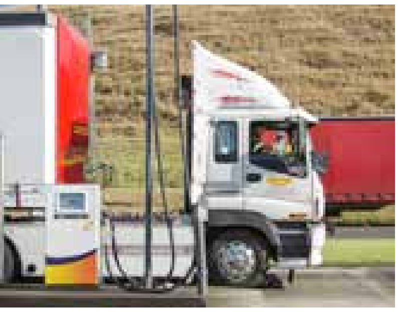

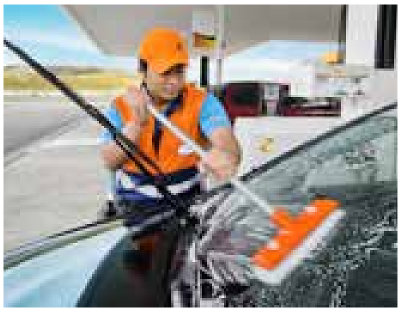

Z ENERGY

Investment Statement and Prospectus

Initial Public Offer of Ordinary Shares in Z Energy Limited

25 July 2013

FIRST NZ CAPITAL | Goldman Sachs
Arrangers, Global Bookrunners and Joint Lead Managers

CRAIGS INVESTMENT PARTNERS | Deutsche Bank
Global Bookrunner and Joint Lead Manager

FORSYTH BARR
New Zealand Bookrunner and Joint Lead Manager

ANZ | MACQUARIE
New Zealand Retail Offer Co-Managers

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Important Information

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.[1]

1 This is the wording required by Schedule 13 to the Securities Regulations, which contemplates a separate investment statement and prospectus. This Offer Document comprises both an investment statement and a prospectus, and accordingly the prospectus available on request is identical to this document.

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to http://www.fma.govt.nz

Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check:

- the type of adviser you are dealing with;
- the services the adviser can provide you with, and
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at http://www.fspr.govt.nz

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

Important Notice

This Offer Document relates to the Offer of ordinary shares in Z Energy Limited (Z Energy). A description of the Offer and the Offer Shares is set out in Section 1.4 (Answers to Important Questions) and Section 6.1 (Details of the Offer).

This Offer Document is a combined investment statement and prospectus for the purposes of the Securities Act and the Securities Regulations and is prepared as at, and dated, 25 July 2013.

The purpose of this Offer Document is to provide certain key information that is likely to assist you to decide whether or not to acquire Offer Shares. However, you should note that other important information about the Offer Shares and the Offer is available for inspection at the registered office of Z Energy.

You should read all of this Offer Document and the accompanying documentation before deciding whether or not to invest in Z Energy.

No person is authorised to give any information or make any representation in connection with this Offer which is not contained in this Offer Document or in other communications from the directors of Z Energy and Z Energy Holdings Limited (ZEHL). Any information or representation not so contained may not be relied upon as having been authorised by the directors of Z Energy and ZEHL.

If you are in any doubt as to any aspect of the Offer you should consult your financial or legal adviser.

You should seek your own taxation advice on the implications of an investment in the Offer Shares.

No Guarantee

No person guarantees the Offer Shares offered under this Offer Document.

Registration

A copy of this Offer Document duly signed by or on behalf of the directors of Z Energy and ZEHL and every "promoter" for the purposes of the Securities Act, and having endorsed thereon or attached thereto copies of the documents and other materials required by section 41 of the Securities Act, has been delivered to the Registrar of Financial Service Providers for registration in accordance with section 42 of the Securities Act.

The documents required by section 41 of the Securities Act to be endorsed on or attached to the copy of this Offer Document delivered to the Registrar of Financial Service Providers are:

- The report of the Auditor in respect of certain financial information included in this Offer Document, as set out in this Offer Document
- The signed consent of the Auditor to the audit report appearing in this Offer Document
- The signed consent of KPMG to the Investigating Accountant's Report appearing in this Offer Document
- Copies of the material contracts referred to under the heading "Material Contracts" in the *Statutory and Other Information* section, and
- Letters of authority authorising this Offer Document to be signed by an agent of any director of Z Energy and ZEHL and any Promoter (if and where required).

Selling Restrictions

The Retail Offer is being made to members of the public in New Zealand and Australian residents who are clients of Australian affiliates of NZX Firms who are sophisticated or professional as respectively referred to in sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth) and the Institutional Offer is being made to selected Institutional Investors in New Zealand, Australia and certain overseas jurisdictions. No person may offer, sell, or deliver any Offer Shares or distribute any documents (including this Offer Document) to any person outside New Zealand, except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with Z Energy and ZEHL, any person or entity applying for Offer Shares under the Offer will, by virtue of such Application, be deemed to represent that he, she or it is not in a jurisdiction that does not permit the making of the Offer or an invitation of the kind contained in this Offer Document and is not acting for the account or benefit of a person within such a jurisdiction. None of Z Energy, ZEHL, the Promoters, the Joint Lead Managers, any other person named in this Offer Document, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

This document may not be distributed to, or relied upon by, persons in the United States. In particular, the securities of the Company have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the US Securities Act) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, any person in the United States unless such securities are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

The Offer may not be accepted by a person who is an Associate of (or if the Shares or their voting rights that person would acquire would be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians. By making an Application you represent and warrant to Z Energy and ZEHL that you are not an Associate of (and that any Shares or voting rights to be acquired by you will not be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians.

Consideration Period

Pursuant to section 43C of the Securities Act, the Financial Markets Authority will be notified once this Offer Document is registered with the Registrar of Financial Service Providers. The Financial Markets Authority will have the opportunity to consider whether the Offer Document: (a) complies with the Securities Act and the Securities Regulations; (b) contains any material misdescription or error or any material matter that is not clearly legible; and (c) is false or misleading as to a material particular or omits any material particular. Nothing in this section or in any other provision of the Securities Act limits the Financial Markets Authority's power to consider or reconsider these matters in respect of this Offer Document at any time.

To avoid any doubt, the Financial Markets Authority has not approved, and will not at any time approve, the Offer or the Offer Document and does not guarantee the Offer Shares.

The Financial Markets Authority may, if it considers that it is desirable in the public interest, exercise its powers to: (a) make an order prohibiting the allotment of Offer Shares under this Offer Document for a period not exceeding 18 months; and/or (b) cancel the registration of this Offer Document. If the Financial Markets Authority makes an order prohibiting the allotment of Offer Shares under this Offer Document, no allotment may be made of any Offer Shares subscribed for (whether before or after the order is made) during the period in which the order is in force and all subscriptions received for Offer Shares that have not been allotted before the order is made must be immediately repaid to subscribers. If the Financial Markets Authority cancels the registration of this Offer Document, no allotment may be made of any Offer Shares subscribed for (whether before or after the order is made) and all subscriptions received for Offer Shares that have not been allotted before the cancellation must be immediately repaid to subscribers.

The nature and extent of the consideration (if any) that the Financial Markets Authority gives to this Offer Document is at the Financial Markets Authority's discretion. Pursuant to section 43D of the Securities Act, no allotment of Offer Shares may be made and no Applications or subscriptions for Offer Shares may be accepted during the Financial Markets Authority's consideration period. The consideration period commences on the date this Offer Document is registered and ends at the close of five working days from the date of registration. The Financial Markets Authority may shorten the consideration period, or extend it by no more than five additional working days.

Important Information for Australian Institutional Investors and Applicants in the Australian Broker Firm Offer

This Offer is being made in Australia only to Institutional Investors and Australian residents who are clients of Australian affiliates of NZX Firms who are sophisticated or professional as respectively referred to in sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth). The Offer will not be made to retail investors in Australia.

Australian Institutional Investors and Applicants in the Australian Broker Firm Offer should have regard to the Additional Australian Information accompanying this Offer Document before deciding whether or not to purchase Offer Shares. The Additional Australian Information contains disclosure relevant to Australian Institutional Investors and Applicants in the Australian Broker Firm Offer and important notices required for a recognised offer under Chapter 8 of the Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth).

Withdrawal Rights

In certain limited circumstances, where a significant adverse development occurs prior to commencement of the Bookbuild, Applicants may have the right to withdraw their Applications. Further details of this withdrawal right are discussed under the heading "Supplementary Disclosure" in Section 6.1 (Details of the Offer) and under the heading "Other Material Matters" in Section 6.3 (Statutory and Other Information).

Listing and quotation

Listing

Z Energy is already party to a listing agreement with NZX in respect of its retail bonds trading on the NZX Debt Market.

Quotation of Shares on the NZX Main Board

Application has been made to NZX for permission to quote the Shares on the NZX Main Board and all requirements of NZX relating thereto that can be complied with on or before the date of this Offer Document have been duly complied with. If permission to quote the Shares on the NZX Main Board is granted, Z Energy will enter into an amended listing agreement with NZX covering both its retail bonds trading on the NZX Debt Market and the Shares trading on the NZX Main Board.

However, NZX accepts no responsibility for any statement in this Offer Document. NZX has authorised NZX Firms to act on the Offer. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act.

Initial quotation of the Shares on the NZX Main Board is expected to occur on or about 19 August 2013 under the stockcode 'ZEL'.

ASX listing

Application will be made to ASX after this Offer Document (accompanied by the Additional Australian Information) is lodged with ASIC for Z Energy to be admitted to the official list of the ASX and for the Shares to be granted official quotation on the equities securities market operated by ASX. The ASX is not a registered market under the Securities Markets Act.

ASX takes no responsibility for the contents of this Offer Document and the Additional Australian Information or for the merits of the investment to which this Offer Document and the Additional Australian Information relate. Admission to the official list of the ASX and quotation of the Shares on the ASX are not to be taken as an indication of the merits, or as an endorsement by ASX, of Z Energy or the Shares.

Initial quotation of the Shares on the ASX is expected to occur on or about 19 August 2013 under the stockcode 'ZNZ'.

Subject to certain conditions (including any waivers obtained by Z Energy from time to time), Z Energy will be required to comply with the ASX Listing Rules.

Risk and Suitability of an Investment in Z Energy

This Offer Document does not take into account each investor's investment objectives, financial situation and particular needs. You should read this Offer Document in full before deciding whether to invest. In particular, you should consider the risk factors that could affect Z Energy's performance (including those set out under the heading "What are my risks?" in Section 1.4 (Answers to Important Questions) and those set out in Section 4 (Risks), particularly with regard to your personal circumstances. If you are in any doubt as to any aspect of the Offer you should consult your financial or legal adviser.

Forward Looking Statements

This Offer Document contains certain statements that relate to the future. Such statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Z Energy and which may cause actual results, performance or achievements of Z Energy to differ materially from those expressed or implied by such statements.

Definitions

Capitalised terms used in this Offer Document have the specific meaning given to them in the *Glossary*, which can be found at page 219.

All references to dates and time are to dates and time in New Zealand.

All references to $ are to New Zealand dollars.

This Offer Document refers to various legislation in force in New Zealand from time to time. Copies of any such legislation may be viewed online at www.legislation.govt.nz free of charge.

Contents

Navigating this Offer Document

This overview describes what the various sections in this Offer Document cover and why you should read them.

1

The key features of our business and the Offer

Why you should read these sections

You will better understand the key features of our business and the Offer, including answers to the questions prescribed by the Securities Regulations that are designed to help you make your investment decision.

2

Investment Highlights

Why you should read this section

This section highlights some key features of our business that might help you make your investment decision.

3

The detail of our industry and our business

Why you should you read this section

This section will assist you to understand the market in which we operate, our business, assets and our management structure.

4

Risks

Why you should you read this section

It is important that you know and are clear on the specific risks faced by our business.

With any investment in shares there is a risk that you may not be able to get back any or all of your investment and you may not receive the returns you expect.

5

Financial Information

Why you should read this section

To make an informed investment decision, you need to know the details of our historic and prospective financial performance, including the basis on which our financial statements have been prepared.

6

The details of the Offer

Why you should read this section

To understand the details of the Offer, the potential New Zealand tax implications for investors and find the information prescribed by the Securities Regulations.

7

Glossary

Why you should read this section

Like many businesses, Z's can include a fair bit of jargon. This section defines the various terms used in this Offer Document.

8

How to apply

Why you should read this section

These sections explain how to apply for Offer Shares under the Offer and provide you with the appropriate forms.

Directory

Why you should read this section

To find the names and addresses of companies and people important to this Offer Document.

If you are in any doubt as to any aspect of the Offer you should consult your financial or legal adviser.

1

The key features of our business and the Offer

Why you should read these sections

You will better understand the key features of our business and the Offer, including answers to the questions prescribed by the Securities Regulations that are designed to help you make your investment decision.

1.1 Letter from the Chairman

25 July 2013

Dear Investor

On behalf of the Z Energy Board, I am delighted to invite you to become a Shareholder in our company.

As a Shareholder in Z Energy, you will have a direct stake in a strategically important Kiwi energy company. On quotation, we expect that Z Energy will be among the 20 largest New Zealand companies on the NZX Main Board with an estimated market value of between $1,300 million and $1,500 million (based on the Indicative Price Range set for the Shares).

Since the purchase of Shell's New Zealand downstream operations (i.e. not their upstream or oil and gas production operations) in April 2010 by Infratil and the New Zealand Superannuation Fund, Z has emerged as a local business success story. We've made a successful transition to a stand-alone New Zealand company. We have an experienced team, professional and commercially capable. We've built our own proudly local brand which reflects who we are and what we stand for.

We are proud of being a company that contributes to the New Zealand economy and community. We seek to respond to what customers want, such as putting guaranteed service back into our service stations, and to become famous for supporting our local neighbourhoods, while also rewarding our investors for their belief in us.

Today, Z meets almost one third of New Zealand's transport fuel requirements for retail and commercial customers (transport fuel includes products like petrol or diesel). We provide a vital service that helps keep our economy on the move. Although Z is most visible through our network of 213[2] retail service stations, we also deliver fuel directly to commercial customers. In addition to our retail chain, our other assets include a nationwide fuel terminal network and distribution system, 94 truck stops at key locations throughout the country, a 25% shareholding in Loyalty New Zealand, which operates the Fly Buys loyalty scheme, and, on completion of the Offer, a 17.14% stake in Refining NZ. We and the joint ventures in which we participate are accountable for the safe and continuous operation of some of New Zealand's most strategically important energy infrastructure.

The "Z" brand speaks to our company's local ownership and focus of operations. In an industry in which our main competitors are subsidiaries of international companies, local decision making allows us to react quickly to seize business opportunities.

2 As at 12 July 2013.

213 retail service stations

As at 12 July 2013.

94 truck stops at key locations throughout the country

As at 12 July 2013.

25% shareholding in Loyalty New Zealand

17.14% stake in Refining NZ on completion of the Offer

The Board is proud of the achievements of Z Energy's management to date. Although they have only been together for a relatively short time, the Z team have demonstrated commercial rigour and financial discipline in relation to our company and its operations. They have improved the financial performance of this company, delivering annual Replacement Cost Operating EBITDAF growth from $157 million in FY11 (extracted) to $196 million in FY13.[3]

Having invested $94 million of growth capital since the acquisition from Shell by Infratil and the New Zealand Superannuation Fund and with three years of strong operational and financial performance behind us, we now have a strong platform to grow further. We have plans for investment in terminal infrastructure and the continued expansion of our retail network by up to 20 new stations over the next five years. We also anticipate that further efficiency gains can be achieved from improvements to our procurement processes and the way we service the commercial market.

For Z, serving our customers means being responsible for the distribution of billions of litres of refined product every year. The safety of people, the protection of our environment and the safe operation of our company assets is at the forefront of our business. We are committed to the effective governance and management, and safe day-to-day operation, of our company.

This Offer Document contains a great deal of information about Z, our business, the industry we operate in, as well as important information in relation to the Offer. I encourage you to read it closely and to consider carefully the risks described in Section 4 (Risks) as well as the information set out under the heading "What are my risks?" in Section 1.4 (Answers to Important Questions).

We believe the Offer Shares provide an opportunity for investors looking to share in the performance of a company that participates in an essential part of the New Zealand economy and which has delivered strong commercial results.

On behalf of the whole team at Z, we look forward to welcoming you as a Shareholder.

Yours sincerely,

Peter Griffiths

Chairman
Z Energy Limited

3 More detail on the growth in our operating earnings can be found at page 33 of Section 2 (Investment Highlights) and in Section 5 (Financial Information).

1.2 Letter from the Chief Executive

25 July 2013

Dear Investor

Since April 2010, we've been on a journey to build upon what was already a market leader to create a distinctive company with a unique local brand, a culture of transparency and integrity and a commitment to financial discipline and performance.

Much of the success of Z to date has been as a consequence of listening. That might seem a rather novel concept for a large downstream oil company, but following our acquisition from Shell by Infratil and the New Zealand Superannuation Fund we set out to build a very different kind of company. So we listened carefully and deliberately to Kiwis - what they wanted in terms of service, what they expected from a local brand, and the way in which they expect a local company to lead discussion on the things that matter, to be straight up all the time and be a force for good in local communities.

We listened to our commercial and retail customers and developed new offers to give them the level of products and services they need and deserve. We listened to our staff around the values they held and their development aspirations and we've been building a strong culture based on clear values and a commitment to the growth of our people.

The decision to build our brand has paid off. The regular surveys of brand preference commissioned by us consistently show that our brand, overall, is the most preferred retail brand in the downstream oil industry. While brand preference does not automatically equal sales, it gives us confidence that we are on the right track.

The state of our natural environment matters to our customers, our staff and we expect it will matter to our investors. In this respect, Z is not what you might expect from a typical fuel company. Z has made public commitments to building a more sustainable business and contributing to improved environmental outcomes for our customers and the country.

As part of Z's commitment to the "Zero Harm Workplaces" programme I have pledged to take personal responsibility for health and safety as a vital part of my business. All of us in Z contribute to the governance, management, and safe day-to-day operation of our company. We take the safe operation of our company, including the safety of people and our environment, incredibly seriously. We will continue to invest time and money in the processes, management, measurement and continual improvement of all elements within our business related to safety.

I'm excited about the opportunity for investors to share in the success of Z. As investors in Z, you will be the owners of our company which I, and the entire Z team, will be privileged to serve.

Yours sincerely,

Mike Bennetts

Chief Executive
Z Energy Limited

1.3 **Offer at a glance**

Why you should read this section

This section sets out the key dates for the Offer and some selected financial information about Z Energy. The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

If you do not understand the information in this section, you should consult a financial or legal adviser.

Z Energy Limited (Z Energy) is currently 100% owned by Z Energy Holdings Limited (ZEHL), ultimately owned through holding companies (including Aotea Energy Limited (AEL)) by Infratil Limited (Infratil) and NZSF Aotea Limited (NZSFA) (on behalf of the New Zealand Superannuation Fund). The Offer is being made to allow Infratil and NZSFA to realise a portion of their investment in Z Energy.

To allow this to occur, Z Energy will issue new Shares and ZEHL will sell existing Shares as follows:

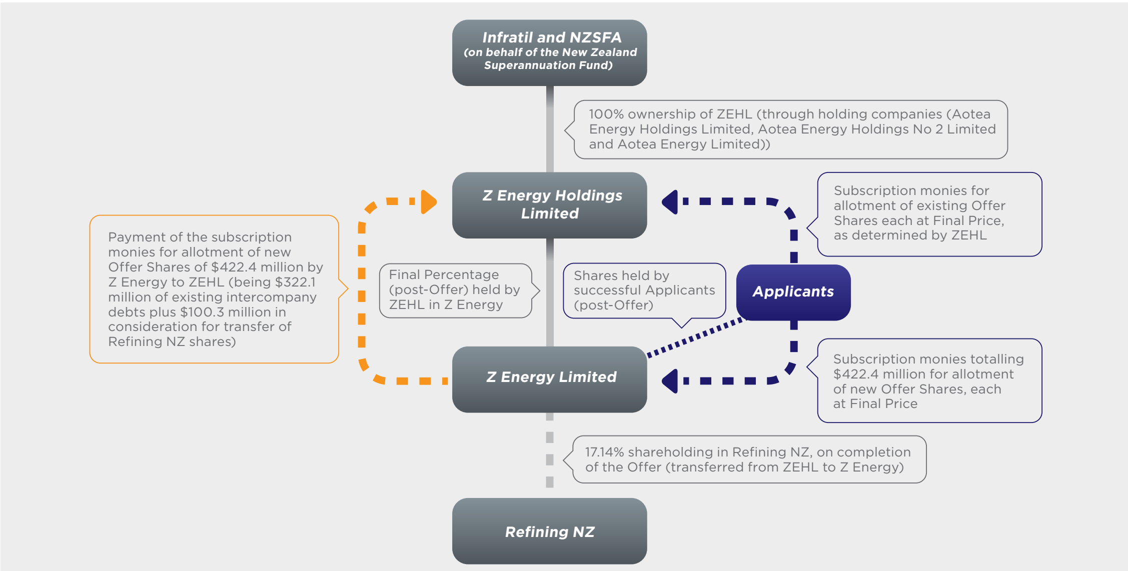
- Z Energy is seeking to issue $422.4 million of new Offer Shares and, on completion of the Offer, will use the proceeds to repay existing amounts it owes to ZEHL and Aotea Energy Holdings No 2 Limited ($322.1 million) and to settle the transfer of shares by ZEHL to Z Energy comprising 17.14% of the total shares in Refining NZ ($100.3 million) being $2.09 per share which was the volume weighted average traded price of the shares traded on the NZX Main Board between 28 June and 4 July 2013.
- ZEHL is seeking to sell some of its existing Shares in Z Energy such that, immediately following the completion of the Offer, ZEHL will have a shareholding in Z Energy of between 40% and 50%. ZEHL will inform Bookbuild participants of its desired retained shareholding in Z Energy prior to the commencement of the Bookbuild (the "Final Percentage").

On completion of the Offer, there will be no outstanding amounts owing by Z Energy to any other member of the existing group (being ZEHL and its holding companies). Prior to the date of this Offer Document, intercompany amounts owed to Z Energy by AEL totalling $554.8 million were distributed by Z Energy to ZEHL as an in specie distribution and amounts owed to Z Energy by Aotea Energy Holdings Limited and Aotea Energy Holdings No 2 Limited totalling $9.2 million were repaid in May 2013, with the effect that there are no outstanding amounts owed to Z Energy by any other member of the existing group.

None of the proceeds of the Offer will be retained by Z Energy. The Offer will not proceed if Z Energy is unable to raise a minimum of $422.4 million[4] to pay the amounts it owes to ZEHL and Aotea Energy Holdings No 2 Limited to repay intercompany debts and to settle the transfer of the Refining NZ shares.

The total number of Shares on issue by Z Energy following completion of the Offer will be 400 million.

The diagram below illustrates the mechanics of the Offer.



4 The exact amount being $422,387,019, which has been rounded up to $422.4 million.

Together, the new Offer Shares offered by Z Energy and the existing Offer Shares offered by ZEHL comprise the Offer Shares. Other than the identity of the transferor of the Offer Shares, all Offer Shares are the same and will rank equally in all respects including in relation to voting and dividends. All Offer Shares will be offered at the Final Price.

This is the first opportunity for public investors to own shares in Z Energy.

Key dates

Offer document registered	Thursday, 25 July 2013
Opening Date for the New Zealand Broker Firm Offer and Staff Pool	Friday, 2 August 2013
Opening Date for the Australian Broker Firm Offer	Friday, 9 August 2013
Staff Pool Closing Date	Tuesday, 13 August 2013
Broker Firm Offer Closing Date	Thursday, 15 August 2013
Bookbuild, Pricing and Allocation	Thursday, 15 August 2013 to Friday, 16 August 2013
Quotation and expected commencement of trading of Shares on the NZX Main Board (conditional settlement basis) and the ASX (conditional and deferred settlement basis)	Monday, 19 August 2013
Settlement and Allotment and expected mailing of holding statements for Shares to be traded on NZX	Wednesday, 21 August 2013
Expected commencement of trading of Shares on the NZX Main Board on a normal basis and expected mailing of holding statements for Shares to be traded on ASX	Thursday, 22 August 2013
Expected commencement of trading of Shares on the ASX on a normal basis	Friday, 23 August 2013
Date by which payment of first dividend following the Offer is expected	31 December 2013

These dates are indicative only. Z Energy and ZEHL reserve the right to vary or extend the dates of the Offer, withdraw the Offer at any time before the Allotment Date and accept late Applications (either generally or in individual cases).

Please read sections ***1.4 Answers to Important Questions*** *and* ***6.1 Details of the Offer*** *for more information on the terms of the Offer.*

Key offer statistics

The following table highlights key Offer statistics and gives examples of the results of the Offer depending on the percentage of total Shares ZEHL decides to retain. The percentages shown below are illustrative only.[5]

	If ZEHL holds 40%	*If ZEHL holds 50%*
Total number of Offer Shares[6]	240 million	200 million
New Offer Shares offered by Z Energy[7]	130 million to 113 million	
Existing Offer Shares offered by ZEHL[8]	110 million to 127 million	70 million to 87 million
Indicative Price Range[9]	$3.25 to $3.75 per Share	
Total gross proceeds from the Offer[10]	$780 million to $900 million	$650 million to $750 million
Total number of Shares held by ZEHL upon completion of the Offer[11]	160 million	200 million
Total number of Shares on issue upon completion of the Offer	400 million	
Indicative market capitalisation[12]	$1,300 million to $1,500 million	
Prospective net interest bearing debt[13]	$284 million	
Indicative enterprise value (EV)[14]	$1,584 million to $1,784 million	
Transfer value of Refining NZ stake[15]	$100 million	
Adjusted indicative enterprise value[16]	$1,484 million to $1,684 million	

5 Ranges within each retention level are shown based on the lower and upper values of the Indicative Price Range.

6 The sum of new Offer Shares offered by Z Energy and existing Offer Shares offered by ZEHL.

7 Z Energy will offer $422.4 million of new Offer Shares, being 130 million to 113 million new Offer Shares based on the Indicative Price Range.

8 The number of shares ZEHL will offer will depend on the Final Price and the number of Shares in Z Energy that ZEHL decides to retain. Following the determination of the Final Price but before the allotment of the Offer Shares, Z Energy will undertake a Share split such that upon allotment of the new Offer Shares, Z Energy will have a total of 400 million Shares on issue.

9 The Indicative Price Range is indicative only and may be varied at any time by ZEHL without further disclosure. The Final Price will be set on or about Friday, 16 August 2013 after the conclusion of the Bookbuild and may be within, above or below the Indicative Price Range.

10 Based on the Indicative Price Range and the total number of Offer Shares.

11 The number of Shares in Z Energy that ZEHL decides to retain.

12 The indicative market value of the equity of Z Energy, based on the Indicative Price Range.

13 Forecast net interest bearing debt balance outstanding as at 31 March 2014, assuming average levels of creditors, debtors and inventory. As at 31 March 2013 net interest bearing debt was $315 million. This reflected net intercompany receivables of $405 million and lower than average working capital levels. Z Energy believes that the forecast net interest bearing debt balance included in the prospective financial information as at 31 March 2014 is a better representation of net interest bearing debt as it reflects (i) the changes to Z Energy's balance sheet prior to and as a result of the Offer; and (ii) working capital at anticipated average levels. For more information, please read page 139 of Section 5.4 (Prospective Financial Information).

14 The indicative value of Z Energy as a company, being the indicative market capitalisation and also prospective net interest bearing debt.

15 ZEHL will transfer the 17.14% of Refining NZ's shares currently held by it to Z Energy contemporaneously with completion of the Offer, at a purchase price of $2.09 per share which was the volume weighted average traded price of the shares traded on the NZX Main Board between 28 June and 4 July 2013.

16 Indicative enterprise value less the transfer value of the 17.14% shareholding in Refining NZ ($100.3 million).

Understanding our financial information

Please read this section before considering any of our financial information.

Pro Forma Financial Information

Our statutory financial results do not reflect the way in which we will be organised following the Offer. Much of the financial information in this Offer Document is therefore 'pro forma' information, which more closely reflects our post-Offer organisation and provides a better basis for assessing our prospective financial information. Historically, the 17.14% shareholding that we will hold in Refining NZ on completion of the Offer was not held by us but by a related company, and bank funding (and initially bond funding) was not provided to us directly but to related companies. Following the Offer, we will own the Refining NZ shares ourselves, and borrow directly from our banks. Pro forma historical financial information (and pro forma FY14F prospective profitability) shows what our historical results would have been (and what our prospective FY14F profitability would be) had this been the case since 1 April 2010.

In addition, our statutory FY11 was a fifteen month period. To aid comparison with other 12 month periods, we have therefore shown results for the 12 month period ending 31 March 2011, by extracting unaudited financial information for that period from the audited financial information for the 15 months ended 31 March 2011. (In some places we refer to 12 month FY11 financial information as 'extracted' rather than 'pro forma'.)

Replacement Cost profitability

This Offer Document also includes measures of our profitability assessed on a Replacement Cost basis. This is a profit measure we focus on in our day to day business, because we generally price our sales to reflect a margin over crude oil and refined product prices at the time of sale. On average, however, we own inventory for between 2 and 3 months before we sell it. This means that the actual cost of the inventory we sell will broadly reflect prices 2 to 3 months earlier. Our statutory profits are required to be calculated using the 'historical cost' of all inventory we sell (i.e. what we paid for it), rather than its 'replacement cost' (i.e. what we would pay to replace it at the time of its sale). The differences between inventory's Historical Cost and Replacement Cost can be very significant. Using Replacement Cost measures means it is easier to assess the performance over time of our core underlying business (which is to seek to make a margin over Replacement Cost) rather than relying solely on Historical Cost measures.

In this Offer Document we use 'Replacement Cost' or 'RC' to indicate Replacement Cost measures and 'Historical Cost' or 'HC' to indicate Historical Cost measures. The difference between RC and HC profitability is the 'Cost of Sales Adjustment' (or 'COSA'). Where we do not specify either RC or HC for a particular measure, it is because there is no difference between the two. Please note that our tax reporting to IRD is based on Historical Cost reporting measures.

EBITDAF/Operating EBITDAF

In assessing and monitoring our performance, we use profitability measures additional to net profit after tax to enable us to better assess underlying business performance. A key such measure, which we refer to throughout this Offer Document, is 'EBITDAF'. This is a measure of financial performance that adds back to our net profit after tax (i.e. "E") the following items: interest ("I"), taxation ("T"), depreciation (including gains and losses on the disposal of fixed assets) ("D"), amortisation ("A") and fair value movements of interest rate derivatives ("F").

EBITDAF includes equity-accounted earnings from associated companies (in particular Refining NZ), which do not reflect the performance of our core underlying business. We therefore also use (and refer in this Offer Document to) "Operating EBITDAF", which is EBITDAF excluding those associated company earnings.

Relationship to audited and "GAAP" Financial Information

Much of the financial information discussed above is considered "non-GAAP" information - which means that, unlike our statutory financial statements, it is not presented in accordance with generally accepted accounting practice ("GAAP"). However, this Offer Document also contains historic and prospective financial information which has been prepared in accordance with GAAP, which we refer to as "statutory" financial information.

Generally, all the pro forma financial information included in this Offer Document (other than Prospective Financial Information) utilises actual financial information derived from audited financial information. The main exception is RC measures, where COSA utilises information from our internal management accounts and records.

Further explanation

Section 5.1 (Introduction to Operational and Financial Information) contains a more detailed explanation of the matters discussed above, and Section 5.5 (Reconciliations of Non-GAAP Financial Information) sets out detailed reconciliations of the various non-GAAP measures to GAAP measures.

Selected pro forma financial information

NZ$ Million	FY11 (extracted)	FY12	FY13	FY14F	HY15F
Historical Cost Operating EBITDAF	229	200	164	219	104
Replacement Cost Operating EBITDAF	157	171	196	207	105
Historical Cost NPAT	117	97	115	115	50
Replacement Cost NPAT	67	76	138	106	51

The Directors expect to declare an $88 million dividend in relation to the FY14F earnings with an interim dividend of approximately $31 million expected to be paid in November/December 2013 and the remaining final dividend to be paid in May/June 2014. Refer to Section 5.4 (Prospective Financial Information) for further information.

You can find out more about the items that have affected the financial performance of Z Energy and which may affect its performance in the future in section 5 ***Financial Information***.

Investment metrics

Investment metrics shown are based on the financial information presented by Z Energy and for the lower and upper values of the Indicative Price Range. The forecast investment metrics should be read in conjunction with the forecast assumptions set out in Section 5.4 (Prospective Financial Information).

	FY14F
EV/RC Operating EBITDAF multiple[17]	7.2x – 8.1x
Earnings (pro forma RC) per Share	27 cents
Price/RC Earnings ratio[18]	12.3x – 14.2x
Implied cash dividend yield[19]	6.8% – 5.9%
Implied gross dividend yield[20]	9.4% – 8.1%

17 Calculated as Adjusted Indicative EV divided by Replacement Cost Operating EBITDAF for the prospective financial year ending 31 March 2014.

18 Calculated as Indicative Market Capitalisation divided by pro forma Replacement Cost NPAT for the prospective financial year ending 31 March 2014.

19 Calculated as the cash dividend forecast to be payable in respect of the prospective financial year ending 31 March 2014 (i.e. not including any dividends payable prior to the Offer) divided by the Indicative Market Capitalisation (as defined on page 11).

20 Calculated as the total of the cash dividend forecast to be payable in respect of the prospective financial year ending 31 March 2014 (i.e. not including any dividends payable prior to the Offer) plus imputation credits expected to be attached to the dividend, divided by the Indicative Market Capitalisation (as defined on page 11). The Directors expect that the dividend in respect of the prospective financial year ending 31 March 2014 will be fully imputed.

1.4 Answers to Important Questions

Why you should read this section

This section contains the answers to the questions prescribed by the Securities Regulations that are designed to help you make your investment decision. The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

If you do not understand the information in this section, you should consult a financial or legal adviser.

What sort of investment is this?

The Shares

This Offer Document relates to the initial public offer of ordinary shares in Z Energy Limited (Z Energy).

Z Energy is currently 100% owned by Z Energy Holdings Limited (ZEHL), which is ultimately owned by Infratil Limited (Infratil) and NZSF Aotea Limited (NZSFA) (on behalf of the New Zealand Superannuation Fund). The Offer is being made to allow Infratil and NZSFA to realise a portion of their investment in Z Energy.

To allow this to occur, Z Energy will issue new Shares and ZEHL will sell existing Shares as follows:

- Z Energy is seeking to issue $422.4 million of new Offer Shares and, on completion of the Offer, will use the proceeds to repay existing amounts it owes to ZEHL and Aotea Energy Holdings No 2 Limited ($322.1 million) and to settle the transfer by ZEHL to Z Energy of shares comprising 17.14% of the total shares in Refining NZ ($100.3 million, being $2.09 per share which was the volume weighted average traded price of the shares traded on the NZX Main Board between 28 June and 4 July 2013).
- ZEHL is seeking to sell some of its existing Shares such that, following the completion of the Offer, ZEHL will have a shareholding in Z Energy of between 40% and 50%. ZEHL will inform Bookbuild participants of its desired retained shareholding in Z Energy prior to the commencement of the Bookbuild.

On completion of the Offer, there will be no outstanding amounts owing by Z Energy to any other member of the existing group (being ZEHL and its holding companies). Prior to the date of this Offer Document, intercompany amounts owed to Z Energy by AEL totalling $554.8 million were distributed by Z Energy to ZEHL as an in specie distribution and amounts owed to Z Energy by Aotea Energy Holdings Limited and Aotea Energy Holdings No 2 Limited totalling $9.2 million were repaid in May 2013, with the effect that there are no outstanding amounts owed to Z Energy by any other member of the existing group.

None of the proceeds of the Offer will be retained by Z Energy. The Offer will not proceed if Z Energy is unable to raise a minimum of $422.4[21] million to pay the amounts it owes to ZEHL and Aotea Energy Holdings No 2 Limited to repay intercompany debts and to settle the transfer of the Refining NZ shares.

Together the new Shares offered by Z Energy and the existing Shares offered by ZEHL comprise the Offer Shares.

The total number of Offer Shares will depend on the number of Shares ZEHL decides to retain in Z Energy following completion of the Offer. Z Energy will issue that number of Offer Shares which, when multiplied by the Final Price, equals (as nearly as possible) $422.4 million. As there are only 5 million Shares currently on issue in Z Energy, following the determination of the Final Price but before the allotment of the Offer Shares, Z Energy will need to undertake a Share split so that upon allotment of the new Offer Shares being issued by Z Energy, Z Energy will have a total of 400 million Shares on issue. ZEHL will sell that number of Offer Shares which (after taking into account the Share split) will result in ZEHL holding the Final Percentage (being the percentage of Shares ZEHL decides to retain in Z Energy following completion of the Offer).

The Final Price will be determined by ZEHL following the Bookbuild managed by the Joint Lead Managers on 15 and 16 August 2013. ZEHL will inform Bookbuild participants of its desired retained shareholding in Z Energy prior to the commencement of the Bookbuild. All Offer Shares (whether offered by Z Energy or ZEHL) will be offered at the Final Price.

To find out more about the determination of the Final Price and the Final Percentage, please read section **6.1 Details of the Offer**.

Other than the identity of the transferor of the Offer Shares, all Offer Shares are the same. The terms of the Offer Shares will be identical to the terms of the existing Shares and the Offer Shares will rank equally in all respects with the existing Shares. Each Share confers an equal

21 The exact amount being $422,387,019, which has been rounded up to $422.4 million.

right to share in dividends and other distributions authorised by the Directors, cast a vote at a meeting of Shareholders, receive an equal share with other Shareholders in the distribution of surplus assets in any liquidation of Z Energy, be sent certain information which is provided to Shareholders generally, and exercise all other rights conferred upon a Shareholder by the Constitution and the Companies Act.

Shareholders will be able to sell their Shares subject to compliance with the Constitution and applicable laws. Z Energy has applied to have the Shares quoted on the NZX Main Board and will apply for listing on the ASX.

No person guarantees the Offer Shares.

The Offer

The Offer comprises the Retail Offer (which includes the Broker Firm Offer and the Staff Pool) and the Institutional Offer. The Broker Firm Offer includes the New Zealand Broker Firm Offer and the Australian Broker Firm Offer. There is no public pool of Offer Shares available.

The allocation of Offer Shares between the Institutional Offer and the Retail Offer (and within the Retail Offer between the New Zealand Broker Firm Offer, the Australian Broker Firm Offer and the Staff Pool) will be determined by ZEHL in consultation with the Joint Lead Managers.

The Offer is not underwritten.

To find out more about the Shares and the Offer, please read section 6.1 ***Details of the Offer***.

Who is involved in providing it for me?

Issuers

Z Energy Limited (Z Energy) is the issuer of the Offer Shares. The directors of Z Energy as at the date of this Offer Document are Marko Bogoievski, Alan Michael Dunn, Abigail Kate Foote, Paul Lightle Fowler, Peter Ward Griffiths, Justine Mary Munro, and Liberato Petagna.

Z Energy Holdings Limited (ZEHL), as the offeror of existing Offer Shares, also has obligations as an issuer under the Securities Act, and certain provisions of the Securities Regulations.

The directors of ZEHL as at the date of this Offer Document are Marko Bogoievski and Paul Lightle Fowler.

ZEHL, through intermediary companies, is ultimately owned 50% by Infratil (via its subsidiary, Infratil Gas) and 50% by NZSFA (on behalf of the New Zealand Superannuation Fund). Infratil Gas and NZSFA have agreed with Z Energy that ZEHL's Shares will be subject to restrictions on transfer for a period following completion of the Offer.

More details on these restrictions on transfer can be found under the heading "Transfer Restrictions applicable to ZEHL's Shares" in section 3.2 ***Business Description.***

Promoters

Infratil and NZSFA are promoters of the Offer because they have been instrumental in the formulation of the Offer.

The directors of Infratil as at the date of this Offer Document are Marko Bogoievski, Paul Gough, Anthony Muh (as an alternate for Duncan Paul Saville), David Arthur Ross Newman, Humphry John Davy Rolleston, Duncan Paul Saville and Mark Tume. Each director of Infratil is also deemed to be a promoter of the Offer (except for Marko Bogoievski, who is not a promoter because he is also a director of Z Energy and ZEHL and Anthony Muh who is an alternate for Duncan Paul Saville).

The directors of NZSFA as at the date of this Offer Document are Kenneth Stewart Brooks and Matthew Ludlow Whineray. Each director of NZSFA is also deemed to be a promoter of the Offer.

The Offer may not be accepted by a person who is an Associate of (or if the Shares or their voting rights that person would acquire would be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians. By making an Application you represent and warrant to Z Energy and ZEHL that you are not an Associate of (and that any Shares or voting rights to be acquired by you will not be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians.

To find out more about the role of Infratil and NZSFA, please read section 3.2 ***Business Description***.

Infratil Gas and NZSFA have been advised by the Takeovers Panel that they will be granted an exemption from the Takeovers Code in relation to a potential future split in ZEHL's shareholding in Z Energy between Infratil Gas and NZSFA (on behalf of the New Zealand Superannuation Fund). In effect, this exemption means that Infratil and NZSFA (on behalf of the New Zealand Superannuation Fund) will be able to become the ultimate owners of separate parcels of Shares, instead of those Shares being held through a common vehicle.

To find out more background on this Takeovers Code exemption, please read the information found under the "Other Material Matters" heading in section 6.3 ***Statutory and Other Information***.

Contact details

The current addresses of Z Energy, ZEHL, Infratil and NZSFA are set out in the *Directory*.

The names of the directors on page 15, and the addresses in the *Directory*, may change. You can find the current addresses for Z Energy, ZEHL, Infratil and NZSFA, and the names of each of their directors, by searching the public register maintained by the Companies Office on its website www.business.govt.nz/companies.

Activities

The principal activities of Z Energy are importing, distributing and selling transport fuel, and related products, in New Zealand. Z Energy has been carrying out these activities for over 50 years (as Shell Oil New Zealand Limited, Shell New Zealand Limited, Greenstone Energy Limited, and Z Energy Limited).

To find out more about the business activities of Z Energy, please read section 3.2 ***Business Description.***

How much do I pay?

The Indicative Price Range is $3.25 to $3.75 per Offer Share. If you participate in the Offer, you will be required to pay the Final Price per Offer Share. The Final Price will be set on or about 16 August 2013 following completion of the Bookbuild. The Final Price may be within, above or below the Indicative Price Range.

The Final Price will be announced and posted on Z Energy's website www.z.co.nz and under Z Energy's stockcode 'ZEL' on www.nzx.com on or about 16 August 2013.

To find out more about how the Final Price is set, please read section 6.1 ***Details of the Offer.***

Application and Payment under the Retail Offer

You can apply to subscribe for Offer Shares under either the Broker Firm Offer or, in the case of Z Energy employees only, Staff Pool on the relevant Application Form, in accordance with the instructions set out below and in the *Application Instructions* section.

Applications under the Broker Firm Offer must be made for a minimum amount of $3,000 worth of Offer Shares, and thereafter in multiples of $100 worth of Offer Shares.

Applications under the Staff Pool must be made for a minimum amount of $1,000 worth of Offer Shares, and thereafter in multiples of $100 worth of Offer Shares. There is no maximum amount that can be applied for under the Staff Pool. The maximum amount that can be applied for under the Broker Firm Offer will be determined by your broker. The reserved amount for employees of Z Energy under the Staff Pool will be $500,000 of Offer Shares. There is no maximum amount that can be applied for under the Institutional Offer.

If you decide to apply for Offer Shares, you will apply and pay for a dollar amount of Offer Shares, rather than a specific number of Offer Shares. Your Application must be accompanied by payment in full for the total value of Offer Shares for which you have applied.

Applicants in the New Zealand Broker Firm Offer and Staff Pool may pay by direct debit, bank draft or cheque. Cheques for New Zealand dollar payments must be drawn on a registered New Zealand bank, must be crossed "Not Transferable" and should be made payable to "Z Energy Share Offer".

Once the Final Price has been determined, your Application amount will be divided by the Final Price to calculate the number of Offer Shares that you have applied for, rounded down to the nearest whole Share. Any difference between the dollar amount of Offer Shares for which you apply and the value (based on the Final Price) of the Offer Shares you receive, to the extent due to rounding, will be retained by Z Energy (which will only apply in relation to the Staff Pool).

Applications made pursuant to the New Zealand Broker Firm Offer must be mailed or delivered to the NZX Firm from whom the firm allocation was offered in time to allow the NZX Firm to forward your Application to the Share Registrar to arrive no later than 5.00pm on the Broker Firm Closing Date. Applications made pursuant to the Australian Broker Firm Offer or the Institutional Offer must be made in accordance with the details provided to the Applicants in the Australian Broker Firm Offer or the participants in the Institutional Offer. If applying under the Staff Pool, you must send your Application to your broker in time to allowing forwarding to the Share Registrar, Link Market Services, by 5.00pm on the Staff Pool Closing Date (13 August 2013, unless altered).

To find out more on how to apply for Offer Shares, please read section 8 ***How to Apply***.

What are the charges?

You are not required to pay any charges to Z Energy, ZEHL, the Promoters or any associated person of them in relation to the Offer, other than the Final Price for each Offer Share allocated to you, except that any difference between the dollar amount of Offer Shares for which you apply and the value (based on the Final Price) of the Offer Shares you receive, to the extent due to rounding will be retained by Z Energy (which will only apply in relation to the Staff Pool).

Shares purchased or sold on the NZX Main Board or the ASX (if listed on it) are likely to attract normal brokerage fees and charges.

What returns will I get?

Types of returns

Your returns on Shares may be by way of capital appreciation (although the market price of the Shares may also decline) and any dividends paid and other distributions made in respect of the Shares. No amount of return is promised in respect of the Shares.

