



Energising our Community

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PO Box 567, Whakatane 3158
Phone: 07 307 0893
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www.ebet.org.nz

5 June 2015

The Directors
Horizon Energy Distribution Limited
Level 4 Commerce Plaza
52 Commerce Street
Whakatane

Dear Sirs

NOTICE OF INTENTION TO MAKE AN OFFER

Donald George Lewell, Kevin Joseph Hennessy, David Allen Bulley, Donna Maree Smit, Wade Ross Brown and Edwina Marie Otairi O'Brien, as trustees of the Eastern Bay Energy Trust (the "Offeror") hereby give notice pursuant to Rule 41 of the Takeovers Code of their intention to make a full takeover offer under the Takeovers Code to acquire all of the ordinary shares of Horizon Energy Distribution Limited not already held by the Offeror.

Attached to this notice are the terms of the proposed offer, including:

- the information specified in Schedule 1 to the Takeovers Code which is required to be contained in, or accompany, this notice (stated as at the date of this notice); and
- the signed certificate required under clause 19 of Schedule 1 to the Takeovers Code.

The Offeror's current intention is to make the offer on 29 June 2015, with the offer to close on 30 July 2015.

We look forward to receipt of the class notice in accordance with Rule 42A of the Takeovers Code.

For and on behalf of Donald George Lewell, Kevin Joseph Hennessy, David Allen Bulley, Donna Maree Smit, Wade Ross Brown and Edwina Marie Otairi O'Brien, as trustees of the Eastern Bay Energy Trust:

A handwritten signature in black ink, appearing to read "Don Lewell", written in a cursive style.

Don Lewell
Chairman

cc: The Takeovers Panel
Level 3, Solnet House
70 The Terrace
Wellington 6011
By
email:takeovers.panel@takeovers.govt.nz

cc: NZX Limited
Level 1, NZX Centre
11 Cable Street
Wellington 6011
By email: announce@nzx.com

OFFER DOCUMENT

Full offer by the Trustees of the Eastern Bay Energy Trust to purchase all the ordinary shares in Horizon Energy Distribution Limited

Dated []

This offer opens on [] and
closes on []

IMPORTANT:

If you are in doubt as to any aspect of this offer, you should consult your financial or legal adviser.

If you have sold all your shares in Horizon Energy Distribution Limited to which this offer applies, you should immediately hand this offer document and the accompanying acceptance form to the purchaser or agent (e.g. the broker) through whom the sale was made, to be passed to the purchaser.

Horizon Energy Distribution Limited's target company statement, together with an independent adviser's report on the merits of this offer either accompanies this offer or will be sent to you within 14 days and should be read in conjunction with this offer.

FULL TAKEOVER OFFER

BY

EASTERN BAY ENERGY TRUST

TO PURCHASE ALL THE ORDINARY SHARES IN

HORIZON ENERGY DISTRIBUTION LIMITED

AT \$4.41 PER SHARE

MADE PURSUANT TO THE TAKEOVERS CODE

Offer opens: []

Offer closes: []

Important

**Acceptances must be received by post or postmarked not later than 5 p.m. on []
(subject to paragraph 3.2 of this Offer).**

Summary of Offer

Donald George Lewell, Kevin Joseph Hennessy, David Allen Bulley, Donna Maree Smit, Wade Ross Brown and Edwina Marie Otairi O'Brien, as trustees of the Eastern Bay Energy Trust ("EBET) are making a takeover offer ("Offer") for all of the ordinary shares ("Shares") in Horizon Energy Distribution Limited ("Horizon") that they do not already hold. The key terms of the Offer are:

- The consideration offered to the Horizon shareholders ("Shareholders") for each fully paid Share is NZ\$4.41, in cash.
- The Offer is a conditional one. The conditions of the Offer are detailed on pages 5 to 9 of this Offer Document.
- The Offer closes at 5 p.m. on *[date that is 30 days after Offer Date]* unless extended.

The detailed terms of the Offer are set out on pages 5 to 14 of this Offer Document.

As at the date of this Offer Document, Marlborough Lines Limited ("Marlborough Lines") is the holder of 3,472,059 Shares in Horizon, representing 13.89% of the Shares of Horizon in issue. Upon acceptance of the Offer by Marlborough Lines and the offer being declared unconditional, EBET will hold or control more than 90% of the voting rights in Horizon. EBET will therefore be a "dominant owner" and will be entitled to acquire all the remaining Shares in Horizon under Part 7 of the Takeovers Code.

It is in EBET's interests to move to 100% ownership of Horizon as quickly as practicable. EBET therefore intends that as soon as it becomes a dominant owner it will commence the procedure under Part 7 of the Takeovers Code to compulsorily acquire all the securities in Horizon that it does not already hold.

This procedure will overlap with the remainder of the Offer period. EBET will send to each Shareholder who has not already accepted the Offer an acquisition notice and a share transfer. You will be able to sell your shares in Horizon either by accepting the Offer, or by signing and returning the share transfer which will be sent to you with the acquisition notice.

The price for securities which are compulsorily acquired will be the same as the price in the Offer.

