

# TRUSTED FOR MORE THAN JUST POWER

NOTICE OF ANNUAL MEETING 2017



## NOTICE OF ANNUAL MEETING

Notice is hereby given that the Annual Meeting of Trustpower Limited ("Company") will be held at ASB Baypark, Truman Lane, Te Maunga, Mount Maunganui on Tuesday, 25 July 2017 at 2.30pm.

### THE BUSINESS OF THE MEETING WILL BE:

Introduction of Directors and Management  
 Chairman's Address  
 Chief Executive's Review  
 Receive and consider Annual Report  
 Consider Proposed Resolutions 1 to 4  
 General Business

### Annual Report, including Audit Report and Financial Statements

To receive and consider the annual report, including the audit report and financial statements, for the year ended 31 March 2017.

### RESOLUTIONS 1 TO 4

#### Auditors

To consider, and if thought fit, pass the following ordinary resolution in accordance with section 207S(a) of the Companies Act 1993:

1. That the Directors be authorised to fix the fees and expenses of PricewaterhouseCoopers as auditors of the Company for the ensuing year.

PricewaterhouseCoopers is automatically reappointed as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next annual meeting pursuant to Section 207T(1) of the Companies Act 1993.

#### Re-election of Mr IS Knowles

To consider, and if thought fit, pass the following ordinary resolution in accordance with clause 25.3(a) of the Company's constitution:

2. That Mr IS Knowles be re-elected as a Director of the Company.

#### Re-election of Mr PM Ridley-Smith

To consider, and if thought fit, pass the following ordinary resolution in accordance with clause 25.3(a) of the Company's constitution:

3. That Mr PM Ridley-Smith be re-elected as a Director of the Company.

#### Approval of Buyback Programme

To consider, and if thought fit, pass the following ordinary resolution in accordance with clause 9.1 of the Company's constitution and for the purposes of clause 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001:

4. That the Company may acquire up to an aggregate of 5 million of the Company's shares, being less than 2% of the total number of shares, by way of offers made through NZX's order matching market during the period of three years following the Annual Meeting ("the Buyback Programme"), as more fully explained in the Explanatory Note contained in the Notice of Annual Meeting.

### EXPLANATORY NOTES

An explanatory note to Resolutions 2 to 4 accompanies this Notice of Meeting (page 3).

By Order of the Board of Directors

KJ Palmer

Company Secretary

Dated at Tauranga this 30th day of May 2017

### PROCEDURAL MATTERS

#### Proxy

A shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his or her place.

A proxy need not be a shareholder of the Company. A proxy form accompanies this notice and, if used, must be lodged with the Company's share registrar Computershare Investor Services Limited, 159 Hurstmere Road, Takapuna, Auckland (Private Bag 92119, Auckland 1142) not less than 48 hours before the time for holding the meeting, being 2.30pm on 25 July 2017.

The Chairman of the meeting, Mr Paul Ridley-Smith of Khandallah, Wellington, is willing to act as proxy for any shareholder who may wish to appoint him for that purpose, however, for the purposes of Resolution 4, any proxy granted to the Chairman of the meeting will be deemed to be in favour of any director of the Company who may chair the meeting for the purposes of putting resolution 4 to the meeting. Where a direction is not given to the Chairman as to how to cast the vote on any Resolution, then the Chairman intends to vote in favour of the Resolution.

#### Ordinary Resolution

Pursuant to Listing Rule 1.6.1 of the NZX Main Board Listing Rules, an ordinary resolution means a resolution passed by a simple majority of votes of holders of securities of the Company which carry votes entitled to vote and voting.

Shares in the Company are the only class of security issued by the Company that carry a right to vote at the annual meeting of shareholders.

### Disqualification from voting

Pursuant to the Takeovers Code, Renew Nominees Limited ("**Renew**"), Infratil Energy Limited ("**Infratil Energy**"), Infratil Investments Limited ("**Infratil Investments**"), TECT Holdings Limited ("**TECT Holdings**"), and Messrs Bogoievski and Bickers (each a "**Relevant Director**") and their respective associates are disqualified from voting on resolution 4 (approval of Buyback Programme). Mr Ridley-Smith is potentially an associate of the Infratil Entities as defined below and, accordingly, is also disqualified from voting on resolution 4.