If any dividends or other distributions are declared on your Shares (which is not guaranteed), Z Energy is the entity legally liable to pay you those dividends or other distributions. If you sell any of your Shares, the purchaser of those Shares will be legally liable to pay you the sale price for those Shares.

The key factors that will determine your returns (if any) are the market price for Shares and the Board's decisions in relation to dividends and other distributions. Your returns will also be affected by the Z Energy Group's operational performance and financial results. These in turn will be affected by a range of risk factors relevant to the industries the Z Energy Group competes in generally, and to the Z Energy business in particular. These risk factors could reduce or eliminate the returns you may receive from owning Shares and your ability to get back some or all of your investment.

To find out more about the principal risks relevant to Z Energy, please read the information under the heading "What are my Risks?" below and for a more detailed discussion of risks, please read section **4 *Risks***.

Dividend policy

Dividends to Shareholders, to the extent they will be paid, are expected to be paid in arrears in November or December for the six-month period ended 30 September (interim dividend) and in May or June for the six-month period ended 31 March (final dividend).

The payment of dividends is not guaranteed and Z Energy's dividend policy may change. No guarantee can be given about future dividends, or the level of imputation of such dividends (if any), as these matters will depend upon future events including the profitability, growth opportunities, and financial and taxation position of the Z Energy Group, the Board's discretion, and the impact on Z Energy's business of the risk factors set out under the heading "What are my Risks?" below and further discussed in Section 4 (Risks).

Subject to Z Energy's performance and other relevant factors, including the Directors' discretion, their assessment of investment opportunities available to Z Energy, and Z Energy's outlook, the Directors expect to distribute approximately 80% of Z Energy's Replacement Cost NPAT after adjusting for any significant non-cash items (such as a significant revaluation of assets). The Directors intend to impute dividends to the extent possible, and expect that the dividend payable in respect of the forecast financial year ending 31 March 2014 will be fully imputed.

The first dividend to Shareholders is forecast to be $31 million declared in respect of profits earned in the six-month period to 30 September 2013 and will be payable in November or December 2013. This dividend represents approximately 35% of the total forecast year dividend, with the remaining $57 million expected to be paid in May or June 2014.

For more information on Replacement Cost NPAT, please read section **5.1 *Introduction to Operational and Financial Information***. *For more information on dividends generally, please read section* **5 *Financial Information.*** *For information on restrictions on Z Energy's ability to pay dividends, please read pages 212 to 214 of section* **6.3 *Statutory and Other Information***.

Taxation implications on returns

Your returns will also be affected, in accordance with applicable laws, by the amount of tax that Z Energy is, and you are, required to pay.

To find out more about how New Zealand taxation may affect your returns, please read section **6.2 *New Zealand Taxation Implications***.

What are my risks?

No investment is risk free and the Offer Shares are no exception. Before investing, you should carefully consider the following risk factors, those set out in the *Risks* section and your ability to withstand a loss on your investment.

Your Shares will be fully paid and you will have no liability to make any further payments in respect of your Shares. However, you may not be able to get back any or all of your investment and you may not receive the returns you expect. This could be because you are unable to sell your Shares for the price you paid for them (or at all) or because dividends or distributions paid on your Shares are less than you expect.

The principal risks that may have an impact on our business or financial results, and which could reduce or eliminate the value of your Shares or the returns on them, are set out below.

- ***Supply chain interruption risks.*** We have a long and complex supply chain with a number of interlinked components, including international crude supply, international and domestic refined product supply, international and domestic maritime logistics, secondary distribution logistics and domestic pipelines, terminals and storage facilities. A number of these components rely on joint ventures that we are involved in, and third parties we contract with, including landowners where our pipelines rely on access to third party land. Disruption to any one or more of these components could lead to significant disruption to our operations, and could limit the volume of fuel that we are able to supply to customers. Any of these risks could adversely affect our profitability. A particularly significant risk is a disruption to the delivery of refined product to Auckland via the Wiri terminal, for example because of an explosion at the Wiri terminal. This would have a major impact on the supply of refined product to the Auckland region (including Auckland International Airport), which could take months to remedy, and likely require support or intervention from Government agencies. Aside from adversely affecting our profitability, it is possible that our insurance and reserves may not be sufficient to cover any financial losses suffered by us in the event of a major interruption incident.

- ***Environmental risks.*** Environmental risks are inherent to the downstream oil industry. Environmental risks can be known and unknown and can have arisen in the past, be occurring now or may occur in the future. We are aware of contamination at a number of sites (in many cases from incidents some time ago) and actively monitor for contamination and where required carry out remediation and related action, but there may be other contamination of which we are not currently aware. Crude oil and refined products used in our operations can contaminate land and water, particularly if contaminants enter oceans or freshwater, potable water supplies, surface or groundwater flows or are released onto land including properties that adjoin our sites. In addition, crude oil and refined products can emit vapour, are combustible, and handling these substances comes with the inherent risk of explosion or fire, which (along with health and safety risks) could result in environmental damage or contamination. Via our own operations and the operations of joint ventures that we are involved in, and third parties we contract with, we have a role in transporting crude oil and refined product by land and sea, and storing crude oil and refined product on land at various locations. There are substantial risks to our business in terms of legal liability and, even if we are not legally liable, brand and reputation in the event that any of these operations contribute to the contamination of the environment. In certain cases we are reliant on other industry parties meeting their obligations to us regarding environmental liability responsibilities, and any failure to meet those obligations could mean we have to assume those responsibilities. It is possible that remediation and related costs could be greater than we have allowed for in our budget and financial provisions. Environmental issues could also result in partial or total suspension or withdrawal of regulatory approvals. Environmental and contamination incidents could have a material adverse effect on our profitability and it is possible that our insurance and reserves may not be sufficient to cover any financial losses suffered by us in the event of a major environmental incident.
- ***Competition risks.*** Retail and commercial transport fuel markets in New Zealand are regularly subject to intense price competition for market share. There is a risk that future periods of increased competition will reduce our profitability. Our principal competitors (or a new operator who acquires one or more of their operations, such as a refinery operator, international commodities trader or a supermarket) might adopt pricing strategies that we cannot profitably replicate, such as making pricing decisions by reference to considerations other than New Zealand transport fuel margins (such as overall Asia-Pacific profitability or using retail petrol and diesel as a "loss leader"). A new entrant might establish its own supply infrastructure or make arrangements with an existing operator, introducing a new competitive dynamic. Changes in the competitive environment could adversely affect our profitability.
- ***Brand and reputation risks.*** Brand and reputation damage could adversely affect our profitability. Our reputation and the value associated with our brands could be adversely impacted by a number of events, including any disruption to our supply chain, environmental or contamination incidents, health and safety issues, any failure by us 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. Any such impact could adversely affect our profitability.
- ***Risks relating to exposure to commodity and foreign exchange markets.*** Our exposure to international commodity and foreign exchange markets gives rise to risks for our business. The Refining NZ production schedule and our specific product requirements lead to large irregular shipments of crude oil and refined products and corresponding requirements for working capital. Large and rapid increases in oil prices or rapid changes in foreign exchange markets might result in a drain on cashflows or us being unable to fund required purchases of crude oil and refined product in the short term. Extreme volatility in commodity or foreign exchange markets could undermine the effectiveness of our hedging strategy and make it difficult to pass those movements through to retail and commercial fuel prices, impacting profitability and cashflows (refer

to Section 3.2 (Business Description) for discussion of Z Energy's treasury function). We hold large amounts of crude oil and refined product inventory to help ensure continuous supply to our customers. Under the Historical Cost accounting required by NZ GAAP, changes in the value of this inventory driven by changes in oil prices and foreign exchange rates flow through into reported profit. This can mean that our earnings on an Historical Cost basis are highly volatile and is one reason why we use Replacement Cost accounting for performance measurement.

- ***Risks relating to key contracts and arrangements.*** Our business relies on a number of key contracts, including contracts with crude oil and refined product suppliers, international shipping lines, Coastal Oil Logistics Limited (COLL), Refining NZ, Hooker Pacific NZ, other transport operators, banks, Fly Buys, Progressive Enterprises and large commercial customers. Any failure by us to maintain key contracts, or renew or replace key contracts on commercially equivalent terms, or the inability of a counterparty to perform its obligations, could have an adverse effect on our profitability. Our current business model (and the cost levels involved) relies on the continuation of existing arrangements for the joint ownership and operation of assets and there are risks to our business if these arrangements are no longer in place, or are restructured.
- ***Risks relating to cost and availability of funding.*** We rely on banks and various suppliers of crude oil and refined products to provide working capital funding, and on banks and bondholders for term debt. We have potentially large working capital requirements due to the need to purchase large irregular shipments of crude oil and refined products. Adverse changes in our relations with the providers of funding or adverse changes in financial markets which reduce our access to, or increase our cost of, funding could adversely affect our profitability. In addition, these sources of funding could be terminated if the various covenants and compliance requirements associated with them are not adhered to.
- ***Risks relating to changes in demand for transport fuels.*** Demand for our transport fuel products may decline as a result of increasing fuel efficiency in vehicles or increased demand for alternative fuels. There is a current trend towards vehicles becoming more fuel efficient which is likely to continue. Additionally, vehicles could come to use transport fuels not currently supplied by us, including through the adoption of alternative drivetrain technologies (e.g. that use electricity, hydrogen or compressed or liquefied gasses as an energy source or store). We may not be able to access or efficiently adopt new technologies to meet changing consumer demand. Changes in demand between the various transport sectors (including road transport, maritime and aviation) or between private and public transport could also depress demand for our fuels. Any of these factors could adversely affect our profitability.
- ***Risks relating to contamination of refined product.*** Refined product supplied by us could be contaminated. Imported refined product could be contaminated, the refinery could produce contaminated product, or refined product could be contaminated in transit from the refinery to consumers. In any of these situations, if we fail to identify product contamination it could lead to product liability and associated impacts on our brand and reputation. Z Energy is party to internationally standard reciprocal indemnity arrangements (commonly known as "Tarbox" arrangements) relating to liabilities for losses which may arise from faulty jet fuel products, which allocate liability to the company that contracts with the customer even though they may not actually make the delivery of the jet fuel in question to the aircraft. This could mean that we are liable for contaminated refined product that we have not in fact supplied. Any of these factors could adversely affect our profitability.
- ***Risks relating to change of control.*** There are "change of control" provisions in our crude oil processing arrangements with Refining NZ, the Bond Documents, our crude oil supply arrangements with Shell, and our joint venture arrangements relating to the supply to Auckland airport of the jet fuel we obtain from the refinery. If these provisions are triggered, we could lose the benefit of the relevant agreements (or, in the case of the Bond Documents, be required to acquire bonds from holders who put them to us). The Offer will not trigger the provisions in the first three of these, and we are confident the same applies to the joint ventures (though we cannot exclude the potential for one of the other joint venture parties to successfully dispute this). However, following the Offer certain changes in our ownership could trigger these provisions (though, in the case of the Bond Documents, only if there has been a subscription under the Offer which is prohibited by the terms of the Offer). Whether or not this occurs depends on the actions of third parties not controlled by Z Energy.

*To find a more detailed discussion about these and other risks faced by the Z Energy Group, please read section 4 **Risks**.*
You should consider these risks carefully, in conjunction with the other information in this Offer Document, before making your investment decision.

Consequences of insolvency

You will not be liable to pay any money to any person if Z Energy becomes insolvent. If Z Energy is liquidated, then all claims by its creditors (secured and unsecured) will rank ahead of Shareholder claims. After all such creditors have been paid, any remaining assets will be available for distribution between Shareholders. However, any distribution made on liquidation may be less than the amount of your investment or there may not be any distribution made at all.

Forward looking statements

Certain statements in this Offer Document, including statements about risks in this section and the *Risks* section, and the Prospective Financial Information set out in the *Financial Information* section, constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Z Energy to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, you should not place undue reliance on such forward looking statements. In addition, under no circumstances should you regard the inclusion of forward looking statements as a representation or warranty by Z Energy, ZEHL or any other person referred to in this Offer Document, with respect to the achievement of the results set out in any such statement, or that the underlying assumption used will in fact be the case. Z Energy, ZEHL and any other person named in this Offer Document disclaim any responsibility to update any such risk factors or publicly announce the result of any revisions to any of the forward looking statements contained in this Offer Document to reflect developments or events, other than where it is required to do so by the Securities Act, Securities Regulations or, in the case of Z Energy, the NZSX Listing Rules or the ASX Listing Rules.

Can the investment be altered?

As at the date of this Offer Document, the Final Price has not yet been set. The Final Price will be set by ZEHL after conclusion of the Bookbuild. Once set, the Final Price cannot be changed.

You can find more information about how the Final Price will be determined in section ***6.1 Details of the Offer****.*

Z Energy may only amend its Constitution (which, with the Companies Act, sets out the rights attached to Shares) if the amendments are approved by a special resolution of all Shareholders, or in certain circumstances by Court order. Z Energy cannot take any action which affects the rights attaching to the Shares without the prior approval of a special resolution of each interest group (as that term is defined in the Companies Act).

A special resolution must be approved by at least 75% of Shareholders entitled to vote and who actually vote on that resolution. Under certain circumstances, if your rights are affected by an action approved by a special resolution, you may require Z Energy to purchase your Shares.

How do I cash in my investment?

Sale of Shares

You can cash in your investment by selling your Shares. Any sale of Shares must be made in accordance with the requirements of Z Energy's Constitution, the NZSX and the ASX Listing Rules and any applicable laws (including the Takeovers Code, Securities Act and the Overseas Investment Act).

Shares purchased or sold on the NZX Main Board or the ASX (if listed on it) are likely to attract normal brokerage fees and charges.

As at the date of this Offer Document, there is no established market for the sale of the Shares. However, in the opinion of Z Energy, a market for the Shares is likely to develop on completion of the Offer.

Listing and Quotation

Z Energy is already party to a listing agreement with NZX in respect of its retail bonds trading on the NZX Debt Market.

Application has been made to NZX for permission to quote the Shares on the NZX Main Board, and all the requirements of NZX relating thereto that can be complied with on or before the date of this Offer Document have been duly complied with. If permission to quote the Shares on the NZX Main Board is granted, Z Energy will enter into an amended listing agreement with NZX covering both its retail bonds trading on the NZX Debt Market and the Shares trading on the NZX Main Board.

However, NZX accepts no responsibility for any statement in this Offer Document. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act.

Initial quotation of the Shares on the NZX Main Board (trading on a conditional settlement basis) is expected to occur on or about 19 August 2013 under the stockcode 'ZEL'.

Application will be made to ASX after this Offer Document (accompanied by the Additional Australian Information) is lodged with ASIC for

Z Energy to be admitted to the official list of the ASX and for the Shares to be granted official quotation on the equities securities market operated by ASX. The ASX is not a registered market under the Securities Markets Act.

ASX takes no responsibility for the contents of this Offer Document and the Additional Australian Information or for the merits of the investment to which this Offer Document and the Additional Australian Information relate. Admission to the official list of the ASX and quotation of the Shares on the ASX are not to be taken as an indication of the merits, or as an endorsement by ASX, of Z Energy or the Shares.

Initial quotation of the Shares on the ASX (trading on a conditional and deferred settlement basis) is expected to occur on or about 19 August 2013 under the stockcode 'ZNZ'.

If admission to quote the Shares on the NZX Main Board is denied, or the allotment of Shares under the Offer does not proceed for any other reason, all Application amounts will be refunded in full without interest no later than 10 Business Days after announcement of the decision not to proceed. Failure to achieve admission to list on the ASX will not, of itself, prevent the allotment of Offer Shares under the Offer from proceeding.

If you sell your Shares you will not pay any charges to Z Energy. If you wish to sell your Shares on the NZX Main Board after confirming your allocation you must contact an NZX Firm. If you sell your Shares on the NZX Main Board or on the ASX (if listed on it) you may have to pay fees and charges to your brokers or other advisers.

To be able to trade Shares on the NZX Main Board you must have an account with an NZX Firm, a CSN and an Authorisation Code (FIN). Opening an account with an NZX Firm can take a number of days depending on the broker's new client procedures. If you do not have a CSN you will receive one from the Share Registrar. You will receive your CSN from the Share Registrar when you receive your allotment notice for the Offer (which is expected to be sent on the second day after the Allotment Date). If you do not have a FIN, you will be sent one as a separate communication by the Share Registrar prior to the Allotment Date.

Trading on the NZX Main Board is expected to initially occur on a conditional settlement basis and on the ASX on a conditional and deferred settlement basis. For more information on conditional and deferred settlement trading you should read the information set out under the heading "Conditional and Deferred Settlement Trading" in Section 6.1 (Details of the Offer). It is the responsibility of each Applicant to confirm its holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise do so at their own risk. Applicants will be able to confirm their holding by contacting their broker from Monday 19 August 2013.

Who do I contact with inquiries about my investment?

If you have any queries about the risk or suitability of an investment in the Shares you should consult your financial adviser.

If you have inquiries about the Shares, you should contact the Share Registrar, Link Market Services. The contact details of the Share Registrar are set out in the *Directory*.

Is there anyone to whom I can complain if I have problems with the investment?

If you have complaints about the Shares you should contact the Share Registrar or Z Energy using the contact details set out in the *Directory*. There is no ombudsman or industry body to whom complaints can be made about this investment.

You may make complaints about the Shares to the following approved dispute resolution schemes:

- Z Energy is a member of Financial Dispute Resolution, an approved dispute resolution scheme operated by Dispute Resolution Services Limited. If your complaint is not resolved after contacting the Share Registrar, you can refer it to Dispute Resolution Services Limited, Level 9, 109 Featherston Street, Wellington 6011, New Zealand or call 0508 337 337. You can find more information about Financial Dispute Resolution at www.fdr.org.nz.
- Infratil and NZSFA are each members of an approved independent dispute resolution scheme operated by Financial Services Complaints Ltd (FSCL). If your complaint is not resolved after contacting the Share Registrar, you may refer the matter to FSCL by emailing info@fscl.org.nz, by calling 0800 347 257 or by writing to PO Box 5967, Wellington 6145. Full details of how to access the FSCL scheme can be obtained from its website www.fscl.org.nz.

If you have any complaints about your investment you may also contact, in New Zealand, the FMA and NZX and, in Australia, ASIC and ASX.

What other information can I obtain about this investment?

Offer Document and Financial Statements

Other information about the Offer Shares and the Z Energy Group is contained or referred to in this Offer Document (including in the financial statements of Z Energy set out in Section 5 (Financial Information).

This Offer Document and Z Energy's most recent financial statements may be obtained, free of charge, at www.z.co.nz.

These documents, and other documents of, or relating to, Z Energy (including the Constitution), are also filed on a public register maintained by the Companies Office of the Ministry of Business, Innovation and Employment and are available for public inspection, including at www.business.govt.nz/companies.

Annual Information

If you are a Shareholder at the relevant record date you will be entitled to receive Z Energy's annual report, with audited financial statements, and its half-yearly report. You will either receive this information automatically, or will receive notification of your right to request this information.

Z Energy is also required to make half-yearly and annual announcements to NZX and to ASX (if listed on it) and such other announcements as are required by the applicable Listing Rules. You will be able to obtain this information by searching under Z Energy's stockcode 'ZEL' on NZX's website www.nzx.com or 'ZNZ' on ASX's website www.asx.com.au.

On Request Information

If you are a Shareholder, you are also entitled to request copies of the following documents under section 54B of the Securities Act:

- The most recent financial statements of Z Energy required to be registered under the Financial Reporting Act 1993, together with a copy of the auditor's report on those statements
- Z Energy's most recent annual report
- This Offer Document (which is an investment statement and prospectus) and any registered document extending the Offer period, and
- Any other information that may be requested under regulation 44 of the Securities Regulations, including a comparison of Z Energy's actual returns against the Prospective Financial Information (if practicable, in the same form and for the same period).

This information will be made available to you, free of charge, upon a request in writing being made to Z Energy at its registered office as set out in the *Directory*.

1.5 Z at a Glance

Why you should read this section

This section gives you a brief snapshot of Z's business – what we do and how we go about it. To find out more about our business, please read Section 3.2 (Business Description). To find out about the principal risks relevant to our business please read the information under the heading "What are my Risks?" in Section 1.4 (Answers to Important Questions). A more detailed discussion of risks is included in Section 4 (Risks). The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

What we do

Our operations

Our operations span all aspects of the refined product supply chain (in New Zealand), from importing crude oil and arranging its refining, to importing and distributing refined products to customers and businesses every single day. We are not involved in oil exploration or extraction.

Z is for New Zealanders

At Z, we take a "grass roots" approach to investing in local communities – we ask our customers to tell us what matters to them. Our "Good in the Hood" programme has contributed almost $2 million directly into local communities.

A strong base from which to build

We have 213[22] retail service stations from one end of the country to the other, a national network of truck stops, storage terminals and distribution infrastructure (either wholly-owned or shared with the other integrated operators), a 25% shareholding in Loyalty New Zealand (which operates Fly Buys) and, on completion of the Offer, a 17.14% stake in Refining NZ - New Zealand's only oil refinery.

Z's strong brand

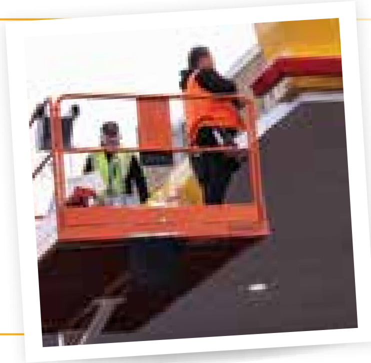
After just two years, the "Z" brand is capturing the hearts and minds of Kiwis. Our monthly brand tracking shows Z is already a preferred retail fuel brand.[23]

22 As at 12 July 2012

23 Source: Colmar Brunton research commissioned by Z Energy.

Bringing Z to New Zealand

We have completed a substantial rebranding programme. A major logistical exercise covering the entire country, the rebrand was completed safely, on time and within budget. Most previous signage was safely recycled. We contributed to the employment of 3,500 people nationwide over the course of the rebranding project.



How we go about it

Keeping our country moving

Our business has scale. We supply almost one third of New Zealand's total transport fuels demand, from Cape Reinga to Bluff.

We sell a full range of transport fuels – petrol and diesel, aviation fuels and fuel oils. We also sell bitumen for road construction.

Roughly half of Z's refined product volume is sold directly to the engine room of the Kiwi economy – our commercial customers include airlines, fishing, farmers, mining, construction, shipping and freight companies.

Committed to health and safety, the environment and sustainability

We have strong policy and governance oversight for the company's safety and environmental performance – we strive for a "Zero Harm Workplace", and to operate in a way that minimises harm to the environment by fully complying with environmental laws and standards. We're committed to doing what we can to improve our own sustainability and the sustainability of New Zealand.

Retail innovation

We're committed to making life easier and faster for customers. New initiatives for our retail network include rolling out new, longer hoses to make refuelling easier, installing more diesel nozzles, refurbished hotel style bathrooms and new 'pay at pump' facilities at certain retail service stations.

Leading the conversations that matter

We're committed to being transparent and open and leading the discussions that matter around how our industry operates.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Investment Highlights

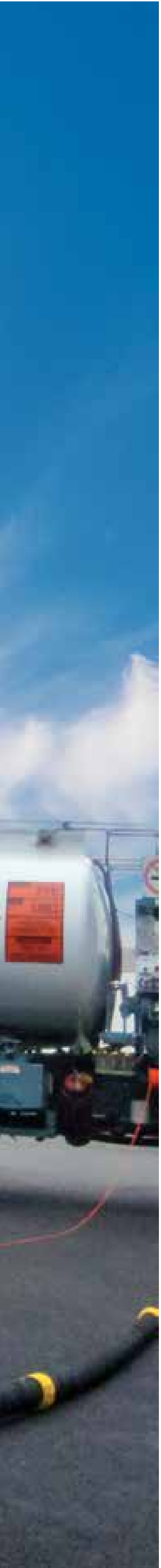
Why you should read this section

The previous section introduced you to our business and gave you the key information about the Offer. To help you make your investment decision, this section sets out some key highlights of our business. We explain why our business is important to New Zealand, our experience in the industry and how we are placed to continue growing our business for the benefit of Shareholders. But your decision on whether to invest in our business should be based on a consideration of all the information set out in this Offer Document – not just this section. As with any investment, there are risks associated with an investment in the Offer Shares. You should read the risk factors set out under the heading "What are my Risks?" in Section 1.4 (Answers to Important Questions) and in Section 4 (Risks) before making your investment decision. The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

If you do not understand the information in this section, you should consult a financial or legal adviser.

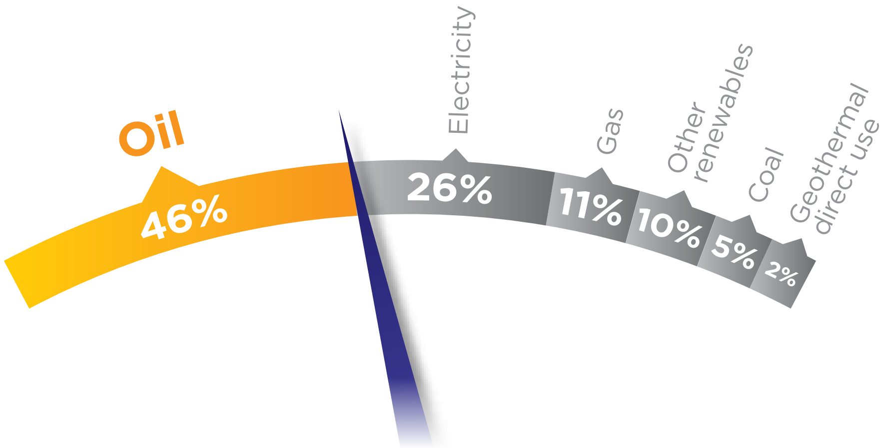
When we refer to "margin" in this section, we mean margin calculated on a Replacement Cost basis. For more information on Replacement Cost accounting, see section ***5.1 Introduction to Operational and Financial Information****.*


ENERGY



Transport fuel supply infrastructure is crucial to keep New Zealand moving

46% of New Zealand's energy requirements are met through fuels derived from crude oil



Source: MED Energy Data File, 2012.

Transport fuel underpins household and business activity across New Zealand's economy

Key parts of New Zealand's transport fuel supply infrastructure are owned jointly with the other integrated operators, which combined with our own transport fuel supply infrastructure gives us strategic advantages

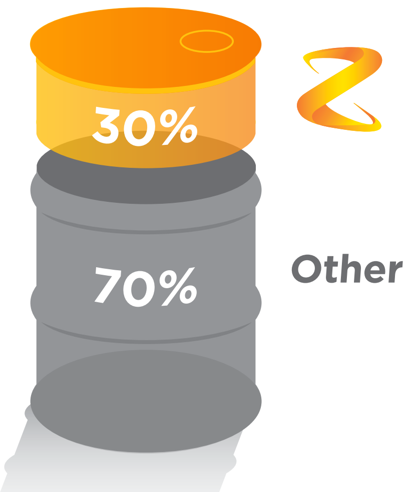
Z Energy will be a unique NZX-listed exposure to the downstream oil industry and specifically to the New Zealand transport fuel supply market

The transport fuel supply chain is critical infrastructure for New Zealand

To find out more about the downstream oil industry and its infrastructure, please read section 3.1 ***Industry Overview****. To find out more about the risks associated with the industry, please read section 4* ***Risks*** *and the information under the heading "What are my risks?" in section 1.4* ***Answers to Important Questions****.*

We are a leader in the transport fuel market

Transport Fuel Market Share



Based on annual volumes to 31 March 2013.
Source: Sales volume data collated by BDO on behalf of Refining NZ's customers for the calculation of refining allocation. Please note that BDO does not audit these figures or provide any verification as to their accuracy. BDO relies solely on the data provided by the participants. BDO data does not include volumes of refined oil products sourced by parties who are not customers of Refining NZ.

We supply approximately 30% of New Zealand's total transport fuel requirements

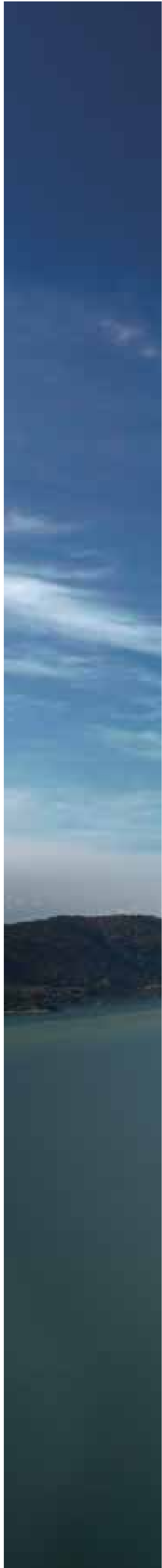
Examples of our customer-centric focus include our daytime forecourt concierge service and enhanced food and coffee offering

We seek to lead the industry by finding innovative and more efficient ways to run our business

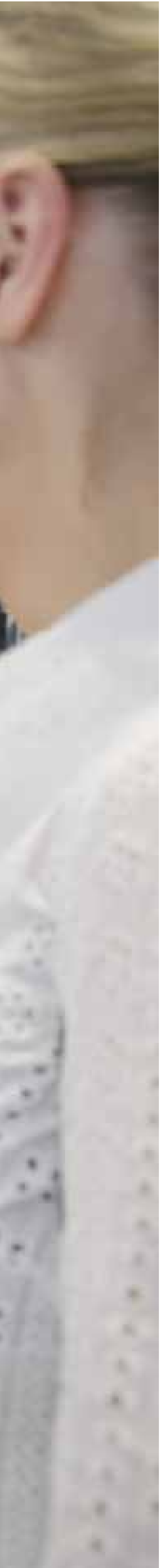
Our competitive position is based on:

- *our nationwide scale*
- *the efficiency of our assets and operations*
- *our integration across all parts of the transport fuel supply chain, from procurement and arranging refining to running retail service stations and supplying refined product directly to commercial customers*

*To find out more about how we differentiate ourselves from our competitors in the transport fuels market, please read section 3.2 **Business Description**. To find out more about the risks associated with our business operations, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*



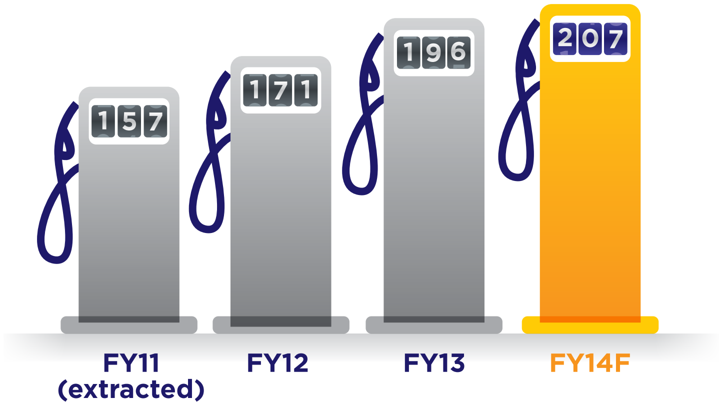

Coffee
MADE FOR YOU
COFFEE COMBO
$5.50
$7.50



We are experienced and we have delivered

Replacement Cost Operating EBITDAF

(NZ$ millions)



We have a track record of successfully managing change - since the acquisition of Z Energy's business from Shell by Infratil and the New Zealand Superannuation Fund in April 2010, annual Replacement Cost Operating EBITDAF has grown from $157 million in FY11 (extracted) to $196 million in FY13

All of our decision making resides within New Zealand, allowing us to be timely, nimble and responsive to customer needs, market conditions and new opportunities

We have successfully implemented new customer-facing initiatives and systems, including a rebrand and an extensive upgrade of retail service stations

Our management team has local and international industry experience

We have a clear strategic focus on optimising our integrated New Zealand operations for future growth

We strive to operate our entire business in a safe, environmentally conscious and sustainable manner

Reconciliation of Replacement Cost EBITDAF to Historical Cost EBITDAF

(NZ$ millions)	FY11 (extracted)	FY12	FY13	FY14F
RC Operating EBITDAF	157	171	196	207
COSA	72	29	(32)	12
HC Operating EBITDAF	229	200	164	219

*To find out more about our management team, please read section 3.3 **Board, Management and Governance**. Replacement Cost is a non-GAAP measure and you should read the information on pages 110 to 111 in section 5 **Financial Information** to find an explanation of Replacement Cost accounting. To find out more about the risks associated with our business, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

We are focused on generating sustainable margins and returns for our investors

Industry Importer Margins Relative to Crude Oil Price

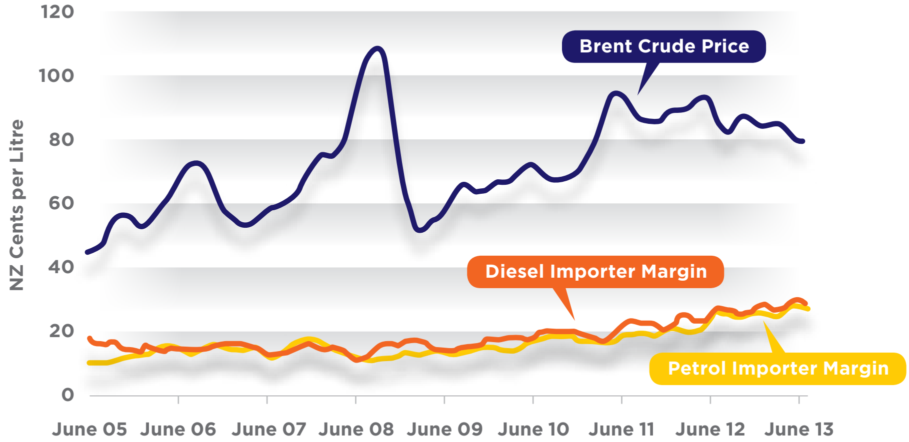


Chart presented on a 90 day rolling average

Source for Brent Crude Oil Price: Bloomberg, 2013. Source for Importer margins: MED, 2013. For further information on MED importer margins please refer to page 58 of Section 3.1 (Industry Overview).

The industry has a history of delivering relatively stable Replacement Cost margins notwithstanding oil price volatility and economic cycles

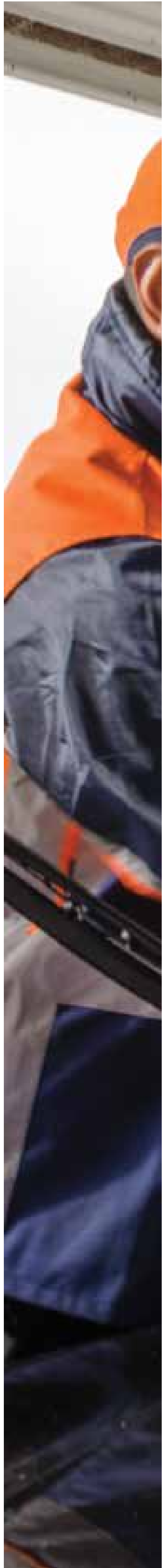
We expect that our cash flow will support an attractive and sustainable dividend while also providing funding for growth

Expanding our loyal customer base through our service quality is a core focus of management to support margins

We are forecasting a cash dividend yield of 6.8% to 5.9% and gross dividend yield of 9.4% to 8.1% for the prospective financial year ending 31 March 2014 [24]

To find out more about Z Energy's historical and forecast financial performance, please read section 5 ***Financial Information****. To find out more about the financial risks associated with our business, please read section 4* ***Risks*** *and the information under the heading "What are my risks?" in section 1.4* ***Answers to Important Questions****.*

24 Cash dividend yield excludes imputation credits expected to be attached to dividends. Gross dividend yield includes these imputation credits. For more information about forecast dividend yields, including how they are calculated, see the investment metrics set out in Section 1.3 (Offer at a Glance).




STAY
SAFE

We are excited about the growth opportunities in the New Zealand market

We have been investing in our business over the last three years to improve future returns

Our immediate priorities are to continue to optimise our existing business and scale advantages

We also seek attractive opportunities for growth investment in new retail service stations, customer offers and expansion of our terminal infrastructure

Opportunities to expand into new business areas, such as alternatives to fossil fuels, services and new technologies, are expected to provide longer term growth opportunities for our business

*To find out more about Z Energy's strategy and opportunities for growth, please read the information set out on pages 80 and 81 of section 3.2 **Business Description**. To find out more about the risks associated with these growth opportunities and investments, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*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3

The detail of our industry and our business

Why you should read these sections

This section will assist you to understand the market in which we operate, our business, assets and our management structure.

Section 3 contains information which has been sourced from:

- BDO Wellington Limited (BDO), using sales volume data collated by BDO on behalf of Refining NZ's customers for the calculation of refining allocation. Please note that BDO does not audit these figures or provide any verification as to their accuracy. BDO relies solely on the data provided by the participants. BDO data does not include volumes of refined products sourced by parties who are not customers of Refining NZ
- The Ministry for Economic Development (MED) (now the Ministry for Business, Innovation and Employment (MBIE))
- Informed Sources New Zealand (ISNZ). Please note while surveys are conducted by ISNZ continuously throughout the country, the number of actual sites may have varied from those published since the last survey in a particular area. ISNZ accepts no responsibility for reliance by any person on the site count included in this Offer Document
- IRESS Market Technology
- Refining NZ
- Loyalty New Zealand
- Bloomberg

3.1 Industry Overview

Why you should read this section

This section will help you understand the market in which we operate. It's important to note that this section deals with the whole of the industry and is generally not Z specific. Much more detail on Z's business follows in Section 3.2 (Business Description). You should carefully read this section along with the information set out under the heading "What are my Risks" in Section 1.4 (Answers to Important Questions) and in Section 4 (Risks). The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

If you do not understand the information in this section, you should consult a financial or legal adviser.

Introduction to the Downstream Oil Industry

This Offer Document is almost exclusively about the downstream oil industry in which Z operates.

It is useful to distinguish between the upstream and downstream oil industries. Z is not involved in upstream oil activities such as the exploration for and extraction of crude oil and gas.

The downstream oil industry is typically characterised by the process by which crude oil is transported to refineries and processed into refined products, and then transported to storage facilities and distributed to consumers and businesses, using a range of transport and distribution methods.

From crude oil to refined products

Extraction of oil begins a long process and supply chain that ends with (among other things) the delivery of transport fuels for cars, trucks, boats, planes and other machinery. The products manufactured from crude oil – petrol, diesel, fuel oils (specific fuel products primarily supplied to marine customers), jet fuel, Avgas (a high octane fuel which is used by non-turbine-powered aircraft), bitumen and chemicals – are what we mean when we refer to "refined products". "Transport fuels" are petrol, diesel, fuel oils, jet fuel and Avgas.

Our business is in the downstream supply chain

Z Energy operates in the downstream oil industry in New Zealand. We procure and distribute refined products to our retail and commercial customers.

We source some of this refined product by importing crude oil into New Zealand, which is then processed into refined products by Refining NZ. We source the rest of our refined products – mostly petrol and diesel – directly from overseas refineries.

Overview of the New Zealand Downstream Industry

Transport Fuel Consumption Trends

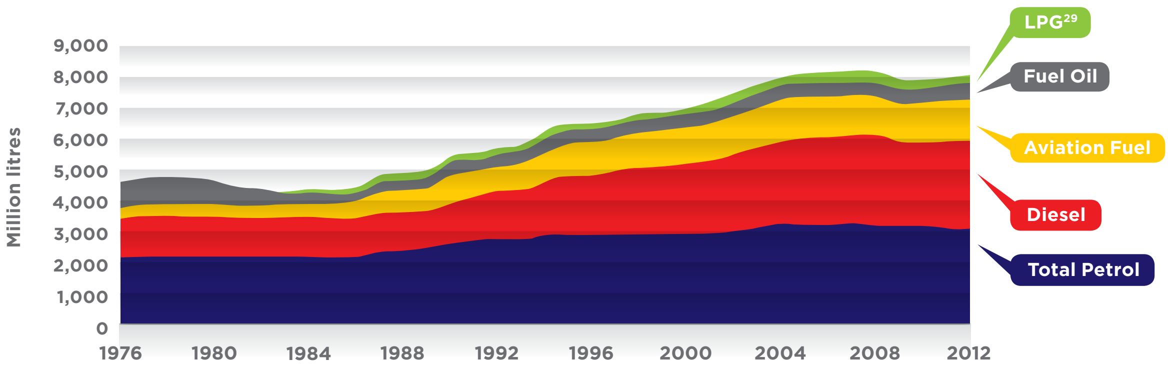
Transport fuels underpin household and business activity across nearly all aspects of our economy. Each year New Zealand consumes approximately 51 million barrels of refined oil products.[25] This represents approximately half[26] of New Zealand's total energy consumption.

Retail consumers account for around 50%[27] of this demand. Commercial consumers such as airlines, the road transport industry and the marine industry account for the other 50%.[28]

Total transport fuel consumption in New Zealand grew significantly through the 1980s and 1990s but has been relatively steady over the last decade. Petrol and diesel are the largest components of consumption.

In this Offer Document we mostly refer to both "barrels" and "litres". Because crude oil producers historically stored crude oil in barrels, this has become the most common measure in relation to crude oil. However consumers generally buy refined products in litres and so this is the most common measure of retail and commercial supply. One barrel of oil equals 159 litres and converts into approximately 152 litres of refined product. Some of the crude oil is consumed during the refining process. A chart illustrating this can be found on page 47.

Transport Fuel Consumption



Source: MED, 2013 converted to litres.

Fuel demand is largely driven by population and economic growth, offset by technological advances in vehicle fuel efficiency. The impact of technologically derived efficiency gains in the New Zealand market is slowed by the high average age of the New Zealand motor vehicle fleet.

The most substantial consumption trend change in the New Zealand transport fuels market over the last 35 years has been the shift from petrol to diesel, due to the technological advancement of diesel engines, growth in New Zealand's land transport sector, and a shift in consumer preferences. Measured in terms of overall energy consumption (rather than in barrels or litres), total diesel demand outstripped total petrol demand for the first time in New Zealand in 2011.[30] The demand for diesel is expected to continue to rise with the growing New Zealand economy and associated increase in freight movement, which is primarily fuelled by diesel. The outlook for petrol demand is slightly declining in the short term and materially decreasing by 2030 as the popularity of diesel increases.[31]

25 Source: Refining NZ Annual Results, March 2013.

26 Source: MED, 2012.

27 Source: Management estimate based on BDO data.

28 Source: See note 27.

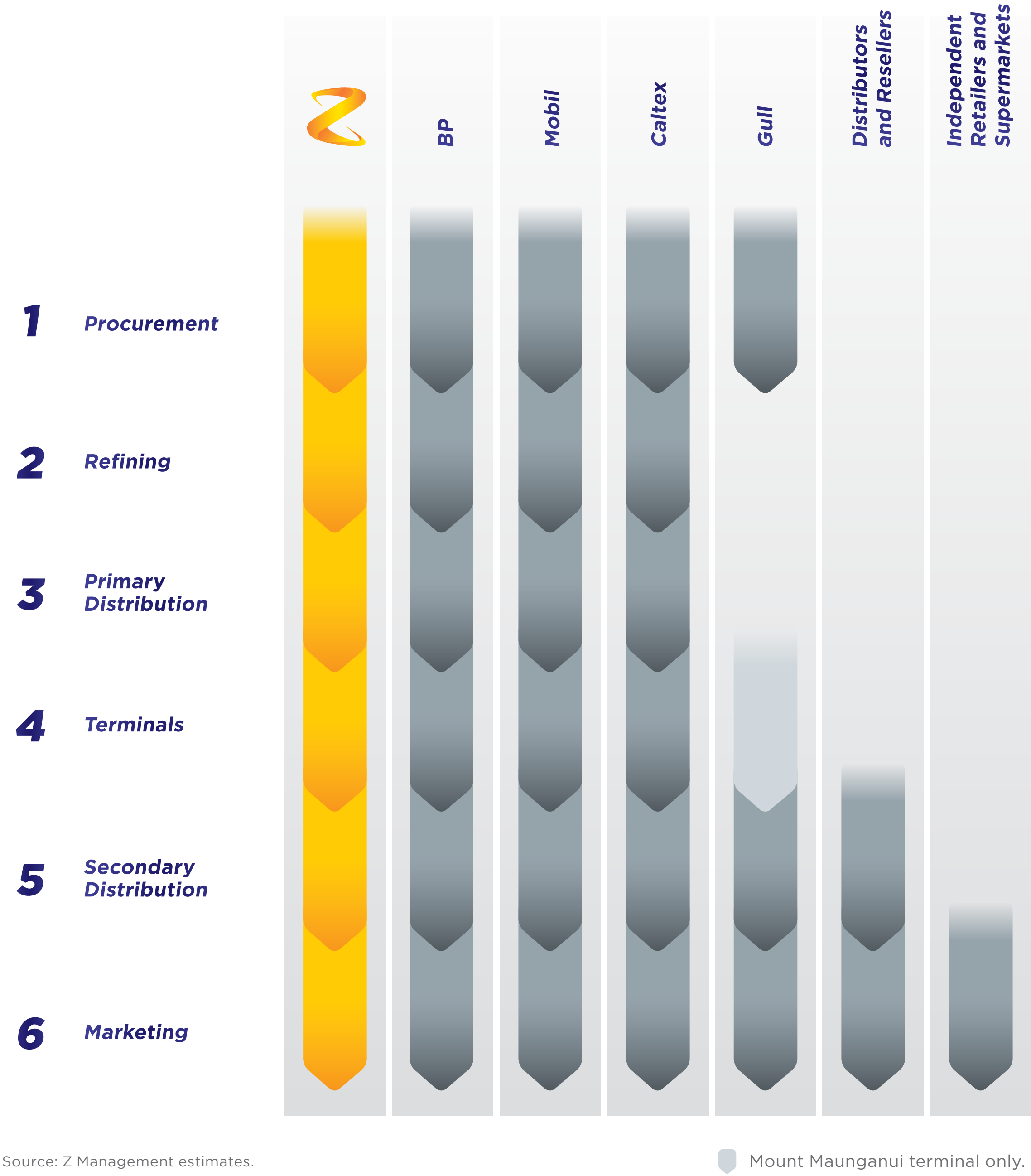
29 Liquid petroleum gas (LPG) can be refined from crude and used as a transport fuel or for other purposes (including household uses). Z Energy sources and sells very small amounts of LPG only for household use.