Please note:

If you have sold all your Shares

Please send this Offer Document and all enclosures (including the Acceptance Form) immediately to either:

- The person to whom you sold your Shares; or
- Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City 0622, New Zealand.

If you have sold some of your Shares and you wish to accept the Offer in respect of the balance

Please alter the total holding on the Acceptance Form to the number of Shares which you have retained and then complete the Acceptance Form and return them to EBET in accordance with the instructions on page 11.

Upon receipt of the amended Acceptance Form, EBET will recalculate the amount of the consideration payable to reflect the number of Shares retained by you. This will be the amount paid to you in accordance with the terms of the Offer.

Please also request the broker through whom you made the sale to advise the purchaser or purchasers of your Shares of this Offer and that copies of it are available from EBET by calling the offices of EBET on 07 307 0893 during normal business hours and advise the number of Shares sold and the broker concerned.

Enquiries

If you have any questions regarding the offer or how to complete the Acceptance Form please call the offices of Computershare Investor Services Limited on +64 9 488 8700 (outside New Zealand) or 09 488 8700 (within New Zealand) during normal business hours.

TERMS AND CONDITIONS OF FULL TAKEOVER OFFER FOR HORIZON ENERGY DISTRIBUTION LIMITED ORDINARY SHARES

Donald George Lewell, Kevin Joseph Hennessy, David Allen Bulley, Donna Maree Smit, Wade Ross Brown and Edwina Marie Otairi O'Brien, as trustees of the Eastern Bay Energy Trust ("EBET") offer to purchase, on the terms and conditions set out in this Offer Document, all of the fully-paid ordinary shares in Horizon Energy Distribution Limited ("Horizon") EBET does not already own ("Horizon Shares") as at the date of this Offer Document ("Offer").

1. This Offer

- 1.1 EBET offers to acquire the Horizon Shares, including all rights, benefits, and entitlements attached thereto on, after, or by reference to, 5 June 2015 ("Takeover Notice Date") (subject to clause 6.2).
- 1.2 This Offer will remain open for acceptance until 5.00 p.m. on **[date that is 30 days after Offer Date]**, or such later date (if any) as EBET or the Takeovers Panel may determine to extend it in accordance with the Takeovers Code ("Closing Date").
- 1.3 This Offer is dated [].

2. Price

- 2.1 The price offered by EBET for each Horizon Share is \$4.41 in cash, subject to any adjustment in accordance with paragraph 6.5 below.
- 2.2 If this Offer is declared unconditional, EBET will pay the price set out in paragraph 2.1 above to each Horizon Shareholder who accepts this Offer (each, an "Acceptor") no later than seven days after the later of:
 - a. the date on which that Acceptor's acceptance is received by EBET;
 - b. the date on which this Offer is declared unconditional.
- 2.3 The price payable to each Acceptor will be paid by cheque sent by ordinary mail or paid in cleared funds by electronic transfer (at the election of the Acceptor). Acceptors who elect to receive payment by electronic transfer may be charged fees by their bank or financial institution.
- 2.4 If the price payable to an Acceptor is not sent to that Acceptor within the period specified in paragraph 2.2, that Acceptor may withdraw their acceptance of this Offer by notice in writing to EBET, but only:
 - a. after the expiration of seven days written notice to EBET of that Acceptor's intention to do so; and
 - b. if that Acceptor does not receive the price to which they are entitled during the seven day period referred to in paragraph 2.2.

3. Terms of the Offer

Terms and key dates

- 3.1 Unless this Offer is withdrawn in its entirety with the consent of the Takeovers Panel in accordance with the Takeovers Code and every person is released from every obligation incurred under the terms of this Offer, or unless this Offer lapses in

accordance with its terms, this Offer remains open for acceptance until and including 5.00 p.m. on the Closing Date.

- 3.2 Under the Takeovers Code, the latest date on which EBET can declare this Offer unconditional is 14 days after the Closing Date (excluding, for the purposes of this paragraph 3.2, any extension of this Offer under Rule 24A of the Takeovers Code). If this Offer is not extended and the Offer period ends on **[date that is 30 days after Offer Date]**, then the latest date under the Takeovers Code by which EBET can declare this Offer unconditional is []. If this Offer is extended, the latest date by which EBET can declare this Offer unconditional is the date that is 14 days after the end of the Offer period as extended (excluding any extension of this Offer under Rule 24A of the Code). If the Offer period is extended, EBET will specify in the variation notice the new date by which it must declare this Offer unconditional.
- 3.3 If this Offer is not declared unconditional, or if the conditions to it are not waived by EBET (to the extent waivable), by the latest date contemplated by paragraph 3.2, this Offer will lapse and EBET and every Acceptor will be released from their obligations under this Offer (and the contract arising from their acceptance of it).
- 3.4 This Offer is open for acceptance by any person who holds Horizon Shares, whether acquired before, on or after the date of this Offer, upon production of satisfactory evidence of such person's entitlement to those Horizon Shares. A holder of Horizon Shares may accept this Offer in respect of all or any of their Horizon Shares. Each acceptance must be free of all conditions of acceptance of any nature whatsoever.

