



# King Country Trust

## Summary of Proposed Contact Transaction and its Impacts & Merits

February 2026



# Summary of the Transaction and its Impacts

The sale of KCT’s 25% interest in KCE to Contact Energy in exchange for Contact Energy shares is expected to strengthen the Trust’s long-term position and better support beneficiary outcomes.

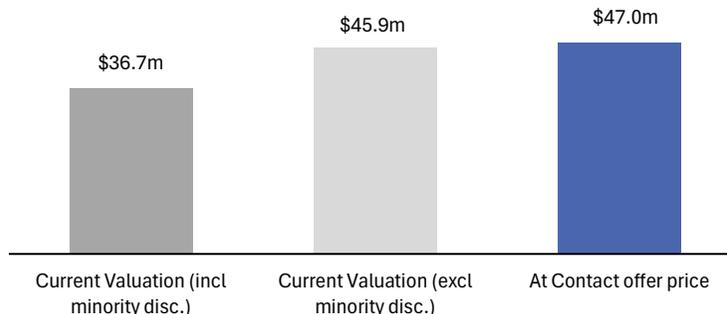
## The Transaction

- Contact Energy Limited (“**Contact Energy**” or “**CEN**”) has offered to acquire the Trust’s 24.98% shareholding in King Country Energy Limited (“**KCE**”).
- The indicative offer values the shareholding at approximately \$47 million.
- The proposed consideration is expected to be paid through the issue of Contact Energy shares to the Trust. Those shares would be locked up for 12 months, meaning they can’t be sold during that period.
- The Trust is undertaking public consultation to help inform its decision on whether to proceed with the proposed transaction or retain its shareholding in KCE.
- The Trust engaged Northington Partners to complete an independent assessment of the Trust’s ownership options, including the merits of the proposed Transaction. This document is a summary of Northington Partners’ full report which can be found at [Proposed KCE share purchase by Contact](#).

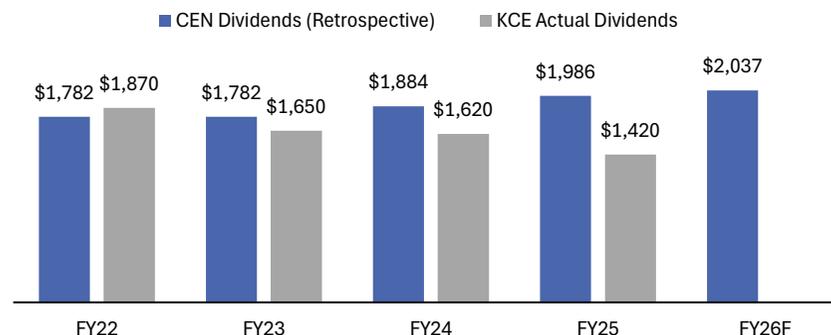
## What changes as a result of the Transaction

- KCE will operate as a fully owned subsidiary of Contact Energy, and will continue to own and operate the five existing hydro stations.
- KCT will continue to operate for the benefit of its existing beneficiaries and will continue to make distributions to households in the area.
- KCT will no longer rely on earnings from KCE to fund its expenses and distributions to beneficiaries. Instead, KCT will receive dividends from Contact Energy.
- Assuming KCT had owned CEN shares since the start of FY22 (at the value under the offer), KCT would have received ~13% higher dividends over the 4 years to FY25. Dividend income would also have grown over the period, compared to the decline in dividends paid by KCE.

Contact’s offer is a premium to the assessed value of KCE, after accounting for KCE’s minority shareholding.



Enhanced Earnings from owning CEN: KCT’s dividends from its CEN investment are likely to be higher than those from KCE (both historic and future)



CEN historic dividends based on KCT assumed ownership of 5.1m CEN shares being the \$47m offer value divided by the current CEN share price of \$9.23. The actual shareholding and inferred historic dividends may differ depending on the final settlement value. CEN forecast dividend informed by CEN’s 16 Feb 2026 guidance. Note CEN financial balance date of 30 June vs 31 March for KCE.