30 Source: See note 26.

31 Source: MED Energy Outlook, 2011.

Market Competitors

New Zealand Downstream Oil Market Competitors



Source: Z Management estimates.

Z Energy and other integrated downstream operators

Z Energy, BP, Caltex and Mobil are the only integrated operators in the New Zealand downstream oil industry. The term "integrated" means that these companies operate across the entire downstream supply chain, procuring and importing crude oil and refined product, arranging refining of crude oil, and distributing the refined products to branded and independently operated retail service stations, truck stops and a range of commercial customers.

Z Energy's principal competitors are subsidiaries of large multinational organisations, which are actively involved in oil and gas exploration and production. They run a portfolio of businesses and product lines internationally. Their New Zealand strategies and capital allocation decisions are made in the context of their global businesses. Z is focused solely on the New Zealand downstream oil industry.

Gull

Gull is an independent terminal and marketing company, which does not participate in the integrated operators' joint venture storage infrastructure arrangements other than through commercial arrangements. Gull currently sources its refined product from other integrated operators and from offshore.

Distributors and resellers

Distributors and resellers are only involved in secondary distribution and marketing activities. They are not wholly owned by the downstream integrated operators, although they source refined products from them. These distributors and resellers include CRT, Allied Petroleum, Rural Fuel and Southfuels.

Independent retailers and supermarkets

In addition, other market participants such as G.A.S., Challenge and supermarket branded retailers (PAK'nSAVE and New World) are involved in marketing activities, supplying customers from their own retail service stations.

To find out more about Z's role in the transport fuels market, please read section **3.2 *Business Description***. *To find out more about the risks associated with being atransport fuels market participant, please read section* **4 *Risks*** *and the information set out under the heading "What are my risks?" in section* **1.4 *Answers to Important Questions***.

Competitive landscape

Transport fuels marketing in New Zealand is competitive.

Unlike overseas markets, all four integrated operators jointly own or operate New Zealand's key infrastructure for crude oil and refined product supply and storage, and have large shareholdings in New Zealand's only refinery.

It would be possible for a new entrant to build terminal storage and distribution infrastructure, but in addition to the cost of construction (including the cost of obtaining regulatory consents), the new entrant would also have to manage the risks associated with fluctuating crude oil and refined product prices, and the need to fund inventory. A number of supermarkets sell transport fuels now, currently sourced from existing integrated operators, and most supermarkets also operate transport fuels discount docket arrangements.

For a relatively long period since industry deregulation in 1988, the four integrated operators operated broadly similar businesses – in common geographies, selling largely commodity products to a mix of retail and commercial customers. The companies historically had broadly equivalent market shares and enjoyed similar cost structures.

This situation has now changed materially, with a much wider range of competitors and more distinctive (and at times, aggressive) competition both in fuels and convenience goods (including competition arising as a result of strategic alliances formed to provide marketing advantages – such as supermarket dockets, Fly Buys and AA Smartfuel).

Consumers now have a wider choice of retailers, distributors and service providers, who are providing a wider range of offers (for example through better quality fuels, food options, service and loyalty programmes).

To find out more about risks to Z Energy's business from competition, please read section **4 *Risks*** *and the information under the heading "What are my risks?" in section* **1.4 *Answers to Important Questions***.

Products Supplied

Refined products are categorised as either "core" or "non-core". The core products include petrol, diesel, jet fuel and fuel oil. All core products are supplied by one or more of Z, BP, Caltex and Mobil and all are sold through commercial channels, but only petrol and diesel are sold through retail service stations.

"Core" refined product overview

	Petrol	Diesel	Jet Fuel	Fuel Oil
Market Size – Observed Consumption FY13	3,034 million litres	2,963 million litres	1,272 million litres	466 million litres
Key Customers	Retail consumers	Transport, manufacturing, construction companies and retail consumers	Airlines	Freight, fishing, ferry, cruise lines
Key Non-Price Demand Drivers	Population growth Vehicle fuel efficiency Requirements for higher octane fuels (i.e. premium) in performance vehicles Take-up of hybrid vehicles	Economic growth (GDP) Increased diesel penetration into car fleet Vehicle fuel efficiency	Economic growth (GDP) Airline industry growth Aircraft fuel efficiency	Industry sector growth (e.g. fishing or tourism) Ship fuel efficiency

Source for Market Size: BDO.

"Non-core" refined products include Avgas for some non-turbine-powered aircraft and bitumen, and are not all supplied by all four integrated operators. Avgas and bitumen are both supplied by Z Energy, and two competing integrated operators supply Avgas and bitumen respectively. These products make up approximately 2%[32] of the total New Zealand refined product market by volume.

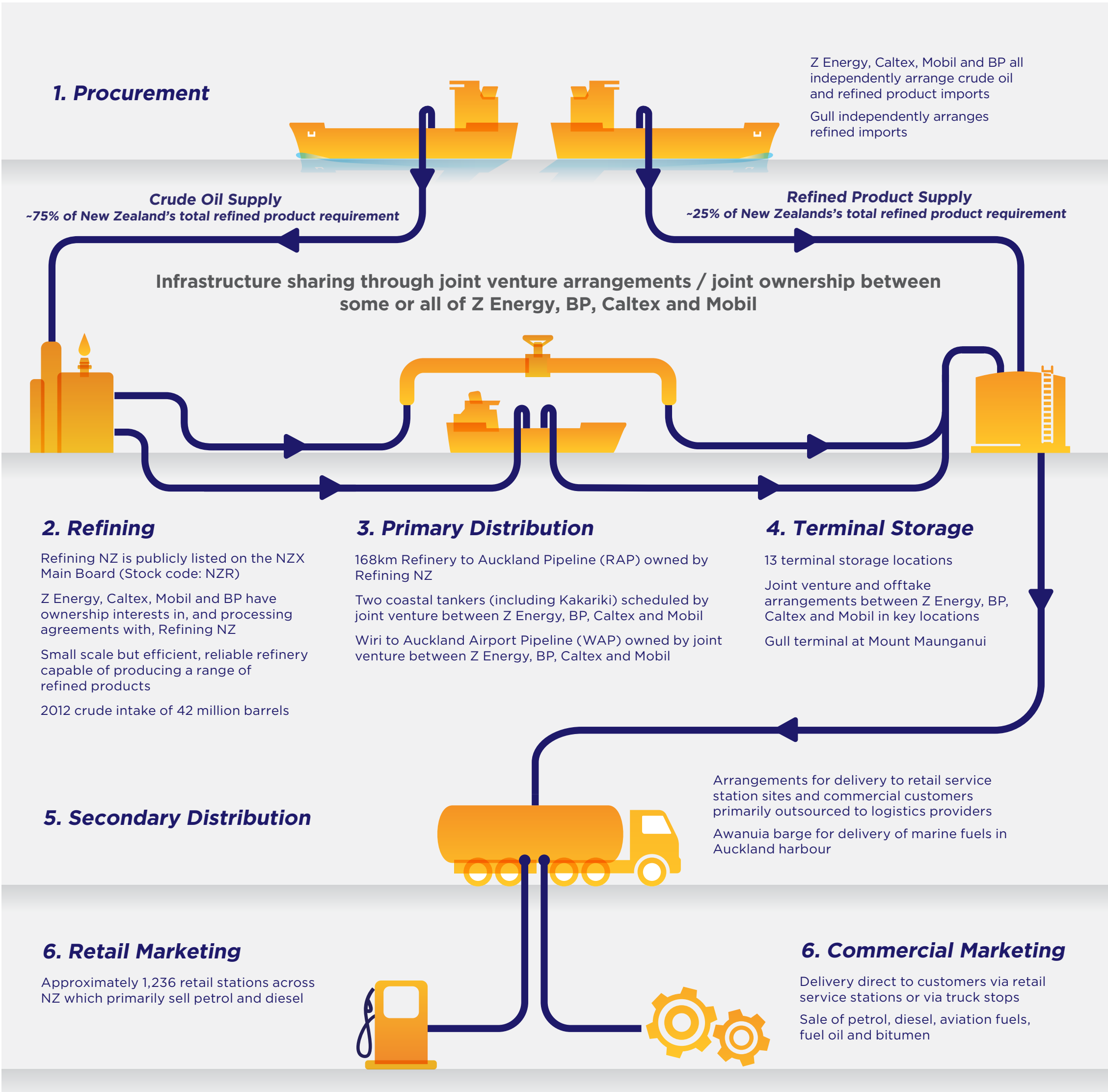
*To find out about the risks associated with supplying these refined products, please read section **4 Risks** and the information set out under the heading "What are my risks?" in section **1.4 Answers to Important Questions**.*

32 Source: BDO.

Supply Chain

The New Zealand downstream oil industry comprises an extensive supply chain which begins with the procurement of crude oil and refined product and finishes with the delivery of refined products to customers. The transport fuel supply chain is a critical part of New Zealand's overall energy infrastructure.

New Zealand's Refined Products Supply Chain



Source for Refining NZ's 2012 crude intake and length of RAP: Refining NZ, 2013.
Source for approximate number of retail stations across New Zealand: ISNZ.

*To find out more about Z's supply chain, please read the information set out on pages 67 to 75 of section 3.2 **Business Description**. To find out more about the risks associated with our supply chain, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Procurement

Most of New Zealand's refined product requirements are shipped in from overseas markets, some of it already refined but most of it as crude oil. Directly imported refined product is sourced from foreign refineries, primarily in Asia, and is delivered to locations around New Zealand. Crude oil is delivered to Refining NZ, where it is refined into a range of transport fuel and non-transport fuel products.

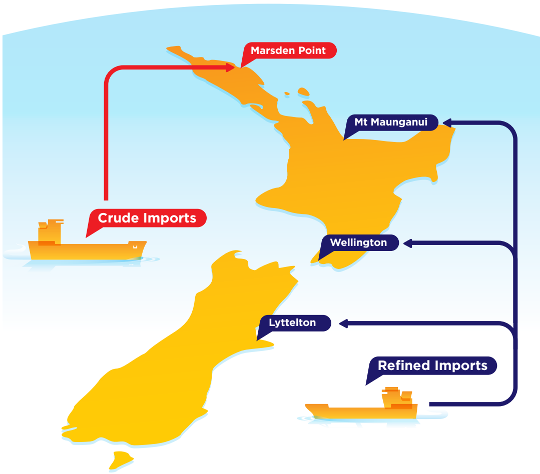
Crude oil is typically imported in large shipments of approximately 110 million litres.[33] This, coupled with the long supply chain, creates significant working capital requirements for those importing crude oil.

Only Z and the other integrated operators use Refining NZ and independently arrange crude oil imports. BP, Caltex and Mobil primarily source crude oil from their upstream global operations, while Z Energy currently sources crude oil from a variety of locations, currently buying through Shell.

Z, BP, Caltex and Mobil also import refined products directly to supplement the output from the refinery. Gull currently procures refined product from the international market and arranges for delivery to its terminal located at Mount Maunganui.

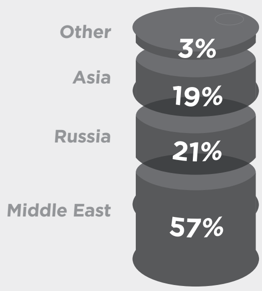
Refined product is imported directly to coastal storage terminals and arrives in smaller shipments than crude oil (typically around 45 to 50 million litres).[34] Mount Maunganui, Wellington, and Lyttelton are the primary ports for the direct import of refined product.

To find out more about how Z procures crude oil and refined product, please read the information set out on page 67 of section ***3.2 Business Description****. To find out more about the risks associated with Z's procurement operations, please read section* ***4 Risks*** *and the information under the heading "What are my risks?" in section* ***1.4 Answers to Important Questions****.*



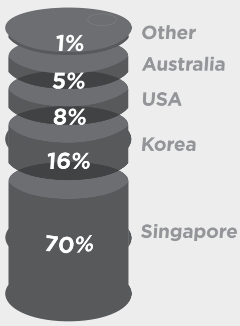
Note: map only shows direct refined imports to primary ports.

New Zealand Crude Oil Imports by Country of Origin



Source: MED Energy Data File, 2012.

New Zealand Refined Fuel Product Imports by Country of Origin



Source: MED Energy Data File, 2012.

33 Source: Z management.

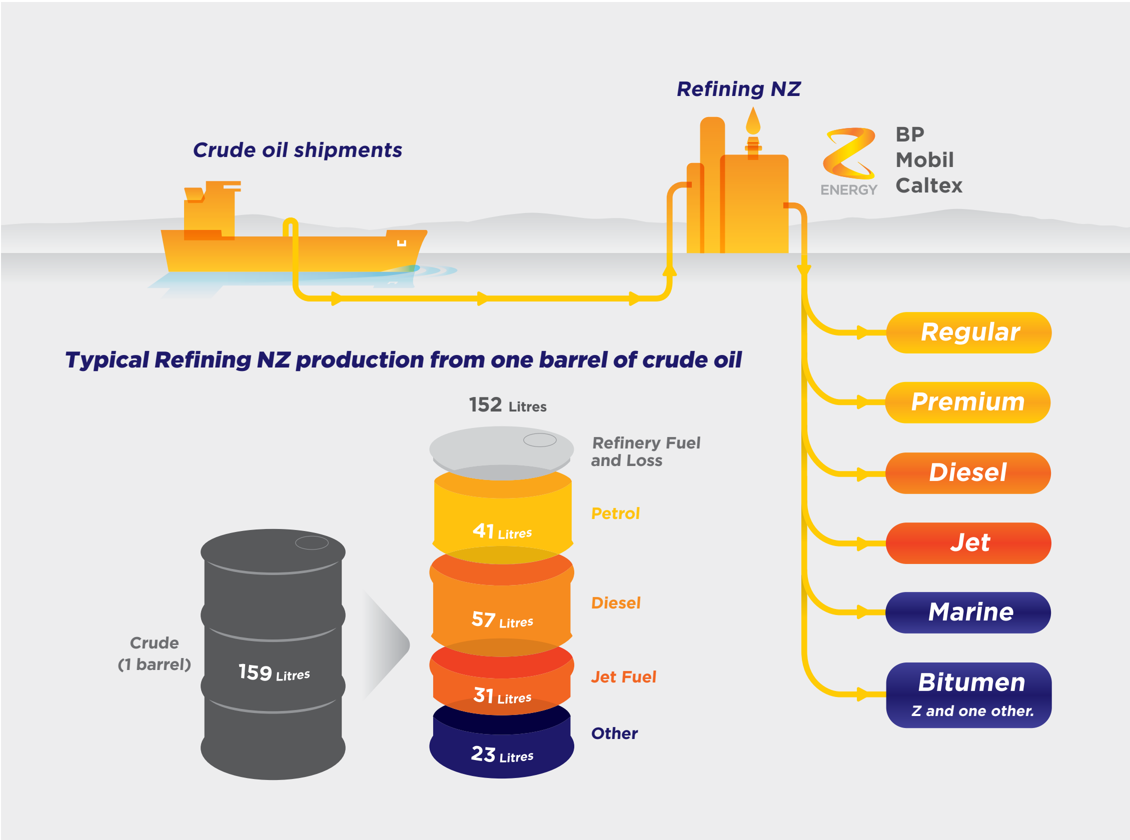
34 Source: See note 31.

Refining

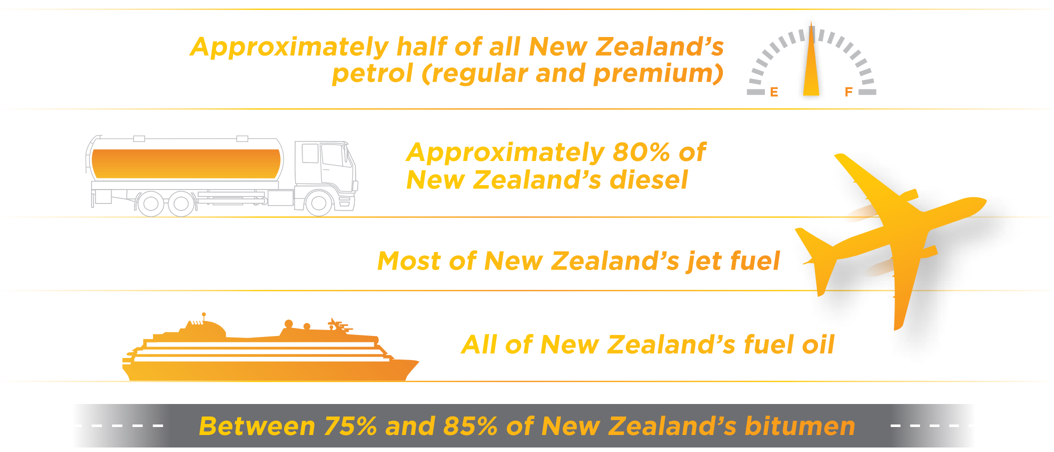
All crude oil imported into New Zealand is refined by Refining NZ at New Zealand's only oil refinery at Marsden Point near Whangarei.

Refinery production

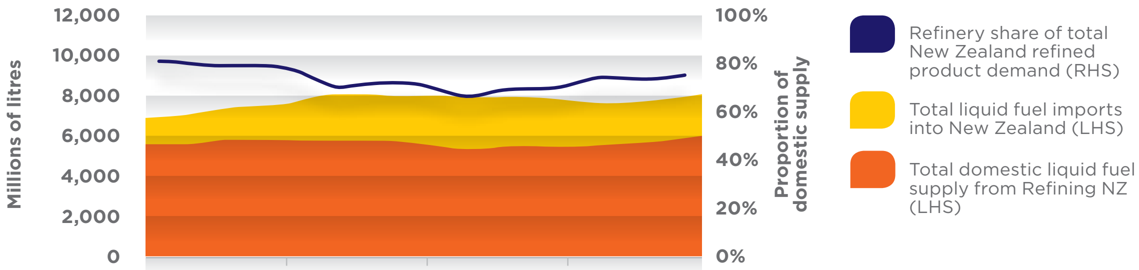
Crude oil is refined into various products at Refining NZ. The outputs from refining a typical barrel of crude oil are set out below.



Refining NZ currently produces:



Source: Refining NZ.



Source: MED 2013 Converted to Litres

Refining NZ supplies approximately 75%[35] of New Zealand's total refined product demand. Refining NZ is presently undertaking a $365 million expansion project (Te Mahi Hou) due for completion in 2016 (funded by Refining NZ's retained earnings and debt) to increase production capacity (allowing a further three million barrels of crude oil to be processed on average each year – an increase of approximately 8%) and improve energy efficiency.[36] This expansion is expected to enhance the ongoing competiveness of the refinery against increasingly competitive imports.

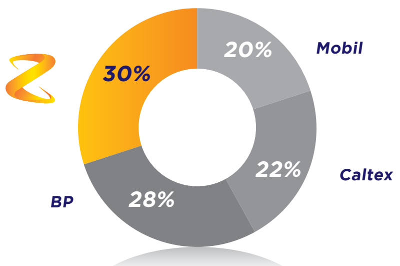
The rest of New Zealand's refined product requirements are met by direct imports from overseas refineries.

The chart above shows that the proportion of total supply produced at Refining NZ declined through the mid-2000s. That trend reversed in 2009 following completion of a major upgrade in Refining NZ's capacity.

Refining NZ is only used by Z Energy, BP, Mobil and Caltex, with individual refinery capacity entitlements determined contractually for each user annually. This annual calculation to determine share of refinery output is based on each user's respective share of the New Zealand refined product market over the previous three years.

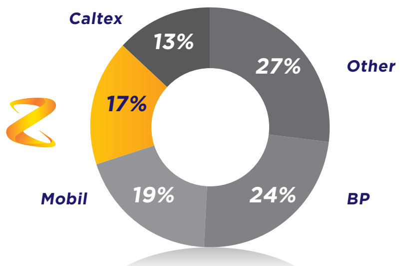
The refining capacity allocation for 2012 and Refining NZ's shareholdings are set out below.

2012 Refining NZ Capacity Allocations



Source: Refining NZ – Analyst Briefing, 2012 HY Result, page 29.

Refining NZ Shareholdings

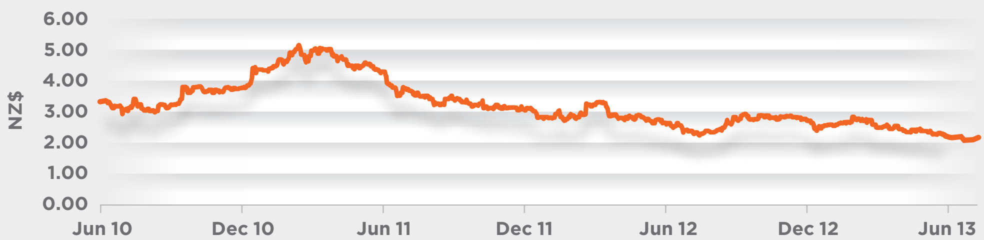


Source: New Zealand Companies Office

Refining NZ as a listed company

Refining NZ is one of the longest-standing companies listed on the NZX Main Board, trading under the stockcode 'NZR'. Refining NZ had a market capitalisation of $582 million (as at 28 June 2013). On completion of the Offer, Z Energy will hold the 17.14% of Refining NZ that is currently held by its parent company (ZEHL). The chart below displays Refining NZ's share price performance over the last three years.

Refining NZ Share Price (last 3 years)



Source: Bloomberg.

35 Source: Refining NZ annual results 2013.

36 Source: Refining NZ Notice of Annual Meeting Explanatory Notes 2012.

Primary distribution

New Zealand's refined products are distributed to storage terminals nationally from the refinery either by the Refinery to Auckland Pipeline (the RAP), owned and operated by Refining NZ, or in coastal shipping tankers (scheduled by Coastal Oil Logistics Limited (COLL)). COLL is a joint venture between Z and the other integrated operators. The joint venture arrangements concerning the RAP and COLL mean that Z and the other integrated operators have lower primary distribution costs than they otherwise would. These distribution cost benefits are important components in maintaining Refining NZ's competitiveness against imported refined products.

Refinery to Auckland Pipeline

The RAP is 168 kilometres long.[37] Owned and operated by Refining NZ, the RAP carries around 44%[38] of the refinery's output to the Wiri storage terminal, from which it is distributed throughout the greater Auckland region and beyond. The RAP is a strategic component of the distribution supply chain, transporting core transport fuel products to the largest demand centre in the country.

Wiri to Auckland Airport Pipeline

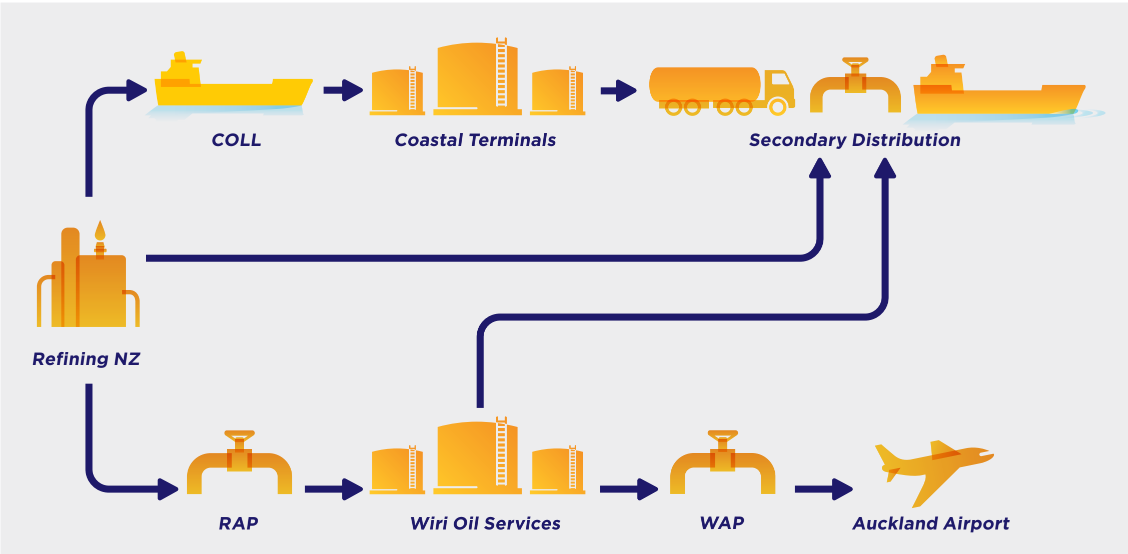
A separate, smaller pipeline delivers jet fuel from the Wiri terminal to Auckland Airport (this is known as the Wiri to Auckland Airport Pipeline, or the WAP). The Wiri Oil Services Limited joint venture between Z, BP, Caltex and Mobil operates the WAP.

Coastal Oil Logistics Limited

COLL schedules the shipping of approximately 46%[39] of the refinery's output to the various coastal terminals around New Zealand. The company operates as a joint venture and is owned in equal shares by Z and the other integrated operators. COLL operates by recovering the cost to deliver to each location.

Refinery output not distributed by the RAP or COLL (approximately 10%)[40] is retained at Marsden Point to serve Northland's refined product requirements (including the requirements of the refinery), is sold to marine customers or is exported.

To find out more about our primary distribution operations, please read the information set out on page 68 of section **3.2 Business Description**. *To find out more about the risks associated with our primary distribution operations, please read section* **4 Risks** *and the information under the heading "What are my risks?" in section* **1.4 Answers to Important Questions**.



37 Source: Refining NZ Annual Results, March 2013.
38 Source: See note 37.
39 Source: See note 37.
40 Source: See note 37.

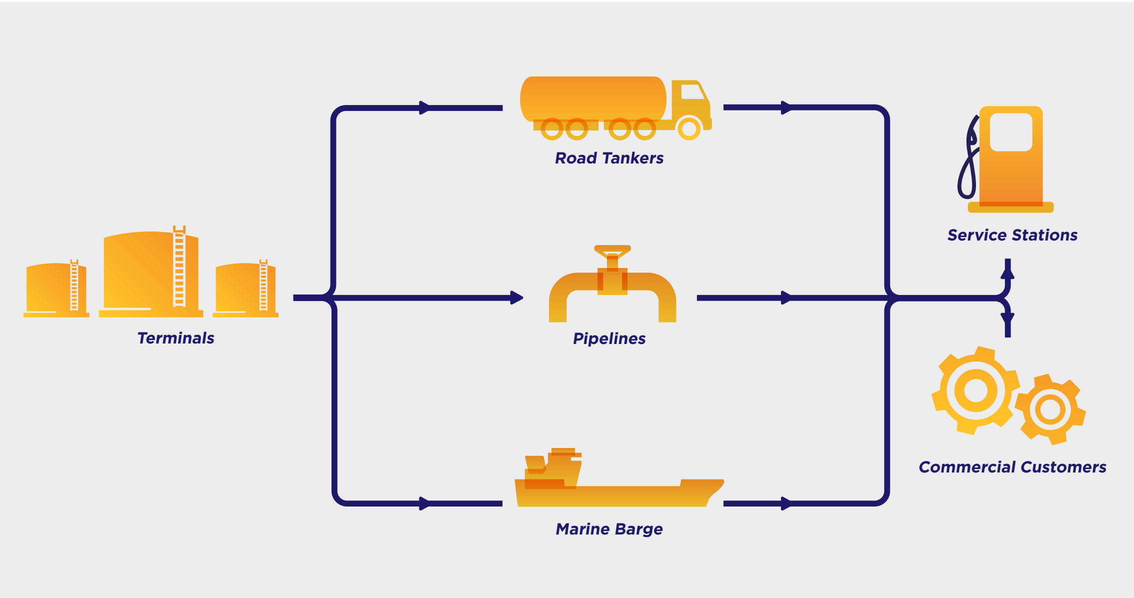
Terminal Storage

Once distributed from the refinery or directly imported from overseas refineries, refined products are stored at 13 terminal storage locations located throughout New Zealand.

Z and the other integrated operators each own storage tanks and inventory. Commercial arrangements between these owners enable them to draw from each other's storage tanks. Fee levels are set by the relevant storage tank owner on an asset-by-asset basis dependent, among other things, on the owner's need to draw from others' tanks elsewhere, and the fees others charge it to do so. Gull operates its Mount Maunganui terminal storage independently of these commercial agreements.

To find out more about our terminal storage operations, please read the information set out on pages 68 and 69 of section 3.2 ***Business Description****. To find out more about the risks associated with our terminal storage operations, please read section 4* ***Risks*** *and the information under the heading "What are my risks?" in section 1.4* ***Answers to Important Questions****.*

Secondary distribution



From the terminal storage facilities, refined product is distributed in smaller amounts across New Zealand by road tankers, pipelines and marine barges to retail service stations, truck stops and commercial customers.

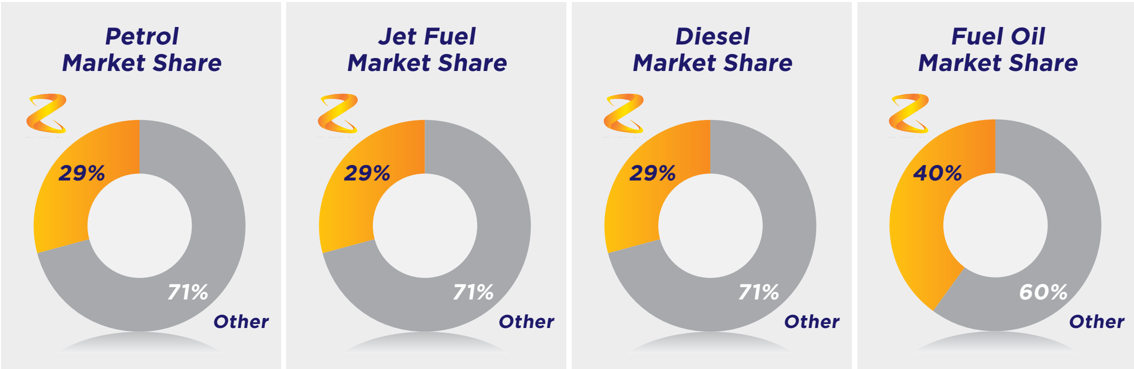
Z contracts with independent road transport operators to transport their refined product to retail service stations and commercial customers. In addition, independent distributors and resellers buy transport fuel from Z and the other integrated operators at wholesale prices and use their own networks to distribute fuel to commercial customers or into their own branded retail service stations.

To find out more about our secondary distribution operations, please read the information set out on page 68 of section 3.2 ***Business Description****. To find out more about the risks associated with our secondary distribution operations, please read section 4* ***Risks*** *and the information under the heading "What are my risks?" in section 1.4* ***Answers to Important Questions****.*

Marketing (Retail and Commercial)

Industry participants market refined products to a range of retail and commercial customers.

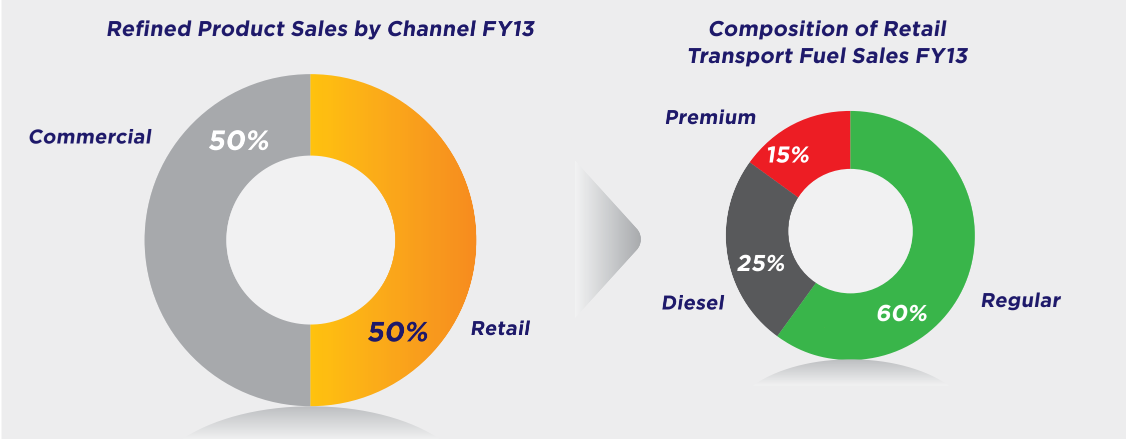
Core Refined Product Market Share by Volume FY13



Source: BDO.

Retail

Industry-wide retail sales constitute approximately half of total refined product sales by volume, comprising two main products, being petrol (regular and premium) and diesel.



Source: Management estimates based on BDO data.

Retail service stations are the key marketing business and 'public face' of the downstream oil industry. New Zealand has approximately 1,236[41] retail service stations. Retail service stations also supply varying ranges of convenience goods and services to consumers.

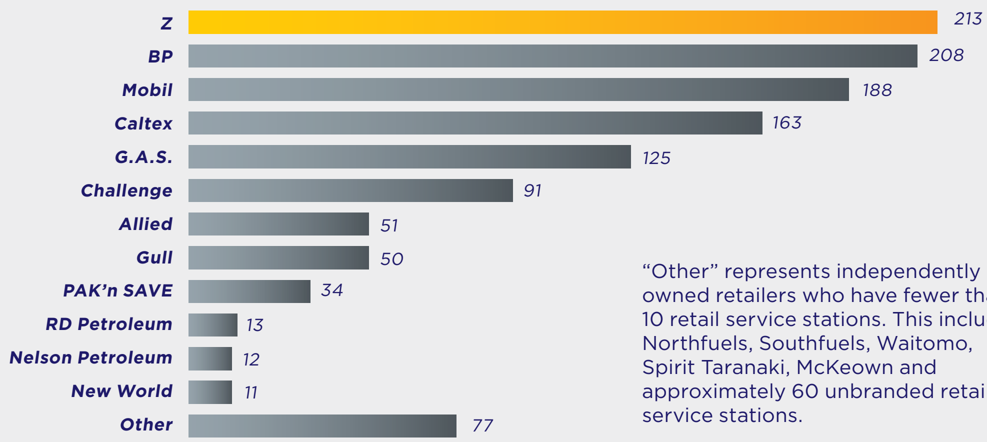
There are 10 principal retail service station brands operating in the competitive retail market.

- 62%[42] of all retail service stations are operated under the Z, BP, Mobil and Caltex brands.
- The remaining retail service stations are operated by independent retailers and supermarkets. All are exclusively supplied by one of the integrated operators (except Gull, which sources refined product from the integrated operators and imports directly from international markets).

41 Source: ISNZ.

42 Source: See note 41

Retail Service Stations by brand[43]



"Other" represents independently owned retailers who have fewer than 10 retail service stations. This includes Northfuels, Southfuels, Waitomo, Spirit Taranaki, McKeown and approximately 60 unbranded retail service stations.

Network branding and differentiated retail service offers assist both fuel and convenience store sales.

Typically, all retail service stations provide diesel and different forms of petrol. As the retail transport fuel market is highly competitive and cost structures are similar, average transport fuel prices within a particular supply region tend to be similar.

The key revenue sources for retail service stations are outlined below.

Retail Service Station Key Revenue Sources

Transport Fuels

- Retail service stations typically offer 91 octane petrol (60% of retail transport fuels volume) and 95-98 octane petrol (15%), as well as diesel (25%).[44] Most retail service stations also provide lubricant selections and some also provide automotive LPG.
- Major points of differentiation typically relate to the transport fuel offering (e.g. the presence or otherwise of fuel additives) or service (e.g. Z Energy's forecourt concierges, which are available at all retail service stations between 10am and 5pm).

Convenience Store

- Convenience stores provide an opportunity to complement transport fuel sales.
- Convenience stores now increasingly focus on more sustainable high margin products such as 'on the go' snacks and beverages.

Car Wash

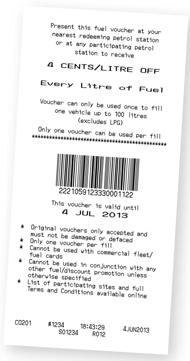
- Car washes are a differentiating service which is highly visible to customers and a particular revenue growth opportunity for Z.

43 Source: ISNZ.

44 Source: Management estimate based on BDO data.

Transport fuel discounting and loyalty schemes are playing an increasing role in the retail market. The key loyalty and discounting schemes are set out below.

New Zealand Retail Marketing Schemes

Scheme	**Provider**	**Description**
FlyBuys	Z	• Fly Buys is New Zealand's largest loyalty scheme with over 2.4 million cardholders.[45] • Z is the only retail service station participating in Fly Buys. We are a 25% owner of Loyalty New Zealand, the company that operates Fly Buys. • Customers receive points according to the value of transport fuel and convenience store purchases.
Supermarket Dockets 	Z *Mobil* *Gull*	• Supermarket dockets entitle customers to a specified cents per litre discount on transport fuel purchases at designated retail service stations. • Z and Gull each have a commercial arrangement with Progressive Enterprises (Countdown, Fresh Choice, Supervalue) while Mobil has an arrangement with Foodstuffs (New World and PAK'n SAVE). • Supermarket chains either source fuel from integrated operators and sell through their own retail service stations or institute discount arrangements via dockets available at supermarkets.
AA Smartfuel	*BP* *Caltex*	• AA Smartfuel offers customers a specified cents per litre discount for transport fuel purchases made at BP or Caltex retail service stations. • Customers earn further cents per litre discounts through shopping and presenting their AA Smartfuel cards at participating retailers.

With our supermarket dockets, the cost of a standard discount is typically shared with the supermarket, and when promotions involve higher discounts, our contribution is typically capped.

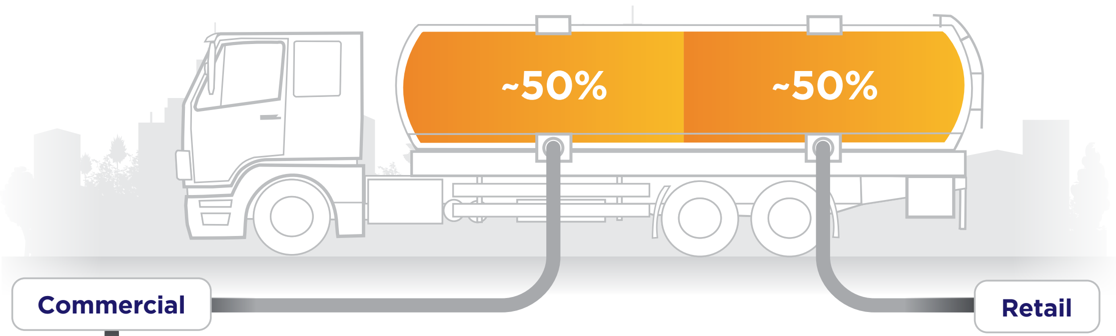
*To find out more about our retail marketing activities, please read the information set out on pages 70 to 72 of section 3.2 **Business Description**. To find out more about the risks associated with our retail marketing activities, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

45 Source: Loyalty New Zealand, 2013.

Commercial

The commercial segment of the New Zealand transport fuels market (including related products) accounts for approximately half of total refined product sales by volume. The main products offered are petrol and diesel, aviation fuels, bitumen and fuel oil.

Refined Product Sales by Channel FY13



Key Commercial Segments

Commercial Sales by Customer FY13

~52%
Commercial Fuels

Z Energy distributes transport fuels (primarily diesel) to approximately 27,000 customers through its inland fuel channel.

- Key industries for the commercial business include the mining, construction, transport, rural and manufacturing sectors.
- Transport fuels, generally diesel, are delivered directly by tanker to storage tanks at the customer's location, via un-manned truck stops, by customer pick-up from a depot or via the retail service station network.

~32%
Aviation

Z Energy participates in two aviation fuels markets - 'Big Jet' and 'General Aviation':

- Big Jet represents the supply of jet fuel at the major airports. Big Jet customers are supplied via pipeline (at Auckland International Airport) or through coastal and terminal distribution. Jet fuel quality and product specification is globally standardised, and gross margins are typically low, reflecting airline fuelling options.
- General Aviation is a niche market of both jet fuel and Avgas at regional airfields.

~13%
Marine

Z Energy has infrastructure to supply fuel oil and some diesel to key marine customers directly at ports.

- Fuel oils in New Zealand include heavy and light fuel oils.
- Z Energy and Mobil own the majority of facilities for the distribution of fuel oils to the marine industry, comprising freight, fishing, ferries, coastal shipping, off-shore support vessels and cruise liners.

~3%
Bitumen

Z Energy is one of only two companies that participate in bitumen manufacture through Refining NZ.

- Although Refining NZ provides a relatively reliable source of supply, bitumen is also imported from time to time by Z Energy and other parties to supplement refinery production.
- Bitumen is used exclusively by the roading industry within New Zealand.

Source: Management estimates based on BDO data.

*To find out more about our commercial marketing activities, please read the information set out on pages 73 to 75 of section 3.2 **Business Description**. To find out more about the risks associated with our commercial marketing activities, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Industry Pricing and Profitability

This section sets out the costs, margins and taxes that make up the pump price customers pay, and recent trends affecting earnings in the New Zealand downstream oil industry.

Transport Fuels Pricing

The retail transport fuel price is built up from a number of components which reflect the various stages in the supply chain. The diagram below gives an indicative breakdown of these components using the average retail petrol price in FY13 as an example.[46]

Retail Petrol or Diesel Fuel Price:

Price paid at the pump is a function of the cost of refined product, taxes and levies, and each downstream transport fuel operator's margin.

Taxes and Levies

Excise tax: Excise tax is imposed on certain transport fuel products (but not diesel, which is instead subject to Road User Charges that are not collected at the pump).

GST: Goods and Services Tax is a general consumption tax (applies to the majority of refined product sales).

ACC Levies: Levy on petrol under the Accident Compensation Act.

Petroleum or Engine Fuel Monitoring Levy: A further levy on petrol and diesel, known as the petroleum or engine fuel monitoring levy.

Local Authorities Fuel Tax: Local authorities are able to levy a tax on fuel within their regions.

ETS: The costs associated with offsetting emissions under the ETS.

Importer Margin

The overall margin captured by downstream transport fuel operators, which translates into profit after taking into account:

- **Operating Costs:** Which includes costs associated with operating the retail service station network, marketing, and corporate overheads, and
- **Distribution Costs:** Which includes costs of storing refined product in terminal storage and distributing it from terminal storage to the customer.

Cost of Refined Product

The cost of landing refined product in New Zealand (the cost to purchase from the supplier plus the cost of shipping the refined product to New Zealand).

To find out more about our pricing and profitability, please read the information set out on pages 76 to 77 of section 3.2 ***Business Description****. To find out more about the financial risks associated with our operations, please read section 4* ***Risks****, the information set out under the heading "What are my risks?" in section 1.4* ***Answers to Important Questions*** *and section 5* ***Financial Information****.*

46 Source: MED Oil Price Monitoring May 2013. Diagram indicates the breakdown in the retail price of 91 octane petrol, based on averages in the 12 months to 31 March 2013. Note that Z Energy treats ETS as an operating cost.

Volatility of Transport Fuel Prices

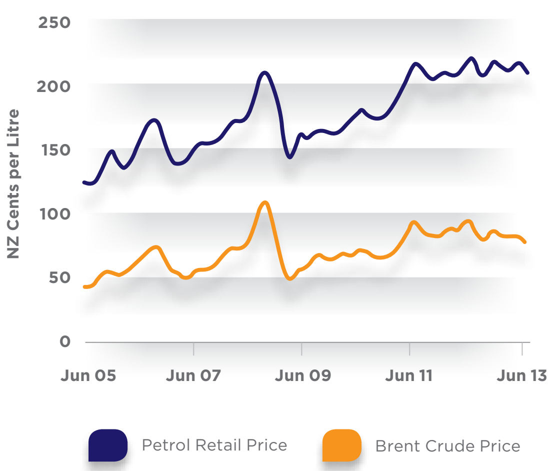
Transport fuel supply is a high volume, low margin business reflecting the commodity nature of crude oil and the level of competition for market share. Volatility of transport fuel prices at the pump is primarily driven by movements in international crude oil prices, refined fuel prices and foreign exchange rates. Both have the ability to very quickly impact consumer prices either up or down. Because industry participants can pass through these costs reasonably efficiently (and have generally done so), profit margins have been relatively stable in the medium to long term.

The correlation of the crude oil price to the pump price can be seen in the charts below for both petrol and diesel.

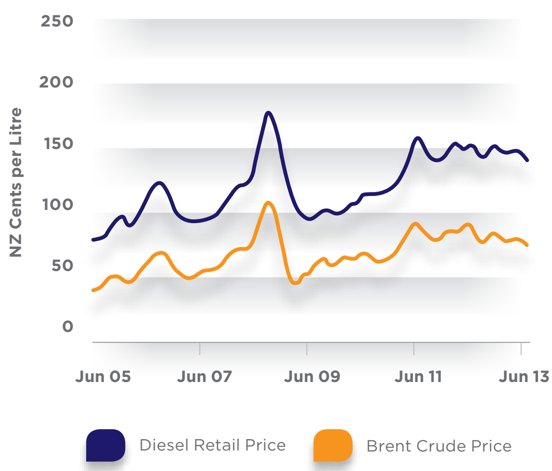
The most significant impact on downstream oil companies of a change in crude oil price is to Historical Cost earnings and working capital requirements. Refer to Section 5.4 (Prospective Financial Information) for further discussion of such sensitivities.

