



Whakarato Te Rohe Pōtae

SPECIAL OWNERSHIP REVIEW CONSULTATION DOCUMENT

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16 February 2026

The Beneficiaries
King Country Trust

Special Ownership Review

Dear Beneficiary

1. I am writing to you on behalf of the Trustees of the King Country Trust (**Trust**).

Background

2. The Trust's primary asset is a 24.98% shareholding in KCE. The remaining 75.02% of KCE is ultimately owned by NZX-listed Contact Energy Limited (**Contact**).
3. On 21 November 2025, Contact made a non-binding indicative offer to acquire the Trust's remaining 24.98% shareholding in King Country Energy Limited (**KCE**) for a total purchase price of \$47m (subject to adjustments). The purchase price for the acquisition will be paid via the issue of shares in Contact to the Trust (**Proposed Transaction**).
4. Given that the Proposed Transaction involves the sale of the Trust's remaining shares in KCE, the Trustees have requisitioned a special ownership review under clause 4.11 of our Trust Deed (**Special Ownership Review**).
5. The purpose of this Special Ownership Review is to determine if the Trust should proceed with the Proposed Transaction or retain ownership of its shares in KCE. The key consideration of the Special Ownership Review is if the Proposed Transaction is in your best interests as a beneficiary of the Trust.
6. As required by clause 4.2 of the Trust Deed, we have engaged Northington Partners (**Northington**) to undertake an independent assessment of the Trust's ownership options, including the merits of the Proposed Transaction.
7. Northington's report dated 22 January 2026 is available on the Trust's website (www.kcpowertrust.co.nz) for your information (**Northington Report**). The interests of our beneficiaries and the community have always been at the core of the Trust's focus, and we are committed to providing accurate and transparent information about the options being considered. This letter and the Northington Report have been prepared with these objectives in mind.
8. The Trustees welcome your feedback on the Proposed Transaction and encourage you to participate in the public consultative process, as detailed below. In making a final decision on the Proposed Transaction, the Trustees will take your feedback into account.

Northington Report

9. The Northington Report concludes that the Proposed Transaction would be in the best interests of the Trust and explains the reasons why Northington has

reached that view by comparing the merits of the Proposed Transaction with all other options available to the Trust.

10. I would draw your attention in particular to the “Executive Summary – Ownership Options Review” section of the Northington Report on page 7, where Northington concludes that the Proposed Transaction described in option two is the best option available to the Trust. As noted above, you can access a copy of the full Northington Report on the Trust’s website (www.kcpowertrust.co.nz).
11. In summary, the Northington Report summarises the ownership options as follows:
 - (a) **Status Quo:** Northington considers that the status quo is a reasonable option. KCE has performed reasonably well, although its performance is largely reliant on wholesale electricity prices (which were high in FY25), generation levels (weak in FY25 due to hydrology), and asset availability/performance. However, opportunities for KCE to grow or add new generation assets to its existing portfolio are limited and would require mutual agreement between the Trust and Contact. Given Contact’s own generation development opportunities, Northington considers it unlikely that Contact would prioritise new generation through KCE. For those reasons, Northington considers that the Proposed Transaction represents a better outcome for the Trust;
 - (b) **Sale to Institutional Investors (Proposed Transaction):** Northington considers the Proposed Transaction to be the best option available to the Trust. In its view, the Proposed Transaction represents fair value for the Trust’s shares in KCE and there are other benefits of exchanging shares in KCE for shares in Contact. Apart from a sale to Contact, institutional appetite for the Trust’s shares in KCE is likely to be extremely limited due to Contact’s pre-emptive rights over the shares. Therefore, the possibility of extracting higher value from a third party is very low;
 - (c) **Distribution:** Northington considers that winding up the Trust (or distributing its shares in KCE in specie) would deliver a short-term benefit to today’s beneficiaries, however, this approach may disadvantage both the local community as capital and returns may be diverted elsewhere and future beneficiaries who would no longer receive distributions. In addition, given that a term of the Proposed Transaction is that the Trust cannot deal with the shares in Contact for 12 months, it will not be viable for the Trust to distribute the shares in Contact. This option will be reconsidered at subsequent ownership reviews; and
 - (d) **Sale to the Public:** Northington does not consider a sale of the Trust’s shares in KCE to the public to be a viable option, as Contact has pre-emptive rights over shares sold by KCT and it is highly unlikely Contact would support a sale to the public.
12. The Northington Report also includes the detail required by clause 4.2(a)-(c) of the Trust Deed, namely:
 - (a) **Performance Analysis:** an analysis of the performance of the Trust to the date of the Special Ownership Review, together with a discussion

of the advantages and disadvantages of trust ownership of all or part of the Trust Fund;