# We Believe that the Proposed Transaction is in the Best Interests of Beneficiaries

As well as representing good value and improving dividend income, owning CEN shares rather than a non-controlling shareholding in KCE provides a range of other benefits to KCT including enhanced diversification and liquidity.

## The offer price is attractive

- Contact's \$47m offer lies within our valuation range for KCE when considered on a pro-rata basis (\$41.8m - \$50.2m). Notably, Contact's offer is significantly above our valuation of KCE after incorporating a 20% minority discount to reflect the Trust's non-controlling interest (mid-point of \$36.7m). Minority stakes are typically harder to sell and usually worth less than a pro-rata share of the total business value.
- On this basis, we believe that Contact's \$47m offer is attractive.

## Divestment will better enable KCT to achieve its objectives

- The Trust needs stable and dependable income in order to deliver benefits to beneficiaries. Accepting the offer moves the Trust from relying on KCE dividends to receiving dividends from Contact Energy.
- We believe that owning Contact Energy shares is likely to support stronger and more reliable income than continuing to hold KCE. That's because Contact Energy is a much larger and more diversified business, while KCE's earnings and dividends are particularly sensitive to the performance of a small number of hydro assets.
- KCE forecasts higher capital expenditure to support ongoing renewal of its existing hydro assets. In contrast, Contact Energy is investing heavily in new renewable energy generation projects which will enhance its scale and diversification. This will provide a better foundation for future growth in distributions compared to a concentrated holding in a small hydro generator.
- The investment in Contact shares also provides KCT with a future option to sell some or all of its shareholding in order to further diversify its asset base.

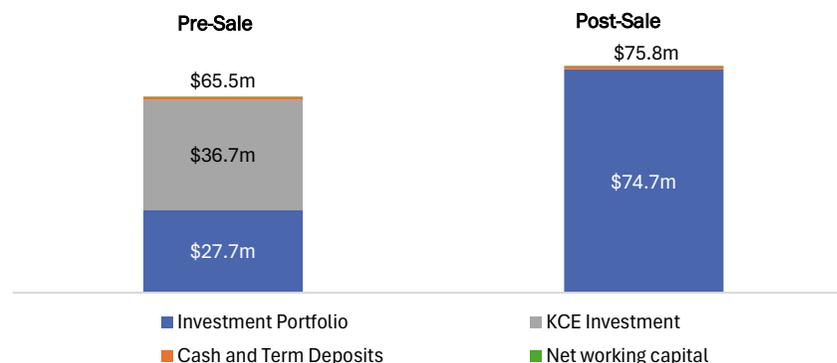
## There may not be a better alternative available

- Contact has proactively made an offer to buy the Trust's interest in KCE at a price that is attractive. Opportunities like this may not arise again.
- Appetite from other institutional investors for KCT's holding in KCE is likely to be limited due to Contact's pre-emptive rights over the shares.

## Potential downsides / risks are limited

- KCT will receive Contact shares, not cash. However, after the lock-up period ends (12 months after the transaction is completed), the Trust can sell shares if it chooses.
- The value of Contact shares could go up or down over time (including during the 12-month escrow period).

Following the sale of KCE, the Trust's fund is entirely comprised of investment assets. This improves liquidity, the ability to fund distributions and reduces reliance on the performance of KCE.



Note: total portfolio value increase post-sale is due to the increase in value of CEN shares vs the assumed mid-point value of KCE (including a minority discount).

**CEN is significantly larger and more diversified: This should reduce KCT's risk and income volatility (relative to a 25% shareholding in KCE).**



Generation assets	36	5
Generation capacity (MW)	2,678	54
Forecast generation (FY26e GWh)	11,800	166
Generation mix (FY26e)	43% Geothermal 50% Hydro 5% Wind 2% Thermal	100% Hydro
Retail connections	>640k	0
EBITDAF (FY26f)	\$980m	\$17m
Market cap / Equity valuation (\$m, Jan-26)	\$9,208	\$184
Total Shareholder Return (FY21 - FY25)	12.6%	1.7%

Note: reflects Northington's summary report dated January 2026. CEN released HY26 results and updated its outlook in February 2026.



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