This Offer Document presents the Brent crude oil benchmark for crude oil references. In practice, Z procures a range of crude oils for refining. The price of these crude oils may more closely reflect other crude oil benchmarks, such as Dubai crude oil. Different crude oils will typically trade at different prices due to the market supply and demand factors for these different crude oils, such as specific yield and quality characteristics of the crude oil (for example, "light" or "heavy" crude oil, low or high sulphur content crude oil) and the source location of the crude oil. The various benchmarks do not always move uniformly.

Petrol Retail Prices vs Crude Oil Price



Diesel Retail Prices vs Crude Oil Price



Source: MED Weekly Oil Price Monitoring June 2013.

Note: Presented on a 90 day rolling average basis.

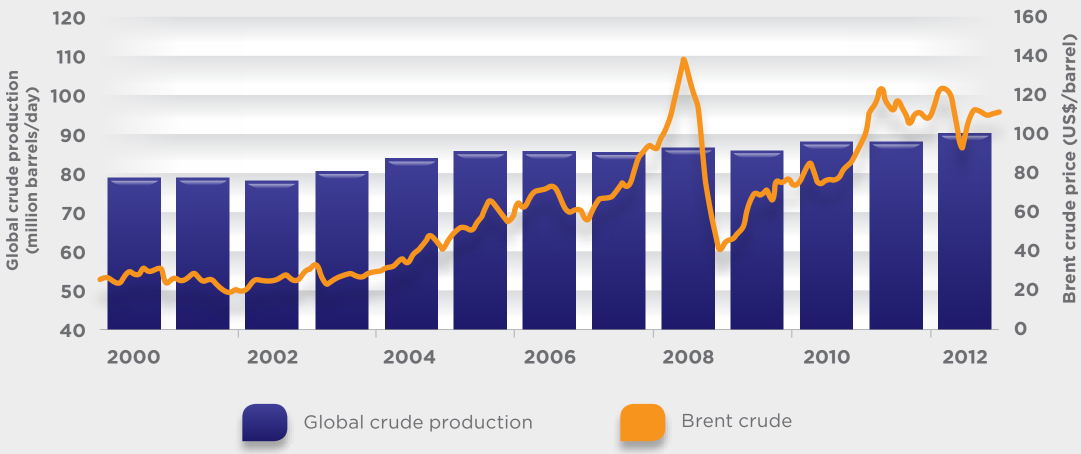
Explaining the Volatility of Crude Oil Prices

Crude oil prices have historically been volatile and have increased substantially since 2004. Reasons for this sharp rise in the price and volatility of crude oil prices include:

- Global demand swings linked to economic concerns surrounding the global financial crisis
- Significant demand growth in the Asian region and other emerging economies
- Increases in the cost of exploring and producing from new oil fields
- Significant supply disruptions driven by geopolitical events in locations such as in Libya and Iran
- Increasing sensitivity to environmental and geopolitical factors prohibiting or inhibiting oil exploration in some areas, and
- High demand growth in countries where retail price effects are diluted by fuel subsidies.

The chart below displays recent crude oil production and price movements.

Global Crude Oil Production and Price (2000 – 2012)



Source: Bloomberg, US Energy Information Administration

Crude oil price volatility is demonstrated over the period of the global financial crisis where crude oil hit a high of US$146 (NZ$193) per barrel and dropped quickly to a low of US$38 (NZ$66) per barrel.[47]

Historically this volatility in New Zealand has been partially offset by the relationship with the USD/NZD foreign exchange rate. The New Zealand dollar has tended to be stronger when crude oil prices are stronger and weaker when crude oil prices are weaker (which means that the impact of crude oil price rises and drops can be partially offset for New Zealand consumers).

There are developing trends which may slow or blunt the general upward trend in prices observed in the above chart. These include:

- Increased oil production from US shale deposits, which has reduced both the cost of production in the US and that country's reliance on oil imports, and
- Increased penetration of renewable energy sources which may moderate oil demand growth.

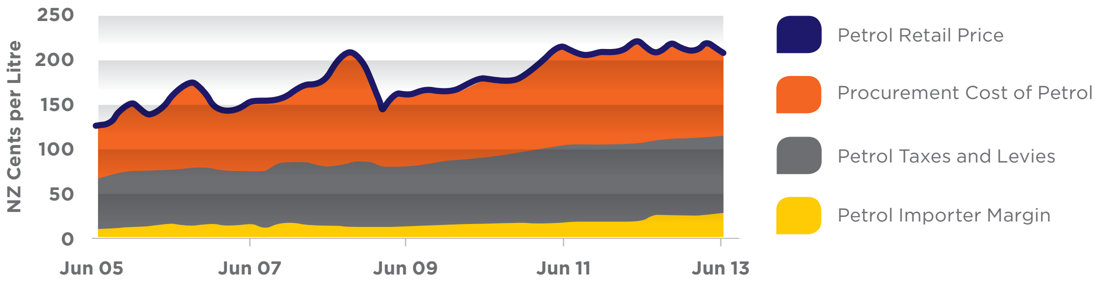
47 Source: Bloomberg, 2013.

Importer Margin

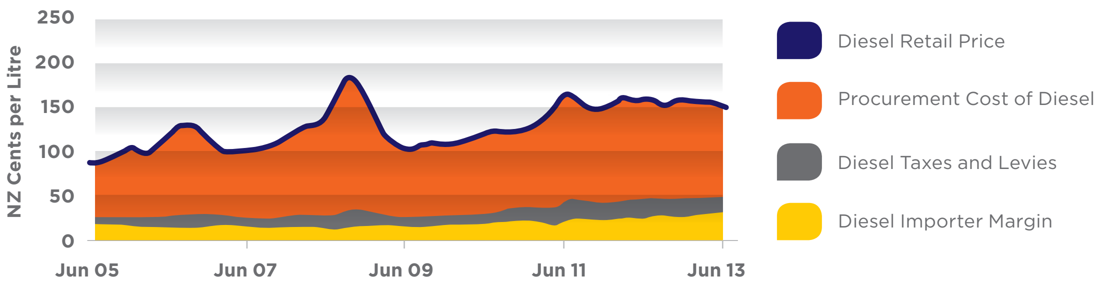
The importer margin – the operating margin fuel companies receive (before taking into account operating and distribution costs) for selling refined product to customers – is small relative to the cost of procuring refined product. Movements in this importer margin have a comparatively minimal impact on headline fuel prices when compared with movements in the cost to fuel companies of procuring refined product. This is highlighted in the pricing charts below.

The Ministry of Economic Development (MED) (now the Ministry of Business, Innovation and Employment (MBIE)) carries out weekly monitoring of industry importer margins for regular petrol and automotive diesel. The MED importer margins are calculated by comparing international benchmark refined product procurement costs (adjusted to reflect a New Zealand equivalent) to the pre-tax retail price observed on a sample of retail service stations in Auckland, Hamilton, Wellington and Christchurch.

Petrol Prices



Diesel Prices



Source: MED Weekly Oil Price Monitoring June 2013. Chart presented on a 90 day rolling average basis, adjusted for consistency purposes to reflect changes in MED methodology in 2005 and 2010.

The MED calculation does not reflect price discounting and other tactical offers, supermarket dockets and other loyalty programmes, or differences in product mixes. The MED importer margin will therefore likely differ from industry participants' actual margins. However the industry importer margins calculated by MED provide a broad indication as to the movement in industry profitability over time. The chart below sets out the importer margins reported by the MED over the past six years.

Regular Petrol and Diesel Importer Margin

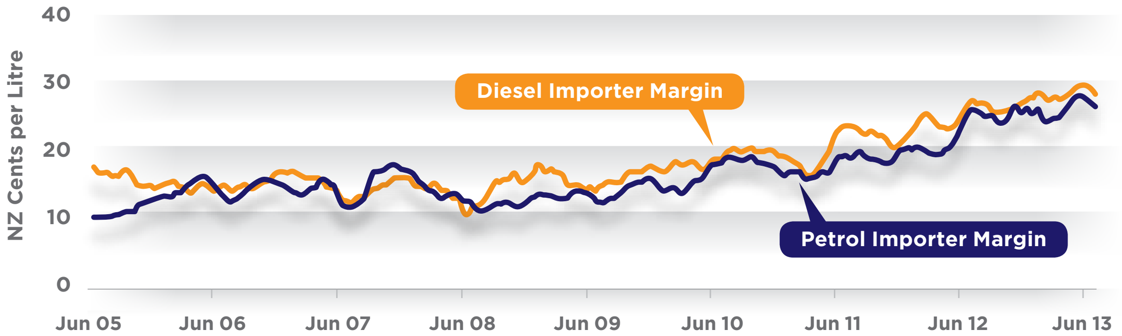


Chart presented on a 90 day rolling average basis.

Source: MED Weekly Oil Price Monitoring, June 2013

While importer margins have been relatively stable over the medium to long term, they can fluctuate significantly over the short term as participants compete on price. Importer margins (as reported by MED) exceeded 25 cents per litre in 2012 for both petrol and diesel, following a sustained period where they generally fluctuated between 15 to 20 cents per litre.

In our view, the importer margin uplift in the industry over the last three years reflects a number of factors, including:

- The increased cost of funding working capital, driven by higher oil prices
- Significant discounting through supermarket dockets and AA Smartfuel, meaning that the headline price used in reported margin calculations is higher than the actual price that many customers are paying and that actual retail marketing margins are correspondingly lower, and
- A general requirement in the industry to reinvest in infrastructure.

We believe that these factors will also support the continuation of margins at the current levels, rather than the historical levels of around 15 to 20 cents per litre.

*To find out about Z Energy's pricing and profitability (including measures of margin), please read the information set out on pages 76 to 77 of section 3.2 **Business Description**. To find out more about the financial risks for Z Energy's business, please read section 4 **Risks**, the "What are my risks?" section in 1.4 **Answers to Important Questions** and section 5 **Financial Information**.*

Regulatory Framework

The New Zealand downstream oil industry has some specific regulatory features – which are set out below. Unlike some other industries (such as electricity or telecommunications) there is no one regulator responsible for all industry matters.

New Zealand transport fuels market monitoring

The Ministry for Business, Innovation and Employment (MBIE) is responsible for monitoring the New Zealand fuels market.

In 2008 MBIE's predecessor, the Ministry of Economic Development (MED), conducted a review into the factors impacting on the competitiveness of the New Zealand petrol market, which concluded (among other things) that the New Zealand petrol market is fundamentally competitive and that retail petrol prices are not fast to rise and slow to fall.

MBIE continues to carry out weekly monitoring of importer margins for regular petrol and automotive diesel – more information on that monitoring can be found at http://www.med.govt.nz/sectors-industries/energy/liquid-fuel-market/weekly-oil-price-monitoring.

Quality standards

Quality standards are regulated through New Zealand's Engine Fuel Specifications Regulations 2011 and are at the higher end of the international spectrum. As a result, transport fuels which meet New Zealand's high quality standards have a higher value and are available from relatively fewer sources.

Taxes and Levies

The proportion of New Zealand's 'at the pump' price which is made up of taxes and levies, although in the bottom quartile of the OECD, is still significant.

Excise tax

Excise tax is imposed on certain fuel products (but not diesel). The rates differ from product to product.

GST

Goods and Services Tax (GST) is a general consumption tax. The current GST rate of 15% applies to the majority of refined product sales.

ACC Levies

The Accident Compensation Act 2001 imposes a levy on petrol.

Petroleum or Engine Fuel Monitoring Levy

The Energy (Fuels, Levies, and References) Act 1989 imposes a further levy on petrol and diesel, known as the petroleum or engine fuel monitoring levy.

Local Authorities Fuel Tax

The Local Government Act 1974 empowers local authorities to levy a tax on fuel within their region. These taxes can be no higher than 0.66 cents per litre on petrol and 0.33 cents per litre on diesel.

Road user charges

Excise tax is not levied on diesel. Instead, drivers of light diesel vehicles and diesel-powered heavy vehicles like trucks pay through road user charges. Road user charges are not payable at the point of purchase of diesel.

Relevant Legislation

Industry participants are subject to a wide range of legislation which is subject to change from time to time. Key pieces of legislation are summarised below.

Resource Management Act 1991

The Resource Management Act regulates the use of New Zealand's natural and physical resources. The Resource Management Act generally requires that environmental approvals (usually resource consents) be obtained for the use of land, water, air and other natural resources. Downstream oil industry participants require consents under the Resource Management Act and/or through district and regional plans for a number of their activities, including terminal, storage and retail service station sites. The Resource Management Act allows for a range of enforcement action to be taken if there is non-compliance with the Resource Management Act (for example, if resource consents are required but have not been obtained, or if the resource consents which have been obtained have not been complied with).

Hazardous Substances and New Organisms Act 1996

The Hazardous Substances and New Organisms Act and related regulations control the import, manufacture, storage, transport, handling and use (including disposal) of hazardous substances (which includes crude oil and refined products). Under the Hazardous Substances and New Organisms Act, the failure to obtain or comply with the necessary authorisations is an offence which may attract financial or other penalties.

Climate Change Response Act 2002

The Climate Change Response Act, through the Emissions Trading Scheme (ETS), places a price on emissions. The point of payment is as far up the supply chain as possible, which – for transport fuels – is when refined products either leave the refinery or land directly in New Zealand.

Fuel companies are required to surrender New Zealand Units (NZUs) or other compliant international units to cover the emissions that result from the fuel they sell. An NZU is effectively a right to emit one tonne of carbon dioxide equivalent of greenhouse gas, and can be purchased on open markets in New Zealand and overseas. Fuel suppliers have been required to report their emissions since 1 January 2010 and to surrender NZUs to the Government since 1 July 2010.

Currently emitters are required to surrender only one unit for every two tonnes of emissions and can buy units from the Government to meet their obligations at a fixed price of $25 per unit, or on the open market. These transitional arrangements have been extended for an indefinite period, subject to a review in 2015.

Health and Safety in Employment Act 1992

The Health and Safety in Employment Act prescribes an extensive statutory regime to ensure the health and safety of employees and other people in the workplace. Health and safety regulation in New Zealand is currently being reviewed and is likely to be significantly strengthened within the next 18 months.

The Government-appointed Independent Taskforce on Workplace Health and Safety has proposed a complete overhaul of the system, and the enactment of new legislation based on Australian laws.

To find out more about regulatory risks to Z Energy's business, please read section **4 Risks** *and the information under the heading "What are my risks?" in section* **1.4 Answers to Important Questions**. *To find out more information about the impact of the ETS on Z Energy's business, please read section* **5 Financial Information**.


SH2
SH4

3.2 Business Description

Why you should read this section

This section provides the details of our business, including who we are, what we do within our industry and how we go about it. The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

Overview

- Specialist, locally managed and operated, downstream business, not owned by one of the major upstream oil companies
- Operations spanning crude oil procurement, arranging its refining, importing refined product and nationwide distribution and marketing
- Sell around 30% of the transport fuel consumed in New Zealand[48]
- Employ 290 permanent, fixed term and casual employees, and indirectly employ approximately 2,000 people through our retail service stations

Sources of earnings

- In our core business operations we focus on our gross margin. We break that margin down into three key categories:
  - Fuels margin
  - Non-fuels margin, and
  - Refining margin.
- In addition, we expect to generate earnings from the shareholding we will hold in Refining NZ (currently held by ZEHL) after completion of the Offer.

When we refer to "margin" or "gross margin" in this section, we mean margin calculated on a Replacement Cost basis. For more information on Replacement Cost accounting, see Section 5.1 (Introduction to Operational and Financial Information).

History

In April 2010, Shell sold its New Zealand downstream oil business to a joint venture between Infratil and the New Zealand Superannuation Fund and the operating company was temporarily renamed Greenstone Energy Limited. A little over a year later, following significant consumer research and product development, we made a bold decision. We said goodbye to the Shell brand and decided to build a distinctive Kiwi brand from scratch: Z was born.

48 Source: BDO

Business Strategy

Our business strategy defines all the decisions we make. Our four core strategic imperatives are:

- Investing in products and services that our customers value
- Rebalancing our portfolio of commercial customers to improve returns
- Maximising the benefits of being an integrated company
- Development of our people

Z is focused on maximising long-term shareholder value and achieving sustainable growth by making the most of our competitive advantages and executing clear, strategic choices.

*To find out more about our growth initiatives and opportunities, please read the information set out on pages 80 and 81 of this section. To find out more about the risks associated with these growth initiatives, please read section 4 **Risks**, the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions** and section 5 **Financial Information**.*

Key Sources of Competitive Advantage

1. We have a **tightly integrated operating model**
2. We're a **locally managed company** with local decision making
3. Our **high recognition as a Kiwi brand**, and
4. We are **willing to invest** in our business to grow

How we seek to use our Competitive Advantages

1. **Stay integrated:** ensure that decision-making is coordinated to maximise value across the business as a whole, rather than in parts
2. **Focus on profitability** rather than volumes or market share
3. **Differentiate** from our competitors through a strong "Kiwi" brand and innovative customer offers
4. **Be nimble:** respond to market conditions and seize opportunities faster than our competitors
5. **Continue to invest:** sensibly invest to improve our infrastructure and enhance our scale
6. **Lead the industry** in structural reforms, the adoption of new technologies and operating efficiency

Z's Commitments to Health and Safety, the Environment and Sustainability

At Z we're committed to operating our business while ensuring the health and wellbeing of our people and the environment. This means we are committed to high standards of safety in everything we do. We talk about HSSE – Health, Safety, Security and the Environment – and we have robust policies, regular reporting and a high level of management and governance oversight as to how we perform in relation to HSSE.

Our HSSE policy is an important foundation in creating a culture of safety and environmental awareness inside our company. HSSE matters because, in its essence, it is about the safety and wellbeing of our people, the people in the communities in which we operate and our planet while sustaining the long-term future of our company. Safe operation is a fundamental element in our licence to operate.

Health and Safety

Z's HSSE policy statement commits us to:

- The "Zero Harm Workplaces" programme (a common vision for workplace safety promoted by the Business Leaders' Health and Safety Forum) and making it happen
- Having an HSSE management system, designed to manage hazards and risks, which is implemented through a cycle of continuous improvement
- Being clear and straight up on the HSSE rules, standards and processes, along with the consequences of any failure to comply
- Clearly communicating our expectation of our business partners to manage HSSE the way we do, and
- Holding our people accountable by communicating policy, setting targets, delivering on plans and actions, measuring performance, and providing assurance that whatever we report is what really happened.

Z has six core safety "pillars" which underpin our commitment to working safely.

Six Pillars to Working Safely

Measurement

We openly share everything we measure to manage our business risks. We use reliable markers as indicators of our achievements.

Operational excellence

Through our emphasis on people we achieve extraordinary operational performance. We work as one team open to everyone's input.

Personal responsibility

Safety is about working together as one team. Everyone at Z is aware of the role they play in achieving our goals.

Sustainability

We use less, waste less. Being better at business today for the benefit of our communities and future.

Employee wellness

We value our people's health and wellbeing through our commitment to a healthy organisation.

Thought leadership

We choose to lead the way. By being straight up our expectations are clearly communicated to our people and partners.

To find out more about the risks to our business associated with health and safety, please read section 4 ***Risks****.*

Environment

Our overarching environmental objective is to operate in an environmentally sustainable manner in full compliance with all regulations and in a manner which strives to minimise or, preferably, eliminate harm to the environment.

Where we have direct management or the authority to determine the conduct of daily activities and where controls are necessary to manage environmental risks, we use Z's Environmental Management System (EMS). Our EMS covers (but is not limited to) Z staff, contractors (and sub-contractors) and retail service station staff.

Z assets at terminal storage sites operated by third parties are subject to equipment monitoring and reporting requirements. As these sites are not operated by Z, an assurance process is in place to ensure that these sites are managed and operated in a manner consistent with our standards.

Our EMS sets out how we manage the risks associated with the use and storage of refined products. It also sets out that:

- We will comply with all applicable environmental laws and regulations
- We will strive to provide industry leadership on responses to environmental issues
- We will demonstrate corporate commitment to environmental management through visible leadership
- We will provide our staff with all the training and tools required to foster the necessary respect for the environment to manage our business to the high standards we set
- We will seek to work only with suppliers and contractors who share our commitment to the environment
- We will respond to incidents and environmental concerns in a timely manner and be transparent in all communications, and
- We will review our systems, procedures and performance to identify and act on opportunities to provide continuous improvement in our environmental performance.

In addition, we work closely with the Maritime Safety Authority to manage the risks associated with transport of refined product around our coastline.

Contamination of sites is an issue that we have to deal with from time to time. We are aware of contamination at a number of sites (in many cases from incidents some time ago) and actively monitor for contamination and where required carry out remediation and related action.

*To find out more about the risks to our business associated with the environment, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Sustainability

Z acknowledges that climate change is a real threat to the world. We also believe the overwhelming scientific consensus that climate change is impacted by human behaviour, including the burning of fossil fuels.

We acknowledge that this makes us a part of the problem but we aspire to be at the heart of the solution.

Our natural environment matters to our people at Z. It matters to our friends and families and it matters to our customers. We're committed to improving our own sustainability and the sustainability of New Zealand.

We have four key sustainability 'pillars' that are embedded in our business and which we are committed to advancing. They are to:

We're in action on each of these four commitments, from exploring the development of biofuels projects through to the piloting of fuel efficiency programmes for our commercial customers, our 'Good in the Hood' neighbourhood investment programme to support New Zealand's communities and our concerted efforts to cut consumption, cut waste and manage our resources more efficiently.

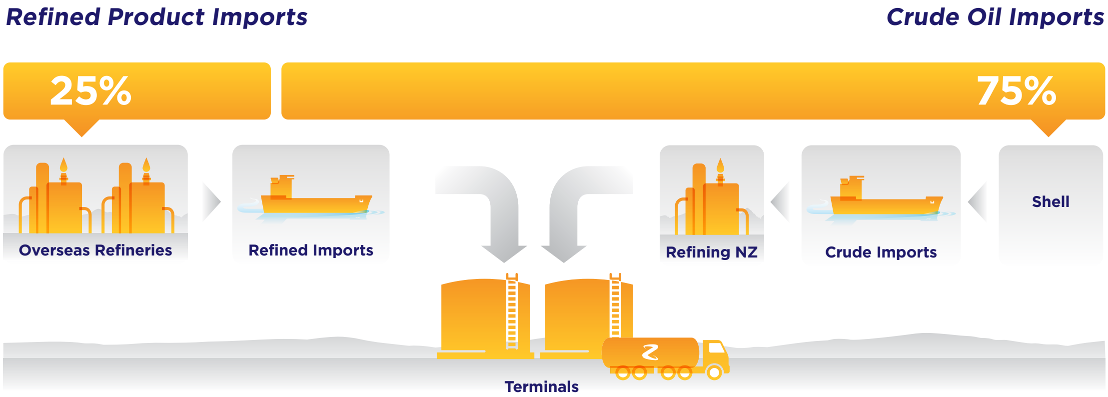
At Z we believe sustainability ultimately equals good business, so we intend to achieve these goals while directly improving the profitability of our company.

*To find out more about our strategies in relation to alternative fuels, please read the information under the heading "Strategy and Opportunities for Growth" set out on pages 80 and 81 of this section. To find out more about the risks to our business associated with the adoption of alternative fuels and alternative technologies, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Procurement

Each year we purchase approximately 1.8 billion litres of crude oil (in deliveries of approximately 110 million litres each) and 650 million litres of refined products (in smaller deliveries of 45 to 50 million litres each). Given the volume of product and the cost of importing it, getting procurement decisions right is fundamental to our business.

Z Energy's Procurement Process



Crude oil supply

Our crude oil supply contract with Shell, which we recently renewed for another three years (until 2016), provides us with access to a diverse range of crude oils. We use Shell to purchase crude oil on the international markets, although we buy smaller quantities of crude oil from Taranaki directly from local suppliers and occasionally we buy small quantities of other (sometimes pre-processed) crude oil from other suppliers in New Zealand and overseas to optimise our production at the refinery.

Refined product supply

We source the balance of our refined products from overseas refineries, currently located in South Korea, through an intermediary. This contract is re-tendered annually. We also import smaller quantities of speciality grades such as Avgas and, from time to time, bitumen.

Procurement decisions

Procurement decisions are complex. Managing procurement requires monitoring of the availability and cost of a variety of different types of crude oil, knowledge of the best available alternatives for the import of refined product and matching supply to our anticipated demand. The decision whether to import refined product or to import crude oil for refining at Refining NZ must typically be made 3-4 months before actual refining margins are known. We need to balance the benefits of fully utilising the capacity of vessels that ship crude oil and refined product to New Zealand against the working capital requirements of purchasing large cargoes of crude oil. There is a regular interplay between decisions on procurement and commercial decisions in our marketing business so that we can procure a mix of crude oil and refined product that maximises our refining margin and meets the opportunities in the market.

Unlike our principal competitors, we are entirely focused on New Zealand. Our decisions are made only in the context of maximising the benefits to our operations in the New Zealand market.

To find out more about procurement in the New Zealand downstream oil industry, please read the information set out on page 46 of section 3.1 ***Industry Overview****. To find out more about the risks to Z Energy's business associated with procurement, please read section 4* ***Risks*** *and the information under the heading "What are my risks?" in section 1.4* ***Answers to Important Questions****.*

Refining

We have a processing agreement with Refining NZ to use a share of New Zealand's only refinery to process crude oil. This contract is perpetual, although processing fees are reviewed annually, and can only be cancelled for convenience by Z. Approximately 75% of the refined product distributed by us throughout New Zealand is obtained from the refinery (representing around 30% of the refinery's capacity).

At the completion of the Offer, Z will own a 17.14% shareholding in Refining NZ (transferred to us from our parent, ZEHL). Mike Bennetts, our Chief Executive, is currently on Refining NZ's board of directors. Our processing agreement is not linked to Z Energy being a shareholder in Refining NZ.

*To find out more about Refining NZ and its operations, please read the information set out on pages 47 to 48 of section 3.1 **Industry Overview**. To find out more about the risks to our business associated with using the refinery, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Primary Distribution

Our refined product from Refining NZ is distributed nationally by the Refinery to Auckland Pipeline (the RAP – owned by Refining NZ), the Wiri to Auckland Airport Pipeline (the WAP - operated by the WOSL joint venture) or coastal vessels (scheduled by the Coastal Oil Logistics Limited (COLL) joint venture).

We pay Refining NZ a throughput fee to use the RAP (i.e. relating to the movement of refined product through the RAP). This fee is set at arm's length, broadly based on alternative shipping costs.

*To find out more about primary distribution in the New Zealand fuels market, please read the information set out on page 49 of section 3.1 **Industry Overview**. To find out more about the risks to Z Energy's business associated with its primary distribution operations, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Terminal Storage

Ownership and Operation of Terminals

We own or lease terminal storage in 12 locations, giving us a breadth of coverage that allows us to minimise road transport costs.

Where our ownership and/or operation of terminal facilities is by way of a joint venture with the other integrated operators, we are focusing on negotiating more commercial throughput arrangements (i.e. relating to the movement of refined product through the facilities) and on developing a fee structure that reflects actual operating costs and capital invested in the assets. In short, we are working to bring terminal infrastructure back to what we believe is a more robust commercial footing. We believe this is critical to enable reinvestment.

Our strong footprint in the South Island allowed us to respond effectively after the Christchurch earthquakes, bringing fuel into the city from our tanks at Timaru. We have a compelling position in the marine market given our strong capability to deliver to marine customers in the South Island, our contracts with the Wynyard Wharf facility and the Awanuia fuel oil barge in the Auckland Harbour.

Management of Refined Inventory

In the last two years we have made significant investments in our inventory management and integrated tracking systems. These enhanced systems give us better visibility of total stocks across the supply chain. We manage our inventory within a tighter range, which has allowed us to improve our scheduling efficiency, resulting in less kilometres driven per litre delivered and fewer product shortages for customers.

Secondary Distribution

We partner with a single contracted road haulage operator, Hooker Pacific NZ, to distribute our refined product from terminals to retail service stations, truck stops and to some commercial customers. In addition, our Mini Tankers operation delivers diesel fuel directly into the running tanks of agricultural and construction machinery, home heating tanks and industrial generators.

In Auckland, jet fuel is delivered to Auckland Airport by pipeline from the Wiri terminal.

Fuel oils are distributed directly from port storage by pipeline and by both road tankers and our barge. We offer the only refuelling barge service for Auckland Harbour using the Awanuia, a dedicated fuel oil barge which we charter. We also own bunker pipelines in Timaru and Dunedin and have a part share of a pipeline at Nelson.

We seek to operate an efficient road transport fleet and locate terminals near areas of customer density and appropriate road infrastructure.

We work closely with Hooker Pacific NZ on the safety of fuel deliveries on public roads to set the appropriate safety standards for our truck deliveries.

*To find out more about the risks to Z Energy's business associated with its secondary distribution operations, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Z Energy Terminal Storage Locations

1 Marsden Point
- Directly connected to the refinery
- Operated by Wiri Oil Services Limited (WOSL)

2 Wynyard Wharf
- Services primarily marine (freight shipping and cruise liners) and bitumen customers

3 Wiri
- New Zealand's largest fuel terminal
- Services retail, commercial fuels and aviation segments
- Supplied by pipeline via the RAP from Marsden Point
- Operated by Wiri Oil Services Limited (WOSL)

4 Mt Maunganui
- New Zealand's second largest fuel terminal
- Tank capacity for numerous fuel grades
- Services retail, commercial and marine customers

5 New Plymouth
- Services retail, commercial, marine and aviation segments

6 Napier
- Services retail, commercial, marine and aviation segments

7 Wellington
- Three separate fuels locations. Two of the three service solely jet fuel and marine customers. The third, Hutt City, hosts 75% of Wellington's capacity, servicing all segments in the region
- Services retail, commercial, marine and aviation segments

8 Nelson
- Services retail, commercial and marine segments

9 Woolston
- Not located at a port
- Services retail, commercial and marine segments

10 Lyttelton
- Services retail, commercial, marine and aviation segments

11 Timaru
- Services retail, commercial and marine segments

12 Dunedin
- Services retail, commercial and marine segments

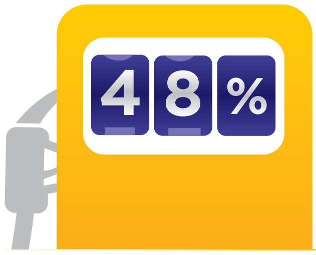
13 Bluff
- Services retail, commercial and marine segments

To find out more about the risks to Z Energy's business associated with its terminal storage operations, please read section **4 Risks** *and the information under the heading "What are my risks?" in section* **1.4 Answers to Important Questions**.

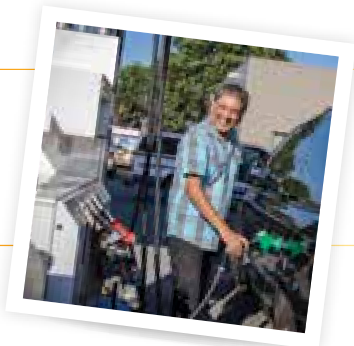
Marketing (Retail and Commercial)

Marketing – Retail

We have 213[49] retail service stations of which 56 are owned freehold, 152 are leased and 5 are independently owned. All of our retail service stations have forecourt concierges available between 10am and 5pm – because our customers told us that's what they wanted.



Approximately 48% of our total refined product sales by volume are through our retail service station network. Our network coverage is spread across New Zealand and we have a strong presence in the key population areas of Auckland, Wellington and Christchurch.



We account for around 29% of branded fuel volume sales, giving us the largest retail market share by branded volume.[50]

Measuring Retail Network Performance

A key measure of assessing the efficiency and performance of our retail business is the average fuel throughput per retail service station (i.e. the amount of fuel that is supplied by each station). Absolute numbers of retail service stations owned or operated by a fuel retailer do not necessarily reflect their scale, as many of the smaller, independently owned and operated retailers have relatively high numbers of retail service stations in rural locations and/or small towns where throughput per site is often considerably lower than in the cities or in high traffic urban sites.

The industry average throughput per retail service station is approximately 3.2 million litres of fuel per year.[51] Z's average throughput per service station is 5.4 million litres a year.

*To find out more about the retail marketing sector of the New Zealand fuels market, please read the information set out on pages 51 to 53 of section 3.1 **Industry Overview**. To find out more about the risks to Z Energy's business associated with its retail marketing operations, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

49 As at 12 July 2013.

50 Source: BDO.

51 Source: Management estimate based on BDO and ISNZ data.

Z is for New Zealand

World class companies have world class brands and our aspiration is to build both – we aspire to be a world class Kiwi company and we're committed to building a world class brand. Our brand is based on the promise that Z is for New Zealand. This gives us a clear point of difference over our largest competitors – global oil companies whose brands are not specifically focused on New Zealand.

Immediately after our ownership change in April 2010, we undertook what we believe to be one of the largest pieces of industry - specific consumer research in New Zealand in a decade and listened to 17,000 people. This enabled us to understand what New Zealanders want.

The "Z" brand and our customer offer has been built around what our target retail and commercial customer segments told us they value. From this, and based around what fellow Kiwis were telling us, we made commitments to:

- Be true, stay focused on what matters, become famous for it
- Listen to our customers and take on board their feedback, and
- Make decisions and be straight up about what Z is and what it's not.

New Zealanders expect Kiwi companies to support the communities they serve and to give back to them. Through our innovative 'Good in the Hood' programme, we are committed to being a good neighbour. By listening to the needs of our staff, our customers and the neighbourhoods we operate in, we can and do support and invest in the things that matter most to local people – our customers.

The "Z" brand has been successful. We commission monthly surveys from Colmar Brunton (a specialist research firm) relating to brand awareness and preference. The results consistently show that our brand, overall, is the most preferred retail brand in the downstream transport fuels market. Of course, brand preference does not directly translate into sales, as for a variety of reasons (for example, location) people may not use the brand they prefer. But the results nevertheless give us confidence that our strategy is the right one.

Retail Service Stations

Our retail service stations are the face of Z so it matters how we run them and how customers experience them.

All but eight of our retail service stations are operated by 23 third party retailers, carefully selected and contracted to Z to manage a number of retail sites through a Business Operating Agreement (BOA), which is an agency-type arrangement. The 8 independent dealers have a supply agreement with Z whereby Z supplies fuel to the sites.

This operating model allows us to concentrate on overall management and strategy, while still maintaining a high degree of control over all BOA retailer-operated sites. We set the rules and operating standards (including HSSE standards) for all BOA retail service stations, including the price of fuel. The retailer oversees all day-to-day operations, employs his or her staff, and owns and manages the procurement and sale of goods through the convenience store. We retain ownership of fuel and pay the retailer a cents-per-litre fee on fuel sales, as well as capturing a share of the retailer's net margin on shop sales as a royalty. We also require that retailers cover certain operating costs.

We take advantage of local input on key initiatives but, because our management makes the ultimate decisions on key matters, our initiatives are implemented quickly and uniformly across our network. This supports strong relationships with key suppliers (who can deal with us rather than a myriad of independent business owners), and is reflected in our terms of supply. We believe it also means that customers can rely on consistency across our retail network.

In contrast, we understand that our competitors have higher proportions of independently owned and operated retail service stations.

After listening to our customers, we have also installed a new point-of-sales system with faster transaction times in all of our BOA retail service stations. Our customers told us they value speed, and after implementing this new system we have been able to shave electronic transaction times down from 12 seconds to 3 seconds. This cuts the queues and gets people on their way faster and happier.

Retail Service Station Upgrades

We are engaged in a significant retail service station upgrade programme. By the end of 2013, all of our top retail service stations will be upgraded to provide new longer hoses to make refuelling easier, have diesel nozzles at all pumps, offer refurbished hotel style bathrooms, new "pay at pump" facilities, and have a superior coffee and food offering. We are also considering expanding our improved coffee and food offering to further retail service stations. At service stations identified as "high value locations" we will be installing or refurbishing car washes.

We have already seen significant benefits from this programme, with refitted retail service stations showing a 9% growth in convenience sales in FY13 against a 2% decline in convenience store sales across the rest of our sites, showing that customers are responding to the new offerings.

Loyalty and Discount Arrangements

We have two loyalty and discount schemes that drive significant sales and help increase the loyalty of our customer base in a highly competitive market.

Fly Buys

We are the only fuel retailer that offers Fly Buys points for fuel and in-store purchases. Fly Buys is New Zealand's largest rewards scheme, with more than 2.4 million card-holders, making it a unique offering which competitors cannot easily replicate. We are a 25% owner of Loyalty New Zealand, the parent company for the Fly Buys programme. The other owners, each also with a 25% share, are Bank of New Zealand, Foodstuffs New Zealand and IAG New Zealand.

Progressive Enterprises Supermarkets Discount Dockets

Only Z and Gull have arrangements with Progressive Enterprises – one of New Zealand's two major supermarket chains - to accept the fuel discount dockets given to customers for shopping at any Progressive Enterprises supermarket (Countdown, FreshChoice and Supervalue). The standard discount is 4 cents per litre, although Progressive Enterprises regularly offers significantly higher discounts (such as 10 cents and 25 cents a litre, and occasionally much higher under certain limited time offers). These discount dockets are an important tool used by supermarkets in attracting sales – the cost of a standard discount is typically shared with the supermarket, and when promotions involve higher discounts, our contribution is typically capped.

*To find out more about retail marketing schemes offered by the industry, please read the information set out on page 53 of section 3.1 **Industry Overview**. To find out about the risks associated with competition in the industry, and the risks associated with any change to our arrangements with Fly Buys or Progressive Enterprises, please read the information set out under the heading "What are my Risks?" in section 1.4 **Answers to Important Questions** and section 4 **Risks**.*

Marketing – Commercial

Z Energy's Commercial Customers

Approximately half of our refined product sales are for commercial use, covering industries such as shipping, mining, forestry, fishing, aviation, construction, farming and road transport.

Our commercial marketing operations are divided into five channels: inland fuels, marine (fuel oil and diesel), aviation fuels (jet fuel and Avgas), bitumen, and chemicals. We discuss each channel in more detail below.

Our commercial businesses distinguish between "core" products – petrol, diesel, jet fuel and fuel oil – which are produced at the refinery in relatively fixed proportions and "discretionary" products – Avgas, chemicals, and bitumen – where we have more flexibility to change the quantities we import or manufacture in response to market conditions.

Compared to our retail business, our commercial businesses can be characterised generally as higher volume, lower unit margin businesses, but with comparatively low levels of fixed asset investment and operational expenditure. Our strategic focus is therefore on disciplined marketing which targets sectors and customers which deliver higher margins.

Our commercial businesses contribute to our fuels margin and enable us to generate value within our supply chain.

- As different refined products make different contributions to our refining margin, a relevant factor when we consider commercial sales is optimising the mix of refined product being produced by the refinery to maximise our refining margin, and
- Where and how we sell refined products reflects the overall cost of our supply chain. We seek to maximise our utilisation of our supply chain infrastructure in preference to using that of our competitors.

As with our retail business, our commercial marketing operations primarily compete with BP, Mobil and Caltex, with different competitive strengths between product types and geographic locations. In addition, a number of independent distributors provide further competition for fuels marketing, particularly for small to medium enterprises.

Our commercial business has a broad geographical presence across all key sectors of the New Zealand economy. We supply all locally refined products. Our local presence enables us to identify and understand opportunities at a local level and provide a relatively high level of service to businesses. Our local account managers are responsible for delivering such service and we believe the value our customers place on this local service differentiates our commercial businesses from those of our competitors.

*To find out more about commercial marketing in New Zealand's downstream oil industry, please read the information set out on page 54 of section 3.1 **Industry Overview**. To find out more about the risks to Z Energy's business that might impact its commercial marketing operations, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Inland Fuels

We distribute transport fuels (primarily diesel) to approximately 27,000 customers, representing all of New Zealand's major industries, including farming, transport, manufacturing and construction. The breadth of our portfolio means we are not overexposed to specific customers or specific industries.

Profitability differs across customer segments and locations within our inland fuels business. We serve large industrial and wholesale customers that receive bulk deliveries into their own storage tanks as well as small fleets of company vehicles that use our retail network to refuel.

We believe that our nationwide infrastructure, variety of channels and a customer service model located entirely within New Zealand provides us with a distinctive set of options that enable Z to pursue higher margin opportunities.

The "channels" (or methods of delivery) within our inland fuels business include:

- A national network of purpose-built truck stops, situated on main highway routes and in industrial areas. All are unmanned and operate via a card and PIN system. This extensive network provides sufficient coverage to service national transport companies
- A Mini Tankers operation that provides a refuelling service directly into a customer's equipment while they are on the job. This service does not require customers to have their own bulk storage facilities on site - reducing health, safety and environmental risks for customers and increasing their productivity
- Our own extensive retail service station network. This is a key advantage as it can be accessed by our Z Card customers on commercial terms
- A long-term relationship with Southfuels, a distributor of our transport fuels, primarily focussing on the rural sector, and
- Bulk delivery into a customer's own storage facilities.

Our team of field based Account Managers and New Zealand based call centre enables the identification and acquisition of new business opportunities – consistent with our strategy of supplying diesel in the highest margin customer segments and locations. Our level of customer service provided locally provides the opportunity to selectively pursue the marketing of value added services and products not consistently offered within this market.

Z Card is used as a method of payment for Z's commercial customers at truck stops, retail sites and selected customer locations. In addition to the convenience provided, Z Card reporting and controls provided to customers enables them to manage their spend effectively across their vehicle fleets.

Marine

In our marine commercial business, what matters is having the infrastructure to match customer demand. We supply fuel oil products directly to customers in the key ports of Auckland, Nelson, Timaru and Dunedin. Z's infrastructure differentiates us from our competitors, allowing us to sell most of the fuel oil we produce from the refinery and reducing the need to export our excess fuel oil at substantially lower margins.

We charter the Awanuia, which provides the only marine refuelling option for a range of large vessels (including cruise ships) in Auckland Harbour, with the next available refuelling option for large vessels being at Mount Maunganui. Approximately 60% of our total fuel oil supply is delivered via the Awanuia.

Aviation Fuels (Jet Fuel and Avgas)

Most aviation fuel we supply in New Zealand is jet fuel. We supply a limited amount of Avgas (a high octane fuel which is primarily used by non-turbine-powered aircraft).

The primary source of value within the jet fuel supply chain is the contribution to our refining margin. Our refining margin is our exposure to Refining NZ's gross refining margin (under our processing arrangements with Refining NZ).

Our facilities at the two major international airports (Auckland and Christchurch) allows us to sell jet fuel to the international airlines operating in New Zealand (the "Big Jet" market). Currently Refining NZ is able to meet Z Energy's demand for jet fuel without additional imports or exports.

We also supply jet fuel and Avgas in the "General Aviation" market. Z and BP are the major suppliers of Avgas. Our entire Avgas requirement is met by imported product.

We have national infrastructure which allows us to deliver jet fuel and Avgas to regional airfields and meet demand in a variety of locations where it is profitable to do so. Through jet fuel and Avgas supply to regional airfields we have some exposure to the tourism and farming sectors.

Bitumen

We supply over half of the bitumen demand in the New Zealand market,[52] with demand coming predominantly from the New Zealand roading construction industry.

The majority of the bitumen sold by us is manufactured by Refining NZ, which enables us to match procured bitumen with local demand. Where necessary, we sometimes import bitumen to augment Refining NZ supply.

We believe there are opportunities to improve our returns from bitumen by investing further in the supply chain.

Chemicals

We use imported petrochemical products to manufacture the raw material required for detergent-based consumer products. Chemicals are a very small component of our commercial sales (approximately 2.6% in FY13). When the Shell business was acquired in April 2010 by Infratil and the New Zealand Superannuation Fund, we inherited the Gracefield chemicals manufacturing plant in Wellington.

The plant primarily manufactures detergents and employs seven people. As a non-core part of the Z business, we have tried unsuccessfully over the last two years to sell this chemicals manufacturing operation.

With no interested buyers and with the plant becoming increasingly uncompetitive as chemical manufacturing concentrates into large-scale Asian factories, in June 2013 we announced the decision to close the plant at the end of March 2014, at which point we anticipate we will have fulfilled our existing customer contracts.

*To find out information on the impact of the closure of our chemicals business, please read the information set out on page 133 of section 5 **Financial Information**.*

Growth in Commercial Business

Our key focus remains growth in inland fuels. Our strategy is to continue to grow margins and customers via:

- A disciplined sales strategy
- A focus on gaining exposure to higher margin customers
- Maintaining the quality of our service offering and service levels, and
- Selective investment in value adding products and services.

In our marine business we will use our existing infrastructure to meet growing demand from specific segments of the marine industry (such as cruise ships and resource industries, including fishing and oil and gas exploration).

In bitumen and aviation fuels our strategy is to maintain our current market position and invest in the supply chain where appropriate.

