relating to the original share acquisition not applied in meeting any liability to which the claim relates within 180 days.

These prepayments would not be an Event of Default, but if the prepayment occurs during a breach of the Debt Coverage Ratio limit, the provisions described under the heading "Priority of repayments of working capital during breach of Debt Coverage Ratio" on page 32 will apply.

The Banks' Facilities may be amended by the Issuer, Guarantors and the banks without the consent of or notice to the Bond Trustee or Bondholders.







# Summary of Bond Documents

The following is a summary of the principal provisions of the Master Trust Deed. Investors requiring further information should refer to the Master Trust Deed and the relevant Supplemental Trust Deed for a Series. Bondholders are bound by, and are deemed to have notice of, the provisions of the Bond Documents relating to the Series of Bonds which they own. In this section, “**Bonds**” includes the Bonds to which this Prospectus relates and any other retail bonds issued under the Master Trust Deed.

## The Bond Trustee and the Bondholders

The Bond Trustee is appointed under the Master Trust Deed to act as trustee for the holders of retail Bonds, including the Bonds to which this Prospectus relates, and the holders of any further Series of retail Bonds issued under the Master Trust Deed and any relevant Supplemental Trust Deed.

The Bond Trustee does not guarantee the payment of interest or principal on the Bonds.

## Issue and Form of the Bonds

The Master Trust Deed provides that the Issuer may issue Bonds under and in accordance with the Master Trust Deed.

## Covenant

The Master Trust Deed contains a number of covenants by the Issuer, including that for so long as any Bonds are outstanding:

- it will notify the Bond Trustee of the occurrence of any Event of Default;
- it will maintain its corporate existence and comply with all laws;
- if the Bonds are listed, it will use reasonable endeavours to maintain that listing;
- it will ensure that neither the Issuer nor the Guarantor will change its core business; and
- it will ensure that a Register is maintained in respect of each Series.

The Master Trust Deed also contains the Debt Coverage Ratio and restriction on distributions while the limit on the ratio is breached, as described under the heading “Bondholders’ entitlement to repayment” on pages 30 to 31.

## Duties and Powers of the Bond Trustee

The principal duties of the Bond Trustee under the Master Trust Deed in relation to the Bondholders are summarised as follows:

- upon the occurrence of any Event of Default in relation to a Series the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of the Bondholders of that Series must, declare the Bond Debt for Bonds of that Series to be immediately due and payable by notice in writing to the Issuer, exercise the powers of enforcement available to it and apply all moneys received in accordance with the provisions of the Master Trust Deed;
- to receive regular financial and other reports provided to it by the Issuer;
- to perform a number of functions relating to the ongoing administration of the Bond Documents, including in relation to the meetings of Bondholders, and the exercise

of discretions or the giving or withholding of consents (as appropriate) relating to such administration and other matters out of the ordinary, such as agreeing to modifications of the Bond Documents, all upon the terms set out in the Bond Documents; and

- on being satisfied that all Bond Debt has been paid or provided for upon the terms of the Bond Documents, to execute a deed of discharge of the Bond Documents.

In addition, the Bond Trustee has a statutory duty pursuant to the Securities Act and the Securities Regulations to exercise reasonable diligence to:

- ascertain whether or not there has been any breach of the terms of the Bond Documents or of the terms of any offer of the Bonds and to do all it is empowered to do to cause any such breach of those terms to be remedied (except where the Bond Trustee is satisfied that the breach will not materially prejudice the interests of the Bondholders); and
- ascertain whether or not the assets of the Issuer that are or may be available, whether by way of security or otherwise, are sufficient or likely to be sufficient to discharge the amounts of the Bonds as they become due.

The Bond Trustee receives the benefit of a general indemnity from the Issuer for any liabilities or expenses it reasonably incurs while acting as Bond Trustee unless the claim arises out of fraud, wilful default, gross negligence, wilful breach of trust or dishonesty or where the Bond Trustee has failed to show the degree of care and diligence required of it having regard to the powers, authorities and discretions conferred on it under the Bond Documents.

The Bond Trustee also receives the benefit of an indemnity from each Bondholder for any amount for which the Trustee is liable under the Security Trust Deed in respect of the Bonds (the “**Indemnified Amount**”), provided that each Bondholder’s liability under this indemnity shall be limited to the same proportion of the Indemnified Amount as the Principal Amount held by it bears to the total Principal Amount of the Bonds.

The Bond Trustee has absolute discretion as to the exercise of its powers in relation to the Bonds. Under the Bond Documents, the Bond Trustee may, amongst other things, in relation to the Bonds:

- refrain from exercising any power until directed by an Extraordinary Resolution of Bondholders or the affected class of Bondholders;
- decline to act or exercise any power, take any action or comply with any request or direction (including any direction by an Extraordinary Resolution of Bondholders) unless it has first been indemnified to its satisfaction against all costs, charges, losses, damages, expenses, actions, proceedings, claims and demands it may reasonably sustain or incur by so doing;
- represent and act on behalf of Bondholders in any matter concerning them generally;
- invest any amount held in its capacity as Bond Trustee in the name of the Bond Trustee or its nominee in any

investment, with power to vary, deal with or dispose of such investment, and all income arising from all such investments will belong to the person in respect of whom such moneys are held by the Bond Trustee;

- in the performance of its duties, act on, or decline to act on, certificates signed by or on behalf of the Issuer and the advice or opinion of professional advisers; and
- report to Bondholders on certain matters, convene meetings of Bondholders or otherwise seek directions from the Bondholders or a court of New Zealand.

### Reporting

The Issuer covenants to supply to the Bond Trustee a range of regular reports, certificates, annual and half-yearly financial statements and other information as to the financial condition of the Group and as to compliance with the Bond Documents.

This includes a requirement that two directors of the Issuer, on behalf of the board of the Issuer, provide a report to the Bond Trustee, following the end of each financial year and each financial half-year, as to various matters relating to the Issuer and the Bonds, including details of any matter that has arisen which would materially and adversely affect the ability of the Issuer to perform its obligations under any Bond Document, compliance by the Issuer with the provisions of the Bond Documents, details of all Bonds that have been redeemed, cancelled or repurchased in the immediately preceding financial year or half-year and due maintenance of the Register for the Bonds.

### Events of Default

Upon the occurrence of any of the Events of Default set out in the Bond Documents in relation to a Series, the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders of that Series must, declare the Bond Debt for that Series to be immediately due and payable. However, none of the events listed in any definition of Event of Default in any Bond Documents will constitute an Event of Default, and no Bond Debt will become immediately due and payable, unless the relevant Event of Default is continuing unremedied and the Bond Trustee has given a notice to the Issuer declaring such event to be an Event of Default and the Bond Debt for the relevant Series to be immediately due and payable.

The Events of Default are listed in the Bond Documents in relation to each Series and summarised under the heading “Bondholders’ entitlement to repayment” on pages 30 to 31. Investors should refer to the Bond Documents in relation to the relevant Bonds for a complete list and more detailed descriptions of the acts and omissions that constitute an Event of Default for those Bonds.

### No Enforcement by Bondholders

Bondholders have no direct enforcement right and they may not bring any action, claim or proceeding directly against the Issuer or a Guarantor for the enforcement of any of their rights or remedies under the Bond Documents, unless the Bond Trustee has failed to enforce such rights or remedies after having become bound to do so under the provisions of the Bond Documents.

### Meetings

The Master Trust Deed contains provisions for meetings of Bondholders and the matters that may be determined by ordinary or Extraordinary Resolutions.

The Issuer must call a meeting of Bondholders, or a class of Bondholders, at the request in writing of the Bondholders of not less than 10% of the aggregate principal amount of the Bonds, or that class of Bonds (as the case may be), or where required to do so by law. The Bond Trustee may convene a meeting of Bondholders, or a class of Bondholders, at any time.

An Extraordinary Resolution passed at a meeting of Bondholders or a class of Bondholders is binding on all Bondholders, or all Bondholders of that class (as the case may be), whether or not they were present at such meeting. However:

- a resolution which affects a particular Bondholder only, rather than the rights of all Bondholders generally, or of a particular class of Bondholders generally, will not be binding on such Bondholder unless such Bondholder agrees to be bound by the terms of such resolution;
- a resolution which affects one class only of Bonds is deemed to have been duly passed if passed at a properly convened and held meeting of the Bondholders of that class;
- a resolution which affects more than one class of Bonds, but does not give rise to a conflict of interest between the Bondholders of any of the classes so affected, is deemed to have been duly passed if passed at a single properly convened and held meeting of the Bondholders of all classes so affected; and
- a resolution which affects more than one class of Bonds and gives rise to a conflict of interest between the Bondholders of any of the classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Bondholders of each class so affected.

Bondholders have the power exercisable by Extraordinary Resolution to agree, approve, authorise, ratify and sanction various acts, matters or things in relation to, or in connection with, the Bond Documents, the Bonds and the exercise or performance by the Bond Trustee of its powers, duties and discretions. For example, the Bondholders may, by an Extraordinary Resolution:

- sanction the release of the Issuer or a Guarantor from payment of all or any part of the Bond Debt;
- sanction any proposal by the Issuer for the amendment, release, or novation or any other arrangement relating to the rights of the Bondholders against the Issuer or its assets;
- assent to any amendment to the terms of the Bond Documents or the Bond Conditions proposed by the Issuer;
- sanction, assent to, release or waive any breach or default by the Issuer or a Guarantor under any of the provisions of a Bond Document or the Bond Conditions;
- sanction any scheme for the reconstruction of the Issuer or a Guarantor or for the amalgamation of the Issuer with any other corporation where such sanction is necessary;

- subject to section 62 of the Securities Act, discharge or exonerate the Bond Trustee from all liability in respect of any act or omission for which the Bond Trustee has or may become responsible under a Bond Document or the Bond Conditions; and
- subject to the provisions of the Bond Documents, remove the Bond Trustee and approve the appointment of a new Bond Trustee.

An Extraordinary Resolution is a resolution passed at a meeting of Bondholders (or of a class of Bondholders) at which at least 75% of the Bondholders (or that class of Bondholders) voting at the meeting vote in favour of the resolution. A quorum for the purpose of passing an Extraordinary Resolution is Bondholders (present in person or by representative) holding or representing not less than 10% of the aggregate Principal Amount of the Bonds or, in the case of a meeting of any class of Bondholders, of the Bonds of the relevant class. If a quorum is not present and the meeting is adjourned, a quorum at the adjourned meeting is all Bondholders present (in person or by representative). Anything that may be done by Bondholders (or a class of Bondholders) by an ordinary resolution or an Extraordinary Resolution passed at a meeting of Bondholders (or that class of Bondholders) may be done by a resolution in writing signed by not less than 75% of Bondholders (or that class of Bondholders) having the right to vote on that resolution and holding in aggregate the right to cast not less than 75% of the votes which could be cast on that resolution.

### **Amendment of the Bond Documents**

None of the following applies to the amendment of the Security Documents, which is described under the heading “Changes to security rights” on page 30.

The terms and conditions of the Bond Documents may be altered with the approval of Bondholders (or a class of Bondholders, if applicable) by an Extraordinary Resolution and, in limited circumstances, with the approval only of the Bond Trustee and the Issuer. A description of the requirements for an Extraordinary Resolution is set out in the preceding section of this Prospectus.

The following amendments do not require Bondholder approval:

- amendments of a minor, formal, administrative or technical nature;
- amendments that are to correct a manifest error;
- amendments that are to comply with the requirements of any applicable law or any rules of the NZX;
- amendments that are convenient for the purpose of obtaining or maintaining a quotation of the Bonds on the NZDX;
- any amendment where the Bond Trustee is of the opinion that the amendment will not be materially prejudicial to the interests of Bondholders of the relevant Series.