- (b) **Ownership Analysis:** an analysis of alternative ownership options considered including:
 - (i) maintaining the status quo, with the Trust continuing to hold its 24.98% shareholding in KCE;
 - (ii) selling some or all of the Trust's shares in KCE to institutional investors (i.e. as contemplated under the Proposed Transaction);
 - (iii) winding up the Trust, with all proceeds distributed to the relevant beneficiaries; and
 - (iv) selling some or all of the Trust's shares in KCE to the public;
- (c) **Comparison:** a comparison of KCE's performance with similar generation businesses around New Zealand.

13. In relation to the Proposed Transaction, the Northington Report also includes:
 - (a) **Valuation:** an independent valuation of the Trust's 24.98% shareholding in KCE, including consideration of standalone fair market value and the potential discount for a minority interest;
 - (b) **Merits of Proposed Transaction:** an assessment of the merits of the Proposed Transaction, including whether the proposed purchase price represents fair market value;
 - (c) **Proposed Transaction Structure:** an evaluation of the Proposed Transaction structure, including the dividend adjustment mechanisms and the cashless nature of the Proposed Transaction; and
 - (d) **Impact of Proposed Transaction:** an assessment of the immediate and medium-term impacts of the Proposed Transaction, including liquidity and market risks of holding shares in Contact for at least 12 months. This includes a profile of Contact and discussion of how that investment compares to the existing investment in KCE.
14. The Northington Report is the professional advice obtained by the Trust, as required by clause 4.2(f) of the Trust Deed.

Trustees' views on the form of ownership

15. As required by clause 4.2(d) of the Trust Deed, the Trustees have unanimously reached a preliminary conclusion that the Trust proceed with the Proposed Transaction and that no distribution of all or part of the Trust Fund is recommended at this stage for the purposes of clause 4.2(e) of the Trust Deed.
16. These conclusions are preliminary. They remain subject to the Trustees' consideration of the views expressed by the beneficiaries through the Public Consultative Procedure.

Public Consultative Procedure

17. For the purposes of clause 4.2(g) of the Trust Deed, the Trustees have not yet considered any views expressed by the beneficiaries with respect to the Proposed Transaction and ownership of the Trust Fund.
18. The purpose of the Public Consultative Procedure is to provide the opportunity and a forum for those views to be heard.
19. Under the Public Consultative Procedure, beneficiaries will be able to make written submissions to the Trustees. Any person who makes written submissions on the proposals will have a reasonable opportunity to be heard by the Trustees. Any meetings at which submissions are heard, or at which the Trustees deliberate on the Proposed Transaction (including the final decision of the Trustees in relation to the Proposed Transaction), will be open to the public.
20. We are currently planning to hold the following public meetings:

Ohakune: 26 March 2026, 6.30pm

Turangi: 27 March 2026, 9.30am

Taumarunui: 27 March 2026, 1.00pm

The intention of the Trustees is that the final decision of the Trustees in relation to the Special Ownership Review Report, including the Proposed Transaction, will be made at a meeting following the meeting in Taumarunui.
21. We are keen to receive your views and input on this Special Ownership Review Report.
22. The Trustees welcome your written submissions on the Special Ownership Review Report. These are to be received no later than 3pm on 19 March 2026. Please make your submission in writing or by electronic format to:

The Secretary
King Country Trust
C/- Peak Chartered Accountants
P O Box 384
Taumarunui, 3946

Email: kcept@xtra.co.nz
23. Copies of all written submissions will be available to the public; however, your personal information will be withheld at your request.

Yours sincerely

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