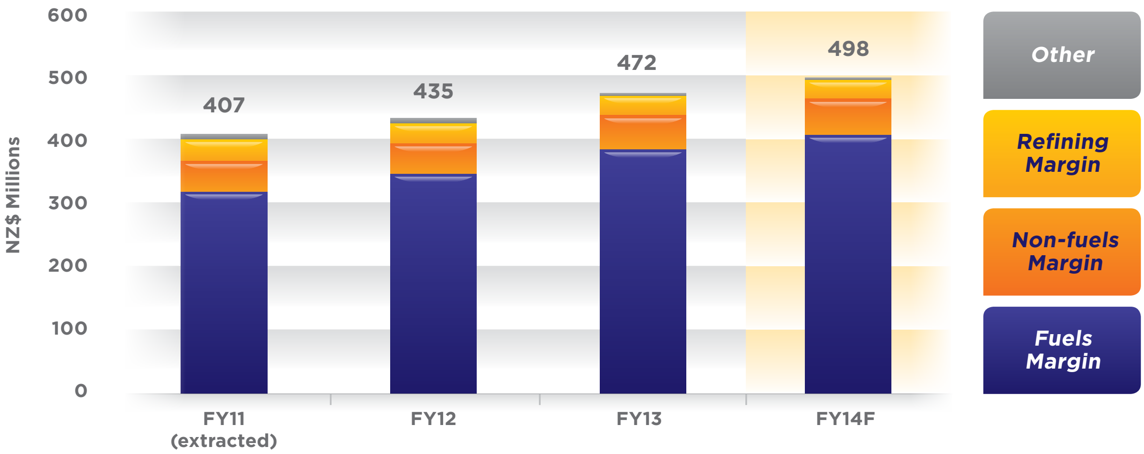
52 Source: BDO, REAAA New Zealand.

Pricing and Profitability

A key area of focus for us since the change in ownership from Shell has been to maintain or increase margins throughout the business to deliver a sustainable return on investment. The measure we use is gross margin. We break down the gross margin from our core business operations into three key categories – fuels margin, non-fuels margin and refining margin.

When we refer to gross margin or margin in this section, we mean margin calculated on a Replacement Cost basis. For more information on Replacement Cost accounting, see Section 5.1 (Introduction to Operational and Financial Information).

Z Energy Replacement Cost Gross Margin through time



Reconciliation of Replacement Cost Gross Margin to Historical Cost Gross Margin

(NZ$ millions)	*FY11 (extracted)*	*FY12*	*FY13*	*FY14F*
RC Gross Margin	407	435	472	498
COSA	72	29	(32)	12
HC Gross Margin	479	464	440	510

In addition to the margin earned from our core business operations, following the completion of the Offer we also expect to derive equity accounted earnings from associated companies, principally the 17.14% shareholding that Z Energy will hold in Refining NZ (that will be transferred to Z Energy by ZEHL).

To find out more information on Z Energy's pricing and profitability, both historic and prospective, please read section 5 ***Financial Information****. To read about the risks to Z Energy's pricing and profitability, please read section 4* ***Risks*** *and the information under the heading "What are my risks?" in section 1.4* ***Answers to Important Questions****.*

Fuels margin

Our fuels margin reflects:

- Refined product sales to retail and commercial customers, and
- Supply sales to other fuel companies and export sales (primarily excess fuel oil from Refining NZ),

less

- The cost (on a Replacement Cost basis) of purchasing that product (either via direct import, or by importing and refining crude oil), and delivering it to terminals around New Zealand, and
- Our refining margin (see below),

adjusted up or down for

- Realised hedging gains/losses in relation to our commodity and foreign exchange exposures.

To find out more information on Replacement Cost accounting, please read section 5.1 ***Introduction to Operational and Financial Information****.*

The fuels margin is our largest source of earnings, accounting for 81% of total RC gross margin in FY13.

Optimising our fuels margin is a key source of value for our business. We believe a number of factors assist us to obtain the highest average volume of sales per retail service station and relatively high commercial market share, while also maintaining strong margins. These include:

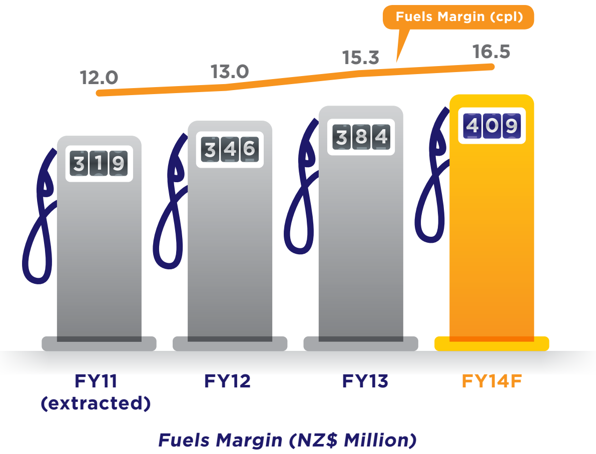
- A unique New Zealand brand
- Strategically located retail service stations in key demand areas
- Scope through our retail service station operating model to combine the benefits of local operators in our retail service stations with the strength of nationally driven scale and offers
- Willingness to invest in network expansion where the returns justify it
- The refurbishment of our retail service station shops, upgrade of our hospitality offering, and improved customer services
- The Fly Buys and supermarket discount dockets schemes
- Our national network of supply infrastructure, and
- Our team of field based Account Managers and New Zealand based call centre.

For the financial year ending 31 March 2013, we earned an RC fuels margin of $384 million, which corresponds to 15.3 cents per litre.

In the last two years, we have succeeded in expanding our fuels margin which has helped us to meet the increased working capital costs associated with higher oil prices and to recover increased operating costs. The consistent fuels margin uplift has been supported by a number of new strategic initiatives over the past three years, including:

- The refurbishment of our retail service station shops and the upgrade of our hospitality offering, and improved customer services
- The shift towards more commercial terms for industry off-take agreements at storage terminals
- Focus on rebalancing our commercial customers portfolio for higher returns
- Using our independence from any ownership by the major upstream oil companies to negotiate better and more competitive procurement and supply agreements for crude oil and refined product, and
- Higher sales to competitors as a result of our willingness to carry additional inventory.

Z Energy Replacement Cost fuels margin through time



Reconciliation of Replacement Cost Fuels Gross Margin to Historical Cost Fuels Gross Margin

(NZ$ millions)	*FY11 (extracted)*	*FY12*	*FY13*	*FY14F*
RC Fuels Gross Margin	319	346	384	409
COSA	72	29	(32)	12
HC Fuels Gross Margin	391	375	352	421

Our RC fuels margin is forecast to increase to 16.5 cents per litre in the financial year ending 31 March 2014. This forecast is based on the full year effect of certain factors discussed above and the more specific comments set out in Section 5.4 (Prospective Financial Information).

*To find out more on margins in New Zealand's downstream oil industry generally, please read the information set out on pages 55 to 59 of section 3.1 **Industry Overview**. To find out more information on Z Energy's fuels margin, both historic and prospective, please read section 5 **Financial Information**. To read about the risks to Z Energy's fuels margin, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

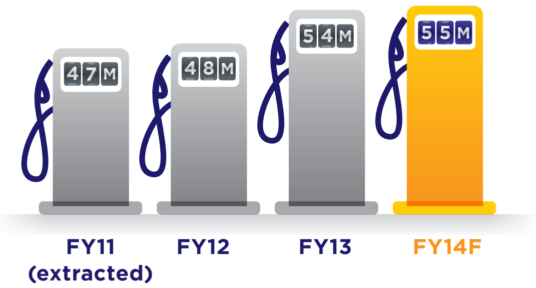
Non-fuels margin

Our non-fuels margin reflects royalties earned on convenience store sales, rebates from product suppliers, royalties from car washes and other income (rental income and card commissions).

Our focus is both on increasing the value of convenience store sales to customers who purchase petrol and diesel and attracting more customers to purchase just convenience store items.

We have moved our focus to high quality coffee and food offerings supported by convenience store upgrades and refurbishments in order to increase both the profitability and the resilience of our offer. We have also invested in car washes at key locations, a move which has seen car wash revenues grow significantly since 2010.

Z Energy non-fuels margin through time



Non-Fuels Margin (NZ$ Million)

We expect key drivers of our non-fuels margin in the future to include:

- Continued focus on higher margin food and beverage categories, such as coffee
- Further convenience store upgrades and refurbishment, and
- Continued investment in car washes at high value locations.

*To find out more information on Z Energy's non-fuels margin, both historic and prospective, please read section 5 **Financial Information**. To read about the risks to Z Energy's non-fuels margin, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Refining margin

The refining margin is the share of Refining NZ's gross refining margin (GRM) which is effectively retained by us under our processing agreement with Refining NZ.

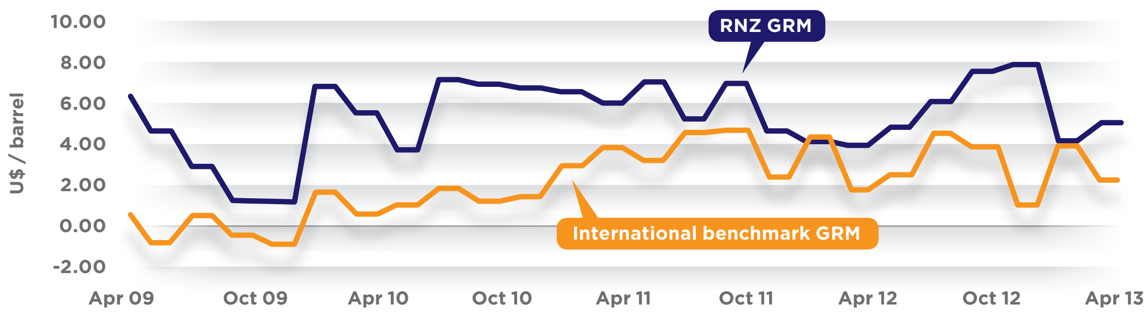
Refining NZ's gross refining margin (or "GRM") is the difference between notional costs of importing and landing crude oil, and of importing and landing refined product, into New Zealand (generally set by reference to various benchmarks). The processing fees which Refining NZ's customers (such as us) pay are set as a percentage (currently 70%) of GRM. This means that customers effectively retain the balance of GRM (by paying processing fees which, when added to their notional cost of importing and landing crude, are less than their notional cost of importing and landing refined product). This gives Refining NZ's customers an incentive to refine locally rather than import refined product.

Although Refining NZ's GRM is determined by reference to international benchmarks for the cost of the crude oil (and related products) and the cost of refined product, and associated costs (such as freight, insurance and landing costs), it can differ materially from the GRMs of refineries overseas, for reasons such as the following:

- The effect of the freight and insurance components of the notional costs of crude oil and refined product, due to Refining NZ's location
- Refining NZ's refinery-specific yields and production drivers
- Planned and unplanned refinery shutdowns
- New Zealand-specific costs and port and wharfage charges, and
- The fact that each of Refining NZ's customers makes its own crude oil selection and has different refined product requirements / mixes – as a result of which Refining NZ's GRM is different for each of its customers (though reference to Refining NZ's GRM, which is not customer-specific, is generally a reference to its overall GRM, across all its customers).

GRMs worldwide typically display considerable volatility, and Refining NZ's GRM is no exception. Refining NZ's GRM has, however, tended to be higher than international benchmarks reflecting in part, in our view, Refining NZ's location, the wide range of crudes that can be processed at Refining NZ and the quality premium required to comply with New Zealand fuel standards.

Refining NZ's GRM against international benchmark GRM



Source for Refining NZ GRM: Refining NZ, 2013. Source for international benchmark GRM: Z management.

Z's Refining NZ Processing Agreement

We pay Refining NZ a processing fee to refine crude oil on our behalf. That fee (which is reviewed annually, in accordance with specified principles) is set by reference to a GRM which (as explained above) is determined by reference to various crude and refined product prices. The processing fee is equal to a percentage (currently 70%) of that GRM.

The chart below provides a graphical representation of this.

In addition, our processing agreement with Refining NZ sets:

- A cap on GRM (over each calendar year) of US$9/barrel, converted to NZ$ at an average exchange rate. This in turn results in a current maximum processing fee equal to US$6.30/barrel. If GRM would otherwise be higher than this, our refining margin would reflect not only the relevant percentage (currently 30%) of the maximum GRM, but also 100% of the excess over the maximum, such that our refining margin could effectively be more that 30% of the Refining NZ GRM.
- A minimum annual amount of processing fees payable in aggregate by all refinery users (the "floor"), which currently equates to approximately NZ$3/barrel. If the GRM is so low that we would pay lower fees but for the floor, our refining margin would be less than 30% of GRM (and, if GRM was to fall far enough, could even be negative).

The floor comes into effect if the processing fee for a calendar year would otherwise fall below the minimum processing fee floor.

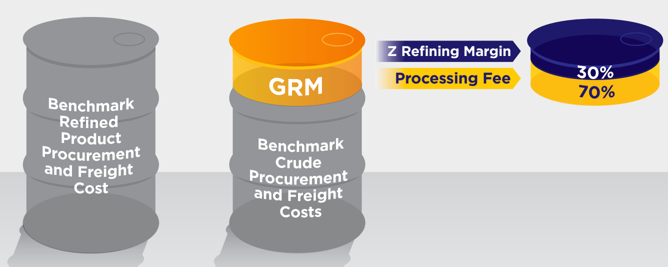
In the last five years:

- The cap on GRM has been relevant once – GRM averaged more than US$9/barrel for the 2008 calendar year, and
- The floor has not applied.

The percentage of the GRM used to set Refining NZ's processing fee is intended to reflect the relative risks and costs borne by Refining NZ and by us, and to provide sufficient incentive to us to optimise our use of the refinery's capacity – i.e. to obtain refined product via the refinery rather than by directly importing it. Direct importation would not incur the working capital costs of holding stock through the local refining process or the same costs of primary distribution, i.e. coastal shipping from the refinery to the terminals at various ports around the country, and the risks associated with these activities.

The balance of Refining NZ's GRM (currently 30%, subject to the effect of the cap and the floor) is effectively retained by us – and is referred to as our refining margin. Our refining margin is a portion of the revenue we receive from fuel sales – i.e. that portion which equals the cost savings we have made by importing crude and refining it rather than importing refined product - which we separately identify, rather than treat as part of our fuels margin. Our refining margin is not a cash amount we receive from Refining NZ.

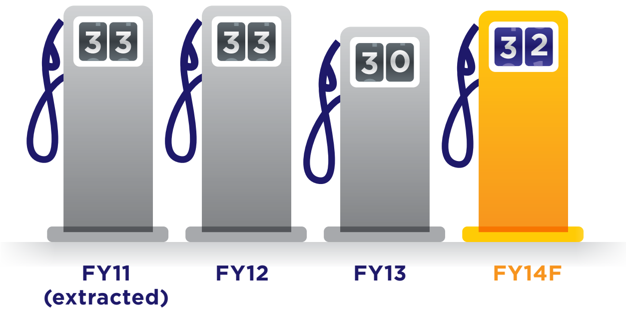
Z Energy's refining margin



Z Energy's refining margin comprised approximately 6% of our total gross margin in FY13. Our refining margin for the period from the financial year ending 31 March 2011 to the forecast financial year ending 31 March 2014 is set out below.

*To find out more information on Z Energy's refining margin, both historic and prospective, please read section 5 **Financial Information**. To read about the risks to Z Energy's refining margin, please read section 4 **Risks** and the information under the heading "What are my risks?" in section 1.4 **Answers to Important Questions**.*

Z Energy refining margin



Other income

In addition to income derived from our operating businesses, following completion of the Offer, we also expect to derive equity accounted earnings from associated companies, principally the 17.14% shareholding that Z Energy will hold in Refining NZ (that will be transferred to Z Energy by ZEHL following completion of the Offer). Z Energy intends to equity account for that holding so that its reported profit each year reflects a corresponding share of Refining NZ's NPAT.

*To find out more information on the performance of Refining NZ's share price, please read the information set out on page 48 of section 3.1 **Industry Overview**. To find out more information on Z Energy's other income, both historic and prospective, please read section 5 **Financial Information**.*

Strategy and Opportunities for Growth

Current growth strategy

In November 2010 the Board approved a three year strategy programme. The focus of this plan was the safe transition from Shell, repositioning the brand and overall offer, and developing stronger capability in the refined product supply chain. The forecast financial year ending 31 March 2014 represents the final year of that three year programme.

We have almost finished the three year programme where capital has been invested in our business and a portion of the projected benefits will be realised in future financial periods. For further information on that capital expenditure programme, please read Section 5.3 (Analysis of Historical Financial Performance).

*To find out more information on Z Energy's current growth strategy, please read section 3.2 **Business Description** and section 5 **Financial Information**.*

Future growth strategy

Z's management are currently working on the next programme for growth, which is expected to focus on reinforcing our position in the industry, and refining our thinking around future revenue and growth options.

Areas that management have identified as potential areas for future growth are:

New retail service stations – We have a pipeline of a further 20 properties that may be available for development over the next five years (depending on council consents and development agreements). While the industry's overall retail service station numbers are declining, roading and demographic changes open up new opportunities for investment in high volume locations biased towards Auckland and the Waikato. By 31 March 2014 we expect to have built 12 new sites since April 2010.

Product procurement – The Asia Pacific refinery market has excess capacity and this is forecast to remain the case until at least the end of the decade. As a sophisticated independent buyer of refined product with regular demand for volume and a requirement for high quality product, we are an attractive customer to the independent refineries and trading companies in the region as well as the upstream integrated oil companies that operate in this region. We are currently tendering our 2014 import programme for refined product into this increasingly competitive market.

Refinery optimisation – Z is actively participating in projects with Refining NZ which can optimise the refinery's operations by evaluating joint crude procurement, improving operational flexibility, lowering operating costs, and reducing production downtime. Our intention is that these projects will result in a reduction in our average working capital requirements and improved profitability from lower costs and a higher value product mix.

Delivery optimisation – Our recent investment in inventory forecasting and delivery scheduling systems has already delivered operational benefits. The programme of continuous improvement is focused on the timeliness and efficiency of fuel deliveries, accuracy of invoicing and integrating our scheduling tools real time with that of Hooker Pacific NZ. All of these would be expected to reduce unit operating costs and should enhance customer retention.

Coastal distribution – Z is seeking to negotiate a number of reforms to the COLL joint venture arrangements and related points in the supply chain. These include introducing a charging model that appropriately reflects the relative scale (cargo allocation) of the joint venture participants, and setting coastal tanker capacity at a level that ensures competitive tension between Refining NZ and imported products. One of the two coastal vessels used by COLL, the Kakariki, has an earliest replacement date of late 2014, which Z sees as an opportunity to seek these reforms.

Big ships to big tanks – Planned improvements by the Port of Tauranga and proposals for Lyttelton would enable us to charter larger ships for our imported products. Along with building or accessing increased storage capacity at these two key terminal locations, we believe we can reduce our freight costs, improve supply chain resilience and negotiate improved prices for domestic production as the alternative to increasing imports.

Fleet management services – We are piloting web based systems and consultancy services with large commercial customers to help them manage their overall transport fuels cost. Although this marketing programme lowers sales volumes, we believe the result may be an improvement in overall margins if we can share the customer's cost savings and improve customer loyalty.

Alternative fuels – We strive to be a thought leader for the development of alternatives to fossil fuels. While these alternatives need to be economically sound and based on sensible crude oil and demand assumptions, we believe there are emerging opportunities for Z in biofuels.

Customer footfalls – There is an opportunity to increase the value of the approximately 60 million customer transactions that occur in our retail service stations each year.[53]

Industry consolidation – In addition, there remains the potential for further industry merger and acquisition activity, such as through one of the other integrated participants choosing to exit all or part of their New Zealand assets as Shell did in 2010. Z believes it is well placed to participate in any such activity, and sees it as an opportunity for further growth.

To find out information on the financial implications of Z Energy's growth initiatives and opportunities, please read section 5 ***Financial Information****. To read about risks related to growth initiatives and opportunities, please read section 4* ***Risks*** *and the information under the heading "What are my risks?" in section 1.4* ***Answers to Important Questions****.*

Treasury Function

The nature of the downstream oil industry and materiality of our crude oil and refined product inventories exposes our business to fluctuations in commodity prices and foreign exchange rates.

Z seeks to manage these exposures within parameters set by Board-approved treasury policies and management of our risks by our in-house treasury function. The risk management procedures are designed to protect our Replacement Cost profit margins and ensure our borrowing covenants are complied with. This is achieved through the active management of commodity, foreign exchange, funding and other risks.

For more information on Replacement Cost accounting, see section 5.1 ***Introduction to Operational and Financial Information****.*

Commodity Price Risk

The length of our supply chain means that there is a significant lag between when we buy crude oil/refined product and when we finally sell it as fuel in New Zealand. On average, we hold inventory for two to three months before we sell it, during which time we bear the risk of highly volatile oil price movements.

To manage this exposure, we match the volume of inventory purchases that is priced in a month (the cost of sales) with the volume of sales in that month. This is achieved through either agreed pricing changes to physical purchases or through the swap or exchange of obligations with banks. By aligning sales and purchase volumes to the same month, we are generally able (in combination with our foreign exchange hedging) to maintain our Replacement Cost margin despite movements in the underlying NZ$ price of oil.

53 Source: Z management.

Foreign Exchange Risk

Our revenues are largely NZ$ denominated, while crude oil and imported refined product is priced in US$. To manage this foreign exchange exposure, we create an economic hedge by buying US$ on a daily basis to cover the value of the average net daily US$ equivalent sales and using those US$ to pay for the next inventory purchase.

If the value of the shipment purchased exceeds the US$ amount accumulated through the foreign exchange hedging programme, we have a US$ denominated working capital facility that can be drawn down. Over time, the cumulative balance of US$ purchased daily is expected to generally align with the value of inventory purchased in US$, effectively providing a hedge against foreign exchange volatility.

Inventory is not hedged

Our hedging of commodity price risk and foreign exchange risk is intended to hedge our trade flows. We do not hedge against movements in the value of the core inventory that we hold in order to operate our business. This is one reason why we use Replacement Cost accounting to measure our financial performance.

To find out more about Replacement Cost accounting, please read section ***5.1 Introduction to Operational and Financial Information****.*

Funding and Liquidity Risk

A key function of our treasury operation is to manage our funding requirements and to ensure there is enough cash available to fund inventory purchases at all times.

We currently have three sources of funding in place:

- $432 million of retail bonds quoted on the NZX Debt Market
- $50 million senior debt facility that can be drawn down when required, and
- $350 million working capital facility.

Interest Rate Risk

Having established our sources of funding, we manage our exposure to interest rate risk in order to minimise total costs and reduce volatility of interest expense. This is achieved through a portfolio of interest rate swaps (both receive fixed and pay fixed) overlaid against our current fixed rate debt (retail bonds) in line with our treasury policy. The policy allows some discretion to achieve a fixed/floating exposure over future time periods based on forecast debt.

Z Energy retail bonds

The retail bonds are used to secure our long-term funding requirements. We have three series of retail bonds on issue, each of which is quoted on the NZX Debt Market. The retail bonds have the following maturity profile:

- Bonds with a principal amount of $147 million mature in October 2016
- Bonds with a principal amount of $150 million mature in August 2018, and
- Bonds with a principal amount of $135 million mature in November 2019.

The retail bonds constitute senior, secured obligations of Z Energy. Our bondholders and banks share the same security on an equal ranking basis.

Senior debt facility

Our senior debt facility can be used to fund capital expenditure, as well as funding working capital requirements. This facility matures in July 2016.

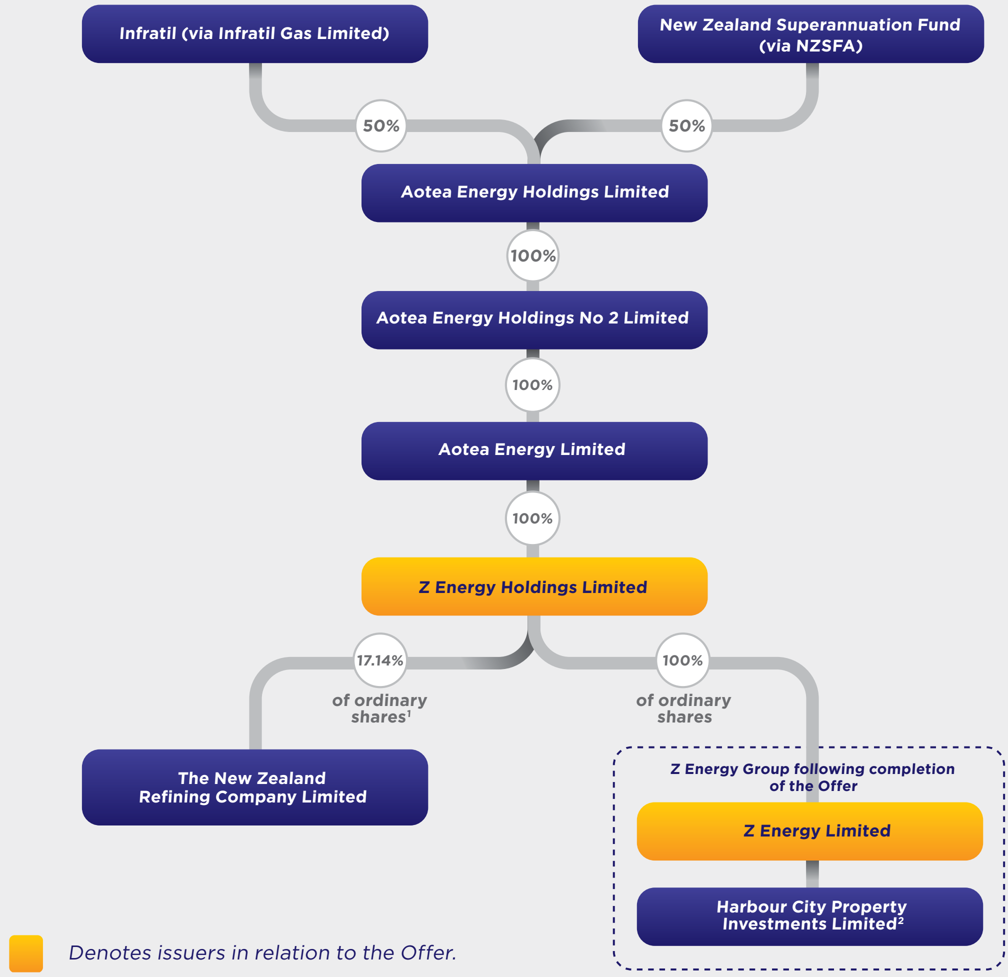
Working capital facility

The working capital facility is used in addition to the cash we hold to fund working capital requirements. Our working capital levels can fluctuate significantly with periods of high and low working capital due to the timing of crude oil and refined product purchases, the volatility of commodity prices and foreign exchange rates.

For example, the volume of inventory we hold has ranged between 2.3 million barrels and 4.0 million barrels between 1 April 2012 and 31 March 2013.

Although we will have significant cash balances on our balance sheet for the majority of the year, the working capital facility is necessary to prudently provide for the significant cash payments required for large shipment purchases. This facility matures in July 2016.

To read about the financial risks to Z Energy's business, please read section ***4 Risks*** *and the information under the heading "What are my risks?" in section* ***1.4 Answers to Important Questions****.*



1 Z Energy will own 17.14% of The New Zealand Refining Company Limited on completion of the Offer.

2 Harbour City Property Investments Limited is a wholly-owned subsidiary of Z Energy which is the registered owner of part of the freehold for one retail service station (the remaining portion is leased).

Z Energy Group

As at the date of this Offer Document, Z Energy is a wholly-owned subsidiary of Z Energy Holdings Limited (ZEHL), which is a wholly-owned subsidiary of Aotea Energy Limited, a company ultimately owned by Infratil and NZSFA (on behalf of the New Zealand Superannuation Fund).

The New Zealand Refining Company Limited

On completion of the Offer, Z Energy will own 17.14% of The New Zealand Refining Company Limited.

Other Holdings and Joint Ventures

Z Energy holds shares in the following joint venture entities:

- Coastal Oil Logistics Limited (25%), a joint venture between the four largest fuel companies to schedule coastal shipping activities
- Loyalty New Zealand Limited (25%), a joint venture with the Bank of New Zealand, IAG New Zealand Limited and Foodstuffs Ventures Limited to operate Fly Buys and other loyalty programmes
- Penagree Limited (25%), a joint venture between the four largest fuel companies to own the Kakariki coastal vessel

- New Zealand Oil Services Limited (50%), a joint venture with BP to operate terminal facilities in which Z Energy owns assets at Mount Maunganui, Hutt City, Napier, New Plymouth, Nelson and Lyttelton, and
- Wiri Oil Services Limited (27.78%), a joint venture between the four largest fuel companies to run the Marsden Point and Wiri terminals.

Ownership of Z Energy

Z Energy is currently wholly-owned by ZEHL which, through intermediary companies, is ultimately owned 50% by Infratil (via its subsidiary, Infratil Gas Limited) and 50% by NZSFA (on behalf of the New Zealand Superannuation Fund).

Infratil

Infratil is a New Zealand infrastructure investment company, listed on the NZX Main Board and ASX. Infratil owns businesses in the energy and transport sectors, predominantly in New Zealand and Australia: TrustPower (in partnership with Tauranga Energy Consumers Trust), Infratil Energy Australia/Lumo, Perth Energy, Wellington Airport (in partnership with Wellington City Council), NZ Bus and Z Energy (in partnership with NZSFA (on behalf of the New Zealand Superannuation Fund)).

Infratil seeks long term investments and targets above average returns through active management, capital reinvestment and prudent mitigation of risk. Infratil believes sustained performance is based on positive relationships with, and involvement in, communities where its businesses are based.

New Zealand Superannuation Fund

The Government-owned New Zealand Superannuation Fund aims to smooth the tax burden of the rising cost of New Zealand Superannuation by building up financial assets to help pay for superannuation entitlements in the future. The Fund has a long investment horizon, with withdrawals not scheduled until 2029/30. As at 31 May 2013, the Fund's size was NZ$23.17 billion.

Relationship of Infratil and NZSFA with Z Energy

As the holders of at least 40% of the Shares through ZEHL, Infratil and NZSFA (on behalf of the New Zealand Superannuation Fund) will have the ability to block the outcome of special resolutions put to Shareholders that require the approval of a 75% majority of Shareholders (for example, resolutions approving changes to the Constitution or approving major transactions). Given the number of shareholders in listed companies who typically do not exercise their respective voting rights, Infratil and NZSFA (on behalf of the New Zealand Superannuation Fund) may be able to significantly influence a range of other matters that require approval by a majority of Shareholders, including resolutions for the election and removal of Directors.

Shareholders' Agreement in relation to Z Energy

The Guardians, Infratil and Infratil Gas were each party to a Shareholders' Agreement dated 26 March 2010, (and NZSFA is now a party to that Agreement) which set out various rights and agreements as between those parties in respect of their interests in Z Energy. From immediately prior to completion of the Offer, that Agreement will no longer have any effect, and will be replaced by a Shareholders' Agreement dated 25 July 2013 between AEHL, NZSFA, the Guardians (as guarantor), Infratil Gas and Infratil (as guarantor) (New Shareholders' Agreement), which governs the relationship between those parties in respect of their joint interests in Z Energy held by ZEHL.

Under the New Shareholders' Agreement each of Infratil Gas and NZSFA will procure that ZEHL's shares in Z Energy are voted in favour of two director nominees to the Z Energy board for each of Infratil Gas and NZSFA.

Unless otherwise agreed or triggered by an event of default, at the end of the period of the transfer restrictions applicable to ZEHL's Shares (as set out below) either of Infratil Gas or NZSFA can call for a restructuring liquidation whereby there would be a split in ZEHL's shareholding in Z Energy between Infratil Gas and NZFSA so that each of them has direct or indirect ownership and control of one half of ZEHL's shareholding in Z Energy. If such a holding split occurs before the waivers sought under the Auckland Jet Fuel JVs (to the effect that any further sell down or holding split does not trigger any changes in control) are obtained, Infratil Gas and NZSFA have agreed to vote their respective Z Energy shares in the same way (or not at all) until the earlier of the waivers being granted and the end of the period of transfer restrictions.

Transfer restrictions applicable to ZEHL's Shares

Infratil Gas and NZSFA have agreed with Z Energy that, for the period from the date the Shares are accepted for quotation on the NZX Main Board until the date of the announcement of Z Energy's financial results for the period ending 30 September 2014, they will procure that the Shares ZEHL owns in Z Energy following completion of the Offer (which excludes any Offer Shares sold by ZEHL as part of the Offer) will not be disposed of, other than:

- With the prior written consent of the non-interested Directors (as that term is defined in the Companies Act), Z Energy and the NZX
- In connection with a takeover offer under the Takeovers Code
- Pursuant to the grant of a security interest in favour of a bona fide lender to the registered security holder, or
- To Infratil Gas or NZSFA, or any person who controls, is controlled by, or under common control with, either of them, or jointly controlled by them provided that, for the period of the transfer restrictions, joint control of the voting rights attaching to those Shares is maintained between Infratil Gas and its affiliates and NZSFA and its affiliates unless waivers from the change of control provisions under the Auckland Jet Fuel JV's are obtained.

Infratil Gas and NZSFA have also agreed that, if they subsequently become aware of any Prohibited Subscription, they (and their jointly owned companies) will not dispose of any Shares (or control over any Shares) if doing so would trigger the put option under the Bond Documents (by which each bondholder could require Z Energy to purchase their bonds at par value of $1 plus accrued interest).

Infratil Gas and NZSFA have been advised by the Takeovers Panel that they will be granted an exemption from the Takeovers Code in relation to a potential future split in ZEHL's shareholding in Z Energy between Infratil Gas and NZSFA. To find out more background on this Takeovers Code exemption, please read the information found under the "Other Material Matters" heading in section 6.3 ***Statutory and Other Information****.*

People

Our approach to our people is again informed by our values – Be Straight Up, Be Bold, Have the Passion, Share Everything and Back People. These values and our Leadership Framework - the leadership philosophy and competencies which complement our values – underpin everything we do. They represent what we stand for, and guide not only how our people act with each other but also how Z Energy connects with customers and stakeholders. Over the past three years we have invested in developing and growing the capability of our people (including at our retail service stations).

The Human Resource Institute of New Zealand (HRINZ) formally recognised the bottom up approach we took to developing and rolling out these organisational values, and the positive effect they have had on our business results, by awarding us the HR Initiative of the Year award in November 2012. In 2012 we achieved engagement scores in the High Performance Zone of Aon Hewitt's Best Employers survey.

As at 31 May 2013, we had 290 employees – some full time, some part time and some casual. Our people are employed under individual employment contracts. There are no collective employment contracts. We have no pension or superannuation arrangements beyond the KiwiSaver schemes. Our competitors tend to resource some of this highly technical capacity offshore. We also indirectly employ approximately 2,000 people through our retail service stations.

Our employees and the employees of our retail operating businesses may apply for Shares in the Broker Firm Offer in the same way as any other New Zealand Applicant. Direct employees of Z Energy may also apply under the Staff Pool. To the extent that any officers (i.e. senior management) acquire Shares, those acquisitions must be disclosed to the market as required by law.

To read about the risks to Z Energy's business associated with not retaining its people, please read section 4 ***Risks****.*

Employee Remuneration

Long-Term Incentive Scheme

We currently have a cash-based long-term incentive scheme for selected employees who have been classified as "Senior Executive" or "Leadership Team" (currently, this covers 18 of our head office employees). The long-term incentive scheme is designed to reward and retain our key talent, align those employees' interests with the interests of our shareholders and encourage longer term decision making.

Short-Term Incentive Scheme

We have a short-term incentive scheme for all permanent employees. As at 30 June 2013 the scheme covered 256 employees. The short-term incentive scheme is designed to provide extraordinary rewards for extraordinary performance.

Restricted Share Long-Term Incentive Plan

In conjunction with the Offer, Z Energy is implementing a restricted share, long-term incentive plan for selected employees who have been classified as "Senior Executive" or "Leadership Team". The LTI Plan is intended to incentivise the executives to achieve long term Shareholder returns, by providing a proportion of the executives' remuneration on an "at-risk" basis aligned to the achievement of defined performance targets.

The structure of the LTI Plan, in respect of the initial grants, is described further below. The terms of any future grants may be different to the terms outlined in respect of the initial grants.

Z Energy will advance an interest free, limited recourse loan to 19 members of Z's leadership team (including the executives set out under the heading "Senior Management" on pages 91 to 93) to enable those executives to acquire Shares at the Final Price. The maximum aggregate dollar amount of Shares to be acquired for the initial grants, as calculated at the Final Price, is $1.743 million. Shares will be acquired by an independent trustee purchasing Shares on-market after the Offer with Z Energy funding any difference between the market price that the trustee acquires Shares at and the Final Price.

The Shares will be held on trust by the trustee of the LTI Plan until, in respect of the initial grant, 31 March 2016. Any dividends paid during that period will be applied towards repayment of the executives' loans. Subject to continued employment through the three year period, the number of Shares that vest to an executive at the end of that period will depend on the achievement of the performance target. If an executive ceases employment for a qualifying reason (such as total permanent illness or injury) before the expiry of the three year period, he or she may receive up to a pro-rata amount of his or her grant if the Board determines that the performance target has been met as at that date.

The performance target is based on Z's total Shareholder return relative to a peer group made up of all NZX50 members at the start of the three year period. Where a member of the group ceases to be quoted on the NZX Main Board, it is no longer part of the peer group. The Board then has a discretion to replace that entity with another listed entity that the Board considers is appropriate.

25% of the Shares granted to an executive will vest to the executive if Z's total Shareholder return exceeds the 50th percentile total shareholder return of the peer group. If the total Shareholder return meets the performance of the 75th percentile, 50% of the Shares will vest. Vesting in between the 50th and 75th percentiles of the peer group will be on a straight line basis.

Where total Shareholder return meets the performance of the 90th percentile, 100% of the Shares will vest and vesting between the 75th and 90th percentiles will also be on a straight line basis.

The Board also has a discretion to pay executives a cash bonus if the performance target is met. If the Board exercises its discretion to pay the cash bonus, the amount of that bonus will, after deduction of tax, equal the amount of the loan balance for the Shares that have vested. That bonus is applied towards repayment of the loan.

If the performance target is not met or an executive is no longer employed (other than for a limited number of reasons), the unvested Shares will be forfeited to the trustee and the executive will not receive any benefit under the LTI Plan. Where total Shareholder return is between the 50th and 90th percentile, the proportion of Shares that do not vest will also be forfeited to the trustee (who, in return, will become responsible for the loan amount in respect of those forfeited shares) and the executive will not receive a benefit in respect of those Shares that do not vest.

Employee Share Purchase Programme

Following completion of the Offer, Z Energy intends to establish an employee Share purchase programme in accordance with section DC12 of the Income Tax Act. The ESPP will allow eligible employees of Z Energy in New Zealand to purchase (on market) up to $2,340 worth of Shares. The price of Shares for the initial grants will be a 15% discount to the Final Price. Any subsequent grants may be made at a discount to the then market price. Participants will receive an interest free loan from Z Energy which will be required to be repaid over three years through monthly salary deductions. Shares will be held by the trustee of the ESPP and transferred to participants at the end of the three year period (provided the loan has been fully repaid). During that period, any dividends will be paid directly to the participant.

If a participant ceases to be employed by Z during the three year period (other than for a limited number of reasons), his or her Shares will be purchased by the trustee for the lower of the then market price and the price at which they were originally purchased by the participant.

Chief Executive remuneration and other material terms of employment

Z Energy and Mike Bennetts have entered into an employment agreement which governs Mike's employment as Chief Executive. The key terms of Mike's employment are as follows:

- Mike currently has a base salary of $639,600 per annum, which is reviewed annually with effect from 1 April each year
- In addition to his base salary, Mike may also be paid an annual short-term incentive payment with an on-target value of 50% of his base salary and a maximum payment of up to 150% of his base salary. Payment of a short-term incentive is fully discretionary, and is assessed in the first quarter of each financial year based on the business' performance in the previous financial year and Mike's performance by reference to certain key performance indicators. If Mike is made redundant, then he will be entitled to a proportional short-term incentive-based performance up to his departure
- Mike may also be entitled to long-term incentive payments calculated against his base salary. Mike's potential entitlements to long-term incentive payments (which include the LTI Plan) may be paid in 2014, 2015 and 2016, based on the business' performance against specific financial objectives for each year. The maximum payments to which Mike may be entitled under these long-term incentive plans are, in 2014, $750,000, and in 2015, $858,000. The maximum entitlement to which Mike may be entitled in 2016 under the LTI Plan is $458,532
- Z Energy has also agreed to pay Mike's reasonable accommodation and living expenses in Wellington, and the reasonable travel expenses for national travel (particularly between Wellington and Auckland)
- Either Z Energy or Mike can terminate his employment on three months' notice. Z Energy can also terminate his employment for redundancy or for ill health (in both cases, also on three months' notice)
- Mike has also agreed to non-solicitation commitments (applying to Z Energy's suppliers and staff) and a restraint of trade (restricting him from involvement in the downstream oil industry in New Zealand). Both of these generally apply for 12 months after the end of his employment as CEO, but the restraint of trade does not apply if Mike is made redundant

3.3 Board, Management and Governance

Why you should read this section

This section introduces our Board and management and gives details about our corporate governance. The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

Z is committed to the highest standards of corporate governance and to ensuring diversity, including of skills and experience, within the Board and the leadership of Z.

Name	Position
Directors	
Peter Griffiths	Chairman of the Board and Independent Director
Marko Bogoievski	Director
Alan Dunn	Director
Abigail Foote	Independent Director
Paul Fowler	Director
Justine Munro	Independent Director
Liberato Petagna	Director
Management	
Michael Bennetts	Chief Executive
Chris Day	Chief Financial Officer
Rob Freeman	General Manager Supply and Distribution
Mark Forsyth	General Manager Retail
Lindis Jones	General Manager Commercial
Huma Faruqui	General Manager Capability and Organisational Development
Rob Wiles	General Manager Corporate
Meredith Ussher	General Counsel and Company Secretary

Directors

Peter Griffiths
BSc (Hons)

Chairman

Peter Griffiths has worked in the oil and gas industry for over thirty years. He has had a range of roles in the upstream and downstream parts of the industry in New Zealand and offshore. Until 2009 he was Managing Director of BP New Zealand and Chairman of BP South West Pacific. During his career he has served on numerous company boards, notably Refining NZ, Liquigas Limited and Bitumix Limited. He is currently a director of New Zealand Oil and Gas Limited, Northland Port Corporation (NZ) Limited and Wanganui Gas Limited. He is also a member of the Civil Aviation Authority. He is a director and shareholder of New Zealand Diving and Salvage Limited and its associated companies.

Marko Bogoievski
BCA, MBA, ACA

Marko Bogoievski is Chief Executive of Infratil, and Infratil's manager, H.R.L. Morrison & Co, and the previous Chairman of Z Energy. He is also a director of Infratil Limited, TrustPower Limited, ZEHL and its holding companies (among others). 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
Member, Institute of Directors

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 Limited, and New Zealand Post Limited.

Directors

Abigail Foote
LLB (Hons), BCA

Abby Foote is a professional director with experience in both publicly listed and Crown companies. Based in Christchurch, she has worked in a range of corporate, treasury and legal roles over the last 20 years. Abby holds a number of governance roles, including as a director of Transpower New Zealand Limited, the New Zealand Local Government Funding Agency Limited, BNZ Life Insurance Limited, and BNZ Insurance Services Limited.

Paul Fowler
BS (Marine Engineering), ME (Nuclear Engineering), MBA, Fellow of Australian Institute of Company Directors

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 includes 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 Refining NZ. Paul is also a director of ZEHL.

Justine Munro
LLB (Hons) (Vic), MLitt (Law) (Oxon)

Justine Munro is a New Zealand Rhodes Scholar who is globally recognised in the field of corporate social responsibility and business, community and government partnerships. Justine is Project Director of the Diverse NZ Inc Initiative, and before that was Executive Director, Education at Social Ventures Australia. Justine was the founding CEO of the New Zealand Centre for Social Innovation and helped to establish New Zealand Global Women in 2008. Justine has also worked in Australia and New Zealand as a lawyer and strategic management consultant.

Liberato Petagna
BCA

Lib Petagna is an executive director of H.R.L. 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 H.R.L. Morrison & Co's wholesale funds management operations. He is a director of New Zealand Bus Limited, Infratil Infrastructure Property Limited, Greenfield Agribusiness Limited and Fisher Funds Management Limited (among others).

Senior Management

Michael Bennetts
BBS and Diploma in Corporate Management

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 with markets in the Asia Pacific, the Middle East and sub-Saharan Africa. He has both breadth and a depth of experience in the fuels sector, having managed supply, trading and marketing businesses, growth and turn-around strategies and key external relationships. As our CEO, Mike is responsible for combining the talents of the industry-experienced Shell personnel with Z Energy's aspiration to develop a uniquely New Zealand management style and culture. He has a strong commitment to customer focus, workplace health and safety, and commercial success. Mike is also a director of Refining NZ, Loyalty New Zealand, HCPIL, and Auckland Ironworks Limited, and has held recent directorships of Mini Fuels and Oils, BP Singapore (Pte) Limited, China Aviation Oil (Singapore) Corporation Limited, and BP Guangzhou Development Oil Products Company Limited.

Chris Day
BBS, CA, CTP, Member, Institute of Directors

Chief Financial Officer

Chris joins Z Energy with effect from 31 July 2013 as Chief Financial Officer. He has held general management, Chief Financial Officer and financial controller roles in a range of listed and other companies, including in the energy and financial services sectors, over the last 18 years. His most recent role was as Financial Controller for Contact Energy Limited and previously was Chief Financial Officer for AXA New Zealand. He is also a director of Landcorp Farming Limited. Chris is responsible for leadership of the Business Services team which comprises all main financial and information technology functions including financial management and reporting, forecasting and analysis, treasury, credit, risk and assurance, tax, continuous improvement and business transformation.