Transfer of title

- 3.5 Legal and beneficial title to all Horizon Shares in respect of which an Acceptor has accepted the Offer will pass to EBET free of all liens, charges, mortgages, encumbrances and other adverse interests or claims of any nature whatsoever, but together with all rights, benefits and entitlements attaching to them, including, without limitation, the right to all dividends, bonuses and other payments and distributions of any nature attaching to such Horizon Shares arising on, after, or by reference to, the Takeover Notice Date, contemporaneously with the consideration being sent to the Acceptor pursuant to paragraph 2 of this Offer.

Acceptor warranties

- 3.6 By accepting this Offer, each Acceptor represents and warrants to EBET that:
- a. it is the sole legal and beneficial owner of Horizon Shares in respect of which it has accepted this Offer, or is the legal owner and has the necessary power, capacity and authority to accept this Offer in respect of such Horizon Shares;
 - b. it has full power, capacity and authority to sell and transfer all Horizon Shares for which the Acceptor has accepted the Offer; and
 - c. legal and beneficial title to all Horizon Shares for which the Acceptor has accepted the Offer will pass to EBET in accordance with paragraph 3.5.

Acceptor covenants

- 3.7 Each Acceptor:
- a. will not, and will not attempt to, directly or indirectly sell, transfer, or dispose of (or agree to do any of those things), any or all of the Horizon Shares in respect of which the Acceptor has accepted this Offer (other than for acceptance of the Offer itself);

- b. is deemed to have irrevocably authorised EBET to instruct Horizon and its share registrar to refuse, during the Offer period, to register any transfer of any or all of Horizon Shares in respect of which the Acceptor has accepted this Offer, except for transfers pursuant to this Offer; and
- c. will pay to EBET on demand, any cost or expense incurred, or loss or damage suffered, by EBET in connection with, or as a result of, that Acceptor's failure to comply with paragraph 3.7a.

4. **Minimum Acceptance Condition**

- 4.1 This Offer, and each contract arising from acceptance of it, is conditional on EBET receiving acceptances, by no later than 5.00 p.m. on the Closing Date, in respect of that number of Horizon Shares, which when taken together with Horizon shares already held or controlled by EBET, confer 90% or more of the total voting rights in Horizon.

5. **Further Conditions of this Offer**

- 5.1 This Offer, and each contract arising from acceptance of it, are subject to the conditions that, except as otherwise agreed in writing by EBET, during the period from the Takeover Notice Date until the latest date on which EBET can declare this Offer unconditional (as contemplated by paragraph 3.2):
 - a. subject to clause 6.2 no dividends, bonuses or other payments or distributions (including, without limitation, any share buybacks) of any nature have been or will be declared, paid, or made, upon or in respect of, any Horizon Shares;
 - b. no further shares, convertible securities, other securities of any nature (including options, rights or interests in any ordinary shares) of Horizon and any of its subsidiaries (together the "Horizon Group"), have been or will be by any member of Horizon issued, agreed to be issued or made the subject of any option or right to subscribe except pursuant to a transaction between Horizon and wholly owned subsidiaries of Horizon, or between wholly owned subsidiaries of Horizon (an "Intra-Group Transaction");
 - c. there has been and will be no alteration of the rights, benefits, entitlements and restrictions attaching to any of the Horizon Shares or other securities (if any) of any member of Horizon;
 - d. no action, claim, litigation, prosecution, regulatory investigation or other form of proceedings that, as at the Takeover Notice Date, were not publicly notified (including by disclosure to NZX Limited ("NZX")) are publicly notified against, or by, any member of Horizon and that are material to Horizon, taken as a whole;
 - e. there not having occurred any event (including without limitation any natural disaster, accident, change of law, regulation, announcement of change in governmental or regulatory policy or act of terrorism), change or condition that has had, or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of Horizon, taken as a whole;
 - f. the NZX 50 Index (Gross) does not decline, at any time over the Offer period, for a period of three consecutive NZX trading days or more, to a level

equivalent to 10% or more below the level of that index as at 5.00 p.m. on the NZX trading day immediately preceding 4 May 2015;