In addition, the Bond Trustee may (and shall or shall not if

so directed by an Extraordinary Resolution of the relevant Bondholders) waive any breach or anticipated breach by the Issuer and any Guarantor, for such period and on such terms as it determines, by notice to the Issuer. Any waiver will be binding on all Bondholders.

### **Miscellaneous**

The Bond Documents also contain detailed provisions relating to procedures for holding meetings of Bondholders, transfer and registration of Bonds and various other matters.

Because the Bonds are to be registered (rather than bearer) bonds, the Bond Trustee and the Issuer are entitled to rely on the Register as the sole and conclusive record of the Bonds held by a Bondholder, notwithstanding any discrepancy between the Register and any allotment or transaction statement issued in respect of any Bonds.

Neither the Bond Trustee nor the Issuer is liable to the other or to any Bondholder for relying on the Register or for accepting in good faith as valid the details recorded on the Register if they are subsequently found to be forged, irregular or not authentic.



# Risk Factors

## Principal Risks

The principal risks for you are that you do not recover the sum which you paid for the Bonds and/or you do not receive the expected returns on your investment. This could happen for a number of reasons including:

- if you wish to sell them, the price at which the Bonds trade may be lower than the price you paid for them;
- there may be no ready market for the Bonds;
- the Issuer or a Guarantor or Guarantors may become insolvent or be placed in receivership, voluntary administration, statutory management or liquidation or cease to have sufficient assets to pay returns to Bondholders;
- the operational and financial performance of Z Energy may be worse than expected;
- the Issuer may not be able to redeem the Bonds on the Maturity Date;
- the Bonds may be redeemed before the Maturity Date; and
- in the event of a change in company tax rates, individual income tax rates, or the way such rates affect a Bondholder's taxable income, such changes may impact on the returns to Bondholders.

Some risk factors are specific to Z Energy's business activities and some are of a more general nature. The risks set out in this section may individually, or in combination, affect the future operating performance of Z Energy and/or the returns on the Bonds.

## Consequences of insolvency

A Bondholder could receive none of, or less than, the principal amount of, or expected returns on, the Bonds if the Issuer or a Guarantor or Guarantors became insolvent for any reason.

As the Bonds are secured, senior debt obligations, in a liquidation, receivership, voluntary administration or statutory management of the Issuer, the Bondholders' rights to payment of any moneys payable pursuant to the Bonds will rank equally with the Z Energy Group's banks and any other Beneficiaries, and only rank after the claims of statutorily preferred creditors and Shell's security over petroleum products supplied by Shell for which it has not received payment, and their proceeds.

However, provided a Bondholder has fully paid for the Bonds it holds, it will not be liable to pay any money to any person as a direct consequence of holding Bonds if the Issuer or a Guarantor becomes insolvent, except that:

- any enforcement expenses would be paid in priority to amounts payable pro rata to the Bondholders and the banks under the Security Trust Deed;
- in the unlikely event that Bondholders received or recovered more than their pro rata entitlement from the Issuer or Guarantors after enforcement of the Security, they may become liable to repay the excess to the Security Trustee (because Bondholders and banks share the Security on an equal ranking basis); and

- if the Bond Trustee on behalf of the Bondholders becomes liable to indemnify the Security Trustee or any other person pursuant to the Security Trust Deed, the Bond Trustee shall be indemnified by each Bondholder in respect of such liability pro rata to their holding. Any moneys paid by the Bond Trustee in respect of such indemnity may be recovered from each Bondholder as a debt due to the Bond Trustee and may be withheld from any further payments to that Bondholder.

## Transfer risk

If a Bondholder sells their Bonds before they are redeemed, the price at which they are able to sell their Bonds may be less than the price they paid for them. This is because changes in market interest rates and other factors can affect the market value of the Bonds.

The price at which Bondholders will be able to sell their Bonds may also be affected by a deterioration, whether real or perceived, in Z Energy's creditworthiness, a lack of persons wishing to buy Bonds, or the lack of an established market or demand for the Bonds.

## Market, liquidity and yield considerations

It is intended that the Bonds will be listed on the NZDX. However, although a secondary trading market for the Bonds may develop over time, there can be no assurance of the liquidity of such a market. Consequently, Bondholders may not be able to sell their Bonds readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

The secondary market for the Bonds will be affected by factors independent of the creditworthiness of the Issuer or the Guarantors. These factors may include the time remaining to the maturity of the Bonds, the outstanding amounts of the Bonds, the number of such Bonds being sold in the secondary market, any legal restrictions limiting demand for the Bonds, whether all of the Bonds were issued with the same or different Interest Rates and are therefore fungible, availability of comparable securities and the level, direction and volatility of market interest rates generally.

No investor should purchase Bonds unless the investor understands and is able to bear the risk that the Bonds may not be readily saleable, that the value of the Bonds will fluctuate over time, and that such fluctuations may be significant and could result in significant losses to the investor. This is particularly the case for Bondholders whose circumstances may not permit them to hold the Bonds until maturity.

## Business Risks

The following risks have been identified by Z Energy management and are subject to mitigation, prevention and hedging.

## Health, safety, security and environmental

Z Energy has a health, safety, security and environmental (HSSE) management system that applies to all operations and assets. Specifically this includes, but is not limited to, Z Energy and Subsidiary staff, contractors and subcontractors and retail site staff.

Z Energy is subject to environmental and health and safety laws and regulations in connection with its operations, including, among other things, with respect to the ownership and operation of tanks for the storage and transport of petroleum products. Z Energy has established a compliance programme in relation to this legislation. One aspect of this programme is intended to ensure that the tanks are either replaced or upgraded to meet applicable leak detection and spill, overfill and corrosion protection requirements. However, there can be no assurances that these tank systems will at all times remain free from undetected leaks or that the use of these tanks will not result in significant spills or leakage. If leakage or a spill occurs, it is possible that the resulting costs of investigation and remediation, as well as any fines and penalties, could be significant.

There is a risk that compliance with existing or future environmental and/or health and safety legislation and regulations will require material expenditure by Z Energy or otherwise have a material adverse effect on its consolidated financial position, results of operations and/or cash flows.

#### **Product supply**

Z Energy's refined product and crude oil supply is underpinned by contracts with Shell. These arrangements follow Shell's international standards and are available to Z Energy until at least April 2013. Product is shipped to New Zealand by large seagoing tankers. New Zealand is a signatory to the International Energy Agreement 1974, which requires that the Government takes steps to assure the availability of 90 days of net national demand.

Notwithstanding the steps taken by Z Energy and the New Zealand government, there is a risk that the international fuel market or the delivery of crude oil and refined product to New Zealand could be disrupted, or the product could be spilt or lost en route. Any of these situations could have a material adverse effect on Z Energy.

Z Energy's business has certain key contracts in place, including these supply contracts with Shell and the Refinery contract, which are critical to business operations. If any of these contracts are terminated (in some cases, termination rights may be triggered by Z Energy's insolvency or receivership), Z Energy may suffer material adverse consequences. These contracts will not be affected by the Z Energy rebrand.

#### **Product quality**

Z Energy's crude oil is processed by the Refinery to meet New Zealand fuel specifications. Imported refined product must also meet these specifications. There are certification checks throughout the refining process and distribution systems.

Notwithstanding the steps taken by Z Energy and the New Zealand government, there is a risk that the fuel could be contaminated after the refining process while being transported to a service station for distribution. There is also the risk that there is a failure in the certification process and the fuel is contaminated during processing.

#### **Business continuity**

Z Energy's business is heavily reliant upon strategic sites, including the Refinery and terminals (in particular the Wiri terminal and its associated pipeline), and other key infrastructure. A disruption of normal business at any of these facilities (which could be caused by, among other things, fire or explosion, earthquake, tsunami, storm, flood, epidemic, strike, act of war, civil unrest or terrorist act) could materially adversely affect the business, both financially and by way of reputational damage.

#### **Competitive position**

The New Zealand fuel industry, in which Z Energy operates, is competitive and is subject to changing customer preferences. Z Energy's competitive position could deteriorate as a result of actions by existing competitors, the entry of new competitors or a failure by Z Energy to continue to achieve cost efficient sourcing of product or its transportation, storage or distribution. Taxation and funding costs could also harm Z Energy's position relative to its competitors.

#### **Customer relations and brand**

Z Energy places a high value on its relationship with its customers. Z Energy currently uses two brands, Z Energy and Shell, for its retail and truck stop business (as well as the Greenstone Energy brand for commercial sales and logistical functions). It is anticipated that Z Energy will continue to use the Shell brand under licence conditions specified by Shell until 30 June 2012, at which time all retail sites and truck stops are expected to be rebranded as Z Energy.

The reputation and value associated with the brands Z Energy uses could be adversely impacted by the failure by Z Energy to provide customers with the quality of product and service they expect, disputes or litigation with third parties such as regulatory bodies, employees, suppliers and customers, or adverse media coverage.

#### **Changes in demand for fuels**

Demand for the products supplied by Z Energy may decline as a result of both short-term and long-term factors, in particular economic conditions and technological developments. In the longer term it is likely that vehicles will become more fuel efficient and they could come to use fuels not currently supplied by Z Energy.

#### **Property**

Z Energy has ownership or leases of over 300 properties nationwide. Many of these sites are important, even strategic, to Z Energy. Events (which could include failure by Z Energy to meet lease terms or expropriation by authorities) that adversely affect Z Energy's ability to access these sites or the services provided from the sites could reduce Z Energy's access to products or markets or could raise costs or reduce revenues.

Z Energy could also be saddled with uncompetitively high property costs if it has acquired or leased property at high costs and/or the market value of property decreases.

### **Key personnel**

Z Energy operates a substantial, complex business encompassing a significant number of standalone functions which are important to the overall integrity and financial outcome of the company. This requires staff with the necessary skills and experience, back up capability and succession.

The unanticipated absence for a prolonged period of a number of key staff could cause business disruption.

### **Cost and availability of funding**

Z Energy relies on banks and Shell through its terms of trade to provide working capital funding, and on banks and bondholders for core debt. Adverse changes in Z Energy's relations with the providers of funding or adverse changes in financial markets which reduced Z Energy's access to, or increased its cost of, funding would adversely impact on financial performance and financial position. The Bonds will alter the maturity profile of Z Energy's funding, which will assist to mitigate this risk. Z Energy undertakes hedging to reduce the uncertainty of funding cost but this could be misapplied or ineffective.

### **Cost of supply**

Z Energy sources its crude oil and refined product internationally. In doing so Z Energy is exposed to fluctuating commodity prices and exchange rates, which it manages through adherence to its risk management policies. While Z Energy engages in foreign currency and commodity price hedging, which limits its exposure, adverse movements in exchange rates or commodity prices, or ineffective management of these risks, may have an adverse impact on Z Energy's future financial performance and financial position.

### **Regulatory**

Fuel is regarded as a crucial national good. Its availability and price is closely monitored by authorities and is of political interest. Although Z Energy makes every effort to ensure compliance, it remains possible that its activities could become subject to onerous, even expropriating, laws or regulations.

### **Litigation**

Z Energy is subject to claims and legal actions arising from the normal course of its business activities. The outcomes are uncertain and could have adverse operational, reputational or financial consequences for Z Energy.

### **New Zealand economy**

The New Zealand economy could deteriorate, shrink, or become subject to disorder or inflation, raising Z Energy's costs and reducing the demand for Z Energy's products.