Senior Management

Rob Freeman

General Manager Supply and Distribution

At Z Energy, Rob is responsible for health, safety, security, environment and the entire supply chain, from sourcing crude oil and refined product internationally to domestic distribution and supply. Rob started with Shell Australia in 1987 where he held senior management roles in commercial marketing, services, distribution and logistics. Rob is a director of New Zealand Oil Services Limited (NZOSL), Wiri Oil Services Limited (WOSL), Penagree Limited and Coastal Oil Logistics Limited (COLL). The NZOSL joint venture with BP operates the Z Energy terminals. The COLL industry joint venture arranges distribution to coastal terminals. The WOSL industry joint venture operates the Wiri terminal in Auckland. The Penagree industry joint venture owns the coastal vessel the Kakariki.

Mark Forsyth

BCom, Member, Institute of Directors

General Manager Retail

Mark is responsible for the operation of Z Energy's retail service stations, as well as having group-wide responsibility for marketing, brand, and asset management. Mark is a director of Loyalty New Zealand and was previously a director of Shell New Zealand Limited (2006-2010). Prior to his role at Z Energy, Mark held various management positions with Royal Dutch Shell plc working in New Zealand, the UK and Ireland and with various local and international companies in New Zealand, Australia and the UK.

Lindis Jones

BCom (Hons), BSc, Masters in Finance

General Manager Commercial

Lindis joined Z Energy as General Manager Corporate from ANZ National Bank in May 2010. Previously he was with Shell for 13 years working in New Zealand and Europe primarily in retail and strategy roles. Lindis assumed the role of General Manager Commercial in August 2011 where he is responsible for all business-to-business sales, strategy and operations including aviation, fuel oil, bitumen, chemicals, bulk customers and the Z Card.

Senior Management

Huma Faruqui

Assoc CIPD, BA (Hons) Financial Services, MHRINZ, PG Cert Management Studies, MBTI certification, SHL certification, MECI UK, IMUK Certificate in Management

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 people agenda including organisational development, training and development, capability, remuneration, leadership and culture. Huma is also a RemNet Committee member since 2011, and a HRINZ director since June 2013.

Rob Wiles

BE (Hons), MsC (Finance), Postgraduate Diploma in Banking

General Manager Corporate

Rob has had a strong international career specialising in corporate finance, infrastructure, treasury management, capital raisings, mergers and acquisitions, strategy and business development. He also has experience in the development of start-up businesses. Rob is responsible for Z Energy's strategy, corporate finance, sustainability and external relationships. Rob was previously General Manager, Strategy for the global wholesale banking operation for National Australia Bank based in Melbourne. Rob has held senior positions with NAB, Bank of New Zealand, Southpac Merchant Finance and National Bank of New Zealand.

Meredith Ussher

LLB, BA

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 retail network industries. She also has a strong private practice history, having worked at Minter Ellison Rudd Watts as a solicitor before being appointed as a Senior Associate. Within Z Energy she has responsibility for all group legal risks as well as relevant strategic and legal advice in respect of all operational matters including major contracts with key suppliers and customers. Meredith also is responsible for the Company Secretariat and advises on governance matters.

Corporate Governance

Our Board is entirely comprised of non-executive directors. The Board has determined that, for the purposes of the NZSX Listing Rules and the ASX Listing Rules, the independent directors will be Abby Foote, Peter Griffiths and Justine Munro, as they do not have any direct or indirect relationship that could reasonably influence, in a material way, their decisions in relation to Z Energy. In that context, each of Abby Foote, Peter Griffiths and Justine Munro was previously a director of ZEHL and AEL but have each resigned as directors of ZEHL and AEL.

Our Board is committed to maintaining the highest standards of business behaviour and accountability. Accordingly, the Board has adopted corporate governance policies and practices which reflect contemporary standards in New Zealand and Australia, incorporating principles and guidelines issued by the Financial Markets Authority and the best practice recommendations issued by NZX and ASX.

Roles and Responsibilities

The Board is responsible for the affairs and activities of Z Energy, and has approved the delegation of certain responsibilities to the Chief Executive and other members of our management team.

Z Energy is committed to doing the right thing for New Zealanders, and for its staff, stakeholders, and customers. Z has five foundation organisational values which guide the decisions the company makes and the way it chooses to operate, right across the business, including the Board. These five organisational values are:

- We back people
- Have the passion
- Share everything
- Be bold, and
- Be straight up

Against that background, the Board has adopted the following corporate governance objectives:

- Lay solid foundations for management and oversight
- Ensure that, through its skills mix and composition, it is positioned to add value
- Promote ethical and responsible decision-making
- Safeguard integrity in Z's financial reporting
- Make timely and balanced disclosure
- Respect the rights of Shareholders
- Recognise and manage risk
- Encourage enhanced performance, and
- Promote a corporate culture that embraces diversity and inclusiveness.

The specific responsibilities of the Board include:

- Approving, and reviewing performance against, Z Energy's operating plan
- On-going strategy development, setting risk appetite and the assessment of business opportunities and risks
- Oversight of the control and accountability systems within Z Energy
- Monitoring and, where appropriate, approving Z Energy's financial and other reporting
- Monitoring compliance with Z Energy's disclosure obligations
- Providing leadership and policy that sets the direction for health and safety management, and
- Appointing and removing the Chief Executive and the Company Secretary.

The Board has delegated authority, in part, to the Chief Executive to allow for the effective day-to-day management and leadership of Z Energy. In accordance with that delegation of authority, the Chief Executive may also sub-delegate limited authorities to other management of Z Energy.

Disclosure Policy

Once our Shares are quoted on the NZX Main Board and we are listed on the ASX, we will be required to comply with the NZSX Listing Rules, the ASX Listing Rules and the disclosure requirements of securities and other laws in New Zealand and Australia. The Board intends to adopt, prior to completion of the Offer, a Disclosure Policy to ensure that timely, orderly, consistent and credible information is communicated to the market. We are committed to full and fair disclosure of any material information required by applicable Listing Rules. We are committed to fostering constructive relationships with Shareholders.

In particular, we are committed to:

- Communicating effectively with Shareholders
- Giving Shareholders ready access to balanced and understandable information about Z Energy and its corporate proposals
- Making it easy for Shareholders to participate in Z Energy's general meetings, and
- Maintaining an up-to-date website which provides Shareholders with information about Z Energy, its business and affairs.

The Board is responsible for ensuring that we comply with our disclosure obligations.

Insider Trading Policy

We have adopted an Insider Trading Policy which details our rules for trading in Z Energy securities (including the Shares). The Insider Trading Policy applies to Directors, officers, employees, contractors and secondees and is additional to the legal prohibitions on insider trading in New Zealand and Australia.

Board Committees

The Board has three formally constituted committees of Directors. These committees review and analyse policies and strategies, usually developed by management, which are within their terms of reference. The committees examine proposals and, where appropriate, make recommendations to the full Board. No committee will take action or make decisions on behalf of the Board unless specifically authorised to do so by the Board.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in ensuring oversight of all matters relating to risk management, financial management and controls, and the financial accounting, audit and reporting of Z Energy.

The current members of the Audit and Risk Committee are Abby Foote (Chair), Marko Bogoievski, Paul Fowler, Peter Griffiths and Justine Munro.

Human Resources and Nominations Committee

The Human Resources and Nominations Committee assists the Board in promoting and overseeing continuous improvement of good corporate governance as well as overseeing people policies and strategies including remuneration frameworks.

The current members of the Human Resources and Nominations Committee are Alan Dunn (Chair), Marko Bogoievski and Justine Munro.

Health, Safety, Security, Environment and Reputation Committee

The Health, Safety, Security, Environment and Reputation Committee assists the Board in ensuring management is operating to the highest health and safety and environmental standards while maintaining oversight of all matters that could materially impact the reputation of Z Energy.

The current members of the Health, Safety, Security, Environment and Reputation Committee are Paul Fowler (Chair), Alan Dunn, Abby Foote, and Lib Petagna.

Director interests

Director Remuneration

None of the Directors are entitled to any remuneration from Z Energy except for directors' fees and reasonable travelling, accommodation and other expenses incurred in the course of performing their duties or exercising their powers as directors. ZEHL, as Z Energy's sole shareholder, has approved an annual total pool for Directors' remuneration and expenses of $900,000.

Director Shareholdings

All non-executive Directors are encouraged to hold Shares, unless otherwise prohibited and subject to the requirements of our Insider Trading Policy and applicable laws.

Directors may apply for Shares in the Retail Offer via the Broker Firm Offer (in the same way as any other New Zealand Applicant), unless otherwise prohibited.

To the extent that any Directors acquire or dispose of Shares, those acquisitions must be disclosed to the market as required by law, the NZSX Listing Rules or the ASX Listing Rules.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Mini-Tankers

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Risks

Why you should read this section

With any investment in shares there is a risk that you may not be able to get back any or all of your investment and you may not receive the returns you expect. This section will help you to better understand the specific risks faced by our business. The capitalised terms used in this section are defined in the *Glossary,* which can be found at page 219.

If you do not understand the information in this section, you should consult a financial or legal adviser.

Principal risks for Shareholders

Your principal risk is that you may not be able to get back some or all of your original investment or you may not receive the returns you expect. This could happen for a number of reasons, for example if:

- The price at which you are able to sell your Shares is less than the price you paid for them
- You are unable to sell your Shares at all – for instance, because there are not enough buyers in the market
- We do not pay dividends to the level you expected, or at all. Our profits are variable and this can adversely affect the dividend paid
- Our operational and financial performance is worse than expected, or
- We become insolvent and are placed in receivership or liquidation.

Any investment in the share market has risks associated with it, and this investment is no exception. The key risks specific to our business and other general market risks are set out below. These risks, were they to occur, could have a material adverse effect on our financial position or performance through reduced revenue, increased costs, reduced cashflows, loss of customers, damage to reputation or a combination of these.

You should consider such risk factors together with the other information in this Offer Document.

The risk factors set out below may not be the only ones faced by us. There may be additional risk factors of which we are currently unaware, or that we currently deem not material but which may subsequently become key risk factors for our business.

Our specific risks

Supply chain interruption risks

We have a long and complex supply chain with a number of interlinked components. These include international crude supply, international and domestic refined product supply, international and domestic maritime logistics, secondary distribution logistics and domestic pipelines, terminals and storage facilities. A number of these components rely on joint ventures that we are involved in, and third parties we contract with, including crude oil and refined product suppliers, international shipping lines, COLL, Refining NZ, Hooker Pacific NZ and other transport operators. Disruption to any one or more of these components could lead to significant disruption of our operations, and could limit the volume of fuel that we are able to supply to customers, thereby impacting our overall profitability and cashflows.

The delivery of crude oil or refined product to New Zealand could be disrupted by geopolitical incidents (such as war or terrorism), natural disasters, supply restrictions imposed by the Organisation of Petroleum Exporting Countries (OPEC), the loss or delay of a major ocean-going oil tanker en route to Z Energy in New Zealand, or a spill of refined product or crude oil from such a tanker. Production by the refinery could be disrupted by damage to, or destruction of, the refinery or by industrial action.

Production by the refinery could be disrupted by damage to, or destruction of, the refinery or by industrial action, or if the refinery becomes non-operational for any other reason.

Delivery of refined product within New Zealand could be disrupted by the loss of, or damage to, either or both of the dedicated coastal ships; a spill from these ships; damage to, or the destruction of, the RAP, the WAP, or any of the terminal or storage facilities used by us; events like a truck drivers' strike; an on-going failure by one of our partners to meet service levels; or damage to substantial portions of New Zealand's transport infrastructure (because of, for example, a large earthquake).

A particularly material risk is disruption to the delivery of refined product to Auckland via the Wiri terminal, for example because of an explosion at the Wiri terminal. This would have a major impact on the supply of refined product to the Auckland region (including Auckland International Airport), which could take months to remedy, and would likely require support or intervention from Government agencies. Aside from adversely affecting our profitability, it is possible that our insurance and reserves may not be sufficient to cover any losses suffered by us in that event.

Pipelines that are important to our operations rely on access to third party land for their access and use. There are some pipelines where there is no clear evidence of our rights to access third party land, or where our rights to access third party land are terminable at short notice. The inability to operate pipelines due to disputes with landowners could adversely affect our business.

Any failure by us to renew or replace key contracts (as further described below under the heading "Risks relating to key contracts and arrangements") could also disrupt our supply chain.

It may take us some time to address supply chain interruptions or establish alternative arrangements. There is no guarantee that our business interruption insurance would make good any or all of the losses suffered by us in these circumstances. Any such interruption could have a significant impact on our brand and reputation and, consequently, our ability to maintain our market share and profitability.

The Ministry of Business, Innovation and Employment (MBIE) is currently reviewing issues relating to security of oil supply and distribution in New Zealand, and has produced a discussion paper with potential options for improving New Zealand's oil security. We are actively engaging with MBIE and the rest of the industry on these issues.

To find out more information on Z Energy's procurement operations, refining of crude oil, primary distribution, terminal storage and secondary distribution, please read the information set out on pages 67 and 69 of section 3.2 ***Business Description.***

Environmental risks including liability for contamination of land and water

Environmental risks are inherent to the downstream oil industry. Environmental risks can be known and unknown and can have arisen in the past, be occurring now or may occur in the future.

Via our own operations and the operations of joint ventures that we are involved in, and third parties we contract with, we have a role in transporting crude oil and refined product by land and sea, and storing crude oil and refined product on land at various locations. There are substantial risks to our business in the event that any of these operations damage the environment, even where it is a joint venture or third party that is primarily responsible.

Crude oil and refined products used in our operations can cause contamination by being discharged into air, land and water, particularly if contaminants enter oceans or freshwater, potable water supplies, surface or groundwater flows or are released onto land including properties that adjoin our sites.

The risk of pollution and contamination is particularly obvious in relation to marine environments, as the transport of crude oil and refined product by ocean-going or coastal ships is generally in relatively large quantities. Marine spills can be difficult to contain or remediate as large quantities of crude oil and refined product can be dispersed over wide areas.

Crude oil or refined product could be spilled in marine environments by the sinking of, or any damage to, a large ocean-going oil tanker, coastal vessel or barge. This could occur if these vessels are not properly maintained, if there is operational negligence, or as a result of events outside of our control such as storms.

Refined product could be spilled on land, including because of deterioration or failure of, damage to, or destruction of, the RAP, the WAP, other pipelines that we have an interest in, or storage facilities (including underground storage tanks) at terminals and airports, retail sites, or truck stops and other customer refuelling sites, or for other reasons. This could occur if these facilities are faulty when installed, corrode or otherwise deteriorate over time, are inadequately maintained, or suffer inadvertent damage. These could result from acts or omissions by employees or contractors of us or of joint ventures we are involved with or of third parties.

Crude oil and refined products can emit vapour and are combustible, and handling these substances comes with the inherent risk of explosions or fire. As well as health and safety risks, this could result in environmental damage and contamination.

We are aware of contamination at a number of our sites, in many cases resulting from incidents which occurred some time ago. We actively monitor that contamination and where required carry out remediation and related actions. We could also be affected in the future by potential remediation and other environmental issues of which we are not currently aware. These could relate to historic sites for which we are responsible and sites used in our ongoing operations. Consequently, we may be required to investigate and/or remediate historical sites, operational sites and other sites affected by contamination, including operational sites which we decide to sell or exit. Monitoring or remediation of such sites may continue for a number of years after we sell or exit them and potential costs are unknown. The potential costs of contamination remediation liabilities, consent and monitoring obligations, and storage tank upgrades to avoid leaks, whether alone or together with associated costs (such as any obligation to compensate owners of any affected neighbouring properties), could be greater than we have anticipated (as reflected in our operational expenditure budget and financial provisions). This could have a material adverse effect on our profitability.

There are two sites in respect of which a third party has granted an indemnity to AEL in relation to specified contamination. AEL is intended to pass on to Z Energy any amount received under that indemnity. It is possible that Z Energy might not be able to recover relevant costs from AEL - for example, because that third party disputes liability, or because AEL has been liquidated. (Under their shareholders' agreement, NZSFA and Infratil Gas will each be entitled to call for the liquidation of AEL.) However Z Energy does not expect its liability for contamination at those sites to be material (even if it recovers none of its costs).

If we, joint ventures we are involved with or third party contractors do not comply with environmental and contamination laws and regulations we could be subject to a range of enforcement activity by Government agencies and be required to engage in financially material remediation activities. Environmental issues could also result in partial or total suspension or withdrawal of regulatory approvals, which could also have a material adverse effect on our profitability.

The Hazardous Substances and New Organisms Act and related regulations control the import, manufacture, storage, transport, handling and use (including disposal) of hazardous substances. Under the Hazardous Substances and New Organisms Act, the failure to obtain or comply with the necessary authorisations is an offence which may attract financial or other penalties.

Non-compliance by us, our joint venture partners or third party contractors with environmental laws and regulations, or serious environmental or contamination incidents (which could occur even if applicable laws are complied with), could have significant brand and reputational damage, which could impact Z Energy's profitability.

In certain cases we are reliant on other industry parties meeting their obligations to us regarding environmental liability responsibilities, and any failure by those parties to meet those obligations could mean we have to assume those responsibilities.

In the case of a major environmental event, there is no guarantee that our reserves, including our insurance policies, would be sufficient to cover the losses suffered by us.

To find out more information on the environmental damage and contamination regulations applicable to the industry, please read the information set out on page 60 of section 3.1 ***Industry Overview.***

Competition risks

Retail and commercial fuel markets in New Zealand are regularly subject to intense price competition for market share, including by the use of discount vouchers or loyalty cards. There is a risk that future periods of increased competition will reduce our margins.

As an operator in the downstream oil industry only, we would be exposed if our competitors adopted pricing strategies that we were unable to replicate without adversely affecting our profitability, such as making New Zealand pricing decisions by reference to considerations other than New Zealand fuel margins (such as overall Asia-Pacific profitability).

A key risk for us is that one of our principal competitors is acquired by a new operator, which could change the competitive market dynamics in a manner detrimental to our business. If an existing operation were acquired by a refinery operator or an international commodity trading business it might also adopt pricing strategies that we cannot profitably replicate. Alternatively, if an existing operation were acquired by a supermarket or other large retail chain, transport fuel could be positioned as a "loss leader" thereby exposing us to even more intense price competition.

The threat of potential new entrants also exists. For example, supermarkets, other large retail chains or large overseas companies are potentially capable of establishing the infrastructure to import and distribute refined products.

Supermarkets or other large retail chains could also make reseller arrangements with our competitors which increase competition.

If we do not appropriately respond to changes in the competitive environment, or if we fail to develop effective business strategies, we may not be able to maintain or increase our current market share and/or profitability.

To find out more information on our competitors in New Zealand's downstream oil industry, please read the information set out on pages 42 and 43 of section 3.1 ***Industry Overview.***

Brand and reputation risks

Brand and reputation damage could have an impact on our profitability. Our reputation and the value associated with our brands could be adversely impacted by all of the risks identified in this section, including any disruption to our supply chain, health and safety, environmental or contamination incidents, any failure by us 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.

Our intellectual property associated with the Z brand (including trademarks and copyright) could be infringed by competitors and our brand could be adversely affected if we fail to protect against unauthorised uses.

To find out more information about the Z brand, please read the information set out on page 71 of section 3.2 ***Business Description.***

Risks relating to exposure to commodity and foreign exchange markets

Our exposure to international commodity and foreign exchange markets gives rise to risks.

The Refining NZ production schedule and our specific product requirements lead to large periodic shipments of crude oil and refined products. This gives rise to corresponding large irregular requirements for working capital – with a corresponding impact on our cashflows and the drawdown of our debt facilities. Even though changes in NZ$ oil prices are generally transmitted to customers, there is a risk that a large and rapid increase in NZ$ oil prices could lead to a drain on cashflows that might result in us being unable to fund required purchases of crude oil and refined product in the short term.

Although we use hedging strategies (as outlined above and as discussed on pages 81 and 82 of Section 3.2 (Business Description)) and seek to pass through changes in the oil price and foreign exchange movements to customers, extreme volatility in commodity or foreign exchange markets could undermine the effectiveness of our hedging strategy, and make it difficult to pass those movements through to our retail and commercial fuel prices, which could impact our profitability. In addition, many of our commercial contracts have terms which result in a lag in our ability to pass through crude oil or refined product price changes, which could also impact our profitability.

We hold large amounts of crude and refined product inventory to help ensure continuous supply to our customers. Under the Historical Cost accounting required by NZ GAAP, changes in the value of this inventory driven by changes in oil prices and foreign exchange rates flow through into reported profit. This can mean that our earnings on an Historical Cost basis are highly volatile and is why we use Replacement Cost accounting for performance measurement.

To find out more information on our treasury functions, please read the information set out on pages 81 and 82 of section 3.2 ***Business Description****. To find out more information on Replacement Cost accounting, please read section 5.1* ***Introduction to Operational and Financial Information****.*

Risks relating to key contracts and arrangements

Our business relies on a number of key contracts, including contracts with crude oil and refined product suppliers, international shipping lines, COLL, Refining NZ, Hooker Pacific NZ, other transport operators, banks, Fly Buys, Progressive Enterprises and large commercial customers. Any failure by us to maintain key contracts, or renew or replace key contracts on commercially equivalent terms, or the inability of a counterparty to perform its obligations, could have an adverse effect on our profitability. Our current business model (and the costs levels involved) relies on the continuation of existing arrangements for the joint ownership and operation of assets. If these arrangements are no longer in place, or are restructured, this could adversely affect our profitability.

To find out more information on the third parties that are relevant to our business, please read section 3.2 ***Business Description.***

Risks relating to cost and availability of funding

We rely on banks and various suppliers of crude and finished products to provide working capital funding, and on banks and bondholders for term debt. We have potentially large working capital requirements due to the need to purchase large, irregular shipments of crude oil and refined products.

Adverse changes in our relations with the providers of funding or adverse changes in financial markets which reduce our access to, or increase our cost of, funding could adversely impact on our financial performance and financial position.

There are also various representations, covenants and compliance requirements associated with these sources of funding. If these are not complied with, we may be required to repay amounts we have borrowed, and we may not be able to borrow further amounts.

Our bank funding arrangements also include review events that are triggered if there is a "Change of Control" under the Bond Documents, or if a person or group of associates (other than Infratil and the New Zealand Superannuation Fund) acquires effective control of Z Energy or a guarantor of the bank debt. In the event of a "Change of Control", we would negotiate with our banks about the terms on which the banks would continue to provide funding to us. If were unable to reach agreement with the banks there is a risk that the bank facilities could be cancelled.

To find out about our current funding arrangements, please read the information set out on page 82 of section 3.2 ***Business Description.***

Risks relating to changes in demand for transport fuels

Demand for our transport fuel products may decline as a result of increased demand for alternative fuels. Alternative transport fuels include biofuels, and other hydrocarbons such as compressed natural gas and methanol. The current barriers to adoption of alternative transport fuels include relative prices, performance considerations, production costs, lack of supply of necessary inputs, an underdeveloped supply chain and technical barriers.

However, in the longer term it is likely that vehicles will come to use fuels not currently supplied by us. We may not be able to access or efficiently adopt new technologies to meet changing consumer demand – in particular our principal competitors may have better access to alternative fuels technology than we do.

There is a global and New Zealand trend towards more fuel efficient technologies in vehicles. There is a longer-term risk that vehicles could adopt alternative motor vehicle drivetrain (the transmission, driveshaft, and axles of cars and trucks) technologies (for example, that use electricity, hydrogen or compressed or liquefied gasses as an energy source or store) that displace conventional forms of transport that use our current transport fuels products. These factors could depress demand for our current transport fuels products.

Changes in demand between the various transport sectors (including road transport, maritime and aviation) or between private and public transport could depress demand for our fuels.

To find out more information on our strategy around alternative fuels, please read the information set out on page 81 of section 3.2 ***Business Description.***

Risks relating to contamination of refined product

Imported refined product could be contaminated, the refinery could produce contaminated product, or refined product could be contaminated in transit from the refinery to the market. In any of these situations, if we fail to identify product contamination it could lead to product liability and associated impacts on our brand and reputation. In this context, Z Energy is party to internationally standard reciprocal indemnity arrangements (commonly known as "Tarbox" arrangements) relating to liabilities for losses which may arise from faulty jet fuel products, which allocate liability to the company that contracts with the customer even though they may not actually make the delivery of jet fuel to the aircraft. This could mean that we are liable for contaminated fuel not supplied by us. Z Energy must demonstrate and maintain financial resources amounting to not less than US$1 billion in respect of these "Tarbox" indemnities, which we currently do via insurance arrangements.

To find out more information about how we procure refined product, please read the information set out on page 67 and of section 3.2 ***Business Description.***

Risks relating to change of control

Some of our commercial arrangements contain "change of control" provisions which could be triggered by changes in our ownership.

- Our current crude oil processing arrangements give Refining NZ termination rights if, following the Offer, someone (or multiple persons acting jointly) other than Infratil and/or NZSFA (and their associated companies) holds or controls more than 40% of the Shares, unless Refining NZ has consented to that change in control (but Refining NZ may not unreasonably withhold that consent). This will not be triggered by the Offer. And, under the Takeovers Code, a subsequent acquisition which triggered it would require shareholder approval or a takeover offer (although this could also be triggered if two or more holders are acting jointly and, combined, they held or controlled more than 40% of the Shares). However, if a change of control occurred which led to a termination of these crude oil processing arrangements, Z Energy would need to put in place alternative arrangements to allow procurement of all of its refined product requirements from other sources, which could cause material disruption to our business.

- Our current crude oil supply arrangements entitle Shell to terminate those arrangements on 6 months' notice if there is a change of control of Z Energy. This will not be triggered by the Offer. Also, there is a "safe harbour" under which a change of control is deemed not to occur so long as Infratil and/or NZSFA continue to indirectly hold at least 40% of the Shares and this is the largest holding of Shares. If the safe harbour doesn't apply, Shell may also treat as a change of control (and accordingly terminate) if certain prohibited persons (e.g. persons named on UN blacklists) acquire sufficient Shares to mean that Shell would be violating agreed legal restrictions (e.g. UN sanctions) if it continued to supply us with crude oil. While market circumstances could change, we consider that currently 6 months is likely to provide sufficient time to put alternative crude oil supply arrangements in place without causing material disruption to our business.
- The arrangements with BP, Chevron and/or Mobil relating to jet fuel supply at Auckland International Airport (Auckland Jet Fuel JVs) give the other parties to those arrangements rights or obligations to acquire our interest in those arrangements if there is a change in effective control of Z Energy:
  - We are confident that the Offer will not trigger these change in control provisions. However, we cannot exclude the possibility that one or more of the other parties to the Auckland Jet Fuel JVs may successfully dispute this.
  - Subsequent changes in our ownership (e.g. as a result of further sales of Shares by ZEHL, or acquisitions of Shares by other persons) could trigger the change of control provisions in the absence of appropriate waivers from BP, Chevron and Mobil.
  - Infratil Gas and NZSFA have agreed to maintain their existing control rights (as between each of them and their affiliates, respectively) for a period following completion of the Offer where the appropriate waivers cannot be obtained (see the information under the heading "Transfer restrictions applicable to ZEHL's Shares" in Section 3.2 (Business Description) for more details). It is not feasible to refine our crude oil without producing some jet fuel. So if the change of control provisions are triggered, we would need to sell our jet fuel via alternative channels – e.g. wholesale to one (or more) of the other parties to the Auckland Jet Fuel JVs.
  - While market circumstances could change, we expect that we would be able to do this in a way which means the impact on us is not material.
- There is a "put option" in the Bond Documents allowing each bondholder to require us to purchase their bonds at par value of $1 plus accrued interest if we undergo a "change of control", which occurs if Infratil, the New Zealand Superannuation Fund and their Associates cease to hold or control more than 50% of the Shares or their votes. There is an exception for a change of control which occurs by way of an IPO, so the put will not be triggered by the Offer. It will also not be triggered by any subsequent sale of Shares (or subsequent dilutive issue of Shares) or disposal of votes, unless:
  - subscriptions under the Offer mean that Associates of Infratil, the Guardians and the New Zealand Superannuation Fund become the holders or controllers of Shares (despite this being prohibited by the Takeovers Code and the terms of the Offer) (Prohibited Subscriptions); and
  - as a result, Infratil, the Guardians and the New Zealand Superannuation Fund and their Associates hold or control more than 50% of the Shares or their votes immediately following the Offer; and
  - the subsequent sale (whether by ZEHL or such an Associate) or dilutive issue means that Infratil, the Guardians and the New Zealand Superannuation Fund and their Associates cease to hold or control more than 50% of the Shares or their votes.

  We do not consider Prohibited Subscriptions likely (and have taken steps intended to prevent them occurring). Infratil Gas and NZSFA have also agreed to restrictions on transfers of Shares or control rights that would otherwise trigger the put option if a Prohibited Subscription becomes known (see the information under the heading "Transfer restrictions applicable to ZEHL's Shares" in Section 3.2 (Business Description).
- There are other commercial arrangements containing change of control provisions. However, in most cases consent to any change of control may not unreasonably be withheld, and we do not consider that any of them pose a material risk to our business.

Health and safety risks

We and our joint venture partners transport and store crude oil and refined products, which are potentially hazardous and dangerous operations. For example, crude oil and refined products are combustible, and handling these substances comes with the inherent risk of explosions or fire. Our, and our joint venture partners', employees and contractors are often placed in situations which are potentially dangerous. These dangers can, to some extent (although not completely), be mitigated by appropriate health and safety procedures.

We and our joint venture partners are subject to health and safety laws and regulations in connection with our operations.

If we or our joint venture partners do not comply with health and safety laws and regulations we could be subject to a range of enforcement activity by Government agencies and be required to engage in financially material remediation activities. Further, non-compliance with health and safety laws and regulations or serious health and safety incidents (even if applicable laws are complied with) could have significant brand and reputational damage, which could impact Z Energy's profitability.

To find out more information on the health and safety regulations applicable to the industry, please read the information set out on page 60 of section 3.1 ***Industry Overview****.*
To find out more information on how we approach health and safety in our operations, please read the information set out on page 65 of section 3.2 ***Business Description.***

Convenience goods marketing risks

We are a significant supplier of convenience goods. Any failure by us to maintain high quality standards in these goods (for example, food and drink) could give rise to brand and reputation damage, and to legal or regulatory actions being brought against us. Demand for convenience goods is subject to changes in consumer tastes. Changes in regulation (for example, the recent introduction of "plain packaging" rules for tobacco) could also have an impact on demand for convenience goods. Lower demand for our convenience goods could materially affect our financial performance.

To find out more information on our retail marketing operations, please read the information set out on pages 70 to 72 of section 3.2 ***Business Description.***

Risks relating to exposure to gross refining margin (GRM)

As our refining margin represents a share of Refining NZ's gross refining margin (GRM), we have an exposure to reductions in that GRM. Refining NZ's GRM is a function of benchmark prices for crude, refined product, freight and related costs. If those benchmark prices change in such a way that Refining NZ's GRM falls, then our refining margin will also fall.

To find out more background on GRM and our refining margin, please read the information set out on pages 78 to 80 of section 3.2 ***Business Description*** *and pages 133 to 134 of section 5* ***Financial Information.***

Risks associated with growth initiatives and opportunities

We have a programme of on-going substantial capital investment in our business, both integrity capital investment (for example, investment in replacing storage tanks at terminals and retail sites) and growth capital investment (for example, investing in new retail service station sites).

In addition, we are exploring investments in alternative fuels (including biofuels) to anticipate changing customer demand.

Our investment programme could expose us to new risks or heighten our existing risks for a number of reasons, among them failure to identify material risks or liabilities associated with an investment and failure to achieve the anticipated benefits due to external factors or because projects are not executed as planned, including by reason of delays, increased costs or counterparty failure.

To find out more information on our strategy and opportunities for growth, please read the information set out on pages 80 and 81 of section 3.2 ***Business Description.***

Regulatory risks

Our business is subject to a wide range of legislation and regulatory obligations. A failure to comply with these requirements could cause material damage to our brand and reputation. Failure to comply with applicable legislation or regulation can also result in fines, injunctions, penalties, requirements for remedial works, the total or partial suspension of regulatory approvals or other sanctions that may have an adverse effect on our business. In particular, there is a risk of non-compliance in relation to requirements under the Resource Management Act in relation to our operational sites or the requirements of the Hazardous Substances and New Organisms Act and related regulations in relation to the import, manufacture, storage, transport, handling and use (including disposal) of hazardous substances.

Alternatively, the introduction of new, or the variation of existing laws, standards and regulations (including changes to laws, standards and regulations relating to resource management, health and safety, the environment, overseas investment or the regulation of investments), or a change in the way existing laws, standards and regulations are interpreted or applied, may require changes to our methods of operation, product performance or specifications or limit the way we operate. Any changes to laws, standards or regulations may require capital and other expenditures to be incurred, and/or inhibit our ability to obtain inputs and to distribute, market or sell our products.

Fuel is regarded as a crucial national good. Its availability and price are closely monitored by Government agencies and are of political interest. Although we make every effort to ensure compliance, it remains possible that our activities could become subject to onerous, even expropriatory, laws or regulations, or that existing laws or regulations could be interpreted or applied in a way that has an onerous or expropriatory effect.

There are particular risks for our business if there is a change in laws addressing responsibilities for greenhouse gas emissions, or a change in the way existing laws are interpreted or applied, due to Z Energy being a supplier of fossil fuels to the New Zealand market, for example, changes in the ETS scheme.

The recent announcement by two opposition political parties of separate proposals for electricity sector regulatory reform shows that previously unknown regulatory issues can materially impact the value of investments. Any future regulatory change to the New Zealand fuel supply industry (whether through a structural change, changes to an applicable regulatory regime or through some other mechanism), or a change in the way existing laws and regulations are interpreted or applied, may have a material adverse effect on our business. We are unable to forecast what specific regulatory changes may look like.

To find out more information on the regulatory context to the New Zealand downstream oil industry, please read the information set out on pages 59 and 60 of section 3.2 ***Industry Overview.***

Litigation risks

We may from time to time be the subject of complaints, litigation, inquiries or audits initiated by customers, employees, commercial partners, suppliers, landlords, Government agencies, regulators or other third parties, alleging or investigating matters such as asset ownership, resource use, product quality and supply issues, injury, health, environmental, safety or operational concerns, nuisance, negligence, failure to comply with applicable laws and regulations or failure to comply with contractual obligations. The outcomes of litigation are often uncertain. Such matters, even if successfully addressed without direct adverse financial effect, could have an adverse effect on our brand and reputation and divert our financial and management resources from more beneficial uses. If we were found to be liable under any such claims, this could adversely affect our profitability.

Property and asset management risks

We own or lease over 300 properties nationwide. Many of these sites are important, even strategic, to our business. Events that adversely affect our ability to use these sites or the services provided from them (which could include failure by us to meet lease terms, renew leases, expiry of leases without securing future property rights or expropriation by authorities) could reduce our access to products and/or markets or could raise costs or reduce revenues.

We could also face uncompetitively high property costs if we have acquired or leased property at high costs and/or the market value of property decreases.

We acquire new retail service station sites on the basis of forecast demand. Demand forecasts are influenced by, among other things, infrastructure project planning information from the New Zealand Transport Agency. If planned projects do not occur, or are materially different from forecast, we could find that our site locations are not matched to the market.

There is a risk that if we fail to obtain the necessary resource consents to proceed with our planned new terminal, storage facilities, retail service stations and other customer refuelling sites, or if we materially breach existing consents or land use restrictions, this could have a negative impact on our financial performance.

To find out more information on Z's property and assets, please read section 3.2 ***Business Description.***

Insurance risks

Insured or uninsured catastrophic events such as acts of God, fires, floods, earthquakes, widespread health emergencies, pandemics, epidemics, wars and strikes could affect the value or the availability of our assets and our ability to sustain operations, provide essential products and services or recover operating costs. Some events of this type, and some assets, are uninsurable or we have chosen not to insure against them. Should damage to our assets or business be sustained because of any uninsured risks our profitability and cashflows may be adversely affected.

Also, our insurance policies are subject to certain limits and sub-limits, and there is a risk that an insured event could occur which causes a loss materially in excess of the applicable limit or sub-limit, or that our insurers do not have the resources to pay.

Tax and accounting risks

Changes in the rates of taxes and levies, or the introduction of new taxes or levies, applicable to refined products (including excise taxes, GST, ACC levies, the Petroleum or Engine Fuel Monitoring Levy and Road User Charges) , or a change in the structure of refined product taxation and excise (such as removing Road User Charges in favour of a direct excise tax on diesel) could have an adverse effect on demand for our products.

All known corporate taxes applicable to Z Energy during the period of the Prospective Financial Information have been accounted for as part of the Prospective Financial Information. There are increases in excise tax expected over the period of the Prospective Financial Information, but these are assumed to be passed onto customers through increased retail and commercial prices. The effects on demand of increased taxes have been taken into account in preparing the Prospective Financial Information.

There is a risk that presently unknown tax liabilities might be identified if the Inland Revenue Department investigates a prior tax year and identifies tax liabilities that should have been paid by us and were not. In this context we note that Z Energy is legally responsible for prior tax periods during which Shell was the ultimate owner of Z Energy.

To find out more information on the taxes and levies applicable to transport fuels, please read the information set out on page 59 of section **3.1 Industry Overview.**

Changes to NZ GAAP or NZ IFRS and other accounting standards or the application of NZ GAAP or NZ IFRS and other accounting standards may affect our reported financial statements and have an adverse effect on our reported financial performance and/or financial position.

Risks associated with the unavailability of key personnel

We operate a substantial and complex business encompassing a significant number of standalone functions which are important to the overall integrity and financial outcome of the whole. This requires staff with the necessary skills and experience, back-up capability and succession. We have 25 employees who are considered "key staff" – 20 on our leadership team and five in technically critical roles.

The unanticipated absence for a prolonged period of a number of key staff could cause business disruption. Any failure to retain or effectively manage key staff could adversely affect our business.

To find out more information on our senior management, please read the information set out on pages 91 to 93 of section **3.2 Business Description**.

Information technology and telecommunications systems risks

Our business uses a number of information technology systems, including point-of-sale systems and systems relating to the Z Card and telecommunications systems (including telecommunications systems operated by third parties). These information technology or telecommunications systems could fail, be subject to data integrity problems or suffer security breaches leading to loss of confidential or personal data. Any matters affecting our information technology or telecommunications systems could have a material adverse effect on our business, both financially and by way of reputational damage.

General investment risks

Economic Risk

Like any other investment, returns from your Shares are influenced by the level of economic activity and uncertainty. For example, a contraction in the New Zealand or global economy may negatively affect the performance of our business by reducing demand for our products, affecting our customers' ability to pay for those products, and affecting input costs and other underlying fundamentals. New Zealand's economy is highly correlated to global economic conditions which remain fragile with potential downside. Presently these global conditions remain uncertain with focus on the instability in Europe, high unemployment and a sluggish economy in the United States and slowing economic growth in China.

Taxation Risks

A change to the existing rate of company income tax may affect Z Energy's overall returns, and a change to tax law applying to you personally could affect your returns. Other changes to tax law and practice in New Zealand, or in other relevant international jurisdictions, which affect us or energy markets could also have an effect on your returns.

ASX Listing Risk

Failure to achieve admission to list on the ASX will not, of itself, prevent the sale of Shares under the Offer from proceeding. But it would mean that there would be no active trading market on the ASX, potentially decreasing the overall liquidity of the Shares.

General Market Risks

Prior to this Offer there has been no public market for the Shares. There can be no assurance that an active trading market in the Shares will develop, that the price of your Shares will increase or that the Shares will trade at the Final Price. There may be relatively few potential buyers or sellers of the Shares (including because of the transfer restrictions applicable to the Shares held by ZEHL or the expiry of those transfer restrictions) on the NZX Main Board on the ASX (if listed on it) at any time. There will almost certainly be limited trading of Shares on the ASX (if listed on it) at any time. This may increase the volatility of the market price of your Shares. It may also affect the prevailing market price at which you are able to sell your Shares. Future issues of Shares may dilute your interest in Z Energy and affect the trading price of Shares.

Factors such as changes in the New Zealand or international regulatory environment, New Zealand and international equity and debt markets, New Zealand dollar and foreign currency movements and the New Zealand and global economy could cause the market price of your Shares to fluctuate after the Offer.

Consequences of insolvency

You will not be liable to pay any money to any person if Z Energy becomes insolvent. If Z Energy is liquidated, then all claims by its creditors (secured and unsecured) will rank ahead of Shareholder claims. After all such creditors have been paid, any remaining assets will be available for distribution between Shareholders. However, any distribution made on liquidation may be less than the amount of your investment – or there may not be any distribution made at all.


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5

Financial Information

Why you should read this section

In this section you can find detailed information about Z's historical and prospective financial performance, including the important assumptions that have been used in the preparation of the Prospective Financial Information. The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

If you do not understand the information in this section, you should consult a financial or legal adviser.

References to "Z Energy" or "Group" in this section refer to Z Energy Limited and its subsidiaries whereas references to "AEHL Group" in this section refers to Aotea Energy Holdings Limited and its subsidiaries (including Z Energy, in respect of any time at which Z Energy is one of its subsidiaries).

This section should be read in conjunction with the risk factors set out in Section 4 (Risks), the information set out under the heading "What are my Risks?" in Section 1.4 (Answers to Important Questions) and the other information contained in this Offer Document.

The financial information in this section is presented in New Zealand dollars (unless otherwise stated) and is rounded, which may result in some discrepancies between the sum of the components and totals within tables, and also in certain percentage calculations.

Section 5 contains information which has been sourced from:

- BDO Wellington Limited (BDO), using sales volume data collated by BDO on behalf of Refining NZ's customers for the calculation of refining allocation. Please note that BDO does not audit these figures or provide any verification as to their accuracy. BDO relies solely on the data provided by the participants. BDO data does not include volumes of refined oil products sourced by parties who are not customers of Refining NZ,
- Bloomberg, and
- Reserve Bank of New Zealand.

5.1 Introduction to Operational and Financial Information

This Offer Document contains selected historical and prospective operational and financial information for historical periods ending 31 March 2011 (FY11), 31 March 2012 (FY12) and 31 March 2013 (FY13), and prospective periods ending 31 March 2014 (FY14F) and 30 September 2014 (HY15F) (six month period). This selected information is provided in addition to the financial information disclosure required under the Securities Regulations to help you understand the drivers of Z Energy's financial performance.

Some of this financial information is considered "non-GAAP financial information", including pro forma financial information and profit measures other than net profit for the financial year as reported in the statutory financial statements in accordance with NZ GAAP. An introduction to this non-GAAP financial information is set out on page 12 of Section 1.3 (Offer at a Glance), and more detail is provided below. The notes to various tables where non-GAAP financial information is reported also include further information to help you interpret those terms which are not defined under NZ GAAP.

The pro forma Replacement Cost financial information in this Offer Document consists of historical and prospective financial information that has been adjusted for specific items to assist potential investors to compare the historical and prospective financial performance of Z Energy on a consistent basis. Non-GAAP financial information is provided on pages 112 to 114, along with the Prospective Financial Information set out in pages 126 to 142. A reconciliation of pro forma Replacement Cost financial information is set out on pages 143 to 145.

There are four different types of financial information presented in this Offer Document:

- **Statutory historical financial information** as reported in Z Energy's financial statements (required to be on an historical cost ("HC") basis). This information is in places referred to as "actual" rather than "historical" information.
- **Pro forma historical financial information**, which adjusts the statutory historical financial results to reflect the pro forma structure of the Group following completion of the Offer, and (in many cases) to present profitability on a Replacement Cost ("RC") basis. As with the statutory information, this pro forma information is in places referred to as "pro forma actual" rather than "pro forma historical" information.
- **Statutory prospective financial information**, which includes the forecast results presented on the same basis as that on which they will be reported under NZ GAAP in the future (on an HC basis), and
- **Pro forma prospective financial information**, which adjusts the statutory prospective financial results to reflect the business structure of the Group following completion of the Offer, and (in many cases) to present profitability on an RC basis.

Each of the adjustments made to derive the pro forma RC financial information is discussed below.