- g. Horizon does not, except in the ordinary course of business:
 - i. acquire or dispose of,
 - ii. agree to acquire or dispose of; or
 - iii. offer, propose or announce a bid or tender for,
 - any securities, business, asset, interest in a joint venture, entity or undertaking, the value of which exceeds in aggregate \$200,000;
- h. Horizon does not dispose of the whole, or a substantial part of its business or property;
- i. Horizon does not change or agree to change the remuneration or any other material terms of employment or engagement of any director, officer, employee, or consultant (except for ordinary wage or salary increases in accordance with an established review policy) or commence the employment of any person (except where such commencement is for the purposes of filling a vacant position) at a rate of remuneration in excess of \$200,000 per annum;
- j. there is no alteration to the constitutional documents of Horizon other than amendments of a formal, technical and non-substantive nature;
- k. no liquidator, receiver, manager, administrator, statutory manager or similar official is appointed to Horizon and no proceeding to appoint such a party is commenced;
- l. no resolution is passed for any amalgamation or liquidation of Horizon and Horizon is not involved in any merger, share buyback or scheme of arrangement, and no agreement is announced in respect of any of them;
- m. Horizon does not enter into any contract or arrangement to which Listing Rule 9.1 and or Listing Rule 9.2 of the NZX Main Board/Debt Market Listing Rules applies (or would apply but for the granting of an exemption);
- n. no event occurs which gives or may give rise to a material adverse change in the financial position, trading operations or prospects or assets of Horizon compared to the position as at the date of this Offer Document;
- o. no proceedings are notified, threatened or commenced against Horizon involving a claim or claims totalling in excess of \$200,000;
- p. Horizon does not change any significant accounting practice or policy other than to comply with generally accepted New Zealand accounting standards and any domestically accepted accounting standards (including a change to an IFRS standard);
- q. the businesses of each member of the Horizon Group are carried on, in all material respects, in the normal and ordinary course;
- r. nothing occurring or failing to occur that would entitled EBET's bankers, under certain facilities entered into with EBET for the purposes of providing funding to EBET in respect of this Offer, not to make any or all of that funding

available to EBET (other than where the occurrence or failure is a result of an act or omission in the power, or under the control, of EBET or an associate of EBET).

- s. no board resolution or shareholders' resolution of Horizon being passed to authorise the doing of any of the acts set out in paragraphs 5.1 a to r above.
- 5.2 The following actions by any member of the Horizon Group shall be deemed to be material and not to be normal or in the ordinary course for the purposes of paragraph 5.1:
- a. the making of (or agreeing to make) unusual or abnormal payments, or the incurring of (or agreeing to incur) unusual or abnormal commitments or liabilities (including contingent liabilities), in each case with a value exceeding \$1,000,000 and except pursuant to an Intra-Group Transaction;
 - b. the making of any unusual payment of income tax, including taxation in advance, of an amount exceeding \$1,000,000;
 - c. the committing to any capital expenditure or divestment (other than in the ordinary course of business (and other than pursuant to an Intra-Group Transaction)) of an amount exceeding \$1,000,000 (in aggregate);
 - d. the entry into, or material variation of, onerous, long-term or material contracts, commitments or arrangements (except in the normal and ordinary course of business); or
 - e. the making of an announcement by any member of the Horizon Group that it is legally bound to do any of the actions set out in paragraphs 5.2(a) to 5.2(d) above.
- 5.3 To the extent required by the Takeovers Code, where any condition requires a determination as to whether a matter is or could reasonably be expected to be material or not, is adverse or not, is onerous or not, is long term or not, is normal or not, is in the ordinary course of business or not, is consistent with past practices or not, or is of a formal or technical (and not substantive) nature or not before the condition may be invoked, such determination must be made by a suitably qualified expert nominated by EBET who is independent of, and not an associate of, EBET (in terms of the Takeovers Code).
- 5.4 The conditions in paragraphs 4.1 and 5.1 are for the sole benefit of EBET and, accordingly, each such condition may be waived by EBET in its sole discretion except that EBET may not waive the condition in clause 4.
- 5.5 Each condition set out in paragraphs 4.1 and 5.1 is a separate condition subsequent, and acceptance of this Offer by each Acceptor shall constitute a contract between that Acceptor and EBET subject to those conditions. The Offer will only proceed if all conditions in paragraphs 4.1 and 5.1 are satisfied or waived (to the extent possible).
- 5.6 EBET may not allow the Offer to lapse:
- a. in unreasonable reliance on a condition of the Offer; or
 - b. in reliance on a condition of the Offer that restricts Horizon's activities in the ordinary course of Horizon's business during the period beginning on the Takeover Notice Date and ending on the latest date on which EBET can declare this Offer unconditional (as contemplated by paragraph 3.2).