29 June 2011

The Directors  
Z Energy Limited  
3 Queens Wharf  
WELLINGTON

Dear Directors

Clause 9(3) of Schedule 12 to the Securities Regulations 2009 requires us to confirm that the offer of debt securities ("the Securities") set out in the simplified disclosure prospectus dated 29 June 2011 ("the Prospectus") complies with any relevant provisions of the Trust Deed dated 11 August 2010 (as amended). These provisions are those which:

- (a) Entitle Z Energy Limited to constitute and issue under or with the benefit of the Trust Deed (as the case may be) the Securities offered in the Prospectus; and
- (b) Impose restrictions on the right of Z Energy Limited to offer the Securities; and

are described in the summary of the Trust Deed in the Prospectus.

The Auditors have reported on certain financial information set out or referred to in the Prospectus and our statement does not refer to that information or any other financial information or any other material in the Prospectus which does not relate to the Trust Deed.

We confirm that the offer of the Securities set out in the Prospectus complies with any relevant provisions of the Trust Deed. We have given the above confirmation on the basis:

- (a) Set out above; and
- (b) That the Trustee relies on the information supplied to it by Z Energy Limited pursuant to the Trust Deed and does not carry out an independent check of that information.

The Trustee draws your attention to the explanation of the Trustee's duties described under the heading "Duties and Powers of the Bond Trustee" contained in the Prospectus.

The Trustee does not guarantee the repayment of the Securities or the payment of interest thereon.

Yours sincerely  
**Trustees Executors Limited**

**Sean Roberts**  
**Business Manager**  
**Corporate Trust**



# Statutory Information

The information in this section is provided in accordance with Schedule 12 to the Securities Regulations 2009.

## Names, addresses and other information

Z Energy Limited is the issuer of the Bonds (the “**Issuer**”). The Issuer’s registered office is 3 Queens Wharf, Wellington 6011.

The directors of the Issuer are:

- Marko Bogoevski, of Wellington, New Zealand
- Alan Michael Dunn, of Mapua, New Zealand
- Paul Lightle Fowler, of Melbourne, Australia
- Peter Ward Griffiths, of Wellington, New Zealand
- Liberato Petagna, of Wellington, New Zealand

The Issuer, Aotea Energy Limited and each of their directors, are promoters of the Bonds (the “**Promoters**”). The directors of Aotea Energy Limited are:

- Marko Bogoevski, of Wellington, New Zealand
- Alan Michael Dunn, of Mapua, New Zealand
- Paul Lightle Fowler, of Melbourne, Australia
- Peter Ward Griffiths, of Wellington, New Zealand
- Liberato Petagna, of Wellington, New Zealand

The directors of the Issuer and Aotea Energy Limited may change from time to time without prior notice to Bondholders. The directors of the Issuer and Aotea Energy Limited can be contacted at the Issuer’s address set out above and in the directory on the inside back cover of this Prospectus.

Trustees Executors Limited is the trustee for the Bonds (the “**Bond Trustee**”). The Bond Trustee’s address is Level 5, Maritime Tower, 10 Customhouse Quay, PO Box 3222, Wellington.

## Experts and underwriter

Jones Lang LaSalle Limited undertook the valuation process for the revaluation of the Group’s fixed assets referred to on page 25 of this Prospectus. The valuation was dated 18 February 2011. In carrying out an assessment of fair value, Jones Lang LaSalle utilised two primary methods of valuation, namely the Direct Capitalisation (Investment) Approach under an assumed lease to ascribe fair value to the freehold and leasehold service station and truck stop assets (whereby a sustainable market rental is struck which is capitalised at an appropriate rate of return or yield derived from analysis of comparable assets), and Depreciated Replacement Cost to ascribe fair value to plant and equipment (whereby gross current cost is reduced by factors providing for age, physical depreciation and obsolescence).

Jones Lang LaSalle Limited has no relationship (other than that of valuer) with, or interest in, Z Energy or in any associated person of Z Energy. Jones Lang LaSalle Limited has no interest in the properties that were valued, and has no relationship with any other person who has a material interest in the properties being valued.

Jones Lang LaSalle Limited has given, and has not before the date of this Prospectus, withdrawn its consent to the distribution of this Prospectus with the statements on page 25 in the form and context in which they are included. None of Jones Lang LaSalle Limited nor any of its directors, officers or employees is intended to be a director, officer or employee

of Z Energy, but may from time to time be engaged as professional advisers to Z Energy.

Because the date of the valuation is more than 4 months before the date of this Prospectus, Jones Lang LaSalle Limited has provided a supplementary statement in the manner required by section 40(1)(e) of the Securities Act 1978 affirming the assertions of fact in the original valuation.

Jones Lang LaSalle Limited can be contacted at Level 16, PWC Tower, 188 Quay Street, PO Box 165, Auckland. The valuation provided by Jones Lang LaSalle Limited was conducted by Tony Pratt and Dave Wigmore (BPA ANZIV SPINZ), in accordance with their respective capabilities as a Registered Plant and Machinery Valuer and a registered Land and Buildings Valuer.

The Offer is not underwritten.

## Main terms of Offer

### Brief description of the Bonds

The Bonds are debt securities and constitute direct secured, senior fixed rate debt obligations of the Issuer. The banks and Bondholders share the same security on an equal ranking basis. The banks and Bondholders will rank behind Shell’s security over petroleum products supplied by Shell for which it has not received payment, and their proceeds, and statutorily preferred creditors. More information on the security arrangements for the Bonds can be found on pages 29 to 33 under the heading “Corporate structure and Bondholder security rights”. The terms and conditions applicable to the Bonds are contained in the Bond Documents.

The Bond Trustee holds on trust for the benefit of Bondholders the right to enforce the Issuer’s and Guarantors’ obligations in relation to the Bonds. The Bond Trustee does not guarantee the payment of interest or principal on the Bonds.

The Bonds bear interest at a fixed rate (being the Interest Rate applicable to that Bond). Interest is scheduled to be paid on the Bonds in arrear on each Interest Payment Date. A more detailed description of the Interest Rate that applies to the Bonds and how it is determined can be found under “Returns” on pages 44 to 46.

The Principal Amount of the Bonds will be repaid by the Issuer on the Maturity Date. Bondholders have no right to redeem their Bonds before the Maturity Date, except in the case of a Change of Control (other than by way of an IPO) or an Event of Default. This means that Bondholders have no ability to cash in their investment prior to the Maturity Date, except following such a Change of Control, an Event of Default or by selling their Bonds in the secondary market (if one develops). More information on what is a Change of Control can be found on page 5.

Any agreement by the Security Trustee to subordinate the Security to any other interest would require both the banks’ and Bond Trustee’s approval. However, the Issuer may grant security over its assets as permitted by the banks under the Security Documents from time to time that by operation of law ranks ahead of the Security shared by the banks and Bondholders.

In addition, the Issuer may from time to time, and without the consent of the Bondholders, issue further bonds or other debt instruments, or borrow further amounts from or incur other indebtedness to the Z Energy Group's banks, which ranks behind or, by virtue of sharing the Security, equally with the Bonds. However, under the terms of the Bond Documents, for so long as any Bonds remain outstanding, the Issuer must ensure that the Debt Coverage Ratio is not breached on two consecutive Test Dates. More information on the Debt Coverage Ratio can be found under the heading "Bondholders' entitlement to repayment" on pages 30 to 31.

Application has been made to NZX for permission to list the Bonds on the NZDX and all the requirements of NZX relating thereto that can be complied with on or before the date of distribution of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus. NZX is a registered exchange under the Securities Markets Act 1988.

The Issuer intends that quotation of the Bonds on the NZDX will commence following the first allotment of the Bonds on 9 August 2011. NZX ticker code "ZEL" has been reserved for the Issuer.

#### **Maximum amount**

As at the date of this Prospectus, Bonds with an aggregate Principal Amount of up to \$100 million, with the ability to accept oversubscriptions of up to \$50 million (for a maximum amount of \$150 million) are being offered by the Issuer. Any subsequent offer of Bonds under this Prospectus will be in addition to this amount.

#### **Price of Bonds**

The Principal Amount and Issue Price of each Bond is \$1.00. The Issuer reserves the right to issue Bonds at par, or at a premium or a discount to the Principal Amount. The Issue Price of each Bond will be determined by reference to prevailing market interest rates at the time of issue and be specified, or determined in accordance with terms specified, in this Prospectus and the Supplemental Trust Deed.

#### **Minimum amount**

Applications to subscribe for Bonds must be for a minimum Principal Amount of \$5,000 (and in multiples of \$1,000 thereafter) and payment of the total application amount in full must accompany the Application Form. There is no maximum amount of Bonds you may apply for, but applications for less than \$5,000 will not be accepted. Some or even all of the Bonds being offered may be reserved for clients of the Joint Lead Managers, brokers, banks and NZX Firms. The aggregate Principal Amount of Bonds so reserved may be up to NZ\$100 million (constituting 100% of the Bonds offered) and up to 100% of any oversubscriptions. Bonds (including any oversubscriptions) will be allocated to applicants on a first come, first served basis.

#### **Application and payment**

Applications must be made by way of the Application Form contained at the back of this Prospectus.

Applicants who are members of the NZClear System, or who are able to have payments made on their behalf through the NZClear System, may settle their applications for Bonds on the

Issue Date through the NZClear System.

Applicants who are not members of the NZClear System must pay for the Bonds applied for by a personal cheque or by the direct debit facility as described in the "Application Instructions" section on pages 54 and 55 of this Prospectus.

The Issuer reserves the right to refuse all or any part of any application without giving a reason, including (but without limitation) where an applicant has not provided account details for payments by direct debit.

Any application money received in respect of an application which is not accepted by the Issuer, whether because of late receipt or otherwise, will be returned (without interest) to the applicant as soon as reasonably practicable after the Issuer decides not to accept the application and, in any event, within 10 Business Days of the close of the Offer.

If the Issuer accepts an application in part, the balance of the application money (without interest) will be refunded as soon as reasonably practicable and, in any event, within 10 Business Days of the close of the Offer.

Where an applicant's payment for Bonds is dishonoured, the Issuer may cancel any Bonds issued to that applicant and may pursue the defaulting applicant for damages suffered by the Issuer.

Applications cannot be withdrawn or revoked.

#### **Where to send your Application Form and payment**

Cheques should be delivered or sent, together with the Application Form, to:

Link Market Services Limited  
PO Box 91976  
Auckland 1142  
New Zealand

Applications for Bonds may also be lodged with any NZX Firm or any other channel approved by NZX, but must be received by the Registrar no later than the date the Offer closes.

#### **No cooling off**

There is no cooling off period during which an investor can cancel his or her investment in the Bonds.

#### **Relationship with listed securities and ranking of securities**

In a liquidation of the Issuer, the Bonds will rank equally with the other Series of Bonds listed on the NZDX, which as at the date of this Prospectus consist of one Series (Series 2016-1) of \$147 million issued bonds.

As at the date of this Prospectus, the Series 2016-1 bonds are the only securities that are secured by a mortgage or charge over any assets of the Group ranking in point of security ahead of, or equally with, the Bonds.

#### **Issue Expenses**

Applicants pay no fees or charges to invest in the Bonds (but may be required to pay brokerage, and should ask their broker or financial adviser for details of any charges). The Issuer will pay brokerage on new applications of 1.25% to NZX Firms for applications carrying that NZX Firm's stamp.