## EXPLANATORY NOTES

### Explanatory Note to Resolutions 2 – 3, Re-election of Messrs IS Knowles and PM Ridley-Smith

The Company's constitution and the NZX Main Board Listing Rules require one-third of the Directors of the Company (or, if their number is not a multiple of three, the number nearest to one-third) retire from office at each annual meeting. A retiring Director is eligible for re-election.

Mr IS Knowles and Mr PM Ridley-Smith retire at this year's meeting.

Mr Knowles has considerable experience in the banking and insurance industry. He has been a senior manager for trading banks in New Zealand and Australia, specialising in areas including strategic planning, retail services, marketing and business development. He was previously the founding Chief Executive of Kiwibank and is now a director of a number of publicly listed and private companies. The Board of the Company has determined that Mr Knowles is an independent director of the Company.

Mr Ridley-Smith was a senior executive with H.R.L. Morrison & Co Limited, the manager of Infratil Limited, from 1998 to 2011, re-joining early in 2015. From 2011 to 2014 he was General Counsel at Contact Energy Limited. He has previously been a director of various Infratil group and Contact Energy subsidiaries and is currently a director of Arvida Group Limited and King Country Energy Limited. Mr Ridley-Smith was also a member of the NZ Markets Disciplinary Tribunal for six years. Mr Ridley-Smith is a non-independent director and Chairman of the Company.

Messrs IS Knowles and PM Ridley-Smith offer themselves for re-election.

### Explanatory Note to Resolutions 4 – Approval of Buyback Programme

#### Introduction

It is proposed that the Company establish the Buyback Programme to buy back up to 5 million of its shares (being less than 2% of the total number of its shares) by on-market transactions over a three year period. Shares that are repurchased would be cancelled or held as treasury stock until re-issued. Upon being cancelled, or held as treasury stock, the shares cease to have voting rights. This means that as shares are repurchased by the Company, those shareholders who elect not to sell their shares will have a slight increase in the proportion of voting rights they hold.

The establishment of the Buyback Programme raises compliance issues under the Takeovers Code, the NZX Main Board Listing Rules and the Companies Act. These are set out below.

#### Takeovers Code issues

The Takeovers Code is relevant because, subject to certain exceptions, the "fundamental rule" is that:

- (a) a person who holds or controls no voting rights, or less than 20% of the voting rights, in the Company may not become the holder or controller of an increased percentage of the voting rights in the Company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the Company; and
- (b) a person who holds or controls 20% or more of the voting rights in the Company may not become the holder or controller of an increased percentage of the voting rights in the Company.

#### Infratil and the Infratil entities

Infratil Limited ("**Infratil**"), which controls more than 20% of the voting rights in the Company through Renew, Infratil Energy and Infratil Investments (each an "**Infratil Entity**"), has previously advised the Company that it would be unlikely to procure the Infratil Entities to sell their shares in a share buyback. A consequence of this non-participation in any of the buybacks is that the proportion of voting rights controlled by Infratil would increase by a small margin, and the percentage of voting rights which are held by the Infratil Entities would similarly increase. However, one of the exceptions to the fundamental rule is that if a person holds or controls more than 50%, but less than 90% of the voting rights, then it may increase its voting rights by up to 5% of the total voting rights in any 12 month period. This is known as the "creep" provision. Infratil has the benefit of the "creep" provision, but the Infratil Entities do not (as they each hold less than 50% of the voting rights in the Company).

#### TECT and TECT Holdings

The trustees of the Tauranga Energy Consumer Trust ("**TECT**"), who control more than 20% of the voting rights in the Company, have also previously advised the Company that they would be unlikely to procure TECT Holdings to sell its shares in a share buyback. A consequence of this is that the proportion of voting rights controlled by TECT would increase by a small margin, and the percentage of voting rights held by TECT Holdings would similarly increase.