6. Change in Circumstances

- 6.1 Subject to clause 6.2, if, on or after the Takeover Notice Date, Horizon declares, makes, or pays any dividend or any distribution (within the meaning of the Companies Act 1993) of any nature whatsoever and either the condition in paragraph 5.1a is waived by EBET or this Offer is or becomes unconditional, then, at the election of EBET (and subject to the terms of any such waiver), either:
- a. each Acceptor will be bound to pay to EBET on demand an amount equivalent to such dividend or the value of such other distribution (in each case inclusive of withholding taxes deducted, if applicable) that is received by, or is properly payable to, that Acceptor and relates to Horizon Shares in respect of which that Acceptor has accepted this Offer; or
 - b. the consideration which would otherwise have been paid to each Acceptor for their Horizon Shares shall be reduced by an amount equivalent to such dividend, payment or the value of such other distribution that is received by, or is properly payable to, that Acceptor and relates to Horizon Shares in respect of which that Acceptor has accepted this Offer.
- 6.2 Clauses 5.1a and 6.1 shall not apply to any final dividend declared by Horizon in relation to its financial year ended 31 March 2015.
- 6.3 If, on or after the Takeover Notice Date, Horizon authorises, declares, or makes any issue of shares, convertible securities or other securities of any nature (including options, rights or interests in its ordinary shares), by way of bonus issue and either the condition in paragraph 5.1b is waived by EBET or this Offer is or becomes unconditional, then Acceptors will, subject to the terms of any such waiver, be bound to transfer, in respect of those Horizon Shares for which they have accepted this Offer, any such shares, convertible securities, other securities or options, rights and interests to EBET, without any additional consideration.
- 6.4 If, on or after the Takeover Notice Date, Horizon makes any issue of ordinary shares to any person other than by way of bonus issue and either:
- a. the condition in paragraph 5.1b (to the extent that it applies to the issue) is waived by EBET; or
 - b. this Offer is or becomes unconditional, then this Offer will be deemed to be extended to and include such ordinary shares and the consideration payable for them will be as provided in paragraph 2.1.
- 6.5 If, on or after the Takeover Notice Date, all or any of Horizon Shares are subdivided or consolidated by Horizon then:
- a. this Offer will be interpreted to take into account that subdivision or consolidation and will be deemed to be for Horizon Shares resulting from that subdivision or consolidation;
 - b. the price per Horizon Share offered under this Offer will be increased or reduced, as the case may require, in proportion to that subdivision or consolidation, and
 - c. Acceptors will be bound to transfer those subdivided or consolidated Horizon Shares to EBET on the basis of the price so increased or reduced.

7. How to Accept This Offer

Acceptance

7.1 To accept this Offer, you need only:

- a. complete the Acceptance and Transfer Form in respect of Horizon Shares enclosed with this Offer Document ("Acceptance Form") in accordance with the instructions on the Acceptance Form; and
- b. return the completed Acceptance Form by hand delivery, fax or post (in the reply-paid envelope which is enclosed with this Offer) AS SOON AS POSSIBLE after receipt of this Offer, but in any event so that it is received by Computershare Investor Services Limited no later than 5.00 p.m. on the Closing Date, to:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
North Shore City 0622
New Zealand

If calling from within New Zealand:

Telephone: 09 488 8700
Facsimile: 09 488 8787

If calling from outside New Zealand:

Telephone: +64 9 488 8700
Facsimile: +64 9 488 8787

No acknowledgement of receipt of acceptances of this Offer will be issued.

Acceptances received after 5.00 p.m. on the Closing Date, but which bear a postmark or other evidence of postage or despatch on or prior to the Closing Date may be accepted by EBET.

7.2 EBET may, in its discretion, treat any Acceptance Form as valid notwithstanding that it does not otherwise comply with paragraph 7.1, or any instructions on the Acceptance Form, and may, in its discretion, rectify any errors in, or omissions from, any Acceptance Form to enable that form to constitute a valid acceptance of this Offer and to facilitate registration of the transfer of the relevant Horizon Shares.

7.3 Acceptance of this Offer by each Acceptor constitutes a contract between that Acceptor and EBET on the terms and subject to the conditions of this Offer and the Takeovers Code. Other than in the circumstances set out in paragraph 2.4, acceptances are irrevocable and an Acceptor may not withdraw their acceptance during the Offer period, whether or not there has been any variation of this Offer. EBET and every Acceptor shall be released from their obligations under this Offer, and arising from acceptance of this Offer, if this Offer:

- a. is withdrawn with the consent of the Takeovers Panel; or
- b. lapses as a result of any condition in paragraph 4.1 or paragraph 5.1 not being satisfied or waived by the latest date that EBET may declare this Offer unconditional (as contemplated by paragraph 3.2).

8. Method of Settlement

8.1 If:

- a. this Offer is declared unconditional or the conditions to it are waived by EBET (to the extent waivable), and
- b. an Acceptor's Acceptance Form is in order (or any error or omission from the Acceptance Form is rectified by EBET or is otherwise accepted by EBET as valid under paragraph 7.2),

then, at the election of the Acceptor, EBET will either send a cheque (by ordinary mail) or make an electronic transfer of cleared funds for the aggregate amount payable (unless adjusted under paragraphs 6.1 or 6.4) in accordance with paragraph 2.1 above to the Acceptor, by the date specified in paragraph 2.2. If an Acceptor does not select a method of payment, or the details that it provides (including those already held by Horizon share registrar) are not sufficient to effect an electronic transfer, then that Acceptor will be paid by cheque.

- 8.2 All cheques, electronic funds transfers, Acceptance Forms and other documents to be delivered, sent by or transferred to an Acceptor will be delivered, sent by, or transferred to, that Acceptor at that Acceptor's own risk.

9. Notices

9.1 Notices given to Horizon, the Takeovers Panel and NZX:

- a. declaring this Offer unconditional; or
- b. advising that this Offer is withdrawn in accordance with the Takeovers Code;
- c. advising that a term or condition of this offer has been waived; or
- d. advising that this Offer has lapsed in accordance with its terms or the Takeovers Code,

will, in each case, be deemed to be notice to all Horizon Shareholders when so given.