Issue expenses, including brokerage, legal, accounting, audit, registry, printing, distribution and promotion expenses, and other fees to be incurred, are estimated to be \$2.05 million based on an issue size of NZ\$100 million and are payable by the Issuer. The Issuer will incur further issue expenses at the time of issue of each further Series or Tranche of bonds.

### Returns

It is not possible to quantify as at the date of this Prospectus the exact amount of returns Bondholders will receive, and therefore no such amount can be promised by the Issuer. The key factors that determine the returns on a Bondholder's investment are:

- the Interest Rate;
- whether or not the Bonds are redeemed or repurchased before the Maturity Date;
- the Issuer's financial condition and credit ratings;
- any applicable taxes (see the section entitled "Taxation" on pages 44 to 46); and
- the other risk factors described under the heading "Risk Factors" on pages 38 to 40.

### Interest Rate

The Issuer will pay interest on the Principal Amount of each Bond at the fixed Interest Rate applicable to that Bond. The initial Interest Rate will be announced to NZX prior to the Opening Date.

After a Bond has been issued, the Interest Rate applicable to that Bond will only change if the Issuer determines that the Interest Rate should increase, and the new Interest Rate will apply to both issued Bonds and Bonds that have not yet been issued. Applicants can obtain details of the Interest Rate applicable to the Bonds from time to time by contacting any of the Joint Lead Managers, or any broker, bank or NZX Firm or their investment adviser.

The first interest payment, including Early Bird Interest, will be calculated based on the number of days elapsed from (and including) the date on which a Bondholder's application monies have been banked into the trust account operated in respect of the Offer to (but excluding) the first Interest Payment Date. The first interest payment for each Bond will be paid to the original subscriber of that Bond irrespective of any subsequent transfer before the first Interest Payment Date (interest to original subscriber "ITOS").

Other than the first Interest Payment Date, interest will be payable on each Interest Payment Date to the Bondholder as at the Record Date immediately preceding the relevant Interest Payment Date. Interest payments will be made in arrears in equal quarterly instalments. If an Interest Payment Date falls on a day that is not a Business Day, the relevant payment will be made on the next day which is a Business Day, without adjustment or further payment as a result thereof.

Where interest must be paid before an Interest Payment Date (for example due to a Change of Control or Event of Default) it will be calculated on a 365 day year basis.

### Repayment of Principal Amount on Maturity Date

The Principal Amount of the Bonds will be repaid by the Issuer on the Maturity Date.

### Redemption by Bondholders

Bondholders have no right to redeem their Bonds before the Maturity Date unless a Change of Control (other than by way of an IPO) occurs or an Event of Default occurs. This means that Bondholders have no ability to cash in their investment prior to the Maturity Date except following such a Change of Control, an Event of Default or by selling their Bonds in the secondary market (if one develops).

### Acceleration of Bonds on Event of Default

Upon the occurrence of any of the Events of Default set out in the Bond Documents, the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders must, declare the Bond Debt to be immediately due and payable.

The Events of Default are listed in the Bond Documents and are summarised under the heading "Bondholders' entitlement to repayment" on pages 30 to 31.

If the Bonds are repaid prior to their Maturity Date, the returns the Bondholders may receive will be different from the returns they would have received if the Bonds were repaid on their Maturity Date.

### Taxation

Your returns will be affected by taxes. If a law requires the Issuer (which for the purposes of this section of this Prospectus includes the Registrar acting on the Issuer's behalf) or the Bond Trustee to deduct an amount in respect of taxes from a payment to a Bondholder, then the Issuer or the Bond Trustee will deduct the amount for the taxes and pay it to the relevant authority. Neither the Issuer nor the Bond Trustee is obliged to gross-up, indemnify or otherwise compensate or pay any additional amounts to the Bondholder as a consequence of or otherwise in connection with such deduction.

The information set out below relates solely to New Zealand taxation and does not constitute taxation advice to any Bondholder. The information is believed by the Issuer to be correct as at the date of this Prospectus. Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the Bonds. There may be taxation changes in the future which affect your position. You should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances.

All Bondholders (including those resident outside New Zealand) must give written notice to the Registrar (or, where applicable, to the custodian/nominee registered as the Bondholder in respect of Bonds held on behalf of the beneficial owner) of their country of residence for taxation purposes and, if not New Zealand tax resident, whether the Bondholder is engaged in business in New Zealand through a fixed establishment in New Zealand. A Bondholder must give notice to the Registrar of any change to their country of residence for taxation purposes, including whether they are engaged in business in New Zealand through a fixed establishment in New Zealand.

In this section:

- (a) Bondholders who are resident in New Zealand for taxation purposes are referred to as “**Resident Bondholders**”.
- (b) Bondholders who are not resident in New Zealand for taxation purposes but who are engaged in business in New Zealand through a fixed establishment in New Zealand are referred to as “**New Zealand Branch Bondholders**”.
- (c) Bondholders who are neither resident in New Zealand for taxation purposes nor engaged in business in New Zealand through a fixed establishment in New Zealand are referred to as “**Non-Resident Bondholders**”.

#### **Resident withholding tax**

For Resident Bondholders and New Zealand Branch Bondholders, resident withholding tax (“**RWT**”) will be deducted from the gross amount of interest paid or credited to them in accordance with the provisions of the Income Tax Act 2007.

As at the date of this Prospectus, individual Bondholders who are subject to RWT and have provided their IRD Number to the Registrar/Issuer will be able to elect one of the following RWT rates:

- 33%
- 30%
- 17.5% or
- 10.5%. This particular rate can only be elected if the Bondholder has a reasonable expectation at the time of making the election that his or her income for the income year will be \$14,000 or less.

For individual Bondholders who have not provided their IRD Number to the Registrar/Issuer, the applicable rate of RWT at the date of this Prospectus is 33%. Special rules apply regarding the RWT rates that can be elected by certain Bondholders who are trustees.

As at the date of this Prospectus, a company Bondholder (other than a Maori authority or a trustee) that has provided its IRD Number to the Registrar/Issuer will have RWT deducted at the rate of 28%. Such a company Bondholder can, by notice in writing to the Registrar/Issuer, elect to have a higher rate of RWT deducted if it so wishes.

For company Bondholders who have not provided their IRD Number to the Registrar/Issuer, RWT will be deducted at the rate of 30%.

RWT will not be deducted where a Bondholder provides a copy of a current RWT exemption certificate to the Registrar/Issuer.

Depending on an individual Bondholder’s level of annual income, electing an RWT rate lower than the individual Bondholder’s personal marginal tax rate may result in a requirement to file a tax return (or the provision of an income statement by Inland Revenue) to account for the tax shortfall. Conversely, if an individual Bondholder elects an RWT rate higher than the individual Bondholder’s personal

marginal tax rate, a tax return may need to be filed in order to obtain the relevant tax refund. Investors are urged to seek tax advice in this respect by reference to their particular circumstances.

Bondholders should notify the Registrar/Issuer of any changes to their elected RWT rate as a result of changes to their particular circumstances.

#### **Approved issuer levy and non-resident withholding tax**

This Prospectus does not constitute an offer of Bonds in any jurisdiction other than New Zealand (see the inside front cover of this Prospectus under the heading “Selling Restrictions”).

The Issuer has registered, or will register, as an “approved issuer” and has registered, or will register, the Bonds and the application monies as “registered securities” with Inland Revenue for the purposes of the Approved Issuer Levy (“**AIL**”) regime. Unless otherwise agreed, the Issuer will, via the Registrar, deduct and pay AIL (currently 2% of amounts treated as interest) from payments made or credited to Non-Resident Bondholders. The amount of the AIL will be reimbursed by deducting the same from the interest otherwise to be paid or compounded to or for the benefit of the Non-Resident Bondholder.

As at the date of this Prospectus, the Government has introduced legislation in the Taxation (International Investment and Remedial Matters) Bill to reduce the AIL rate to 0% on listed or other types of widely held bonds issued to non-residents. However, as at the date of this Prospectus, the Government has yet to pass legislation into law to give effect to this change. If passed in its current form, it is expected that the Bonds should satisfy the requirements to apply a 0% AIL rate. If this is the case, then the Registrar/Issuer will apply the 0% rate of AIL, where it is lawfully able, from payments made or credited to Non-Resident Bondholders.

Non-Resident Bondholders may request, by written notice to the Registrar/Issuer, that AIL not be deducted from interest paid or credited in respect of their Bonds, and that non-resident withholding tax (“**NRWT**”) be deducted instead, at the rate required by law (as reduced by any applicable double tax agreement, where the Non-Resident Bondholder provides satisfactory evidence to the Registrar of entitlement to such reduced rate).

If the Non-Resident Bondholder derives interest under the Bonds jointly with one or more Resident Bondholders then NRWT must be deducted from the interest paid or credited to the Non-Resident Bondholder at the applicable RWT rate. In such cases, the Non-Resident Bondholder may be entitled to claim a refund of NRWT to the extent that NRWT was deducted at a rate higher than that set out in any applicable double tax agreement.

#### **New Zealand income tax implications**

By acquiring the Bonds, Resident Bondholders and New Zealand Branch Bondholders who acquire the Bonds for the purpose of the business which they carry on through

their New Zealand fixed establishment will be entering into a financial arrangement which is subject to the “financial arrangements rules” in the Income Tax Act 2007. Interest paid to these Bondholders under the Bonds will be income that is taxable at the Bondholder’s relevant tax rate (with a credit for RWT deducted – see above).

The timing of that income will be governed by the financial arrangements rules. The financial arrangements rules require that income or expenditure arising in relation to the Bonds be spread over the life of the Bonds using an applicable method under those rules.

Bondholders who are “cash basis persons” for the purposes of the financial arrangements rules will be entitled to recognise income on a receipt basis. Bondholders who are not cash basis persons will be required to spread the income or expenditure using the spreading methods prescribed in the financial arrangements rules. Methods available may depend on the particular circumstances of the Bondholder.

The financial arrangements rules may cause Bondholders to derive income or incur expense on the transfer of the Bonds held by them. For example, if a gain is made on the transfer of the Bonds by Bondholders to whom the financial arrangements rules apply, the “base price adjustment” performed under the financial arrangements rules will bring the gain to account for New Zealand tax purposes and will cause that gain to be included in their income. Where a Bondholder incurs a loss on the transfer of the Bonds, this loss may be deductible to the Bondholder in some limited circumstances.

The financial arrangements rules may also apply to certain Non-Resident Bondholders who are trustees of a trust which has a New Zealand taxation resident settlor.

Although the financial arrangements rules do not apply to New Zealand Branch Bondholders who do not acquire the Bonds for the purpose of the business which they carry on through a New Zealand fixed establishment, and also do not apply to Non-Resident Bondholders (except in limited circumstances as noted above), those categories of Bondholders may potentially be subject to New Zealand tax on any gains on sale of the Bonds.

Bondholders should ascertain whether New Zealand’s provisional tax rules apply to their individual situations.

### **Reserves or Retentions**

Your returns will not be affected by duties, reserves or retentions.

### **Person legally liable to pay returns**

The person legally liable to pay interest and the Principal Amount of the Bonds is the Issuer.

### **Guarantors**

Under the Bond Documents, the Guarantors guarantee the Bond Debt for the Bonds. The Guarantors are made up of any member of the Z Energy Group that from time to time

guarantees, and gives security for, the Z Energy Group’s bank debt, and as at the date of this Prospectus are:

- Aotea Energy Limited;
- Greenstone Energy Holdings Limited;
- Greenstone Energy Finance Limited;
- Z Energy Limited;
- Harbour City Property Investments Limited;
- Big Tree Stations Limited; and
- Mini Fuels & Oils Limited.