#### The Relevant Directors

The Relevant Directors are personally shareholders of the Company, with Mr Bogoievski potentially being an associate of Infratil and the Infratil Entities and Mr Bickers potentially being an associate of TECT and TECT Holdings. If the Relevant Directors do not sell their shares pursuant to the Buyback Programme, their proportion of voting rights in the Company will increase. As the Relevant Directors are each potentially associates of Infratil or TECT, the increase in their voting rights will breach the fundamental rule of the Code.

### Exemption notice

As discussed above, the Buyback Programme would result in a slight increase in the proportion of voting rights held or controlled by the Infratil Entities, TECT, TECT Holdings and the Relevant Directors, which would breach the “fundamental rule” in the Takeovers Code. However, clause 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001 (“**Exemption Notice**”) provides that a person is permitted to retain their increased voting rights if the buyback is approved by an ordinary resolution of shareholders (subject to other conditions as set out in clause 4 and Schedule 1 of the Exemption Notice, including the provision of a report from an independent adviser). In the absence of shareholder approval, clause 5 of the Exemption Notice provides that the person must decrease its voting percentage within 6 months after the increase, to the percentage it had immediately before the increase.

### Approval by ordinary resolution of shareholders

Resolution 4 seeks the approval of the shareholders of the Company to establish the Buyback Programme, which may result in an increase in the percentage of voting securities held or controlled by the Infratil Entities, TECT, TECT Holdings and the Relevant Directors.

The Buyback Programme provides for acquisitions by the Company of up to 5 million of its own shares over a period not exceeding three years from the date of this Annual Meeting. Particulars of the Buyback Programme are set out in this Explanatory Note including in Annexure A and as follows:

- The Company proposes to make offers through NZX’s order matching market to acquire up to 5 million shares in the Company pursuant to section 65 of the Companies Act 1993.
- Offers may be made in the period of three years following 25 July 2017, being the date of the Annual Meeting.
- The Company will pay the prevailing market price for the shares at the time of purchase.
- The Company is not obliged to make offers, and reserves the right to cease making offers at any time.
- Whether shares are bought back at all will depend on market conditions and other factors prevailing at the relevant time.
- The Company will regularly reassess the situation and seek to purchase shares at prices that in its view represent the best value for shareholders.
- The Company will disclose the number of shares, and the price at which it bought them, before 9.30am on the business day following the purchase being made.
- The Company will not purchase any shares while it possesses any information which is not generally available to the market, and which, if it were so available would have a material effect on the price of the Company’s shares. If the Company acquires such sensitive information, it will cease acquiring shares until the information is publicly disclosed.
- The Company intends to hold the shares acquired as treasury stock. Treasury stock comprises shares acquired and held by the Company in itself and which would otherwise be cancelled on acquisition. Subject to certain restrictions, treasury stock can be transferred, reissued or cancelled by the Company.

### Increase in the voting rights of the Infratil Entities, TECT, TECT Holdings and Relevant Directors

The individual shareholder percentage of votes held or controlled by the Infratil Entities, TECT, TECT Holdings and the Relevant Directors may increase as a consequence of the Buyback Programme, if the Infratil Entities, TECT Holdings and the Relevant Directors do not participate pro-rata in all of the buybacks.

Table A below describes the shareholding percentages of the Infratil Entities, TECT, TECT Holdings and the Relevant Directors as at the date of this Notice and the maximum shareholding percentages that may result from the buyback of 5 million shares as contemplated by resolution 4, assuming none of the Infratil Entities, TECT Holdings and the Relevant Directors participate in any of the buybacks.

**Table A: Figures in relation to the Buyback Programme are based on total voting shares of 312,973,000 on issue as at the date of this Notice**

Shareholder	Number of shares held	Pre-Buyback percentage of shares held	Post-Buyback maximum percentage of shares held	Total maximum percentage increase in shares held	Maximum percentage (including associates) in shares held
Renew <sup>^</sup>	110,399,170	35.2743%	35.8470%	0.5727%	51.8775%
Infratil Energy <sup>^</sup>	48,470,446	15.4871%	15.7385%	0.2514%	51.8775%
Infratil Investments <sup>^</sup>	872,773	0.2789%	0.2834%	0.0045%	51.8775%
Marko Bogoevski	26,318	0.0084%	0.0085%	0.0001%	51.8775%
TECT <sup>*</sup>	-	0.0000%	0.0000%	0.0000%	27.2378%
TECT Holdings <sup>*</sup>	83,878,838	26.8007%	27.2358%	0.4351%	27.2378%
Alan Bickers	6,102	0.0019%	0.0020%	0.0001%	27.2378%

<sup>^</sup> The number and percentage of shares controlled by Infratil is the sum of the number and percentage of shares held by the Infratil Entities.