- 9.2 Notice of any variation of this Offer will be sent to Horizon, the Takeovers Panel, NZX and, except where not required in accordance with the Takeovers Code, to each Horizon Shareholder under this Offer.

10. Limitation of Trustees Liability

- 10.1 Donald George Lewell, Kevin Joseph Hennessy, David Allen Bulley, Donna Maree Smit, Wade Ross Brown and Edwina Marie Otairi O'Brien make this Offer in their capacity as trustees of the Eastern Bay Energy Trust. To the maximum extent permitted by law, the liabilities and obligations of each of them will not be unlimited personal liabilities and obligations, but will be liabilities and obligations to pay the liabilities and meet the obligations out of the Trust assets which are held by the trustees of the Trust.

10.2 Where:

- a. A person enters into an Acceptance Form in their capacity as trustee of a trust ("Shareholder Trust"); and
- b. That person has no right to or interest in any of the assets of the Shareholder Trust except in their capacity as trustee of the Shareholder Trust,

then, except as set out in the next sentence and to the maximum extent permitted by law, the liabilities and obligations of that trustee in relation to this Offer and the Acceptance Form will not be unlimited personal liabilities and obligations, but will be liabilities and obligations to pay the liabilities and meet the obligations out of the Shareholder Trust's assets which are held by the trustees of the Shareholder Trust. To the extent that those trust assets have been reduced as a result of the dishonesty or wilful default of the trustee and are thereby not available to meet the obligations and liabilities of the trustee then, to that extent, the trustees' liabilities and obligations will be unlimited personal liabilities and obligations.

11. Further Information and Miscellaneous

11.1 Further information relating to this Offer, as required by Schedule 1 to the Takeovers Code, is set out in Schedule A to this Offer and forms part of this Offer Document.

11.2 In this Offer Document:

- a. any reference to the Takeovers Code means the takeovers code approved in the Takeovers Code Approval Order 2000 (SR 20001210) as amended (including by any applicable exemption granted by the Takeovers Panel under the Takeovers Act 1993);
- b. except if expressly defined in this Offer Document, or where the context requires otherwise, terms defined in the Takeovers Code have the same meaning in this Offer Document;
- c. references to amounts of money are to New Zealand currency and to times are to New Zealand time;
- d. headings are for convenience only and do not affect the interpretation of this Offer Document or any Acceptance Form;
- e. reference to any statutory references to any statutory provision are to statutory provisions in force in New Zealand and include any statutory provision which amends or replaces it, and any by-law, regulation, order, statutory instrument, determination or subordinate legislation made under it;
- f. unless otherwise specified, material and materiality will have their respective ordinary and customary meanings; and
- g. the singular includes the plural and vice versa.

11.3 This Offer may be varied by EBET to the extent permitted by Rule 27 of the Takeovers Code.

11.4 This Offer and any contract arising from it shall be governed by and construed in accordance with the laws of New Zealand, and the parties to any such contract submit to the non-exclusive jurisdiction of the Courts of New Zealand.

- 11.5 The provisions set out in the Acceptance Form are part of the terms of this Offer.
- 11.6 If there is an inconsistency between the terms and conditions of this Offer and the provisions of the Takeovers Act 1993 or the Takeovers Code, the provisions of the Takeovers Act 1993 or the Takeovers Code (as the case may be) will prevail.

Schedule A

Information Required By Schedule 1 To The Takeovers Code

The information required by Schedule 1 to the Takeovers Code, and not stated elsewhere in this Offer, is set out below. Where any information required by Schedule 1 is not applicable, no statement is made regarding that information. The following matters are stated as at the date of this Takeover Notice.

1. Date

1.1 This Offer is dated [].

2. Offeror and its Trustees

2.1 The name and address of the Offeror are:

a. **EBET:**

Eastern Bay Energy Trust, 5 Richardson Street, PO Box 567, Whakatane

b. **Individual Trustees of the Eastern Bay Energy Trust:**

Donald George Lewell, 16 Panorama Place, Whakatane
 Kevin Joseph Hennessy, 49 Grant Road, Opotiki
 David Allen Bulley, 16 Ocean Road, Ohope
 Donna Maree Smit, 46 Otakiri Road, RD 2, Whakatane
 Wade Ross Brown, 43 West End, Ohope
 Edwina Marie Otairi O'Brien, 12 Waterhouse Street,
 Kawerau

3. Target Company

3.1 The target company is Horizon Energy Distribution Limited.

4. Ownership of Equity Securities of Horizon

4.1 The table in Schedule B sets out a statement of the number, designation and percentage of equity securities of any class of Horizon held or controlled by:

- a. EBET, or any of the individual trustees named as Offeror;
- b. any related company of EBET or of any of the individuals trustees named as Offeror,
- c. any person acting jointly or in concert with EBET, or with any of the individual trustees named as Offeror;
- d. any director of any of the persons described in paragraphs a to c; and
- e. any other person holding or controlling 5% or more of the class, to the knowledge of EBET.

- 4.2 Except as set out in the table in Schedule B, to the best of EBET's information, knowledge and belief, having made due enquiry, no person referred to in paragraph 4.1 a to 4.1 d of this Schedule holds or controls equity securities of Horizon.