However, as at the date of this Prospectus, Z Energy Group intends to amalgamate Greenstone Energy Finance Limited and Harbour City Property Investments Limited into Z Energy and wind up Big Tree Stations Limited. Subject to all necessary approvals, this restructuring will take place before the end of 2011.

The guarantee is not subject to any conditions and, therefore, the Guarantors will be required to provide for the Bond Debt for the Bonds in all situations where the Issuer cannot.

The Total Tangible Assets and Covenant EBITDA of the Guarantors must comprise 95% of the Group Total Tangible Assets and Group Covenant EBITDA respectively, which is the same guarantor coverage ratio agreed with the banks. If the banks agree to change the guarantor coverage ratio for the Banks’ Facilities, then the guarantor coverage ratio in the Bond Documents will automatically change accordingly (because Bondholders have the same security as the banks). For the avoidance of doubt, it is noted that the Guarantors currently include Greenstone Energy Holdings Limited, which holds the 17.14% shareholding in The New Zealand Refining Company, and Z Energy, the main operating company in the Z Energy Group that holds almost all operating assets.

The Issuer and the Guarantors have also granted in favour of the Security Trustee the General Security Deed and the Mortgages, which give the Security Trustee rights over all freehold land valued at more than \$1 million owned by the Guarantors. Security rights will be amended, waived or released if the banks’ agent agrees to it, no matter how much the banks are owed. If an amendment or waiver materially adversely affects Bondholders when compared with the banks, or subordinates the Security, the Bond Trustee’s support would be required before the change could come into effect. If the banks agree to release the Security entirely, then Bondholders’ security rights will be replaced by negative pledge limitations on secured borrowing by Z Energy equivalent to those in the Banks’ Facilities at that time.

Infratil and the New Zealand Superannuation Fund will not guarantee the Bonds and are not Guarantors. The Issuer and the Guarantors are associated persons.

There are no net tangible assets of any Guarantor other than assets which are also assets of the Borrowing Group. There are no qualifications or fundamental uncertainty in the audit report for any Guarantor that reflect on the statement of those assets in the statement of financial position. There are no contingent liabilities that could materially affect the net tangible assets of any Guarantor. The financial statements of the Guarantors (other than Big Tree Stations Limited and Harbour City Property Investments Limited) are filed with the Companies Office, Business and Registries Branch, Ministry of Economic Development, and can be accessed (free of charge) on the Companies Office website at [www.business.govt.nz/companies/](http://www.business.govt.nz/companies/). Copies of the publicly filed documents may also be obtained (on payment of a fee) by telephoning the Ministry of Economic Development Business Service Centre on 0508 266 726, or inspected free of charge at the registered office of the Issuer during normal business hours. The Guarantors and the Issuer are all members of the Z Energy Group.

#### **Provisions of trust deed and other restrictions on Borrowing Group**

The Bonds are issued pursuant to the Master Trust Deed (dated 11 August 2010) and Supplemental Trust Deed (dated 24 June 2011) between the Issuer and the Bond Trustee.

A summary of the principal provisions of the Master Trust Deed, including the duties of the Bond Trustee, is set out in the section of this Prospectus entitled "Summary of Bond Documents" on pages 35 to 37.

#### **Restrictions on new mortgages or charges or ratio of liabilities**

There are no limitations in the Master Trust Deed or the Supplemental Trust Deed relating to the creation of new mortgages or charges ranking in point of security ahead of, or equally with, any mortgage or charge securing the Bonds, nor any ratio of liabilities or class of liabilities to assets, or to any class of assets of the Issuer.

However, under the General Security Deed, the Issuer and any Guarantor (as defined in the General Security Deed) must not create or permit to subsist any Security Interest over the secured property other than a Permitted Security Interest (each as defined in the General Security Deed). On the date of this Prospectus, the definition of Permitted Security Interest is the same as the definition of that term in the Banks' Facilities agreement. However, security rights, including this prohibition and the definition of Permitted Security Interest, will be amended, waived or released if the banks' agent agrees to it, unless the amendment, waiver or release materially adversely affects Bondholders relative to the banks, or subordinates the Security, in which case the Bond Trustee's support would be required before the change could come into effect.

#### **Borrowing restrictions**

The Debt Coverage Ratio (described on pages 30 to 31 under the heading "Bondholders' entitlement to repayment") restricts the ability of the Borrowing Group to borrow.

In addition, the following restrictions on the ability of the Borrowing Group to borrow result from undertakings to be given under the Banks' Facilities referred to on page 33:

- A debt coverage ratio on the same terms as the Debt Coverage Ratio in the Bond Documents, but with a maximum ratio as set out on pages 30 to 31.
- The "Fixed Costs Cover Ratio" must not be less than 2.50 times. The Fixed Costs Cover Ratio is the ratio of the Z Energy Group's previous 12 months' Covenant EBITDA less its operating lease expenses to interest and operating lease expenses of the Z Energy Group. This is tested quarterly. Bondholders do not get the benefit of this restriction (however acceleration of the Banks' Facilities due to a breach of this ratio will also be an Event of Default, meaning that the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders of that Series must, declare the Bond Debt to be immediately due and payable – see page 36 under the heading "Events of Default").

#### **Trustee's Statement**

The statement required to be made by the Bond Trustee pursuant to clause 9(3) of Schedule 12 to the Securities Regulations is set out on page 41.

#### **Consequences of insolvency**

A Bondholder could receive none of, or less than, the expected returns on the Bonds if the Issuer or any Guarantor or Guarantors became insolvent for any reason. See the section entitled "Consequences of Insolvency" on page 38.

#### **Alteration of Securities**

The Issuer has no right to vary the amount payable for the Bonds once an application has been accepted by the Issuer.

The terms of this Offer and the terms and conditions on which investors may apply for Bonds may be altered by an amendment to the Bond Documents.

The terms and conditions of the Bond Documents (other than the Security Documents) may be altered by the Issuer with the approval of Bondholders (or a class of Bondholders, if applicable) by an Extraordinary Resolution at a meeting of Bondholders and, in limited circumstances, with the approval of the Bond Trustee. See the sections entitled "Meetings" and "Amendment of Bond Documents" on pages 36 to 37.

In addition, the Bond Trustee may (and shall or shall not if so directed by an Extraordinary Resolution of the relevant Bondholders) waive any breach or anticipated breach by the Issuer and any Guarantor, for such period and on such terms as may be deemed expedient, by notice to the Issuer. Any waiver will be binding on all Bondholders. See under the heading "Changes to Security Rights" on page 30 for information in relation to altering the Security Documents.

#### **Early Termination**

Bondholders have no right to redeem their Bonds before the Maturity Date unless a Change of Control (other than by way of an IPO) occurs or an Event of Default occurs.

#### **Right to sell securities**

Bondholders are entitled to sell or transfer their Bonds at any time subject to the terms of the Bond Documents and applicable securities laws and regulations.



Bonds may be transferred using a prescribed off market transfer document (available from the Registrar) or by means of any electronic system that is approved for the transfer of securities.

Applicants should not attempt to sell Bonds until they know whether, and how many, Bonds have been allotted to them. None of the Issuer, the Bond Trustee, nor any of their respective directors or employees, nor any other person, accepts any liability or responsibility should any applicant for Bonds attempt to sell or otherwise deal with any Bonds before receiving an allotment or transaction statement recording the number of Bonds (if any) allotted to them.

Transactions in respect of any listed Bonds on the NZDX can be made by contacting an NZX Firm and supplying your CSN (Common Shareholder Number) and FIN (previously known as FASTER identification number), along with the Bondholder number for the Bonds in the case of a sale of Bonds.

A Bondholder may transfer Bonds in minimum Principal Amounts of \$1,000 (other than banks or NZX Firms, which may transfer in any amount), provided that following any such transfer, both the transferor and transferee hold Bonds with an aggregate Principal Amount of not less than the Minimum Holding.

It is expected that there will be a secondary market for the Bonds. However, the Issuer gives no assurances as to the existence or characteristics of such a secondary market.

Brokerage at applicable rates is likely to be payable by a Bondholder on any transfer of the Bondholder's Bonds effected through an NZX Firm.

#### Other terms of Offer and securities

All the terms of the Offer and the Bonds are set out in this Prospectus (except for those implied by law) and in the Master Trust Deed, Supplemental Trust Deed and the other Bond Documents.

#### Information available under Issuer's disclosure obligation

The Issuer, as a listed issuer, is subject to continuous disclosure obligations under the NZDX Listing Rules. Copies of announcements made by the Issuer to NZX from the date of this Prospectus are available at [www.nzx.com/markets/NZDX/ZEL020/announcements](http://www.nzx.com/markets/NZDX/ZEL020/announcements).

The table below sets out particulars of information notified by the Issuer (including by Greenstone Energy Finance Limited as the previous issuer) to NZX prior to the date of this Prospectus in accordance with its obligations under the NZDX Listing Rules that are material to the Offer.

Announcement Date	Description of Announcement
27 June 2011	Z Energy announces full year results
9 June 2011	Z Energy announced as substitute issuer of the existing bonds and further bond issues
30 May 2011	Greenstone Energy Finance Limited announces preliminary full year results
19 May 2011	Z Energy considers retail bond issue
11 May 2011	Announcement to NZX that Greenstone Energy Limited changed its name to Z Energy Limited
8 March 2011	Infratil Investor Day
14 February 2011	Greenstone Energy Finance Limited interim report for half year ended 30 September 2010
6 December 2010	Greenstone Energy Finance Limited interim report 2010
29 November 2010	Greenstone Energy Finance Limited half year report for the period ending 30 September 2010
20 September 2010	Greenstone Energy Finance Limited bond issue oversubscribed at \$147 million
20 September 2010	Greenstone Energy Finance Limited bond allotment notice
13 September 2010	Greenstone Energy Finance Limited appoints Chief Financial Officer
10 September 2010	Greenstone Energy Finance Limited bond allotment notice
8 September 2010	Greenstone Energy Finance Limited confirms offer closing date
6 September 2010	Greenstone Energy Finance Limited bond allotment notice
6 September 2010	Greenstone Energy Finance Limited bond listing & quotation notice

#### Financial statements

The audited consolidated financial statements for the Z Energy Group for the financial year ended 31 March 2011 that comply with the Financial Reporting Act 1993 were registered at the Companies Office and notified to NZX on 27 June 2011.

Copies of these financial statements are also available at [www.z.co.nz](http://www.z.co.nz).



### Access to information and statements

Copies of the information referred to under "Information available under Issuer's disclosure obligation" above and the financial statements for the Group will be made available on request, and free of charge, by writing to the Issuer at the address specified in the Directory on the inside back cover of this Prospectus. The information referred to in the table above is available for public inspection at [www.nzx.com](http://www.nzx.com), and the financial statements are filed on a public register at the Companies Office and are available for public inspection (including at [www.business.govt.nz/companies](http://www.business.govt.nz/companies)).

### Other Material Matters

NZX has granted the Issuer a waiver from NZX Listing Rule 11.1.1, to enable the Issuer to decline to accept or register a transfer of Bonds other than in multiples of \$1,000 (as well as where such transfer would result in the transferor holding or continuing to hold a Bond with a Principal Amount of less than the applicable Minimum Holding). This waiver applies to all transfers of Bonds unless the transferee is a Bank (as defined in the NZDX Listing Rules) or Market Participant (as defined in the NZX Participant Rules), in which case there shall be no minimum transfer amount. The Issuer may not refuse to register a transfer if the transfer is for all of the transferor's Bonds.