<sup>\*</sup> These relate to the same shares, with TECT Holdings holding the shares, and TECT being the controller.

### Takeovers Code and Exemption Notice – Annexure A

Approval of the shareholders of the Company is required for the proposed acquisitions by the Company pursuant to the Buyback Programme so that the Infratil Entities, TECT, TECT Holdings and the Relevant Directors are exempted from the fundamental rule of the Takeovers Code in respect of their consequential increase in voting rights in the Company if the Infratil Entities, TECT Holdings and the Relevant Directors do not participate pro rata in all of the buybacks pursuant to the Buyback Programme. Under the provisions of the Takeovers Code the Infratil Entities, TECT Holdings, the Relevant Directors and their respective associates are not permitted to vote on the resolution.

As referred to above, clause 4 of the Exemption Notice provides the procedure that permits the Infratil Entities, TECT, TECT Holdings and the Relevant Directors to increase their voting control as a result of a buyback if the shareholders vote in favour of the acquisitions contemplated by the Buyback Programme in accordance with the requirements of the Exemption Notice. The requirements include the provision of certain information in the Notice of Meeting sent to shareholders seeking their approval of the acquisition. Annexure A provides this information.

As required by clause 4 and Schedule 1 of the Exemption Notice, it is stated that:

- the persons who hold voting securities and are relying on the buyback exemption granted under the Exemption Notice are the Infratil Entities, TECT (being Bill Holland, Paul Tustin, Ron Scott, Pete Blackwell, Amanda Sutcliffe and Natalie Bridges), TECT Holdings, and Messrs Bogoevski and Bickers; and
- the increase in the voting control of the persons named above that would result from the buyback by the Company of its own voting securities pursuant to the Buyback Programme would, if approved at the Annual Meeting, be permitted as an exception to rule 6(1) of the Takeovers Code in reliance on the buyback exemption in clause 4 of the Exemption Notice.

### NZX Main Board Listing Rules and Companies Act requirements

The Buyback Programme also needs to comply with the NZX Main Board Listing Rules. The Buyback Programme will be undertaken as permitted by Listing Rule 7.6.1(a), that is, by acquisitions effected by offers made by the Company through NZX's order matching market.

Any shares of the Company acquired by the Company pursuant to the buybacks will be shares bought on market, through a broker, from an undisclosed seller.

As less than 5% of the shares of the Company are involved, the Company can effect the buybacks pursuant to section 65 of the Companies Act 1993. That section does not require prior shareholder approval pursuant to the Companies Act 1993 or the NZX Main Board Listing Rules: approval is being sought because of the requirements of the Takeovers Code.

### Directors' recommendation

Messrs Ridley-Smith, Bogoevski and Bickers abstain from making a recommendation. The remaining Directors (being the "Unaffected Directors") recommend that the shareholders vote in favour of Resolution 4.

The reasons for the recommendation of the Unaffected Directors are:

- (a) The Unaffected Directors consider that an increase in the aggregate holding or controlling of shares in the Company by the Infratil Entities, TECT, TECT Holdings and the Relevant Directors of up to 1.2639% in total is not material to the control of the Company.
- (b) The Company's willingness to buy back shares when it considers that they are undervalued by the market should be viewed positively by shareholders and share market analysts.
- (c) If Resolution 4 is not approved by ordinary resolution, then the Infratil Entities, TECT Holdings and the Relevant Directors would be obligated, under the Exemption Notice, to sell down the increase in their voting control. All other shareholders can elect not to participate in the buybacks without having any sell down obligations. There appears to be no reason why the Infratil Entities, TECT Holdings and the Relevant Directors alone should be subject to sell down requirements having regard to the very minor increase in voting control that will result from them not participating in the buybacks. The Unaffected Directors consider that a fair outcome from an on market buyback would be that all shareholders who do not participate in the buyback, share proportionately in any potential financial benefit to the Company which may accrue from such buyback.
- (d) The Board is proposing a three year share buyback programme to avoid the expense and time of obtaining, on an annual basis, an Independent Adviser's Report.
- (e) Before undertaking any buyback, the Directors must, as required by the Companies Act, determine that the buyback is "in the best interests of the Company and the shareholders". The Unaffected Directors consider that a forced sale may not be in the best interests of the Infratil Entities, TECT Holdings or the Relevant Directors if they elect not to participate in the buybacks. The Unaffected Directors have also concluded that it may not be in the best interests of the Company to undertake a buyback knowing that it will force certain shareholders to sell shares in the Company.
- (f) The Unaffected Directors believe that, under existing market conditions, and with the Company's current share price, the Buyback Programme is a positive way of enabling shareholder value to be improved and is fair to the Company and all shareholders.

### Independent Adviser's Report

A report from Northington Partners the independent adviser approved by the Takeovers Panel, on the merits of the Buyback Programme, the consequence of which is an increase in the voting control of the Infratil Entities, TECT, TECT Holdings and the Relevant Directors, accompanies this Notice of Meeting. Section 2.0 of the report provides an analysis of the merits of the proposed Buyback Programme.

## ANNEXURE A: INFORMATION REQUIRED BY TAKEOVERS CODE (CLASS EXEMPTION NOTICE (NO. 2) 2001)

Disclosure Requirements	Comments
The buyback must be approved by an ordinary resolution of the shareholders of the code company.	Resolution 4 is seeking shareholder approval of the Buyback Programme being the acquisition of up to 5 million of the Company's own shares by way of ordinary resolution.
Neither the person increasing voting control nor any person who is an associate of that person may vote in favour of the resolution concerning the buyback.	The Infratil Entities, TECT Holdings, the Relevant Directors, and any of their respective Associates will not vote in favour of Resolution 4.
The notice of meeting containing the proposed resolution contained, or was accompanied by:	
(a) Full particulars of the buyback.	Full particulars of the Buyback Programme are set out in Explanatory Note 2 and this Annexure A.
(b) A statement of the name of the person who holds or controls voting securities and is relying on the Exemption Notice.	See under "Takeovers Code and Exemption Notice" on page 4 of this Notice of Meeting. The persons who hold or control voting securities and are relying on the Exemption Notice are the Infratil Entities, TECT, TECT Holdings and the Relevant Directors. The names of the trustees of TECT (as at the date of this notice of meeting) are: Bill Holland, Paul Tustin, Ron Scott, Pete Blackwell, Amanda Sutcliffe and Natalie Bridges.
(c) The following particulars of the voting securities that may, if the resolution is carried, be acquired by the Company under the Buyback Programme (see (i) below for the assumptions on which the below particulars are based):	
the maximum number ( <b>approved maximum number</b> ) of its own voting securities that the Company could acquire under the buyback;	5,000,000
the percentage of all voting securities of the Company that the approved maximum number represents (calculated at the date of this Notice);	1.5976%
the maximum percentage ( <b>approved maximum percentage</b> ) of all voting securities on issue that the Infratil Entities, TECT, TECT Holdings and the Relevant Directors could hold or control if the Company acquired the approved maximum number of voting securities;	Renew: 35.8470% Infratil Energy: 15.7385% Infratil Investments: 0.2834% Marko Bogoevski: 0.0085% TECT: 27.2358% TECT Holdings: 27.2358% Alan Bickers: 0.0020%
the maximum percentage of all voting securities on issue that the Infratil Entities, TECT, TECT Holdings, the Relevant Directors, and any of their associates, excluding their exempt associates, could hold or control, in aggregate, if the Company acquired the approved maximum number of voting securities;	Renew: 51.8689% Infratil Energy: 51.8689% Infratil Investments: 51.8689% Marko Bogoevski: 51.8775% TECT: 27.2358% TECT Holdings: 27.2358% Alan Bickers: 0.0020%
	The above percentages have been calculated on the basis that an "exempt associate" is a person who is an associate and is relying on the exemption in clause 4 of the Exemption Notice.
	<ul style="list-style-type: none"> <li>For Renew, Infratil Energy and Infratil Investments, each is an "exempt associate" of the other two.</li> <li>Infratil Limited, which controls the voting securities held by each of those three companies, being, in aggregate, 51.8689% of the voting securities, is not an exempt associate of any of those three because it is not relying on clause 4 of the Exemption Notice (as it is able to rely on the "creep" exemption). The percentage set out beside each of Renew, Infratil Energy and Infratil Investments is the percentage controlled by Infratil Limited given that the voting securities it controls is the aggregate of the voting securities held</li> </ul>