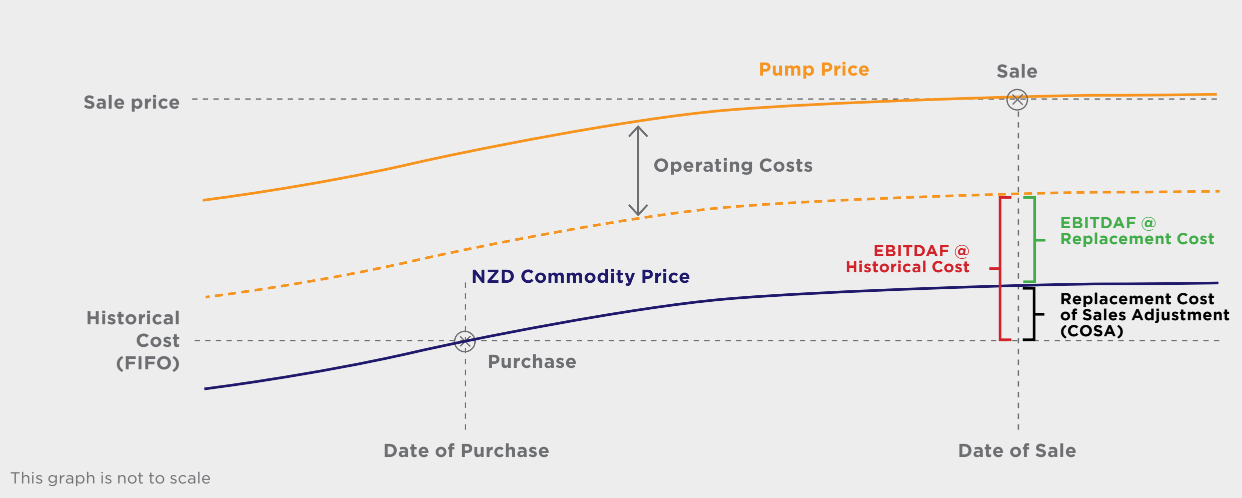
Explaining Replacement Cost Earnings

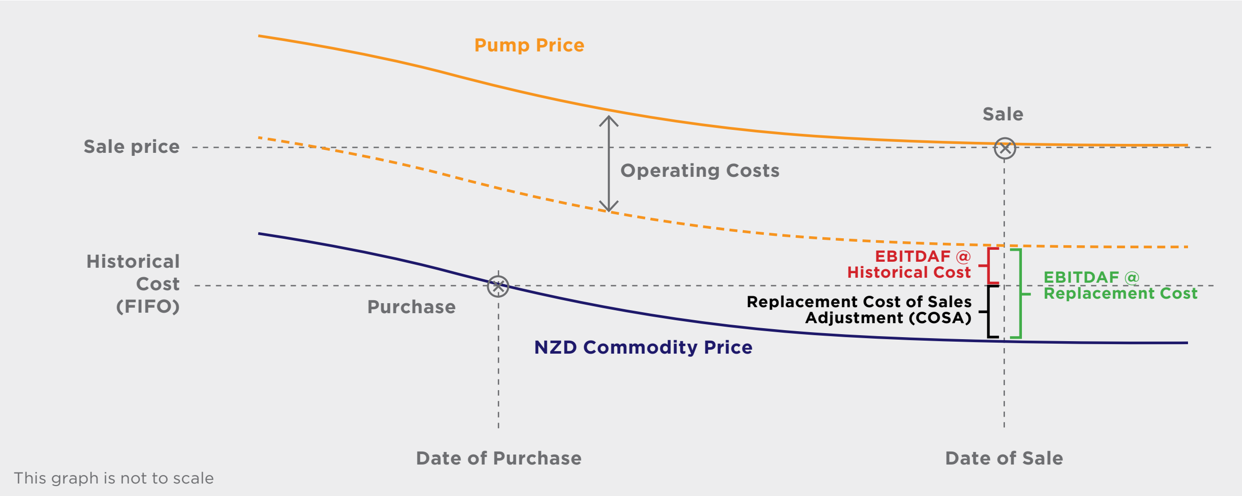
As noted, this Offer Document includes measures of our profitability assessed on an RC basis. This is a profit measure Z Energy focuses on in its day-to-day business. It is common practice in the downstream fuel industry to measure and report a non-GAAP earnings measure such as RC earnings. RC earnings exclude the potentially significant effect of changes in crude oil and refined product prices on the value of inventory held by Z Energy which, under NZ GAAP accounting, flow through into reported profitability. RC earnings adjusts the Cost of Sales (COS) as if inputs had been procured at the time of sale, rather than HC which uses the First In, First Out (FIFO) accounting convention (in accordance with NZ GAAP).

Financial results adjusted in this way may be reported at the level of Gross Margin (RC Gross Margin), Operating EBITDAF (RC Operating EBITDAF), EBITDAF (RC EBITDAF) or NPAT (RC NPAT).

RC earnings enable a comparison of Z Energy's core underlying business performance across periods. Z Energy generally prices its product sales to customers to reflect as nearly as practicable then-current crude oil and refined product prices and foreign exchange rates (plus a margin). The RC earnings method essentially adjusts COS to reflect these current prices. On average, inventory is owned by Z Energy for between 2 and 3 months before it is sold, which means that (at the time of sale) the cost of this inventory within cost of sales will broadly reflect prices 2 to 3 months earlier, with the result that NZ GAAP earnings (on a FIFO basis) could significantly overstate or understate margins earned on product sales, from an operational viewpoint.

For example, when oil prices are rising, the FIFO method will result in a higher profit figure as lower cost inventory is charged against higher current product prices. Conversely when oil prices are decreasing, the FIFO method will result in a lower profit figure as higher cost inventory is matched





against lower current product sales prices.

The Replacement Cost of products is calculated as the average cost of equivalent cargoes during the period of these sales. The Replacement Cost method therefore has the impact of aligning COS with the timing of revenue as the product being sold is priced on a daily basis from current international crude and refined product prices and foreign exchange rates. The difference between the RC and HC earnings is referred to as the 'Cost of Sales Adjustment' (COSA). The diagram above illustrates HC EBITDAF (NZ GAAP) and RC EBITDAF with the corresponding COSA. HC EBITDAF equals RC EBITDAF plus the COSA (which can be a positive or negative).

Pro Forma Adjustments

Much of the financial information shown in the Offer Document is 'pro forma' information, reflecting the following adjustments:

- The statutory 2011 financial year (FY11) was a 15 month period as a consequence of a change in balance date. For the purposes of the pro forma information, the unaudited results for the 12 months ending 31 March 2011 (FY11) have been extracted from the audited financial information for the 15 month period, with the financial results from 1 January 2010 to 31 March 2010 excluded. In some places we refer to 12 month FY11 financial information as 'extracted' rather than 'pro forma'.
- Inclusion of the net cost of Z Energy's external funding structure as though all amounts borrowed under banking facilities were borrowed directly by Z Energy from 1 April 2010. Historically, bank funding for AEHL and its subsidiaries (including Z Energy) (AEHL Group) was sourced by another member of the AEHL Group, Aotea Energy Limited (AEL), under bank facilities guaranteed by Z Energy. The AEL bank term debt was progressively repaid with the proceeds of retail bond issues which were on-lent to AEL. The first bond issue in FY11 was made by a sister company of Z Energy and the obligations for those bonds were novated to Z Energy in FY12. Z Energy itself issued further bonds in FY12 and FY13. For the purposes of the statutory prospective financial information required by the Securities Regulations, we have assumed that the bank debt was novated to Z Energy at 1 July 2013 (rather than its actual novation date of 4 July 2013). For the purposes of the pro forma financial information we have assumed that all

amounts borrowed under the bank facilities from 1 April 2010 were borrowed by Z Energy, and that all interest paid by Z Energy's sister company on the bonds originally issued by it (prior to the novation of those bonds to Z Energy) was paid by Z Energy. In addition, working capital debt (and, on occasion, term debt) was advanced to Z Energy from AEL at different interest rates to those payable by AEL to the banks, and the pro forma financial information adjusts this interest in Z Energy as though Z Energy had been paying the banks directly.

- Historically, the 17.14% shareholding that Z Energy will hold in Refining NZ on completion of the Offer was not held by Z Energy but by ZEHL. The pro forma financial performance information assumes that the Refining NZ investment is held by Z Energy across all periods and the prospective balance sheet assumes this investment transfers to Z Energy on 1 August 2013.
- The resulting tax implications of these adjustments.

Historical and FY14F Prospective Financial Information have not been adjusted to include the full year impact of estimated additional public company costs and insurance costs of approximately $3.2 million per annum that are assumed by Z Energy to be incurred following the completion of the Offer. These costs are assumed to commence on 1 August 2013 and therefore the FY14F Prospective Financial Information incorporates 8 months of these costs rather than a full year effect.

*Refer to Section 5.5 **Reconciliations of Non-GAAP Financial Information** for a detailed reconciliation of pro forma RC profitability to statutory (i.e. NZ GAAP) financial statements and Prospective Financial Information.*

EBITDAF is presented as an alternative measure of financial performance that adds back, to our net profit after tax, interest, taxation, depreciation (including gains and losses on the disposal of fixed assets), amortisation and fair value movements of interest rate derivatives (i.e. EBITDAF shows financial performance before the effects of those items). Fair value movements of interest rate derivatives are excluded from EBITDAF because they are interest rate hedges and accordingly are appropriately treated as part of Z Energy's interest costs. In contrast, fair value movements of Z Energy's commodity and foreign exchange rate derivatives are included in EBITDAF because they are hedges of inventory prices.

EBITDAF includes equity-accounted earnings from associated companies (in particular Refining NZ), which do not reflect the performance of our core underlying business. This Offer Document also refers to “Operating EBITDAF”, which is EBITDAF excluding those associated company earnings.

5.2 Overview of Operational and Financial Information

Summarised in this table are the key operational metrics for the business. The assumptions for the prospective period are discussed in Section 5.4 (Prospective Financial Information).

Overview of Operational Information	*12 Months Ending 31 Mar 2011 Extracted Actual (1)*	*Year Ending 31 Mar 2012 Actual*	*Year Ending 31 Mar 2013 Actual*	*Year Ending 31 Mar 2014 Prospective*	*6 Months Ending 30 Sep 2014 Prospective*
Fuels sales volumes (millions of litres)(2)	2,654	2,647	2,506	2,476	1,220
Refining volumes (millions of barrels)	12.0	12.1	12.4	12.6	6.3
Average USD Brent crude oil price (USD/barrel)	87	114	110	107	104
Average NZD Brent crude oil price (NZD/barrel)	119	141	136	134	134
Average NZD/USD exchange rate	0.73	0.81	0.81	0.80	0.78

Source: Historical Brent crude oil price (USD/barrel) sourced from Bloomberg and exchange rates sourced from Reserve Bank Daily Exchange Tables.

(1) Refers to the 12 month period commencing 1 April 2010 and ending 31 March 2011. The balance date for Z Energy was 31 December previously. Refer to Section 5.5 (Reconciliations of Non-GAAP Financial Information) for a detailed reconciliation to the 31 March 2011 15 month reported financial information.

(2) “Fuel sales” includes bitumen.

Selected NZ GAAP and Non-GAAP profitability measures

Overview of Income Statement

NZD in Millions	Non-GAAP Reconciliation Reference	12 Months Ending 31 Mar 2011 Pro Forma Extracted Actual [1]	Year Ending 31 Mar 2012 Pro Forma Actual	Year Ending 31 Mar 2013 Pro Forma Actual	Year Ending 31 Mar 2014 Pro Forma Prospective	6 Months Ending 30 Sep 2014 Pro Forma Prospective
HC revenue (excluding levies, tax)		2,735	3,179	2,989	2,968	1,457
RC gross margin	**(1)**	**407**	**435**	**472**	**498**	**249**
HC operating expenses		(250)	(264)	(276)	(291)	(144)
RC Operating EBITDAF	**(2)**	**157**	**171**	**196**	**207**	**105**
Share of earnings in associates (including Refining NZ)		10	4	6	9	3
COSA		72	29	(32)	12	(1)
HC EBITDAF	**(3)**	**239**	**204**	**170**	**228**	**107**
HC depreciation and amortisation		(19)	(33)	(39)	(36)	(22)
HC gain/(loss) on sale of fixed assets		(1)	7	41	(1)	-
Net financing income/(expense)		(30)	(47)	(39)	(34)	(16)
HC gain/(loss) on interest rate derivatives		(4)	4	4	(1)	-
HC Taxation		(68)	(38)	(22)	(41)	(19)
HC NPAT	**(4)**	**117**	**97**	**115**	**115**	**50**
COSA (net of tax)		(50)	(21)	23	(9)	1
RC NPAT	**(5)**	**67**	**76**	**138**	**106**	**51**

1 Refers to the 12 month period commencing 1 April 2010 and ending 31 March 2011. The balance date for Z Energy was 31 December previously. Refer to Section 5.5 (Reconciliations of Non-GAAP Financial Information) for a detailed reconciliation to the 31 March 2011 15 month reported financial information.

The actual pro forma financial information presented above has been derived from audited financial statements of Z Energy for the financial periods ending 31 March 2011 (FY11), 2012 (FY12) and 2013 (FY13). Various adjustments, as described in Section 5.1 (Introduction to Operational and Financial Information), have been made to the audited financial statements to present the pro forma financial information. The pro forma Prospective Financial Information is taken from Section 5.4 (Prospective Financial Information), where the key assumptions and sensitivities to the Prospective Financial Information are discussed.

The "Non-GAAP Reconciliation Reference" column refers to the corresponding reconciliation of pro forma line items in the reconciliations of non-GAAP financial information to NZ GAAP information in Section 5.5 (Reconciliations of Non-GAAP Financial Information).

Overview of Cash Flow Statement

NZD in Millions	12 Months Ending 31 Mar 2011[(1)(3)] Extracted Actual	Year Ending 31 Mar 2012 Actual Audited	Year Ending 31 Mar 2013 Actual Audited	Year Ending 31 Mar 2014 Prospective	6 Months Ending 30 Sep 2014 Prospective
Net cash provided by operating activities [(2)]	67	81	428	76	89
Net cash used in investing activities [(2)]	(53)	(70)	(48)	(99)	(30)
Net cash provided by/(used in) financing activities [(2)]	(133)	(2)	(282)	54	(57)
Net increase/(decrease) in cash and cash equivalents held	**(119)**	**9**	**98**	**31**	**2**

(1) Refers to the 12 month period commencing 1 April 2010 and ending 31 March 2011. The balance date for Z Energy was 31 December previously. Refer to Section 5.5 (Reconciliations of Non-GAAP Financial Information) for a detailed reconciliation to the 31 March 2011 15 month reported financial information.

(2) There have been no pro forma adjustments to the balance sheet or cash flows. The balance sheet and cash flows shown in the table reflect statutory cash flow balances. Note in particular that COSA is a non-cash adjustment.

(3) In the year ending 31 March 2011 intercompany transactions were classified as operating activities in the statutory financial statements. In subsequent years these have been classified as financing activities. The FY11 operating and financing cashflows have been realigned to be consistent with FY12 and FY13 ($105 million cash outflow reallocated from operating to financing cashflows).

Overview of Balance Sheet

NZD in Millions	As at 31 Mar 2011 Actual Audited	As at 31 Mar 2012 Actual Audited	As at 31 Mar 2013 Actual Audited	As at 31 Mar 2014 Prospective	As at 30 Sep 2014 Prospective
Cash and cash equivalents	8	17	115	146	148
Trade accounts receivable and prepayments	226	243	241	223	189
Intercompany receivables (1)	-	386	720	-	-
Inventories	549	671	482	513	480
Other assets	-	-	1	4	3
Current assets	**783**	**1,317**	**1,559**	**886**	**820**
Property, plant and equipment (2)	259	306	311	547	557
Intangible assets	29	17	27	25	24
Investments in Associated Companies (3)	-	1	1	107	109
Deferred tax asset	6	7	4	-	-
Other non-current assets	2	4	3	3	2
Non-current assets	**296**	**335**	**346**	**682**	**692**
Total assets	**1,079**	**1,652**	**1,905**	**1,568**	**1,512**
Accounts payable, accruals and other liabilities	551	465	513	439	401
Intercompany payables (1)	-	312	315	-	-
Derivative financial instruments	6	10	5	1	1
Income tax payable	27	19	4	15	5
Current liabilities	**584**	**806**	**837**	**455**	**407**
Other liabilities	11	-	17	16	14
Provisions	18	21	24	29	29
Bonds (4)	-	298	430	430	431
Deferred tax liability	-	-	-	26	26
Non-current liabilities	**29**	**319**	**471**	**501**	**500**
Total liabilities	**613**	**1,125**	**1,308**	**956**	**907**
Total equity	**466**	**527**	**597**	**612**	**605**
Total equity and liabilities	**1,079**	**1,652**	**1,905**	**1,568**	**1,512**

(1) The intercompany balances will be cleared upon completion of the Offer, with share proceeds used to clear intercompany payables balances and a non-cash distribution to clear the intercompany receivables balance. See further discussion in notes 15, 16 and 17 in Section 5.4 (Prospective Financial Information).

(2) On 1 April 2013, Z Energy revalued its property, plant and equipment upwards by $170 million (in accordance with NZIAS16 Property, Plant and Equipment, the assets will be revalued every 5 years, with annual impairment reviews).

(3) As described in Section 5.1 (Introduction to Operational and Financial Information) Z Energy will acquire ZEHL's investment in Refining NZ on completion of the Offer and therefore the FY11, FY12 and FY13 reported balance sheet does not reflect this investment.

(4) As described in Section 5.1 (Introduction to Operational and Financial Information) until August 2013 Z Energy's bank funding was provided by other AEHL Group companies. Z Energy issued bonds in FY12 and FY13 while bonds issued in FY11 by a sister company were novated to Z Energy in FY12.

5.3 Analysis of Historical Financial Performance

Overview

This section provides an analysis of the factors we believe influenced Z Energy's historical financial performance for FY11, FY12 and FY13, after reflecting pro forma adjustments. Refer to Section 5.1 (Introduction to Operational and Financial Information) for more details.

Macroeconomic Environment

Gross Domestic Product (GDP)	12 Months Ending 31 Mar 2011 [1] Actual	Year Ending 31 Mar 2012 Actual	Year Ending 31 Mar 2013 Actual
New Zealand GDP growth (annualised)	0.8%	2.8%	1.9%
New Zealand GDP growth (excluding Christchurch) (annualised)	0.8%	2.4%	1.2%

Source: Reserve Bank of New Zealand estimates, March 2013.

(1) The statutory 2011 financial year (FY11) was a 15 month period as a consequence of a change in balance date. For the purposes of the pro forma information, the results for the 12 months ending 31 March 2011 (FY11) are included, with the actual financial results from 1 January 2010 to 31 March 2010 excluded.

Low New Zealand GDP growth contributed, we believe, to relatively subdued demand for refined product used in the industrial, construction, transport and rural sectors (diesel, jet fuel, Avgas, fuel oil, bitumen). In general, as outlined in Section 3.1 (Industry Overview), demand for diesel in particular is correlated to overall GDP growth given its predominant use in freight movement. By contrast, demand for petrol is driven primarily by population growth, fleet size and fuel efficiency.

For more information on trends and factors affecting demand for transport fuels, please read section 3.1 ***Industry Overview****.*

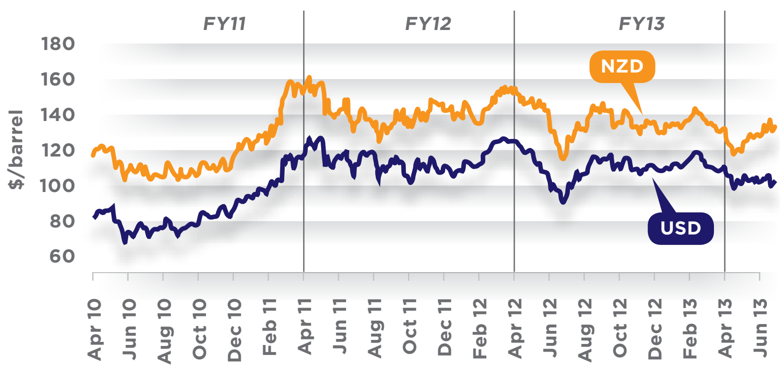
Crude oil prices and foreign exchange	12 Months Ending 31 Mar 2011 Actual	Year Ending 31 Mar 2012 Actual	Year Ending 31 Mar 2013 Actual
Average USD Brent crude oil price (USD/barrel)	87	114	110
Average NZD/USD exchange rate	0.73	0.81	0.81
Average NZD Brent crude oil price (NZD/barrel)	119	141	136

Source: Brent oil price (USD/barrel) sourced from Bloomberg and exchange rates sourced from Reserve Bank Daily Exchange Tables.

Crude oil prices rose in FY11 in both USD and NZD terms and fell in FY13. The strengthening of the NZD against the USD throughout this period partially offset the rise in USD crude oil prices as illustrated by the NZD/barrel chart opposite.

For a detailed discussion of how crude oil prices and foreign exchange affect our business, see the discussion of the Sensitivity Analysis contained in section 5.4 ***Prospective Financial Information*** *at pages 140 and 141.*

Brent Oil Price Trends



Source: Bloomberg, 2013.

Competitive Environment

Increasing levels of competition in the New Zealand downstream oil industry have resulted in more significant shifts in market share recently between industry participants after a long period of relatively small movements.

Despite increasing competition, headline margins increased across the industry between FY11 and FY13. For a discussion of the factors that contributed to this, see page 59 of Section 3.1 (Industry Overview).

During FY11 and the first half of FY12, we gained market share relative to our principal competitors (measured by our share of total refined oil product). We attribute these market share gains to the launch of the "Z" brand, the refurbishment of our retail service station shops, the upgrade of our hospitality offering, improved customer services and securing new commercial diesel customers.

Our principal competitors responded by expanding their loyalty schemes and becoming more active with tactical sales and marketing initiatives:

- The AA Smartfuel card was launched in November 2011 with BP and Caltex offering a standard discount of a specified cents per litre,
- Foodstuffs switched its supermarket docket scheme from BP to Mobil in December 2012, and
- Certain commercial customers were offered attractive pricing at contract renewal.

As a result we lost our earlier gains in market share in FY13 in terms of the volume of branded petrol pumped, and lost two high volume, low margin, commercial diesel customers.

This loss of volume was, however, more than offset by higher retail petrol margins and gains in higher margin commercial volumes in line with our strategy of rebalancing the commercial portfolio away from lower margin business.

For a discussion of the strategic initiatives that impacted our financial performance between FY11 and FY13, see pages 76 to 81 of section 3.2 ***Business Description***.

Overview of Historical Financial Performance

Fuels Revenue and Volumes

Revenue (excluding levies, taxes)

NZD in Millions	*12 Months Ending 31 March 2011 Extracted Actual*	*Year Ending 31 March 2012 Actual*	*Year Ending 31 March 2013 Actual*
Fuels [1]	2,636	3,081	2,898
Non fuels	47	48	54
Chemicals	52	50	37
Total revenue	**2,735**	**3,179**	**2,989**
Fuel volumes (million litres)	2,654	2,647	2,506
Average fuels revenue (cents per litre)	99	116	116

(1) "Fuels" includes bitumen

Overall fuels revenue increased in FY12, reflecting increased crude oil and product prices partially offset by slightly declining volumes. Fuels revenue fell in FY13 driven by lower volumes.

Fuel Volumes

Litres in Millions	*12 Months Ending 31 March 2011*	*Year Ending 31 March 2012*	*Year Ending 31 March 2013*
	Extracted Actual	*Actual*	*Actual*
Petrol	995	967	884
Diesel	917	961	874
Other Fuels (1)	693	652	656
Sub total	**2,605**	**2,580**	**2,414**
Supply and Export	49	67	92
Total	**2,654**	**2,647**	**2,506**
Total Fuels Market Share[71]	**32.5%**	**32.5%**	**30.4%**

(1) "Other fuels" includes bitumen

Petrol Volumes

Z Energy Petrol Volume Movements versus Industry Petrol Volumes

	Z Energy Change	*Industry Change[72]*	*Market Share*
FY11	2.7%	(1.1%)	31.6%
FY12	(2.8%)	(3.0%)	31.8%
FY13	(8.6%)	0.1%	29.0%
FY10 to FY13	**(8.7%)**	**(4.0%)**	

Industry wide petrol volumes declined by 4% from FY10 to FY13, reflecting the continuing switch by consumers from petrol to diesel.

Following our acquisition from Shell by Infratil and the New Zealand Superannuation Fund, our petrol volumes initially increased in a declining market and we captured market share. We attribute this to the launch of the "Z" brand, the upgrade of our hospitality offering, improved customer services and the refurbishment of our retail service station shops.

At the end of FY12 and throughout FY13, our petrol volumes declined compared to the industry as a whole, as key competitors aggressively discounted petrol prices through loyalty programmes, in-store discounts, special product offers and lower pump prices in some cases. This was exacerbated by the closure of retail service stations for rebranding and refitting with an estimated 4% of sites out of action at any one time. We chose to protect margin over volume, and were successful in more than offsetting the EBITDAF impact of the loss in volume. Early FY14F has shown indications that our market share (measured by total refined oil product pumped) is stabilising.

71 Total refined product market share and industry growth rates are calculated from data collected by BDO. BDO's dataset excludes certain items contained within reported Z Energy volumes (such as Supply and Export and LPG sales which only represent a small proportion of total volumes), and is therefore not directly comparable with reported Z Energy volumes. BDO data does not include volumes of refined products sourced by parties who are not customers of Refining NZ. "Fuels" includes bitumen.

72 Source: BDO. See previous note.

Diesel Volumes

Z Energy Diesel Volume Movements versus Industry Diesel Volumes

	Z Energy Change	Industry Change[73]	Market Share
FY11	12.9%	2.8%	31.8%
FY12	4.9%	2.0%	32.7%
FY13	(9.1%)	1.1%	29.4%
FY10 to FY13	**7.7%**	**6.0%**	

By contrast, industry wide diesel volumes increased by 6.0% from FY10 to FY13, which we attribute to a combination of modest GDP growth and the growing preference for diesel vehicles.

Our diesel volumes grew ahead of the industry in FY11 and FY12 as we secured new commercial diesel customers and delivered higher volumes through distributors and through retail service stations. Consistent with our commercial portfolio management strategy (and as noted on page 116), we did not retain two high volume, low margin commercial diesel customers in FY13. This contributed to approximately 6% of the decline in our diesel volumes in FY13, however the margin impact was more than offset by gains in higher margin commercial volumes, in line with our strategy of rebalancing the commercial portfolio away from lower margin business. Over the entire period our diesel volumes grew ahead of the industry.

New Retail Sites

The opening of five new full service retail service stations positively contributed to petrol and diesel volumes, in each case delivering above average transport fuels throughput volumes (for a comparison between average industry throughput volumes and our average throughput volumes, please read page 70 of Section 3.2 (Business Description)). The new retail service station sites were as follows:

	FY11		FY12	FY13	
Location	Bethlehem	Lakeside	Waiuku	Pukekohe	Broadway
Region	Tauranga	Auckland	Auckland	Auckland	Wellington
Date opened	Oct 10	Oct 10	Apr 11	Sept 12	Dec 12

Other Fuels Volumes

Our fuel oil volumes were impacted in FY12 when the Awanuia barge was taken out of service for 6 weeks to support the clean-up efforts following the stranding and sinking of the “Rena” container ship. FY12 benefited from a strong cruise ship season, which continued in FY13.

Jet fuel volumes varied over the period with China Southern Airlines commencing new services and Pacific Blue exiting the New Zealand domestic market.

Avgas volumes are declining across the industry with a continual shift from Avgas to jet fuel. Our volumes are declining faster than the industry as we focus on optimising our network.

Bitumen volumes were relatively consistent over the period in a broadly stable market which is driven by local and central government budgets.

Supply and Export Volumes

“Supply and Export” includes the supply of refined products on an opportunistic basis to integrated operators and other fuel distributors and the export (primarily of fuel oil) to Australia. In FY13 approximately 40% of our Supply and Export volumes were sold locally in New Zealand and the remaining 60% was exported.

73 Source: BDO. See previous note.

Fuel Volume Seasonality

Our business results over the last three years have displayed some seasonality, with volumes typically higher in the second half of the financial year due to:

- Increased fuel oil sales as a result of more cruise ships coming to New Zealand in the October through to March period, and
- Higher diesel and bitumen sales as a result of increased rural, construction and roading activity during the summer.

Historical seasonality in volumes experienced over the three years is illustrated below:

Litres in Millions	*H1 FY11*	*H2 FY11*	*H1 FY12*	*H2 FY12*	*H1 FY13*	*H2 FY13*
Fuels volumes (excluding "Supply and Export") (1)	48%	52%	48%	52%	49%	51%
Petrol volumes	49%	51%	50%	50%	50%	50%
Diesel volumes	46%	54%	48%	52%	51%	49%
Other volumes (2)	48%	52%	45%	55%	46%	54%

(1), (2) "Fuels volumes" and "other volumes" include bitumen.

Petrol volumes have been relatively consistent between the two halves of each financial year.

The split of diesel volumes for FY11 and FY12 was more consistent with our typical seasonality (47% in the first half, 53% in the second half). In FY13 that seasonal pattern was affected by the loss of two significant diesel contracts in the second half, as referred to above.

Other Fuels volumes were broadly weighted towards the second half of the financial year driven, we believe, by the factors noted above.

Non Fuels Revenue

Non fuels revenue mainly comprises royalties earned on convenience store gross margins, rebates from product suppliers and royalty income on car wash sales.

Convenience retail earnings growth was driven by:

- The refurbishment of our retail service station shops, the upgrade of our hospitality offering and improved customer services
- Increasing sales from our improved food and coffee offering, and
- Increasing car wash revenues, following the installation and/or refurbishment of car washes at service stations identified as "high value locations".

Chemical Revenues

Our chemicals product line has experienced falling revenues as a result of increased competition. Z has announced that this operation will be closed. Please read page 75 of Section 3.2 (Business Description) for more details on the closure of this product line.

Replacement Cost Gross Margin

The table and discussion provide an analysis of our pro forma RC Gross Margin.

NZD in Millions	*12 Months Ending 31 March 2011*	*Year Ending 31 March 2012*	*Year Ending 31 March 2013*
	Extracted Actual	*Actual*	*Actual*
RC Fuels margin (1), (2), (3)	319	346	384
Non fuels margin	47	48	54
Refining margin	33	33	30
Chemicals	8	8	4
Total	**407**	**435**	**472**
Fuels Volumes			
Fuels (million of litres) (3)	2,654	2,647	2,506
Refining (millions of barrels)	12.0	12.1	12.4
Margin			
RC Fuels (cents per litre) (3)	12.0	13.0	15.3
GRM (USD/barrel)	6.84	7.21	6.57

(1) The RC adjustment is reflected in fuels margin - refer to Section 5.5 (Reconciliations of Non-GAAP Financial Information) for a reconciliation of non-GAAP financial information to NZ GAAP.

(2) Fuels margin is net of primary distribution costs.

(3) "Fuels" includes bitumen.

Reconciliation of Replacement Cost Gross Margin to Historical Cost Gross Margin

NZD in Millions	*FY11*	*FY12*	*FY13*
RC Gross Margin	407	435	472
COSA	72	29	(32)
HC Gross Margin	**479**	**464**	**440**

For a full description of our pricing and profitability, please read pages 76 to 77 of section 3.2 ***Business Description***.

Replacement Cost Fuels Margin

As discussed in Section 3.2 (Business Description) at page 77, RC fuels margin increased over the period, particularly driven by increases in petrol and diesel margins. We believe that industry margins have been increasing to meet increased working capital costs associated with higher crude oil prices, to recover increased operating costs (including the costs of discounting) and to support reinvestment in infrastructure. Other factors contributing to the increase in RC fuels margin include:

- We generally did not match the level of discounting that took place in the industry in FY12 and FY13, resulting in a higher cents per litre fuels margin which more than offset reduced volumes
- Rebalancing our commercial customers portfolio for higher returns
- Better and more competitive procurement and supply agreements, once we ceased to be owned by a major upstream oil company
- The shift towards more commercial terms for industry off-take agreements at storage terminals, and
- Higher sales to competitors as a result of our willingness to carry additional inventory.

Non Fuels Margin

Our non fuels revenues flow directly through to Gross Margin, reflecting the business arrangement with independent retailers for our retail service station network, under which we receive a share of the retailer's net margin as a royalty on shop sales, rebates from product suppliers and royalty income on car wash sales.

As discussed in Section 3.2 (Business Description) at page 78, our non fuels margin increased over the period, particularly driven by our focus on a high quality coffee and food offering, store upgrades and refurbishments and an increase in car wash revenues.

Refining Margin

The components of our refining margin are explained in Section 3.2 (Business Description) at pages 78 to 80. Over the last three financial years refinery production was relatively consistent, with the exception of scheduled and unscheduled shutdowns.

Our share of Refining NZ's volumes increased by 5% over the period, reflecting our increase in market share (please read Section 3.1 (Industry Overview) at page 48 for details of how refinery capacity is allocated between Refining NZ's customers).

The GRM in New Zealand dollars decreased across the period by 13%, offsetting the increase in volume and resulting in a flat to declining overall refining margin. The GRM was volatile from month to month driven by global oil prices, regional supply and demand and the effect of refinery shutdowns.

For a discussion of the sensitivity of our business to GRM, please read section 5.4 ***Prospective Financial Information*** *at page 140.*

Operating Expenses

NZD in Millions	*12 Months Ending 31 March 2011 Extracted Actual*	*Year Ending 31 March 2012 Actual*	*Year Ending 31 March 2013 Actual*
On-site costs	33	35	40
Selling commissions	51	49	59
Secondary distribution	46	50	47
Employee costs	39	30	39
Storage and handling	11	20	20
Insurance	6	6	8
Administration and other	58	70	67
Unrealised (gain)/loss on commodities and foreign exchange	6	4	(4)
Operating expenses	**250**	**264**	**276**

Operating expenses increased by 5.6% in FY12 partly due to the increase in our operational capability and the following additional matters:

- On-site costs were impacted by increased repair and maintenance costs in connection with the rebrand and store refit and rental escalators
- Secondary distribution costs increased driven by an annual contract review and increased activity in response to the Christchurch earthquakes
- Employee costs in FY11 were impacted by additional contractor costs associated with the transition from Shell ownership. FY12 costs were reduced by a $3 million credit arising from the closure of the previous Shell Pension Fund. FY11 included an operating cost of $2 million relating to this Fund
- Storage and handling costs increased substantially following the introduction of industry-wide capital recovery recharges - i.e. terminal tanks being made available to competitors on a more commercial basis than in the past, and
- Marketing costs, which are included in administration cost, increased substantially in FY12 in support of the rebrand and new retail offer along with the launch of community programmes.

Operating expenses increased by 4.5% in FY13, primarily driven by the following matters:

- On-site costs, including:
  - $5 million of costs associated with the Christchurch earthquakes to refit/repair affected service stations and the Lyttelton terminal and fund a Christchurch employee support programme
  - Environmental remediation costs of $4 million
  - An increase in rental costs of $1 million following the sale and leaseback of 8 retail sites, and
  - offset by lower repair and maintenance following the site refit.
- Selling commissions increased to compensate retailers for additional labour costs and site interruptions during the store refit rollout
- Secondary distribution costs reduced in line with the fall in volumes
- Employee costs grew as new capabilities were established
- Insurance premiums grew following a number of global catastrophic events, including the Christchurch earthquakes, and
- Administration costs reduced through decreasing marketing costs following the rebrand.

Share of Earnings in Associates (Refining NZ)

(FY11 Pro Forma $10 million, FY12 Pro Forma $4 million and FY13 Pro Forma $6 million)

In the period FY11 to FY13, ZEHL (our immediate parent company) held the group's 17.14% shareholding in Refining NZ. The investment was equity accounted, with ZEHL accounting for its share of Refining NZ's NPAT. These earnings have been included in our pro forma results for the period. The equity earnings were volatile over the period, driven primarily by Refining NZ's financial performance, which is closely linked to volatile GRM and New Zealand transport and product quality differentials. ZEHL received cash dividends from Refining NZ in the three financial years as follows: FY11 $5.8 million, FY12 $5.7 million and FY13 $3.4 million. Z Energy recognised $0.2 million earnings from other associates in FY13.

Depreciation and Amortisation

NZD in Millions	12 Months Ending 31 March 2011	Year Ending 31 March 2012	Year Ending 31 March 2013
	Extracted Actual	Actual	Actual
Depreciation	14	20	30
Amortisation	5	13	9
Total	**19**	**33**	**39**

Depreciation increased by $6 million in FY12 and by a further $10 million in FY13 reflecting the additional capital expenditure incurred in FY12 and FY13, which is discussed below.

Increased amortisation in FY12 and FY13 reflected the accelerated write-off of licence fees to Shell as sites were rebranded. All such licence fees were fully amortised by March 2013. The remainder of the amortisation charge largely relates to the amortisation of capitalised software capital expenditure.

Gain/(Loss) on Sale of Fixed Assets

(FY11 $(1) million, FY12 $7 million and FY13 $41 million)

During FY13 we sold 47 retail service station sites under a sale and leaseback programme that resulted in net cash proceeds of $87 million and a gain of $46 million in the Statement of Comprehensive Income, shown below EBITDAF.

The leases arising from this sale and leaseback programme have been classified as finance leases for building and equipment assets (i.e. capitalised) and operating leases for land. As a result, annual lease payments increased by $5 million, commencing in April 2013.

Net Financing Income/(Expense)

(FY11 Pro Forma $30 million, FY12 Pro Forma $47 million and FY13 Pro Forma $39 million)

Financing interest/(expense) reflects the financing of long term obligations, largely funded through the retail bond offerings in FY11 ($147 million at 7.35%), FY12 ($150 million at 7.25%) and FY13 ($135 million at 6.5%). We have subsequently swapped a portion of this fixed interest exposure to floating in line with our treasury policy (for more information on our treasury function, please read Section 3.2 (Business Description) at pages 81 and 82). Our pro forma financing interest/(expense) also includes commitment fees for our bank facilities and interest on any working capital drawings, offset by interest income on cash balances.

Interest in FY12 was inflated by a $6 million non-cash loss on novation of one series of bonds to us from a sister company, which is being amortised back at $1 million per annum until 2016 and which results in a net interest expense equivalent to market interest rates at the time of novation. The decline in financing interest/(expense) in FY13 reflects the reduction in the average working capital facility balance, with a significant cash balance held at year end.

Taxation

(FY11 Pro Forma HC $68 million, FY12 Pro Forma HC $38 million and FY13 Pro Forma HC $22 million)

From FY11 to FY13, our effective tax rate has ranged between 16% and 37%. The effective tax rate can be affected by a number of factors, including but not limited to changes in tax rates, prior period adjustments and non-taxable items of income or expenditure.

The FY11 tax expense was higher than the corporate tax rate of 30% due predominantly to a law change that resulted in most buildings no longer being eligible for tax depreciation. The impact of this was a $12 million increase in tax expense.

The FY13 tax expense was lower than the corporate tax rate of 28% due predominantly to the inclusion of non-taxable revenue from the disposal of property, plant and equipment of $41 million.

Overview of Historical Cash Flows

Net Cash provided from Operating Activities
(FY11 $67 million, FY12 $81 million, and FY13 $428 million).

Net cash provided from operating activities fluctuated significantly as a result of movements in working capital. Movements in working capital are driven by large and discrete crude and product purchases, the impact of changes in USD oil prices and NZD:USD exchange rates, and the excise and tax payments related to these purchases.

Net cash provided from operating activities in FY13 increased by $347 million as a result of lower year-end inventory levels and an increase in accounts payable. The decrease in inventory reflected a decrease in volumes from 3.8 million barrels at March 2012 to 3.0 million barrels at March 2013, and a decrease in oil prices (Brent oil prices fell from NZ$151/ barrel to NZ$135/barrel). Inventory levels were relatively high at 31 March 2012 to accommodate an impending maintenance shutdown at the refinery. The payables increase reflected the timing of purchases of inventory near year-end.

Excluding these movements, historical operating cash flows were broadly in line with HC Operating EBITDAF less net interest and taxation paid.

Net Cash used in Investing Activities
(FY11 ($53 million), FY12 ($70 million) and FY13 ($48 million))

Net cash provided from investing activities reflects cash applied to the purchase of fixed and intangible assets and cash received from asset divestments.

FY13 net cash provided from investing activities includes $87 million of proceeds from the sale and leaseback of retail sites.

Net Cash used in Financing Activities
(FY11 ($133 million), FY12 ($2 million) and FY13 ($282 million))

Net cash provided from financing activities primarily represents the payment of dividends, the receipt of dividends from Refining NZ and movements in bank debt and retail bonds. Historically, the AEHL Group's bank funding was sourced by another member of the AEHL Group, Aotea Energy Limited (AEL), under bank facilities guaranteed by us. The AEL bank term debt was progressively repaid with the proceeds of retail bond issues which were on-lent to AEL. The first bond issue in FY11 was made by a sister company of us and the obligations for those bonds were novated to us in FY12. We issued further bonds ourselves in FY12 and FY13. In total $432 million has been raised through these bond issues.

Overview of Historical Balance Sheet

Working capital

NZD in Millions	*As at 31 March 2011*	*As at 31 March 2012*	*As at 31 March 2013*
Inventory	549	671	482
Payables	551	465	513
Receivables	226	243	241

Average days	*12 Months Ending 31 March 2011*	*Year Ending 31 March 2012*	*Year Ending 31 March 2013*
Inventory	67	75	73
Payables	54	53	45
Receivables	24	24	24

"Receivables" represents trade accounts receivable and prepayments, and "payables" represents trade accounts payable, accruals and other liabilities (including ETS).

The "average days" figures shown for each financial year are the averages of the month-end days in that year. Z Energy considers that average month-end days is generally more relevant than relying solely on year-end balances. Z Energy is not aware of any reason to consider that balances at month-end vary systematically from balances at any other point in the month.

Inventory

The purchase and settlement of crude oil and refined product inventory is a significant driver of Z Energy's net working capital position and can cause material changes in net working capital balances at year-end. The timing of crude purchases is influenced by the Refining NZ production schedule.

As at 31 March 2013 Z Energy's inventory balance was $482 million, recorded at the lower of HC and net realisable value on a FIFO basis, which comprised $102 million of crude oil and $380 million of refined products, which is generally sufficient to cover between two and three months' sales.

Inventory levels at 31 March 2012 were higher than at 31 March 2013 to accommodate an impending maintenance shutdown at the refinery.

Accounts Payable, Accruals and other Liabilities

Accounts payable, accruals and other liabilities consist of hydrocarbon payables, government duties and tax payables, non-hydrocarbon payables and ETS payables.

Hydrocarbon payables relate to crude oil and refined product purchases including associated costs (i.e. shipping, wharfage and inspection fees). Government duties and tax payables arise when refined product is imported or leaves the refinery. "Non-hydrocarbon payables" includes operating and capital expenditure payables, sundry creditors, Refining NZ processing fees, employee entitlements and convenience retail payables. Z Energy accumulates carbon units and subsequently surrenders these to the New Zealand Emission Unit Register (NZEUR) by May of the following year in respect of its calendar year ETS compliance obligation.

Accounts payable, accruals and other liabilities as at 31 March 2013 were $513 million, reflecting significant purchases of inventory leading up to the FY13 balance date, which were subsequently paid for following year-end. Month end payables balances throughout FY13 were on average lower than FY12.

Between FY11 and FY13 accounts payable, accruals and other liabilities excluding ETS days have averaged 51 days on a value basis. ETS payables have averaged 5 days.

Receivables

We have a range of trade terms with our various customers. Commercial trade terms are generally the 21st day of the month following, with shorter or longer terms for some customers. Retail fuel sales are effectively cash receipts credited two days following sale. Credit terms on convenience items provided to retail operators are 20 to 30 days following delivery. Between FY11 and FY13 receivables days have averaged 24 days on a value basis.

Derivative Financial Instruments

We utilise various financial instruments for the purpose of managing our exposure to fluctuations in interest rates, foreign exchange rates and certain commodity prices (crude oil, refined product and carbon). Instruments typically utilised are swaps, forward rate agreements, options and futures.

Realised gains and losses on commodity and foreign exchange derivatives are accounted for within cost of goods sold. Unrealised gains and losses on commodity and foreign exchange derivatives are accounted for in operating expenses above EBITDAF, and interest rate swap gains and losses are accounted for below EBITDAF.

Property, Plant and Equipment

We owned $311 million (book value) of property, plant and equipment as at 31 March 2013, including:

- 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, and
- Storage and distribution infrastructure assets which include port and airport storage facilities, and refuelling equipment and pipelines.

The increase in property, plant and equipment over the three year period is reflective of our increased capital spending, as discussed below, offset by the sale and leaseback of certain retail sites in FY12 and FY13.

Capital Expenditure

NZD in Millions	12 Months Ending 31 March 2011 Actual	Year Ending 31 March 2012 Actual Audited	Year Ending 31 March 2013 Actual Audited
Integrity Capex	18	30	29
Growth Capex	8	44	42
Total	**26**	**74**	**71**

In each of FY11, FY12 and FY13 capital expenditure of between $18 million and $30 million was invested to maintain the integrity of our assets. The balance of capital expenditure represented investment in growth projects to support our brand, retail and supply strategies and the purchase of intangible assets (namely software).

Integrity Capex

FY11 and FY12 included capital expenditure relating to the transition from Shell to Z as an independent, locally-owned business, and included amounts in relation to fire protection facilities for our terminals, airport refuelling facilities upgrades, and information technology, software development and office equipment.

FY13 included the commencement of a tank replacement programme at our retail and commercial customer sites, rollout of new point-of-sale terminals at our retail sites and truck stops and costs related to the Auckland office relocation. Tank replacement is an item of capital expenditure which must be incurred periodically by industry participants. The bulk of our current tanks were installed in the 1980s and are therefore due for replacement over the next 10 years. A replacement programme had been implemented to smooth the capital requirements and operational disruption over a number of years (for further discussion, please read Section 5.4 (Prospective Financial Information)).

Growth Capex

The bulk of the growth capex occurred in FY12 and FY13, representing the launch of the new brand across the Z network and the refit of 72 stores (combined expenditure of $55 million), new and existing retail site developments ($27 million), and other growth expenditure in non-retail projects of $4 million (including a tank build at Lyttelton terminal costing $1.5 million).

Intangible assets

Intangible assets include carbon obligations, franchise rights, domain names, occupation rights and software.

Debt and bonds

Z Energy's bank debt facilities comprise a working capital facility of $350 million and a generally undrawn three year revolving bank debt facility of $50 million which mature in July 2016. AEL was previously the borrower under these facilities. Z Energy has retail bonds totalling $432 million on issue, with maturities between October 2016 and November 2019. Retail bonds have been used to progressively refinance term debt (principally AEL's term debt) between FY11 and FY13.

The working capital facility has been drawn on regularly since FY11, primarily to fund the purchase of crude oil and refined product. As at 31 March 2013 the working capital facility was undrawn and in credit.

As a result of variability in the timing and magnitude of working capital commitments, our cash position, and hence net debt, can vary significantly at year-end.