### Directors' Statement

The directors of the Issuer, after due enquiry by them, are of the opinion that the Issuer is in compliance with the requirements of the continuous disclosure provisions that apply to it.

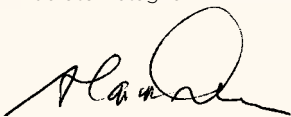
The copy of this Prospectus delivered to the Registrar of Financial Service Providers for registration has been signed by each director of Z Energy Limited (formerly Greenstone Energy Limited), or by their agent authorised in writing, as the Issuer:



Marko Bogoievski



Liberato Petagna



Alan Michael Dunn



Paul Lightle Fowler



Peter Ward Griffiths

And signed on behalf of Z Energy Limited (formerly Greenstone Energy Limited), as a Promoter:



Director

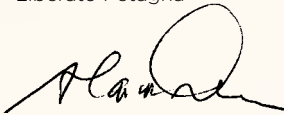
The copy of this Prospectus delivered to the Registrar of Financial Services Providers for registration has been signed by each director of Aotea Energy Limited or by their agent authorised in writing, each as a Promoter:



Marko Bogoievski



Liberato Petagna



Alan Michael Dunn



Paul Lightle Fowler



Peter Ward Griffiths

And signed on behalf of Aotea Energy Limited, as a Promoter:



Director



 IS FOR  
NEW ZEALAND

# Glossary

**"Application Form"** means the application form attached to this Prospectus.

**"Auditors"** means the auditors for the time being of the Issuer.

**"Banks' Facilities"** means the facilities provided by the Z Energy Group's banks as described under "Summary of the Z Energy Group's Banks' Facilities" on page 33.

**"Beneficiaries"** means the persons entitled to share in the Security held by the Security Trustee being, at the date of this Prospectus, the Bond Trustee (acting on behalf of the Bondholders) and the banks who provide the Banks' Facilities.

**"Bond Conditions"** means the terms and conditions relating to the Bonds set out in the Bond Documents.

**"Bond Debt"** means, in relation to a Bond at any time, the Principal Amount, interest and other moneys payable on, or in relation to, that Bond to the relevant Bondholder.

**"Bond Documents"** means:

- (a) the Master Trust Deed;
- (b) the Supplemental Trust Deed entered into by the Issuer and the Bond Trustee;
- (c) the Substitution Deed;
- (d) any other document specified as a Bond Document in the Supplemental Trust Deed; and
- (e) any other document contemplated by the Prospectus that the Issuer and the Bond Trustee agree is a Bond Document.

**"Bondholder"** means a person whose name is recorded in the Register as the holder of a Bond.

**"Bond Programme"** means the bond programme pursuant to which the Issuer may issue Bonds from time to time in compliance with the Securities Act.

**"Bonds"** means the bonds offered under this Prospectus in compliance with the Securities Act (and, for the purposes of the section titled "Summary of Bond Documents", has the extended meaning given on page 35).

**"Bond Trustee"** means Trustees Executors Limited.

**"Borrowing Group"** has the meaning set out in the Securities Regulations and, as at the date of this Prospectus, comprises the Issuer, Mini Fuels & Oils Limited, Harbour City Property Investments Limited and Big Tree Stations Limited.

**"Business Day"** means any day (other than a Saturday or a Sunday) on which banks are open for general banking business in Auckland and Wellington except that in the context of the NZDX Listing Rules, means a day on which the NZDX is open for trading.

**"Change of Control"** has the meaning given to that term in the Bond Documents summarised on page 5.

**"Core Bank Debt"** has the meaning given to the term "Lender Core Debt" in the Bond Documents, and is in summary amounts owing to the Z Energy Group's banks excluding working capital facilities and hedging.

**"Covenant EBITDA"** has the same meaning as "EBITDA" in the Bond Documents, as summarised under the heading "Bondholders' entitlement to repayment" on page 30. It is calculated on a Current Cost, as opposed to historic cost, accounting basis.

**"Current Cost"** is the accounting basis on which EBITDA is calculated for the purposes of the financial covenants in the Bond Documents and the Banks' Facilities. The difference between Current Cost and historic cost is discussed under the heading "Financial Performance 2011" on page 24.

**"Debt Coverage Ratio"** has the meaning given to the term "Total Debt Coverage Ratio" in the Bond Documents, as summarised under the heading "Bondholders' entitlement to repayment" on pages 30 to 31.

**"Early Bird Interest"** means the interest earned on subscription moneys, at the Interest Rate, from the date those moneys are banked into the trust account operated in respect of the Offer to the Issue Date.

**"EBITDA"** means earnings before interest, tax, depreciation and amortisations.

**"Event of Default"** has the meaning given to that term in the Bond Documents, as summarised under the heading "Bondholders' entitlement to repayment" on pages 30 to 31.

**"Extraordinary Resolution"** means:

- (a) a resolution passed at a meeting of Bondholders (or a class of Bondholders, if applicable) at which more than 75% of such Bondholders (or that class of Bondholders) voting at the meeting vote in favour of the resolution or, if a poll is duly demanded, by a majority consisting of at least 75% of the votes given on such poll; or
- (b) a resolution in writing signed by or on behalf of more than 75% by number of Bondholders (or a class of Bondholders, if applicable) the Principal Amount of whose Bonds amounts in aggregate to not less than 75% of the aggregate Principal Amount of Bonds (or class of Bonds, if applicable) then outstanding.

**"General Security Deed"** means the existing general security deed dated 1 April 2010 given by the Issuer and the Guarantors in favour of the Security Trustee, as amended from time to time.

**"Guarantors"** means those members of the Z Energy Group that guarantee and give security for the Bond Debt.

**"Intercreditor Deed"** means the existing intercreditor deed dated 1 April 2010 between the Security Trustee, Shell Eastern Trading (Pte) Limited, the original Shell suppliers and the Guarantors, as amended from time to time.

**"Interest Payment Date"** means, in relation to a Bond, each date for payment of interest on that Bond as specified in this Prospectus and the Supplemental Trust Deed.

**"Interest Period"** means, in relation to a Bond, the period(s) as specified in this Prospectus and the Supplemental Trust Deed.

**"Interest Rate"** means, in relation to a Bond, the rate of interest per annum payable on the face value of that Bond as described in this Prospectus and the Supplemental Trust Deed.

**"Infratil"** means Infratil Limited.

**"IPO"** means an initial public offering of ordinary shares in the relevant company.

**"IRD Number"** means Inland Revenue Department number.

**"Issue Date"** means, in relation to a Bond, the date on which the Bond is issued, in terms of the Bond Documents and this Prospectus, and allotted in terms of the Securities Act, by the Issuer.

**"Issue Price"** means, in relation to a Bond, the amount payable in respect of that Bond as specified in this Prospectus and the Supplemental Trust Deed.

**"Issuer"** means Z Energy Limited (formerly Greenstone Energy Limited), substitute issuer for Greenstone Energy Finance Limited in accordance with the Substitution Deed.

**"Joint Lead Managers"** means ANZ National Bank Limited, First NZ Capital Securities Limited, Forsyth Barr Limited and Westpac Institutional Bank.

**"Loyalty New Zealand"** means Loyalty New Zealand Limited.

**"Majority Beneficiaries"** means the banks and Bond Trustee together holding more than 50% of the secured debt.

**"Master Trust Deed"** means the master trust deed dated 11 August 2010 entered into by the Issuer and the Bond Trustee and the Guarantors pursuant to which certain bonds may be constituted, as amended by the Substitution Deed.

**"Maturity Date"** means, in relation to a Bond, the maturity date specified in the Master Trust Deed, this Prospectus and the Supplemental Trust Deed.

**"Minimum Holding"** means Bonds having an aggregate Principal Amount of NZ\$5,000.

**"Morrison & Co"** means H.R.L. Morrison & Co Limited and its subsidiaries.

**"Mortgages"** means the existing and any new mortgages granted by the Guarantors in favour of the Security Trustee, as amended from time to time.

**"New Zealand Superannuation Fund"** means the Guardians of New Zealand Superannuation, as manager and administrator of the New Zealand Superannuation Fund.

**"NZ Dollars", "NZ\$" and "\$"** means the lawful currency of New Zealand from time to time.

**"NZDX"** means the New Zealand debt securities market operated by NZX.

**"NZDX Listing Rules"** means the Listing Rules of NZDX and **"Listing Rule"** means a rule contained in the Listing Rules of NZDX.

**"NZX"** means NZX Limited.

**"NZX Firms"** has the meaning ascribed to that term in the NZX Participant Rules.

**"NZX Participant Rules"** means the Participant Rules of NZX.

**"Offer"** means the offer of Bonds by the Issuer under this Prospectus.

**"Opening Date"** means the opening date of the Offer set out on page 2.

**"Organising Participant"** means ANZ National Bank Limited.

**"Principal Amount"** means, in relation to a Bond, the amount (other than interest) payable on redemption or repayment of that Bond, being the amount recorded as such in the Register in respect of that Bond.

**"Promoters"** means the Issuer, Aotea Energy Limited and each of their directors.

**"Prospectus"** means this simplified disclosure prospectus.

**"Record Date"** has the meaning given in the Master Trust Deed, being a date not less than 10 Business Days prior to the relevant Interest Payment Date.

**"Refinery"** means the refinery owned and operated by The New Zealand Refining Company at Marsden Point.

**"Register"** means the relevant register of Bonds maintained by the Registrar.

**"Registrar"** means Link Market Services Limited.

**"Resident Bondholder"** means a Bondholder who is resident in New Zealand for taxation purposes.

**"Security"** means the security given under the Security Documents.

**"Security Documents"** means:

- (a) the General Security Deed;
- (b) the Mortgages;
- (c) the Security Trust Deed; and
- (d) the Intercreditor Deed.

**"Security Trust Deed"** means the existing security trust deed dated 31 March 2010 given by the Security Trustee in favour of the banks and, as amended, the Bond Trustee, as amended from time to time.

**"Security Trustee"** means Bank of New Zealand.

**"Securities Act"** means the Securities Act 1978 (and includes the Securities Regulations).

**"Securities Regulations"** means the Securities Regulations 2009.

**"Series"** means bonds issued pursuant to a particular Supplemental Trust Deed.

**"Shell"** means the business, or relevant affiliate or affiliates, of Royal Dutch Shell Plc.

**“Shell New Zealand”** means Shell New Zealand Limited, being the name of the Issuer prior to the acquisition of Shell New Zealand Limited by Infratil and the New Zealand Superannuation Fund in April 2010.

**“Subsidiary”** means, in relation to any person:

- (a) a subsidiary within the meaning of section 5 of the Companies Act 1993; or
- (b) a subsidiary in accordance with generally accepted accounting practice in New Zealand.

**“Substitution Deed”** means the substitution deed entered into by the Issuer, Greenstone Energy Finance Limited, the Bond Trustee and the Guarantors dated 9 June 2011.

**“Supplemental Trust Deed”** means a supplemental trust deed entered into by the Issuer and the Bond Trustee pursuant to the Master Trust Deed and, in relation to the Bonds, means the supplemental trust deed dated 24 June 2011 under which this Series of Bonds is constituted.

**“Test Date”** means 30 September 2011, and after that each 31 March and 30 September arising during the term of the Bonds.

**“The New Zealand Refining Company”**, or **“NZRC”** means The New Zealand Refining Company Limited.

**“Total Debt”** means the aggregate of all financial indebtedness of the Group calculated on a consolidated basis, provided that:

- (a) only the lowest average aggregate amount drawn under the NZ\$350 million working capital facility with the banks (or any other successor working capital facility) over three consecutive days in the six months prior to the relevant Test Date will be included; and
- (b) subordinated loans are excluded.