5. Trading in Horizon Equity Securities

- 5.1 To the best of EBET's information, knowledge and belief, having made due enquiry, no person referred to in paragraph 4.1a to 4.1 e of this Schedule has acquired or disposed of equity securities in Horizon during the 6-month period before the date of this Takeover Notice.

6. Agreements to Accept Offer

- 6.1 EBET has entered into an agreement with Marlborough Lines under which Marlborough Lines has agreed to accept the Offer in relation to all the shares in Horizon which it holds. The agreement between EBET and Marlborough Lines is now unconditional. The material terms of the agreement are:
- a. EBET has agreed, subject to the satisfaction of certain conditions, to make the Offer;
 - b. Marlborough Lines has irrevocably agreed to accept the Offer in respect of its entire holding of Shares no later than the date that is two business days after the date of despatch of the Offer;
 - c. Marlborough Lines may not sell or otherwise dispose of its shares, except so as to accept the Offer, unless the Offer terminates or lapses;
 - d. Marlborough Lines retains the right to exercise and/or control the exercise of all voting rights attached to their shares until such time as it has accepted the Offer and the Offer becomes unconditional; and
 - e. Marlborough Lines has agreed to accept as payment for its shares in Horizon \$4.41 per Horizon share.
- 6.2 Except as set out above, there are no persons who have agreed conditionally or unconditionally to accept the Offer.

7. Arrangements to pay Consideration

- 7.1 EBET confirms that resources will be available to it sufficient to meet the consideration to be provided on full acceptance of this Offer and to pay any debts incurred in connection with this Offer (including the debts arising under Rule 49 of the Takeovers Code).
- 7.2 A statement setting out the rights of offerees under Rule 34 of the Takeovers Code is set out in paragraph 2.4 of this Offer Document.

8. Arrangements between EBET and Horizon

- 8.1 As at the date of this Takeover Notice, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between EBET or any of its associates and Horizon or any related company of Horizon, in connection with, in anticipation of, or in response to, this Offer.

9. Arrangements between EBET and Directors and Officers of Horizon

- 9.1 As at the date of this Takeover Notice, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between EBET or any of its associates, and any of the directors or senior officers of Horizon or of any related company of Horizon (including any payments or other benefits proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to, the Offer.

10. Financial Assistance

- 10.1 There is no agreement or arrangement which has been made, or is proposed to be made, under which Horizon or any related company of Horizon will give (directly or indirectly) financial assistance for the purpose of, or in connection with, the Offer.

11. Pre-Emption Clauses in Horizon's Constitution

- 11.1 As at the date of this Takeover Notice, there is no restriction on the right to transfer any equity securities to which this Offer relates that:
- a. is contained in the constitution of Horizon; and
 - b. has the effect of requiring the holders of those securities to offer the securities for purchase to members of Horizon or to any other person before transferring those securities.

12. Escalation Clauses

- 12.1 There is no agreement or arrangement (whether legally enforceable or not) to which EBET or any of its related entities are parties, under which:
- a. any existing holder of equity securities in Horizon will or may receive in relation to, or as a consequence of, this Offer any additional consideration or other benefit over and above the consideration set out in this Offer; or
 - b. any prior holder of equity securities in Horizon will or may receive any consideration or other benefit as a consequence of this Offer.

13. Classes of Financial Products

- 13.1 No report is required under Rule 22 of the Takeovers Code (which, if the offer is for more than one class of financial products, requires a report by an independent adviser on the fairness and reasonableness of the consideration and terms of the offer as between different classes of financial products).

14. Certificate

- 14.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this takeover notice is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by EBET under the Takeovers Code.

Signed by each of the Trustees of the Eastern Bay Energy Trust:

Donald George Lewell

Kevin Joseph Hennessy

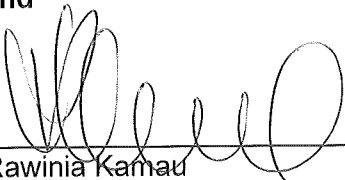
David Allen Bulley

Donna Maree Smit

Wade Ross Brown

Edwina Marie Otairi O'Brien

and



Rawinia Kamau



Paul Wills

as the person fulfilling the role
of CEO of the Offeror

as the person fulfilling the role
of CFO of the Offeror

Schedule B
Ownership of Horizon Equity Securities

Name	Number of equity securities held or controlled security	Designation	Category of Ownership	Percentage of class
Eastern Bay Energy Trust	19,316,130	Ordinary Shares	Offeror	77.29%
Marlborough Lines Limited	3,472,059	Ordinary Shares	Person holding more than 5% of Horizon's ordinary shares	13.89%
Donald George Lewell (Trustee)	550	Ordinary Shares	Trustee of Offeror	0.0022%
David Allen Bulley (Trustee)	1,000	Ordinary Shares	Trustee of Offeror	0.004%

Glossary

The following terms have the following meanings when used in this Offer Document unless the context otherwise requires.

Acceptance Form means the Acceptance and Transfer Form in respect of this Offer that is enclosed with this Offer Document.