	<p>by each of Renew, Infracore Energy and Infracore Investments. The holding of Marko Bogoevski is not included in this aggregate as he is an "exempt associate".</p> <ul style="list-style-type: none"> <li>• For Marko Bogoevski, he is likely an associate of Infracore Limited. As Infracore Limited is not an exempt associate, the aggregate holding of Mr Bogoevski and Infracore Limited is set out.</li> <li>• For TECT, TECT Holdings and Mr Bickers, each is an exempt associate of the others and each relies on this exemption, so only their own holding or control is set out.</li> </ul>
<p>the maximum percentage of all voting securities on issue that the Infracore Entities, TECT, TECT Holdings, the Relevant Directors and all of their associates could hold or control, in aggregate, if the Company acquired the approved maximum number of voting securities (calculated at the date of this Notice).</p>	<p>Renew: 51.8775%  Infracore Energy: 51.8775%  Infracore Investments: 51.8775%  Marko Bogoevski: 51.8775%  TECT: 27.2378%  TECT Holdings: 27.2378%  Alan Bickers: 27.2378%</p>
<p>(d) The consideration for the buyback or the manner in which the consideration would be determined and when the consideration would be payable.</p>	<p>The Company will pay the prevailing on-market price. This price would be paid in accordance with normal market practice immediately after each buyback.</p>
<p>(e) The reasons for the buyback.</p>	<p>The Company wishes to establish the Buyback Programme as it considers that, under existing market conditions, and with the Company's current share price, the Buyback Programme is a positive way of enabling shareholder value to be improved and is fair to the Company and all shareholders.</p>
<p>(f) A statement to the effect that the increase in the voting control of the Infracore Entities, TECT, TECT Holdings and the Relevant Directors, that would result from the buyback would, if approved, be permitted as an exception to rule 6(1) of the Code in reliance on the buyback exemption in clause 4 of the Exemption Notice.</p>	<p>See "Takeovers Code and Exemption Notice" on page 4 of this Notice of Meeting.</p>
<p>(g) A report from an independent adviser in relation to the buyback that complies with rule 18 of the Code (as if the references in that rule to acquisition under rule 7(c) of the Code were references to the buyback by the Company made in accordance with clause 4 of the Exemption Notice and the references to a notice of meeting were references to this notice);</p>	<p>An independent report prepared by Northington Partners Limited accompanies this Notice of Meeting.</p>
<p>(h) A statement by the directors of the code company in relation to the buyback that complies with rule 19 of the Code (as if the reference in that rule to acquisition under rule 7(c) of the Code was a reference to the buyback).</p>	<p>See "Directors' Recommendation" on page 4 of this Notice of Meeting.</p>
<p>(i) The following assumptions have been applied for the purposes of providing the particulars of voting securities, as specified in (a)-(d) above:</p>	<p>(a) that the number of voting securities in the Company is the number of voting securities on issue on the calculation date</p> <p>(b) that there is no change in the total number of voting securities on issue between the calculation date and the end of the buyback period, other than as a result of the buyback</p> <p>(c) that the Infracore Entities, TECT Holdings and the Relevant Directors do not participate in the buyback</p> <p>(d) that the Company acquires the approved maximum number of its own voting securities</p>
<p>(j) The calculation date for determining the particulars of voting securities, as specified in (c) (i)-(iv) above.</p>	<p>The calculation date is the date of this Notice.</p>



**NOTICE OF ANNUAL MEETING  
TWENTY SEVENTEEN**