**“Total Tangible Assets”** has the meaning given to that term in the Bond Documents, and is in summary all the assets of the relevant group excluding intangible assets.

**“Tranche”** means Bonds of the same Series that are identical in all respects including in relation to Issue Dates, Maturity Dates, Interest Rates, first interest accrual date, Interest Payment Dates, Issue Prices and denominations.

**“Z Energy”** means Z Energy Limited.

**“Z Energy Group”** or **“Group”** means Aotea Energy Limited and its Subsidiaries, including the Issuer.



# Application Instructions

Applications to subscribe for Bonds must be made on the Application Form contained in this Prospectus.

## A = Investor Details

Insert your full name(s), address and telephone numbers. In addition please supply your mobile number to enable the Registrar, Link Market Services Limited to contact you regarding your investment. You will receive a TXT message when your holding balance, bank account and other holding details change.

Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application.

Use the table below to see how to write your name correctly.

Type of Investor:	Correct Way to Write Name:	Incorrect Way to Write Name:
Individual person	JOHN SMITH	J SMITH
More than one person	JOHN SMITH MICHELLE SMITH	J & M SMITH
Company	ABC LIMITED	ABC
Trusts	JOHN SMITH (JOHN SMITH FAMILY TRUST A/C)	SMITH FAMILY TRUST
Partnerships	JOHN SMITH MICHAEL SMITH (JOHN SMITH AND SONS A/C)	JOHN SMITH & SONS
Clubs and unincorporated associations	JANE SMITH (SMITH INVESTMENT CLUB A/C)	SMITH INVESTMENT CLUB
Superannuation funds	JOHN SMITH LIMITED SUPERANNUATION FUND A/C	JOHN SMITH SUPERANNUATION FUND

## B = Application Payment Details

Payment must be made in NZ Dollars for immediate value by cheque drawn on a New Zealand bank account (or, if the application is for Bonds of an aggregate subscription amount of \$500,000 or more, by bank cheque), direct debit, or through the NZClear system (**institutional investors only**) by prior arrangement.

Complete the amount of Bonds applied for. Note the minimum amount and minimum integral multiples that are stated in the Application Form. Advise payment method and bank account details for future interest payments.

### OPTION 1:

**If you choose the direct debit option** you must **tick the box authorising the Registrar to direct debit** the bank account nominated on the Application Form, **on the day the Application Form is received by the Registrar**, for the amount applied for on the Application Form. You cannot specify a direct debit date and you must ensure that:

- the bank account details supplied are correct;
- the application funds in the bank account for direct debit are available on the **day the Registrar receives the Application Form**;
- **the person(s) giving the direct debit instruction has/have the authority to operate the account** solely/jointly; and
- the bank account you nominated is a transactional account eligible for direct debit transactions. If you are uncertain you should contact your bank.

**Should your direct debit fail, your application will be rejected.**

If requested, a direct debit authority form will be provided to you by the Registrar. Refer to the contact details in section G of the application form.

#### OPTION 2:

Cheques must be drawn on a New Zealand registered bank and must be made in NZ Dollars. Cheques must be made payable to "Z Energy Group Bond Offer", crossed "Not Transferable" **and must not be post-dated as cheques will be banked on the day of receipt**. If an applicant's cheque is dishonoured, the Issuer may cancel that applicant's allotment of Bonds and pursue any other remedies available to it at law.

**If you pay by cheque, please supply your bank account details to enable Z Energy to pay your interest into your nominated bank account. Future interest payments from Z Energy will be made to you by direct credit.**

#### OPTION 3:

Investors who are members of NZClear may, by prior arrangement with the Registrar, settle their applications for the Bonds on the Issue Date through the NZClear system.

#### C = Holder number details

If you have other investments registered under a Common Shareholder Number ("CSN") you must supply your CSN in the space provided. The name and address details on your Application Form must correspond with the registration details under that CSN. If you do not supply a CSN, it will be deemed that you do not have a CSN and your Bonds will be issued to you under a new non-CSN holder number.

#### D = Provide your IRD number and tick the relevant RWT box

Resident withholding tax ("RWT") will be deducted from any interest paid to you on subscription money (unless you provide a valid RWT exemption certificate). Tick the RWT box that applies to you. If you are exempt from RWT, please tick the exempt box and attach a photocopy of your RWT exemption certificate (do not attach the original).

#### E = Electronic investor correspondence

By supplying your email address the Issuer will be able to deliver your investor correspondence to you electronically where possible. This is a much more environmentally friendly, cost effective and timely option than paper based investor mail outs.

#### F = Signing and dating

Read the Prospectus and Application Form carefully and sign and date the Application Form.

The Application Form must be signed by the applicant(s) personally, or by two directors of a company (or one director if there is only one director, whose signature must be witnessed), or in either case by a duly authorised attorney or agent.

If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney in the Application Form ("H").

If the Application Form is signed by an agent, the agent must complete the certificate of agent in the Application Form ("I").

Joint applicants must each sign the Application Form.

#### G = Closing Date and Delivery

This Offer will close at 5.00pm on **5 August 2011** (being the Closing Date). Applicants should remember that the Closing Date may be changed at the sole discretion of the Issuer. Changes will be advised by NZX announcement. The Issuer reserves the right to refuse to accept applications received by the Registrar after the Closing Date. Your Application Form should be delivered in accordance with the instructions contained in the Application Form.

#### Personal information rights

Personal information provided by you will be held by the Issuer and the Registrar at their respective addresses shown in the Directory on the inside back cover of this Prospectus or at such other place as is notified upon request. This information will be used for the purpose of managing your investment. You have a right to access and correct any personal information about you under the Privacy Act 1993. You can also access your information on the Link Market Services website: [www.linkmarketservices.com](http://www.linkmarketservices.com). (You will be required to enter your holder number and FIN.)

(ATTACH CHEQUE HERE)

## Z ENERGY LIMITED

Issue of 15 August 2018 -1 Bonds

BROKER STAMP	Broker code
	Adviser code

# Application Form

This Application Form is issued with the simplified disclosure prospectus prepared as at 29 June 2011 ("**Prospectus**"), issued by Z Energy Limited ("**Issuer**"). Please complete this Application Form and return it to, or lodge it with, an appropriate person as specified under the heading "Where to send your Application Form and payment" on page 43 of the Prospectus.

Before completing this Application Form, applicants should read the Prospectus to which this application relates.

### A. APPLICATION DETAILS AND INFORMATION - PLEASE PRINT IN BLOCK LETTERS

First Name(s):	Family Name:
First Name(s):	Family Name:
First Name(s):	Family Name:
Corporate Name or <<On Account>> :	
Postal Address:	
Telephone mobile:	Telephone daytime:

### B. APPLICATION PAYMENT - IMPORTANT

Applications must be accompanied by payment in full. Payment must be either by **direct debit** by completing the bank account section below, or by cheque payable to "**Z Energy Group Bond Offer**" and crossed "Not Transferable". Payment must be in New Zealand currency based on NZ\$1.00 per Bond. Your Application Form must be received by Link Market Services Limited ("**Link**") by 5.00pm, **5 August 2011**.

Applications must be for a minimum of **NZ\$5,000** and, thereafter, in multiples of **NZ\$1,000**. The Issuer may accept or reject all or part of this application without giving reason.

Amount of Bonds applied for: NZ\$

**You may choose only ONE of the PAYMENT options below. Please tick the box next to your selected option (✓).**

- ☐ **OPTION 1:** Please direct debit my bank account stated below for the amount of Bonds applied for above (or any lesser amount as determined by the Issuer). By ticking this box and signing this Application Form, I agree that Link is authorised to direct debit **my account** for the full amount of Bonds applied for (or any lesser amount as determined by the Issuer). All future dividends paid by the Issuer will also be credited to this account unless Link is advised otherwise in writing.
- ☐ **OPTION 2:** Please find attached my payment by cheque. I have supplied my bank account details below for the purpose of direct crediting of any future interest paid by the Issuer.
- ☐ **OPTION 3:** Payment will be made by NZClear as arranged with Link (**authorised institutional investors only**).

NZClear Mnemonic:

#### New Zealand Dollar Bank Account Details For Direct Debit And/Or Direct Credit Of Future Interest Payments:

Name of Bank:

Name of Account:

Bank			Branch			Account No						Suffix							

#### OR For the purpose of interest payments only, direct credit to my Cash Management Account:

Name of NZX Member Firm where Cash Management Account is held:

Cash Management Client Account number:

### C. COMMON SHAREHOLDER NUMBER (CSN)

Please note that the application must be in the same name as the CSN below otherwise the application will be deemed to be made **without a CSN** and a base registry number will be allocated.

If you currently have a Common Shareholder Number ("**CSN**"), please enter it here:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

#### D. IRD NUMBER & RESIDENT WITHHOLDING TAX

IRD number (only one IRD number is required in respect of a joint application):

--	--	--	--	--	--	--	--	--	--

Deduct Resident Withholding Tax from my interest earned at the following rate (tick ✓ one).

Please note that companies (other than a company which is acting as a trustee or a company which is a Maori authority) do not need to tick any box unless they hold an RWT exemption certificate. Tax will automatically be deducted at 28%.

☐ 10.5%   ☐ 17.5%   ☐ 30%   ☐ 33%   ☐ Exempt: please tick this box if you hold an RWT exemption certificate from IRD and attach a copy of your RWT exemption certificate.

Country of residence for taxation purposes: If not New Zealand tax resident, are you engaged in business in New Zealand through a fixed establishment in New Zealand?   ☐ Yes   ☐ No

#### E. ELECTRONIC CORRESPONDENCE & REPORTING

To enable the Issuer to provide you with your investor correspondence in relation to your holding in this security electronically, please complete your email address below. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

--

#### F. SIGNATURE(S) OF APPLICANT(S)

I/We hereby acknowledge that I/we have received and read the Prospectus, and apply for the dollar amount of Bonds set out above and agree to accept such Bonds (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Prospectus.

All applicants on the Application Form must sign.

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--

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Date:

--

#### G. SEND APPLICATION FORM AND CHEQUE TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00 PM ON 5 August 2011

Z Group Bond Offer  
c/- Link Market Services Limited  
PO Box 91976, Auckland 1142

Or deliver to:

Level 16, Brookfields House, 19 Victoria Street, Auckland

**Investor phone number:** +64 9 375 5998

## H. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY:

(Complete this section if you are acting on behalf of the applicant on this Application Form for whom you have power of attorney.)

I,  (full name)  
of  (place and country of residence),  
(occupation)

CERTIFY:

- THAT by deed dated

(date of instrument creating the power of attorney)  
 (full name of person/body corporate which granted the power of attorney)

of  (place and country of residence of person/body corporate which granted the power of attorney\*\*)

appointed me  (his/her/its) attorney;

- THAT I have executed the application for Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received notice of any event revoking the power of attorney.

Signed at  this  day of  (month/year)

Signature of attorney

\*\* If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

## I. CERTIFICATE OF NON-REVOCATION OF AGENT:

(Complete this section if you are acting as agent on behalf of the applicant on this Application Form.)

I,  (full name)  
of  (place and country of residence),  
(occupation)

CERTIFY:

- THAT by the agency agreement dated

(date of instrument creating the power of agency)  
 (full name of person/body corporate which appointed you as agent)

of  (place and country of residence of person/body corporate which appointed you as agent\*\*)

appointed me  (his/her/its) agent;

- THAT I have executed the application for Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received any notice or information of the revocation of my appointment as agent.