Acceptor has the meaning given to that term in paragraph 2.2 of the terms and conditions of the Offer.

Closing Date means **[date that is 30 days after Offer Date]**, or such later date as EBET may determine to extend the closing date for the offer in accordance with the Takeovers Code.

EBET means the persons named as the trustees of the Eastern Bay Energy Trust on page 3 of the Offer.

Horizon means Horizon Energy Distribution Limited.

Horizon Group has the meaning given to that term in paragraph 5.1b of the terms and conditions of the Offer.

Horizon Shareholder means a holder of Horizon Shares.

Horizon Shares means all of Horizon's fully-paid ordinary shares that EBET does not own as at the date of this Offer Document.

Offer means the offer to purchase Horizon Shares set out in this Offer Document.

Offer Document means this offer document dated [], and the Acceptance Form.

Takeover Notice Date means 5 June 2015.

EXECUTION

FOR AN INDIVIDUAL OR HOLDER OF POWER OF ATTORNEY	FOR A COMPANY
<i>Signed by the Transferor(s):</i>	<i>Signed by the Transferor by:</i> <i>Director/Authorised signatories</i>

Dated and signed the

day of

2015

NOTES AND INSTRUCTIONS FOR COMPLETION

- 1 **TO ACCEPT THE OFFER:** Insert the number of Horizon Shares in respect of which you wish to accept the Offer in the space provided. Individuals and attorneys should sign and date this form where marked. Companies must sign in accordance with the Companies Act 1993 and their constitution (if any). If you do not complete the number of Horizon Shares sold, you will be deemed to have accepted the Offer in respect of all the Horizon Shares held by you.
- 2 **PAYMENT DETAILS:** If you do not select a Method of Payment, or do not complete the electronic transfer details, you will be paid using your existing bank account details held by Computershare Investor Services Limited. If Computershare Investor Services Limited does not hold your bank account details, or you select electronic transfer as your Method of Payment and partially or incorrectly complete the electronic transfer details, you will be paid by cheque.
- 3 **JOINT HOLDERS:** If the Horizon Shares are registered in the names of joint holders, all holders should sign this form.
- 4 **POWER OF ATTORNEY:** If the form is signed under a power of attorney, the relevant power of attorney must be submitted with this form for noting and return, and the certificate of non-revocation of power of attorney printed overleaf must be completed.
- 5 **ON COMPLETION:** Return the signed form by hand delivery, mail (in the reply-paid envelope provided), fax or email **AS SOON AS POSSIBLE**, but in any event so as to be received not later than 5:00 pm on the closing date for the Offer, to:

Delivery:

The Trustees of the Eastern Bay Energy Trust
C/- Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

Mail:

The Trustees of the Eastern Bay Energy Trust Limited
C/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand

Facsimile: +64 9 488 8787

Email: corporateactions@computershare.co.nz (Please put "Horizon takeover acceptance" in the subject line for easy reference)

- 6 **PREVIOUS SALE:** If you have sold all of your Horizon Shares, please immediately pass this form together with the Offer Document to the purchaser of such Horizon Shares or the broker through whom the sale was made. If you have sold part of your shareholding, record that fact on this form by amending the number of Horizon Shares noted as being held by you on the face of this form. Please also refer to the more detailed instructions contained in the Offer Document.
- 7 **INTERPRETATION:** In this form, references to you in the singular shall include the plural, and terms used but not defined herein have the meanings given to them in the Offer Document.

IF YOU ARE IN ANY DOUBT ABOUT THE PROCEDURE FOR ACCEPTANCES, PLEASE CALL COMPUTERSHARE INVESTOR SERVICES LIMITED ON +64 9 488 8777

POWER OF ATTORNEY

BY THE TRANSFEROR'S EXECUTION ON THE FACE OF THIS FORM, THE TRANSFEROR hereby grants a power of attorney in favour of EBET as follows:

As from the date of beneficial ownership, and title, to my/our Horizon Shares passing to EBET in accordance with the terms of the Offer, I/we hereby irrevocably authorise and appoint EBET (with power of substitution by EBET in favour of such person(s) as EBET may appoint to act on its behalf) as my/our attorney and agent to act for me/us and do all matters of any kind or nature whatsoever in respect of or pertaining to the Horizon Shares and all rights and benefits attaching to them as EBET may think proper and expedient and which I/we could lawfully do or cause to be done if personally acting as a legal or beneficial owner of the applicable Horizon Shares.

IF THIS FORM IS SIGNED UNDER POWER OF ATTORNEY, THE ATTORNEY(S) SIGNING MUST SIGN THE FOLLOWING APPLICABLE CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY:

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY (if attorney is an individual)

I/We, of
(Full name of attorney) (Place and country of residence, and occupation)

certify:

1 That by deed day of / , of
dated the (Full name of person for whom attorney is signing) (Place and country of residence of person for whom attorney is signing)

appointed me/us his/her/its attorney.

2 That I/we have not received any notice of any event revoking the power of attorney.

Signed at this day of 2015

(Signature of attorney)