Signed at  this  day of  (month/year)

Signature of agent

\*\* If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.



## TERMS AND CONDITIONS OF APPLICATION

By signing (or authorising an attorney or agent to sign) this Application Form:

- (a) the applicant acknowledges that this Application Form was distributed with the Prospectus; and
- (b) the applicant acknowledges that he/she/it has read and understood the statements made in the Prospectus relating to the Privacy Act 1993 in the section of the Prospectus entitled "Application Instructions" on pages 54 to 55. Applicants who are members of NZClear may settle their applications for the Bonds applied for in this Application Form on the Issue Date through the NZClear system. Investors who are not members of NZClear or NZClear members who wish to settle prior to the Issue Date must pay for the Bonds applied for by a cheque delivered with the Application Form prior to the Closing Date or by completing the authority to direct debt or by another payment method approved by the Joint Lead Managers, the Organising Participant or other selected financial institutions to whom the Application Form is being delivered.

An application received by the Registrar cannot be withdrawn or revoked by the applicant. Z Energy reserves the right to decline any application, in whole or in part, without giving any reason and may decide not to accept any applications whatsoever.

Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be mailed to unsuccessful applicants within five Business Days of the allotment of the Bonds. Interest will not be paid on application money refunded to applicants.

Statements for the Bonds will be dispatched to successful applicants as soon as practicable after allotment, but in any event within 10 Business Days of the Issue Date.

Applications must conform with the application instructions in the sections of the Prospectus entitled "Application and payment" and "Where to send your Application Form and payment" on page 43 and "Application Instructions" on pages 54 to 55.

A joint application must be signed by all applicants. Only the address of the first named of the joint applicants will be recorded on the Register and all interest payments, notices, and other correspondence will be sent to that address.

Applications lodged by individuals must be signed personally or by their attorney or agent. If this Application Form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out in the Application Form. If this Application Form is signed by an agent, the agent must complete the certificate of agent set out in the Application Form.

Terms defined in the Prospectus have the same meaning in this Application Form.

This Application Form, the Offer and any contract arising out of its acceptance are each governed by New Zealand law. Under the Financial Transactions Reporting Act 1996, investors may be required to produce evidence of their identity.

**Z ENERGY LIMITED**

Issue of 15 August 2018 -1 Bonds

BROKER STAMP	Broker code
	Adviser code

# Application Form

This Application Form is issued with the simplified disclosure prospectus prepared as at 29 June 2011 ("Prospectus"), issued by Z Energy Limited ("Issuer"). Please complete this Application Form and return it to, or lodge it with, an appropriate person as specified under the heading "Where to send your Application Form and payment" on page 43 of the Prospectus.

Before completing this Application Form, applicants should read the Prospectus to which this application relates.

## A. APPLICATION DETAILS AND INFORMATION - PLEASE PRINT IN BLOCK LETTERS

First Name(s):	Family Name:
First Name(s):	Family Name:
First Name(s):	Family Name:
Corporate Name or <<On Account>> :	
Postal Address:	
Telephone mobile:	Telephone daytime:

## B. APPLICATION PAYMENT - IMPORTANT

Applications must be accompanied by payment in full. Payment must be either by **direct debit** by completing the bank account section below, or by cheque payable to "**Z Energy Group Bond Offer**" and crossed "Not Transferable". Payment must be in New Zealand currency based on NZ\$1.00 per Bond. Your Application Form must be received by Link Market Services Limited ("**Link**") by 5.00pm, **5 August 2011**.

Applications must be for a minimum of **NZ\$5,000** and, thereafter, in multiples of **NZ\$1,000**. The Issuer may accept or reject all or part of this application without giving reason.

Amount of Bonds applied for: NZ\$

**You may choose only ONE of the PAYMENT options below. Please tick the box next to your selected option (✓).**

- ☐ **OPTION 1:** Please direct debit my bank account stated below for the amount of Bonds applied for above (or any lesser amount as determined by the Issuer). By ticking this box and signing this Application Form, I agree that Link is authorised to direct debit **my account** for the full amount of Bonds applied for (or any lesser amount as determined by the Issuer). All future dividends paid by the Issuer will also be credited to this account unless Link is advised otherwise in writing.
- ☐ **OPTION 2:** Please find attached my payment by cheque. I have supplied my bank account details below for the purpose of direct crediting of any future interest paid by the Issuer.
- ☐ **OPTION 3:** Payment will be made by NZClear as arranged with Link (**authorised institutional investors only**).

NZClear Mnemonic:

### New Zealand Dollar Bank Account Details For Direct Debit And/Or Direct Credit Of Future Interest Payments:

Name of Bank:

Name of Account:

--	--	--

Bank

--	--	--	--	--	--

Branch

--	--	--	--	--	--	--	--	--	--

Account No

--	--	--	--

Suffix

### OR For the purpose of interest payments only, direct credit to my Cash Management Account:

Name of NZX Member Firm where Cash Management Account is held:

Cash Management Client Account number:

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## C. COMMON SHAREHOLDER NUMBER (CSN)

Please note that the application must be in the same name as the CSN below otherwise the application will be deemed to be made **without a CSN** and a base registry number will be allocated.

If you currently have a Common Shareholder Number ("**CSN**"), please enter it here:

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#### D. IRD NUMBER & RESIDENT WITHHOLDING TAX

IRD number (only one IRD number is required in respect of a joint application):

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Deduct Resident Withholding Tax from my interest earned at the following rate (tick ✓ one).

Please note that companies (other than a company which is acting as a trustee or a company which is a Maori authority) do not need to tick any box unless they hold an RWT exemption certificate. Tax will automatically be deducted at 28%.

☐ 10.5%   ☐ 17.5%   ☐ 30%   ☐ 33%   ☐ Exempt: please tick this box if you hold an RWT exemption certificate from IRD and attach a copy of your RWT exemption certificate.

Country of residence for taxation purposes: If not New Zealand tax resident, are you engaged in business in New Zealand through a fixed establishment in New Zealand?   ☐ Yes   ☐ No

#### E. ELECTRONIC CORRESPONDENCE & REPORTING

To enable the Issuer to provide you with your investor correspondence in relation to your holding in this security electronically, please complete your email address below. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

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#### F. SIGNATURE(S) OF APPLICANT(S)

I/We hereby acknowledge that I/we have received and read the Prospectus, and apply for the dollar amount of Bonds set out above and agree to accept such Bonds (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Prospectus.

All applicants on the Application Form must sign.

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Date:

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#### G. SEND APPLICATION FORM AND CHEQUE TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00 PM ON 5 August 2011

Z Group Bond Offer  
c/- Link Market Services Limited  
PO Box 91976, Auckland 1142

Or deliver to:  
Level 16, Brookfields House, 19 Victoria Street, Auckland

**Investor phone number:** +64 9 375 5998

## H. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY:

(Complete this section if you are acting on behalf of the applicant on this Application Form for whom you have power of attorney.)

I,   
of   
(occupation)

CERTIFY:

- THAT by deed dated

of

appointed me  attorney;

- THAT I have executed the application for Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received notice of any event revoking the power of attorney.

Signed at  this  day of

Signature of attorney

\*\* If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

## I. CERTIFICATE OF NON-REVOCATION OF AGENT:

(Complete this section if you are acting as agent on behalf of the applicant on this Application Form.)

I,   
of   
(occupation)

CERTIFY:

- THAT by the agency agreement dated

of

appointed me  agent;

- THAT I have executed the application for Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received any notice or information of the revocation of my appointment as agent.

Signed at  this  day of

Signature of agent

\*\* If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

## TERMS AND CONDITIONS OF APPLICATION

By signing (or authorising an attorney or agent to sign) this Application Form:

- (a) the applicant acknowledges that this Application Form was distributed with the Prospectus; and
- (b) the applicant acknowledges that he/she/it has read and understood the statements made in the Prospectus relating to the Privacy Act 1993 in the section of the Prospectus entitled "Application Instructions" on pages 54 to 55. Applicants who are members of NZClear may settle their applications for the Bonds applied for in this Application Form on the Issue Date through the NZClear system. Investors who are not members of NZClear or NZClear members who wish to settle prior to the Issue Date must pay for the Bonds applied for by a cheque delivered with the Application Form prior to the Closing Date or by completing the authority to direct debt or by another payment method approved by the Joint Lead Managers, the Organising Participant or other selected financial institutions to whom the Application Form is being delivered.

An application received by the Registrar cannot be withdrawn or revoked by the applicant. Z Energy reserves the right to decline any application, in whole or in part, without giving any reason and may decide not to accept any applications whatsoever.

Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be mailed to unsuccessful applicants within five Business Days of the allotment of the Bonds. Interest will not be paid on application money refunded to applicants.

Statements for the Bonds will be dispatched to successful applicants as soon as practicable after allotment, but in any event within 10 Business Days of the Issue Date.

Applications must conform with the application instructions in the sections of the Prospectus entitled "Application and payment" and "Where to send your Application Form and payment" on page 43 and "Application Instructions" on pages 54 to 55.

A joint application must be signed by all applicants. Only the address of the first named of the joint applicants will be recorded on the Register and all interest payments, notices, and other correspondence will be sent to that address.

Applications lodged by individuals must be signed personally or by their attorney or agent. If this Application Form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out in the Application Form. If this Application Form is signed by an agent, the agent must complete the certificate of agent set out in the Application Form.

Terms defined in the Prospectus have the same meaning in this Application Form.

This Application Form, the Offer and any contract arising out of its acceptance are each governed by New Zealand law. Under the Financial Transactions Reporting Act 1996, investors may be required to produce evidence of their identity.



# Directory



## **Issuer**

Z Energy Limited  
3 Queens Wharf  
Wellington 6011

Tel: +64 4 462 4611

Email: Richard.Norris@z.co.nz

## **Trustee**

Trustees Executors Limited  
Level 5  
10 Customhouse Quay  
Wellington 6011  
PO Box 3222  
Wellington

Tel: +64 4 495 0999

Email: corp.trust@trustees.co.nz

## **Legal Advisors to the Issuer**

Buddle Findlay  
State Insurance Tower  
1 Willis Street  
Wellington 6011

## **Registrar**

Link Market Services Limited

Delivery Address  
Level 16 Brookfields House  
19 Victoria Street  
Auckland

Postal address:  
PO Box 91976,  
Auckland 1142

Tel: +64 9 375 5998

Fax: +64 9 375 5990

Email: Lmsenquiries@linkmarketservices.com

## **Legal Advisors to the Trustee**

Simpson Grierson  
HSBC Tower  
195 Lambton Quay  
PO Box 2402  
Wellington 6140

## **Auditors**

KPMG  
10 Customhouse Quay  
Wellington 6140

## **Joint Lead Managers to the Issue**

ANZ National Bank Limited  
Level 7, 1 Victoria Street  
PO Box 540  
Wellington 6140

Freephone: 0800 269 476

First NZ Capital Securities  
Level 14  
171 Featherston Street  
PO Box 3394  
Wellington 6140

Freephone: 0800 005 678

Forsyth Barr Limited  
Level 9, Forsyth Barr House  
The Octagon  
Dunedin 9054

Freephone: 0800 367 227

Westpac Institutional Bank  
(a division of Westpac Banking Corporation  
New Zealand Branch)  
Level 8, 16 Takutai Square,  
PO Box 934  
Auckland 1140

Freephone: 0800 489 222

## **Organising Participant**

ANZ National Bank Limited  
Level 7, 1 Victoria Street  
PO Box 540  
Wellington 6140

Freephone: 0800 269 476