5.4 **Prospective Financial Information**

Introduction and Basis of Preparation

The prospective financial statements included in this section are the consolidated group prospective financial statements of Z Energy and include a prospective consolidated statement of comprehensive income, statement of financial position, statement of movements in equity and statement of cash flows, each prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS-42), subject to the Securities Regulations (under which prospective statements may be prepared for an interim period). Also included are general and specific assumptions on which the prospective financial statements are based and a sensitivity analysis.

The prospective financial statements, including the assumptions on which they are based, are the responsibility of the Directors. The Directors consider that they have given due care and attention to the preparation of the prospective financial statements, including the underlying assumptions. These assumptions should be read in conjunction with the other information in this Offer Document (including, in particular, Section 4 (Risks) and the information found under the heading "What are my Risks?" in Section 1.4 (Answers to Important Questions)).

Prospective financial statements by their nature are inherently uncertain. They reflect predictions of future events which cannot be assured. They involve risks and uncertainties, many of which are beyond the control of the Group. These risks and uncertainties include, but are not limited to, the non-occurrence of anticipated events and events occurring that were not anticipated. Various risk factors and the management of those risks (including those referred to in Section 4 (Risks) and the information found under the heading "What are my Risks?" in Section 1.4 (Answers to Important Questions)) may influence the success of the Group's business. Accordingly, actual results are likely to vary from the Prospective Financial Information, and these variations may be significantly more or less favourable to the Group. None of Z Energy, ZEHL, the Promoters or any directors of any of them guarantee the achievement of the results shown in the prospective financial statements.

The prospective financial statements were prepared and authorised by the directors of Z Energy as at 25 July 2013 for use in this Offer Document and not for any other purpose. The prospective financial statements cover the periods from:

- 1 April 2013 to 31 March 2014 (FY14F), which includes one month's actual unaudited results for April 2013. The May 2013 and June 2013 actual unaudited results are broadly consistent with the Prospective Financial Information, and
- 1 April 2014 to 30 September 2014 (HY15F).

This section also presents the pro forma RC prospective statements of comprehensive income for FY14F and HY15F including the following adjustments:

- Cost of goods sold (purchases of product and crude) is calculated on an RC basis
- The debt funding structure of the Group following the novation of bank facilities to Z Energy on 4 July 2013 is assumed to be in place from 1 April 2013. No adjustment is required for HY15F as the debt funding structure as at the date of this Offer Document is intended to be carried forward
- The 17.14% shareholding in Refining NZ which will be held by Z Energy following completion of the Offer is assumed to be held by Z Energy from 1 April 2010. No adjustment is required for HY15F as the investment is assumed to be in place for the full period
- Tax-related implications arising from the adjustments made above.

*See Section 5.1 **Introduction to Operational and Financial Information** for an explanation of these adjustments and Section 5.5 **Reconciliations of Non-GAAP Financial Information** for a detailed reconciliation of pro forma RC profitability to statutory (i.e. NZ GAAP) financial statements and Prospective Financial Information.*

The auditor's report in relation to prospective financial information, as required by clause 28 of Schedule 1 of the Securities Regulations, is set out on pages 188 to 190.

There is no intention to update the prospective financial statements or to publish prospective financial statements in the future. Investors must consider the assumptions on which the prospective financial statements have been prepared and the sensitivity analysis, each as set out below, in order to fully understand the prospective financial statements. Z Energy will report actual financial results against the prospective financial statements in accordance with generally accepted accounting practice in its 31 March 2014 full year financial statements and the 30 September 2014 half year financial statements and will provide that information to shareholders on request under section 54B of the Securities Act and regulation 44 of the Securities Regulations.

Z Energy Consolidated Prospective Statement of Comprehensive Income

NZD in Millions	Specific Assumption	Statutory Year Ending 31 Mar 2014 Prospective	Pro Forma RC Year Ending 31 Mar 2014 Prospective	Statutory 6 Months Ending 30 Sep 2014 Prospective	Pro Forma RC 6 Months Ending 30 Sep 2014 Prospective
Revenue	**3**	**2,968**	**2,968**	**1,457**	**1,457**
Purchases of crude and product	4	(2,432)	(2,444)	(1,196)	(1,195)
Primary distribution costs	4	(26)	(26)	(13)	(13)
Operating expenses	5	(291)	(291)	(144)	(144)
Operating EBITDAF		**219**	**207**	**104**	**105**
Share of earnings of Associate Companies (including Refining NZ)	6	6	9	3	3
EBITDAF		**225**	**216**	**107**	**108**
Depreciation and amortisation	13	(36)	(36)	(22)	(22)
Results from operating activities		**189**	**180**	**85**	**86**
Gain/(loss) on the sale of fixed assets		(1)	(1)	-	-
Net financing income/(expense)	7	(24)	(33)	(16)	(16)
Gain/(loss) on interest rate derivatives	8	(1)	(1)	-	-
Net profit before taxation		**163**	**145**	**69**	**70**
Taxation	9	(45)	(39)	(19)	(19)
Profit for the period		**118**	**106**	**50**	**51**
Other comprehensive income	10	140	140	-	-
Total		**258**	**246**	**50**	**51**

*Refer to section 5.1 **Introduction to Operational and Financial Information** for an explanation of the pro forma RC financial information and how that information was calculated. Refer to section 5.5 **Reconciliations of Non-GAAP Financial Information** for an explanation of the pro forma RC financial information and how that information was calculated.*

Z Energy Consolidated Prospective Statement of Changes in Equity

NZD in Millions	Specific Assumption	Statutory Year Ending 31 March 2014 Prospective	Statutory 6 Months Ending 30 Sep 2014 Prospective
Equity at beginning of period		**597**	**612**
Net profit after tax for the period		118	50
Asset revaluation reserve	10	140	-
Contributions by new equity owners on allotment of new Offer Shares	15	422	-
Transfer of intercompany receivable to existing owners	17	(564)	-
Distributions to new and existing equity owners	16	(101)	(57)
Total equity at the end of the period		**612**	**605**

Z Energy Consolidated Prospective Statement of Financial Position

NZD in Millions	Specific Assumption	Statutory as at 31 March 2014 Prospective	Statutory as at 30 September 2014 Prospective
Cash and cash equivalents		146	148
Trade accounts receivable and prepayments	11	223	189
Inventories	11	513	480
Other assets	12	4	3
Current assets		**886**	**820**
Property, plant and equipment	13	547	557
Intangible assets	13	25	24
Investment in Associated Companies (including Refining NZ)	6	107	109
Other non-current assets		3	2
Non-current assets		**682**	**692**
Total assets		**1,568**	**1,512**
Accounts payable, accruals and other liabilities	11	439	401
Derivative financial instruments	12	1	1
Income tax payable	9	15	5
Current liabilities		**455**	**407**
Other liabilities		16	14
Provisions		29	29
Bonds	14	430	431
Deferred tax liability	9	26	26
Non-current liabilities		**501**	**500**
Total liabilities		**956**	**907**
Total equity	15-17	**612**	**605**
Total equity and liabilities		**1,568**	**1,512**

Z Energy Consolidated Prospective Statement of Cash Flows

NZD in Millions	Specific Assumption	Statutory Year Ending 31 March 2014	Statutory 6 Months Ending 30 Sep 2014
		Prospective	Prospective
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		3,552	1,789
Dividends received from Refining NZ	6	-	1
Cash was disbursed to:			
Payments to suppliers and employees		(3,415)	(1,657)
Net Interest paid	7	(32)	(16)
Taxation paid	9	(29)	(28)
Net cash inflow/(outflow) from operating activities		**76**	**89**
Cash flow from investing activities			
Cash was disbursed to:			
Purchase of property, plant and equipment	13	(99)	(30)
Net cash inflow/(outflow) from investing activities		**(99)**	**(30)**
Cash flows from financing activities			
Cash was provided from:			
Issued capital		422	-
Cash from intercompany		160	-
Cash was disbursed to:			
Cash to intercompany		(422)	-
Repay financial instruments		(4)	1
Finance lease		(1)	(1)
Dividends paid	16	(101)	(57)
Net cash inflow/(outflow) from financing activities		**54**	**(57)**
Net increase/(decrease) in cash		**31**	**2**
Cash balance at the beginning of the period		115	146
Cash at the end of period		**146**	**148**

A pro forma Consolidated Prospective Statement of Financial Position and a pro forma Consolidated Prospective Statement of Cash Flows have not been prepared. The cash flows shown in the Consolidated Prospective Statement of Cash Flows reflect statutory cash flow balances. No pro forma cash flows have been prepared for the period of the Prospective Financial Information as the pro forma adjustments to cash flows are not material. Note in particular that COSA is a non-cash adjustment.

Notes to the Prospective Financial Information

The principal assumptions on which the prospective financial statements have been prepared are set out below. These assumptions should be read in conjunction with the risk factors set out in Section 4 (Risks) and the information found under the heading "What are my Risks?" in Section 1.4 (Answers to Important Questions) and the sensitivity analysis below.

The prospective financial statements comply with FRS-42, subject to the Securities Regulations under which the prospective financial statements may be prepared for an interim six month period. The general and specific assumptions to the prospective financial statements are set out below.

General Assumptions

Economic environment – there will be no material change in the general economic environment in which Z Energy acquires or sells products and otherwise operates, including no significant disruption to international commodity or financial markets.

Political, legislative and regulatory environment – there will be no material change to the political, legal or regulatory environments in which Z Energy acquires or sells its products or otherwise operates.

Industry conditions – there will be no material change in the general industry structure, third party relationships or employee environments affecting Z Energy. The prospective financial statements assume the continuation of a relatively stable industry structure where major competitors share similar cost structures and generally seek to recover a margin above the Replacement Cost of product sold. The Replacement Cost of product sold may vary across competitors given potentially different approaches to sourcing and hedging crude oil and refined product, as well as foreign exchange.

Competitive environment – there will be no material change to the competitive dynamics of the markets in which Z Energy acquires or sells products or otherwise operates, including any material change in competitor activity. No new entrants in any relevant market will materially change the competitive environment in that or any other market. Certain projections are exposed to the nature of competition in the New Zealand market. In general, Z Energy's major industry competitors are large multinational organisations with high degrees of vertical integration and significant exposure to upstream oil and gas markets. These competitors run a portfolio of global businesses and product lines and their future strategies and capital allocation decisions could have a disproportionate impact on the relatively small New Zealand downstream oil industry (and hence potentially affect Z Energy's financial outcomes).

Key customers – any losses of key customers will be largely offset by acquiring new customers or additional volumes.

Disruption to operations – there will be no material disruption to operations, including through natural disasters, marine or industrial accidents, fires or explosions, product supply or quality issues or through normal hazards associated with Z Energy's activities (including disruptions to or affecting any of the Group's key suppliers or customers, including Refining NZ).

Environmental conditions – other than to the extent of the minor amounts included in the Prospective Financial Information for remediation work there will be no significant environmental claims or decommissioning required.

Management of Z Energy – no key Directors, personnel or consultants will leave Z Energy, and management resources will be sufficient for the Group's requirements.

Business acquisitions or disposals – other than the closure of the chemicals business (refer discussion in Section 3.2 (Business Description)), there will be no material business acquisitions or disposals by Z Energy.

Taxation – there will be no material change other than those already publicly known to the income tax, excise tax, import duties or goods and services tax regimes in New Zealand, nor any material change to how any of these taxes are interpreted or applied, and no new tax, impost, duty, levy or similar cost is imposed in any relevant jurisdiction on Z Energy (or on any person with which Z Energy deals in a manner or to an extent which materially impacts on Z Energy).

Emissions Trading Scheme – there will be no material changes (other than those already publicly known) to ETS in New Zealand, nor to how its rules are interpreted or applied, and no new or similar cost will be imposed on Z Energy in any relevant jurisdiction (or on any person with which Z Energy deals in a manner or to an extent which materially impacts on Z Energy).

Specific Assumptions

1. Accounting Policies

Z Energy's accounting policies will be the same as the current Z Energy accounting policies supplemented by those specifically noted below and will remain consistent throughout the period covered by the prospective financial statements. It is also assumed there will be no material change in NZ IFRS or otherwise in NZ GAAP. Z Energy's existing accounting policies are set out in the historical financial statements for the period to 31 March 2013 on pages 157 to 159, and can also be obtained from Z Energy on request.

In addition to those accounting policies Z Energy intends to adopt the following accounting policies.

Property, Plant and Equipment

The accounting policy for property, plant and equipment (PPE) was changed on 1 April 2013 to align with the valuation policy throughout the AEHL Group. Historically assets were held by Z Energy at cost less accumulated depreciation. However, from 1 April 2013 PPE assets are held at fair value in accordance with the newly adopted policy. As at this date all relevant assets have been valued by an independent valuer in accordance with NZ IAS 16 Property, Plant and Equipment. This has resulted in an increase in value of $170 million which is recognised in the asset revaluation reserve within equity, and results in a deferred tax balance of $30 million.

An assessment of fair value will be performed annually to assess the drivers of each asset class to determine whether a further revaluation is required. At a minimum, a full revaluation will be performed every 5 years.

Share Capital

Ordinary share capital is recognised at fair value of the consideration received by Z Energy. Transaction costs related to the public offering of new Offer Shares are being paid by ZEHL and are not included in the Prospective Financial Information.

2. Crude Prices, Foreign Exchange, GDP, Interest Rates and CPI

	Year Ending 31 Mar 2013	Statutory Year Ending 31 Mar 2014	Pro Forma Year Ending 31 Mar 2014	Statutory 6 Months Ending 30 Sep 2014	Pro Forma 6 Months Ending 30 Sep 2014
	Actual	Prospective	Prospective	Prospective	Prospective
Average USD Brent crude oil price/barrel	110	107	As for statutory	104	As for statutory
Average NZD/USD exchange rate	0.81	0.80		0.78	
Average NZD Brent crude oil price/barrel	136	134		134	
GDP growth (annualised)	1.9%	3.2%		2.8%	
GDP growth (excluding Christchurch) (annualised)	1.2%	2.7%		2.4%	
Interest rates (BKBM) (annualised)	2.6%	2.8%		3.0%	
CPI (annualised)	1.2%	1.5%		2.0%	

The USD Brent crude oil prices have been forecast based on information extracted from industry reports from recognised industry consultants.

The exchange rates and interest rates used in the period of the Prospective Financial Information are Z Energy's estimates based on consensus forecasts.

The GDP growth assumption used in the forecast is based on Reserve Bank of New Zealand projections (31 March 2013), excluding the Reserve Bank's projected impact on GDP of the Christchurch rebuild (NZ GDP, excluding Christchurch). This is considered a more appropriate indicator of the influence of GDP growth on demand from Z Energy's customers.

CPI has been forecast based on the midpoint of the target range from the latest Reserve Bank of New Zealand monetary policy statement as at March 2013.

The above prices and rates used for HY15F forecast are the full year FY15F prices and rates obtained from the above sources.

3. Revenue

NZD in Millions	Year Ending 31 March 2013 Actual	Statutory Year Ending 31 March 2014 Prospective	Pro Forma RC Year Ending 31 March 2014 Prospective	Statutory 6 Months Ending 30 Sep 2014 Prospective	Pro Forma RC 6 Months Ending 30 Sep 2014 Prospective
Fuels [1]	2,898	2,886	As for statutory	1,428	As for statutory
Non fuels	54	55		29	
Chemicals	37	27		-	
Total revenue	**2,989**	**2,968**		**1,457**	
Fuels volumes (million litres)	2,506	2,476		1,220	
Average fuels revenue (cents per litre)	116	117		117	

(1) "Fuels" includes bitumen.

Fuels Volume Assumptions

Millions of Litres	Statutory Year Ending 31 March 2013 Actual	Statutory Year Ending 31 March 2014 Prospective	Pro Forma Year Ending 31 March 2014 Prospective	Statutory 6 months Ending 30 Sep 2014 Prospective	Pro Forma 6 months Ending 30 Sep 2014 Prospective
Petrol	884	916	As for statutory	462	As for statutory
Diesel	874	911		458	
Other [1]	656	639		300	
Sub total	**2,414**	**2,466**		**1,220**	
Supply and Export	92	10		-	
Total	**2,506**	**2,476**		**1,220**	

(1) "Other" includes bitumen.

Petrol and Diesel Volume Assumptions

Fuels volumes are forecast based on management expectations after taking into account trends in industry volumes over the last 3 years,[57] customer contracts and volume and growth initiatives intended to be implemented by Z Energy.

The forecast assumes that Z Energy will sell a product mix that is broadly consistent with the historical product mix, based on the following key assumptions:

- It is expected that overall market fuels volumes will remain broadly consistent with FY13, with an expected decline in demand across the industry through vehicle fuel efficiency offset by growth in the New Zealand economy. Industry petrol volumes are expected to decline at a rate of 2% per annum over both periods, driven by increasing engine efficiency and the switch from petrol to diesel. Industry diesel volumes are expected to grow at a rate of 2% per annum, reflecting growth in GDP and the switch from petrol to diesel, partially offset by the impact of increasing engine efficiency. Other industry volumes are expected to remain broadly consistent with FY13, apart from Avgas in respect of which industry demand is expected to fall by 2% per annum.
- Despite the industry decline in petrol volumes, Z Energy's petrol volumes are forecast to grow by 4% from FY13 to FY14F through the opening of new retail sites, and a number of strategic initiatives. Further details in relation to retail strategy initiatives can be found in Section 3.2 (Business Description).
- Z Energy expects an increase in diesel volumes of 4% per annum compared to the industry growth of 2% per annum, with incremental growth driven by increasing commercial customer volumes and the expected benefit of having diesel nozzles at all pumps at certain Z Energy retail service station sites.
- Volumes other than petrol and diesel for Z Energy are forecast to stay broadly at the FY13 level across the period of the Prospective Financial Information, except for fuel oil volumes, which are expected to fall by 20 million litres from FY13 to FY14F.
- The Prospective Financial Information has been prepared excluding any Supply and Export volumes (apart from April 2013 actual volume of 10 million litres), as it is difficult to accurately predict likely volumes due to the opportunistic nature of demand (and supply). Actual Supply and Export volumes achieved in FY13 and FY12 respectively were 92 million litres and 67 million litres. See the further discussion of Supply and Export at page 118 for more information.

In summary, Z Energy's overall fuels volumes, excluding Supply and Export, are expected to increase by 2.2% from 2,414 million litres to 2,466 million litres.

Z Energy's business and results display some level of

[57] Source: BDO

seasonality, as discussed on page 119, with volumes typically higher in the second half of each financial year.

HY15F fuels volumes have been forecast based on the seasonality experienced in previous years.

Fuels Pricing Assumptions

Average prices in cents per litre (cpl) have been forecast based on expected NZD crude oil and refined product price trends, and after adding expected refining and distribution costs and margins per litre for each fuel and customer type.

The forecast average prices per litre exclude fuel taxes, duties and GST.

It is assumed that increases in excise tax are recovered from customers, through increases in prices.

Non Fuels Revenue

The mix of convenience store sales is forecast to continue to grow and change towards higher margin coffee and food categories with the new retail offering planned by Z Energy. The growth in coffee and food categories is assumed to more than offset the decline in revenue from other convenience store product categories.

Convenience store gross margin percentages have been forecast for each product category based on the gross margin levels achieved in FY13 and after consideration of the impact of expected product mix changes arising from the roll out of the store refit across retail sites.

Z Energy's car wash revenues comprise royalties charged to retailers as a percentage of retailer car wash revenue, and are assumed to increase in response to promotional activity, the upgrade of existing equipment and the installation of new car wash machines.

Chemicals

FY14F includes approximately $27 million of revenue from the sale of chemicals products produced at the Gracefield chemicals manufacturing plant. Z Energy is planning to discontinue the chemicals business from the end of FY14F. The chemicals business is forecast to contribute a $2 million gross margin and $0.3 million EBITDAF (net of estimated closure costs) in the FY14F Prospective Financial Information.

4. Gross Margin

NZD in Millions	*Pro Forma RC Year Ending 31 March 2013*	*Statutory Year Ending 31 March 2014*	*Pro Forma RC Year Ending 31 March 2014*	*Statutory 6 Months Ending 30 Sep 2014*	*Pro Forma RC 6 Months Ending 30 Sep 2014*
	Actual	*Prospective*	*Prospective*	*Prospective*	*Prospective*
Gross margin					
Fuels (1)	384	421	409	203	204
Non-fuels	54	55	55	29	29
Refining	30	32	32	16	16
Chemicals	4	2	2	-	-
Total	**472**	**510**	**498**	**248**	**249**
Fuel volumes					
Fuels (millions of litres) (1)	2,506	2,476	2,476	1,220	1,220
Refining (millions of barrels)	12.4	12.6	12.6	6.3	6.3
Margin					
Fuels (cents per litre) (1)	15.3	17.0	16.5	16.7	16.7
GRM (USD/barrel)	6.57	6.95	6.95	6.71	6.71

(1) "Fuels" includes bitumen.

The RC adjustment is reflected in fuels gross margin, refer to the non-GAAP financial reconciliation in Section 5.5 (Reconciliations of Non-GAAP Financial Information).

Fuels gross margin is net of primary distribution costs. Primary transport covers distribution from the refinery to terminals including both the cost of coastal distribution and the Refinery to Auckland Pipeline (RAP).

Gross margin can be reconciled to the Statement of Comprehensive Income by taking revenue and deducting purchases of crude oil and refined product and primary distribution costs.

Fuels Margin

Fuels margin per litre has been forecast based on the higher actual RC fuels margin levels achieved in the second half of FY13, with an overall increase in RC margin of 1.2 cents per litre in FY14F and a 0.2 cents per litre increase in HY15F. This increase is primarily due to holding margins at retail sites at levels consistent with recent results (an increase of 0.5 cents per litre from the FY13 average) and reducing procurement costs. Procurement cost savings arise from recently negotiated crude oil, refined product supply arrangements, carbon hedges and further additional savings assumed to arise from future negotiations with refined product suppliers.

The majority of the improvement in margin is forecast to be realised in petrol, with some improvement forecast in relation to diesel. The margin on other products is assumed to remain broadly flat, i.e. consistent with previous years.

The gross margin shown in the NZ GAAP Prospective Financial Information is different to the pro forma RC gross margin, due to the impact of assumed COSA.

Refer to Section ***5.1 Introduction to Operational and Financial Information*** *for more detailed explanation of COSA and Section* ***5.5 Reconciliations of Non-GAAP Financial Information*** *for a reconciliation of NZ GAAP to pro forma gross margin.*

Non-Fuels Margin

Our non-fuels revenues flow through to gross margin. Refer to the previous discussion on our non-fuels revenue on page 133 for details relating to the composition of Z Energy's non-fuels margin.

Refining Margin

Refining margin is the share of Refining NZ's GRM which is effectively retained by Z Energy under its processing agreement with Refining NZ.

The refining margin shown in the Prospective Financial Information is 30% of Refining NZ's assumed GRM, while the remaining 70% is assumed to be the processing fee retained by Refining NZ.

In any financial year, the refining margin reported by Z Energy may vary from the assumed 30% share. Z Energy makes an accrual for the refining margin at financial year end, as the information provided by Refining NZ for the purposes of calculating Z Energy's refining margin is provided every two months. This accrual may differ from the actual refining margin particularly if the refinery has undergone a scheduled shutdown in the accrual period. Over time, however, the average processing fee should (subject to the cap and the floor, as discussed on page 79) reflect the specified percentage of GRM.

Underlying GRM (USD/barrel) is forecast to increase by approximately 6% in FY14F and decline by 3% in HY15F due to global trends in oil supply and demand and regional trends in refining capacity. These forecasts are consistent with reports by independent industry consultants adjusted for New Zealand's product specifications, Z Energy's assumed product mix and Refining NZ's operations.

Approximately 75% of Z Energy's refined product sales volume is assumed to be refined by Refining NZ using crude purchased by Z Energy, consistent with FY13 (as discussed on page 48).

5. Operating Expenses

The Group's forecast total operating expenses is set out in the table below:

NZD in Millions	*Statutory Year Ending 31 March 2013*	*Statutory Year Ending 31 March 2014*	*Pro Forma Year Ending 31 March 2014*	*Statutory 6 Months Ending 30 Sep 2014*	*Pro Forma 6 Months Ending 30 Sep 2014*
	Actual	*Prospective*	*Prospective*	*Prospective*	*Prospective*
On-site costs	40	48	**As for statutory**	25	**As for statutory**
Selling commissions	59	51		24	
Secondary distribution	47	49		25	
Employee benefits	39	38		19	
Storage and handling	20	20		9	
Insurance	8	9		4	
Administration and other costs	67	76		38	
Unrealised gain/(loss) on commodities	(4)	-		-	
Operating expenses	**276**	**291**		**144**	

On-site Costs

FY14F on-site costs include rental costs and maintenance, and are forecast based on FY13 costs, after allowing for a $5 million increase in occupancy costs following the sale and lease back of 43 retail sites in FY13 and the impact of inflation, and excluding the impact of one off costs related to the Christchurch earthquakes incurred in FY13.

Selling Commissions

Z Energy operates an independent retailer model for its BOA retail service station network, under which retailers are independent business operators. The fuel inventory is owned by Z Energy and a commission per litre is paid by Z Energy to the retailers. Z Energy purchases convenience store stock on behalf of retailers, but the ownership and payment obligation for this stock rests with the retailers. Z Energy is generally entitled to a rebate from the supplier in relation to non-fuel stock purchased (which it retains), as well as a commission on non-fuel stock sales from retailers. Additional commissions paid in FY13 to compensate retailers for reduced revenues during the store refits are not expected to repeat in FY14.

Secondary Distribution

Secondary distribution costs include the costs associated with delivering product from the terminal gate to customers. These costs are forecast based on an assumed cents per litre distribution cost rate, with the FY14F and HY15F forecast based on the FY13 price level with inflationary increases, combined with expected volume changes.

Employee Benefits

Employee benefits are forecast based on headcount and FY13 average salary information, and are expected to increase based on wage inflation rates, ranging between no change and CPI + 1.5%, depending on the category of employee benefits. Forecasts include the expected cost of long-term incentive schemes.

Storage and Handling

Storage and handling costs include terminal throughput fees, related costs of operating the terminal facilities and charges within the industry related to utilisation of competitor facilities (capital recovery charges). These costs are forecast to remain consistent with FY13 levels in FY14F and HY15F, adjusted for volumes.

Insurance

Insurance costs have been forecast based on FY13 levels, with an increase in the premium after the Christchurch earthquake, as well as additional insurance costs associated with the transition to an independent publicly listed company (approximately $0.5 million).

Administration and other Costs

Administration and other costs have been forecast based on FY13 levels plus a $3 million per annum increase assumed from 1 August 2013 to reflect the increased costs expected as a publicly listed company, in addition to an increase in marketing and IT costs and professional fees of $5 million to support Z Energy's business strategies, combined with inflationary increases.

Unrealised Gain/(Loss) on Commodities and Foreign Exchange

The unrealised gain/(loss) on commodities and foreign exchange is assumed to be nil for the prospective period.

Seasonality

Total operating costs have not exhibited, nor are they forecast to exhibit, any significant seasonality between the first and second half of a financial year.

6. Share of Earnings of Associate Companies (Net of Tax)

Upon the completion of the Offer, Z Energy will have a 17.14% shareholding in Refining NZ. This investment will be transferred from ZEHL to Z Energy on completion of the Offer at a price of $100.3 million. This investment is currently assumed to transfer to Z Energy on 1 August 2013 from ZEHL at a price of $2.09 per share.

In the Consolidated Prospective Statement of Financial Position, Refining NZ is equity accounted, with Z Energy accounting for its share of Refining NZ's NPAT, less dividends received.

In the Statement of Financial Performance, Z Energy recognises the share of Refining NZ's NPAT.

Z Energy has forecast Refining NZ's future earnings (and resultant dividend streams), informed by external GRM forecasts from an independent industry consultant. Due to differing balance dates between Z Energy and Refining NZ, the FY14F and HY15F earnings have been appropriately calendarised.

A prospective pro forma adjustment has been made to the FY14F period to include the part period results prior to Z Energy ownership of the shares in Refining NZ.

No other earnings from associate companies have been forecast.

7. Net Financing Income/(Expenses)

Net financing income/(expenses) includes:

- Interest expense on term debt
- Net interest expense on the working capital facility drawings, and
- Commitment fees on bank facilities.

Interest rates on term debt (currently comprising three retail bonds) have been forecast to be 6.8% in FY14F and 6.9% in HY15F, with interest costs based on the assumed average balances of term debt during these financial periods including assumed hedging costs.

Net interest on the working capital facility is charged on the drawn balance at BKBM plus an agreed margin, assumed to be the same as the margin at 31 March 2013, while positive balances are assumed to earn interest at the expected official cash rate.

Commitment fees on the working capital and long-term debt facility are forecast based on agreed rates with Z Energy's banking syndicate (assumed to be the same as the commitment fees at 31 March 2013).

The bank facilities were refinanced in July 2013 and now expire in July 2016. This is has not had any material impact on the above assumptions.

Z Energy has lent funds from its bond issues to AEL and charged interest on those funds. This arrangement is assumed to be settled prior to the Offer via a distribution in specie by Z Energy to its immediate parent company of that intercompany receivable. In addition, prior to 4 July 2013 AEL borrowed under bank facilities (short and long-term) and (where relevant) on-lent to Z Energy relevant net interest. A prospective pro forma adjustment has been made to the FY14F period to adjust interest as though Z Energy borrowed directly from the banks for the full financial year.

8. Gain/(Loss) on Interest Rate Derivatives

The gain/(loss) on interest rate derivatives includes actual results for April 2013 and is assumed to be nil for the remainder of the prospective period.

9. Taxation

Taxation is forecast at 28% of net profit before tax, based on tax depreciation rates.

Deferred taxation movement represents timing differences between forecast accounting and taxation depreciation. As discussed in specific assumption 10, accounting depreciation has been applied to assets at their fair values, whereas tax depreciation has been applied to the HC.

10. Other Comprehensive Income

Asset Revaluation Reserve

NZD in Millions	*Statutory Year Ending 31 March 2014* *Prospective*
Revaluation of property, plant and equipment	170
Deferred taxation on revaluation	(30)
Net adjustment	**140**

Other comprehensive income includes the fair value gain from revaluation of property, plant and equipment (PPE).

The accounting policy for PPE was changed on 1 April 2013. Historically all assets were held by Z Energy at cost less accumulated depreciation. However from 1 April 2013 all assets are held at fair value in accordance with the newly adopted policy. As at this date all relevant assets have been valued by an independent valuer, Jones Lang LaSalle, in accordance with NZ IAS 16 Property, Plant and Equipment. The increase in value of $170 million is recognised in the fair value reserve within equity, and results in a deferred tax balance of $30 million due to depreciation timing differences.

11. Working Capital

Days	*Year Ending 31 March 2014* *Prospective*	*6 Month Period Ending 30 Sep 2014* *Prospective*
Receivables days	23	23
Inventory days	72	72
Payables days	56	56

"Receivables days" represents trade accounts receivable and prepayments, and trade accounts "payables days" represents accounts payable, accruals and other liabilities (excluding ETS).

Working capital days for receivables, inventory and payables have been forecast based on the monthly average of the month-end days over the last three financial years, with the adjustments discussed below. Z Energy considers that average month-end days is generally more relevant than relying solely on year-end balances. Z Energy is not aware of any reason to consider that balances at month-end vary systematically from balances at any other point in the month.

Average receivables days are forecast to decline from the 24 day historical average to 23 days due to the proportionate shift towards retail sales, which have lower average receivables days.

Inventory days forecast are consistent with the historical average.

The payables days are forecast to increase from the 51 day historical average (excluding ETS) to 56 days, reflecting the negotiated changes in supplier terms for crude oil sourced from the Middle East.

The payables days assumption has been calculated based on cost of sales net of tax and duties including excise tax. This represents approximately 35 days for crude and product purchases and an additional 21 days for processing fee payables and other payables for which there is no equivalent cost of sales including excise tax, convenience store purchases and accruals. Payables days exclude ETS payables.

The payables balances in the FY14F and HY15F forecast include ETS payables, which have been calculated based on a forecast ETS price and the assumed number of units required by Z Energy in FY14F and HY15F scheduled to be paid in May each year.

While Z Energy working capital is forecast on average annual days, it can also be significantly impacted by the timing of shipments of crude and product and the related credit terms. An average shipment is typically 300,000 barrels of refined product or 700,000 barrels of crude oil, approximately worth US$35 million and US$75 million respectively (assuming a refined product price of US$117/barrel and a crude oil price of US$107/barrel, including freight - these are not forecast numbers but are used to give an approximate value). The timing of payments for these large shipments can have a significant impact on working capital and cashflows, which can impact financial position at the end of a particular reporting period. This volatility is difficult to predict over the prospective period.

Working capital is also affected by planned and unplanned refinery shutdowns. Prior to planned shutdowns inventory (and consequently to a lesser extent payables) is increased to cover demand in the shutdown period. Typically there are one or two shutdowns planned each year.

12. Derivative Financial Instruments

Z Energy holds various financial instruments for the purpose of managing its exposure to fluctuations in interest rates, foreign exchange rates and certain commodity prices (crude oil, refined product and carbon). Instruments typically utilised are swaps, forward rate agreements, options and futures.

The fair value of financial instruments is determined on a basis consistent with current reporting practice. In forecasting the change in fair value of financial instruments held by Z Energy, the following key assumptions have been made:

- The FY14F forecast assumes that any derivatives with a settlement date that occurs in the period of the Prospective Financial Information will be settled at maturity, resulting in a settlement of the $3.9 million derivative liability balance included within the FY13 balance sheet in other liabilities
- There is no change in market forward curves for these exposures over the period of the Prospective Financial Information or change in Z Energy or counterparty credit assessments
- Z Energy maintains all financial instruments through to maturity
- Changes in fair value relate only to existing financial instruments and new financial instruments contracts are at fair value at inception and through the period of the Prospective Financial Information, and
- External debt will be hedged in accordance with Z Energy treasury policy over the period of the Prospective Financial Information.

13. Capital Expenditure, Depreciation and Amortisation

Capital Expenditure

NZD in Millions	Statutory Year Ending 31 March 2013 Actual	Statutory Year Ending 31 March 2014 Prospective	Pro Forma Year Ending 31 March 2014 Prospective	Statutory 6 Months Ending 30 Sep 2014 Prospective	Pro Forma 6 Months Ending 30 Sep 2014 Prospective
Integrity	29	49		13	
Growth	42	50	**As for statutory**	17	**As for statutory**
Total	**71**	**99**		**30**	

Forecast capital expenditure includes both integrity capex and growth capex.

Integrity capex in FY14F largely comprises the following:

- Scheduled replacement of tanks and pumps at retail and commercial sites and airports amounting to $12 million. Typically tanks have a life of 30-40 years. The bulk of Z Energy's (and the industry's) current tanks were installed in the 1980s and are therefore due for replacement over the next 10 years. Z Energy has accelerated the replacement programme to smooth the capital requirements and operational disruption over a number of years
- As part of the tank upgrade, 7 retail sites are being upgraded to include "Concept" stores at a cost of $7 million
- HSSE and sustainability initiatives covering security enhancements, fire protection and LED lighting totalling $12 million and plant and equipment renewal of $3 million
- Upgrading of terminal infrastructure amounting to $8 million, and
- Investment in business system and process upgrades and office properties totalling $6 million.

FY14F growth capex principally comprises investment in 7 retail sites totalling $22 million, $10 million relating to the new retail volume initiatives, terminal infrastructure spend of $8 million and commercial customer investments of $10 million.

Integrity capex in FY14F is higher than historical averages. The levels of actual integrity capex for FY12 and FY13 (approximately $30 million) are more representative of anticipated on-going needs.

Depreciation and Amortisation

NZD in Millions	Statutory Year Ending 31 March 2013 Actual	Statutory Year Ending 31 March 2014 Prospective	Statutory 6 Months Ending 30 Sep 2014 Prospective
Depreciation	30	33	20
Amortisation	9	3	2
Total	**39**	**36**	**22**

Depreciation rates adopted in the prospective period are based on an assessment of the useful/economic lives of assets. Rates have been applied to the fair value of assets, including those revalued in April 2013 and to capital expenditure.

Amortisation relates to capitalised software development costs and capitalised bond costs, and is forecast based on the term of amortisation. The reduction in amortisation between FY13 and FY14F is due to the cessation of Shell brand licensing payments in FY13.

14. Debt

The forecast net interest bearing debt balance outstanding as at 31 March 2014 of $284 million, assumes average levels of creditors, debtors and inventory as discussed on page 136. As at 31 March 2013 net interest bearing debt was $315 million. This reflected net intercompany receivables of $405 million and lower than average working capital levels. Z Energy believes that the forecast net interest bearing debt balance included in the Prospective Financial Information as at 31 March 2014 is a better representation of net interest bearing debt as it reflects (i) the changes to Z Energy's balance sheet prior to and as a result of the Offer; and (ii) working capital at anticipated average levels.

The Prospective Financial Information assumes that Z Energy will assume the existing debt obligations of AEL prior to listing and that it does not need to draw down on the existing term debt facility, or otherwise require any new term debt, during the period of the Prospective Financial Information.

The working capital facility will be utilised to cover working capital requirements, which vary largely depending on the timing of crude shipments and NZD crude oil prices. The Prospective Financial Information assumes utilisation in line with the projected working capital and cash balances. In reality that utilisation may be significantly different.

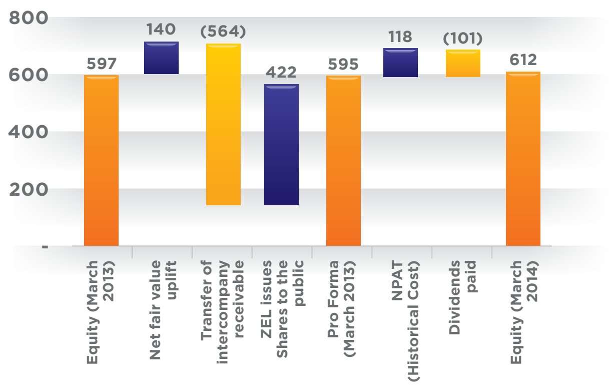
15. Equity

The Prospective Financial Information assumes new capital of $422 million on issue of the new Offer Shares, and the utilisation of those funds to repay related party payables balances.

The chart below summarises the assumed prospective movements in equity between 31 March 2013 and 31 March 2014 and includes steps that build to a pro forma 31 March 2013 equity position that assumes that the allotment of Offer Shares and repayment of the intercompany balances, and the fair value adjustment of fixed assets, occurred at that date.

Each of the items shown in the chart below is addressed in the commentary regarding the assumptions to the Prospective Financial Information.

Equity Bridge ($ Millions)



16. Cash Dividends

NZD in Millions	Statutory Year Ending 31 March 2014 Prospective	Statutory 6 months ending 30 Sep 2014 Prospective
Pre allotment of Offer Shares		
Ordinary dividend	20	-
Special dividend	50	-
Post allotment of Offer Shares		
Ordinary dividends	31	57
Total	**101**	**57**

Pre-Offer

In May 2013 Z Energy declared a final ordinary dividend of $29 million in relation to FY13. $9 million of this dividend was paid in March 2013. The remaining $20 million was paid in June 2013. In June 2013 Z Energy declared and paid a further $50 million special dividend. The Prospective Financial Information for FY14F includes the ordinary dividend of $20 million and special dividend of $50 million, each paid to ZEHL (i.e. prior to completion of the Offer).

Post-Offer

Subject to Z Energy's performance and other relevant factors (including the Directors' discretion, their assessment of investment opportunities available to Z Energy and the outlook for Z Energy), the Directors expect to distribute approximately 80% of Z Energy's RC NPAT after adjusting for any significant non-cash items, and the Directors intend to impute dividends paid to the extent possible.

We have assumed a full year dividend of $88 million in respect of FY14F which is calculated as 80% of FY14F RC NPAT of $110 million (being the total of statutory Historical Cost NPAT less the after-tax COSA adjustment).

An interim dividend for FY14F is assumed to be paid in November/December 2013 (and therefore recognised in FY14F), representing 35% of the total full year forecast dividend, with the remaining final dividend to be paid in May/June 2014 (and therefore recognised in HY15F).

At the date of the Offer, the Aotea Energy Imputation Group (of which Z Energy Limited was part) is expected to have unused imputation credits of approximately $55 million. Upon completion of the Offer, Z Energy Limited will lose access to these imputation credits and will have a nil balance. We expect that tax payments will be sufficient to fully impute dividends in the prospective period.

17. Transfer of Intercompany Receivables to Existing Equity Owners

Prior to the Offer, a non-cash distribution of an intercompany loan receivable was made which transferred ownership of the intercompany loan receivable owing by AEL to Z Energy's immediate parent company (ZEHL).

18. Sensitivity Analysis

The prospective financial statements are sensitive to a number of variables, including various assumptions related to Z Energy, the overall industry and the economic environment. Given the complexity of these variables and their potential relationships with each other, care should be taken in interpreting the sensitivity information set out below.

In that sensitivity information, each movement in an assumption is treated in isolation from possible movements in other assumptions, but in practice this is not likely to be the case. Changes in one assumption may, in reality, have offsetting effects or compounding effects on other assumptions, but the impact of potential "second order" effects are not reflected in the prospective financial statements or in the sensitivity analysis below.

In addition, it is possible that more than one assumption may move at any point in time, giving rise to cumulative effects, which are not reflected in the prospective financial statements or in the sensitivity analysis.

For example, in a strong global economy, sensitivities may offset if oil price increases are partially offset by increases in the NZD driven by strong demand for New Zealand exports. Alternatively changes in oil prices and exchange rates may compound - for example, if a geopolitical shock occurs in an oil producing region at a time when the NZD is weakening due to a global economic slowdown.

Z Energy has identified five key assumptions for the period of the Prospective Financial Information in respect of which variations may have a material impact on NZ GAAP HC Operating EBITDAF and RC Operating EBITDAF:

- Fuels volumes
- Fuels margins
- GRM
- Exchange rates, and
- Crude oil and refined product prices.

A summary of the likely effect that variations of these assumptions may have on HC and RC Operating EBITDAF is detailed below. The sensitivities for each assumption are not intended to be indicative or predictive of the possible range of outcomes but are for information purposes to allow potential investors to gain an understanding of the potential sensitivity of financial outcomes to changes in these five key assumptions. They should be read in light of the comments immediately above, and the rest of the information in this Offer Document.

Fuels Volumes

Fuels volumes are assumed to decline by 1% in FY14F (including Supply and Export volumes). The sensitivity analysis shows the estimated impact of a 5% change in fuels sales volumes (reflecting the most significant annual fuel sales volume movement in the last three financial years). The sensitivity assumes a product mix that is broadly consistent with the historical product mix.

Fuels Margins

Fuels margins are assumed to increase by an average 1.2 cents per litre from FY13 to FY14F (on an RC basis). The sensitivity analysis shows the estimated impact of a 1.5 cents per litre change in the annual average fuels margin from the forecast. This sensitivity is applied to the entire product mix. In reality different fuels products and channels attract different margins, are subject to different levels of sensitivity and may not move together.

GRM

GRM is volatile and varies with regional capacity, efficiency of the Refining NZ refinery and the crude and product mix used. It is assumed to be US$6.95 in FY14F and US$6.71 in HY15F. The sensitivity analysis shows the impact of a US$1.5/barrel movement from the assumed levels (reflecting the overall level of volatility in annual average GRM over the last three financial years).

Exchange Rates

The exchange rate assumptions are set out in specific assumption 2, above.

Should the actual exchange rates differ this will impact:

- Revenue denominated in USD (GRM, jet fuel and international fuel oil revenues)
- The cost of imports (which are predominantly denominated in USD)
- The price of fuel charged to customers, and
- The value of working capital and cash flows.

To the extent not hedged, exchange rate movements will impact revenues denominated in USD (GRM, jet fuels and international fuel oil margin) and consequently affect RC and HC Operating EBITDAF. The margin on jet fuels and international fuel oil has been hedged for FY14F.

The effect of a change in exchange rates on the cost of imports and the price of fuel charged to customers is unlikely to materially impact RC Operating EBITDAF as the impact on the value of inventory is eliminated (by the COSA) and the changes in replacement costs are generally passed on to customers. However, during periods of volatility in exchange rates, Replacement Cost Operating EBITDAF can be affected by the lags in passing through price movements to customers, and gains/losses on foreign exchange payables and receivables. HC Operating EBITDAF will be further impacted by exchange rates as a result of changes in the value of stock accounted for under the FIFO accounting convention adopted by Z Energy in accordance with NZ GAAP. Refer to Section 5.1 (Introduction to Operational and Financial Information) for a description and explanation of RC accounting.

Exchange rates will also impact working capital requirements, with changes in the value of inventory, payables and receivables. An increase of 5 NZ cents in the average NZD/USD exchange rate in a year would result in a $19 million decrease in working capital, but a minimal impact on the net cash position (ignoring tax payment phasing). The actual movement in working capital and cash may materially differ from this sensitivity dependent on the timing of shipments and credit terms. The resultant mark to market of foreign exchange payables and receivables can also impact period end results on an RC and HC basis.

Crude Oil and Refined Product Prices

The USD Brent crude oil price assumptions are set out in specific assumption 2, above.

Changing oil prices affect the cost of imports and the price charged to customers, and consequently impact HC Operating EBITDAF and working capital requirements. As an indication of the potential impact of a change in crude oil prices, the tables below show the sensitivity of HC and RC Operating EBITDAF to a US$10/barrel movement in the annual average crude oil price. In the last three years average prices have undergone improvements of up to US$30/barrel, but it is noted that this occurred during the early phases of recovery from the global financial crisis, which was a period of extreme volatility. For simplicity a range of US$10/barrel has been selected. In general there is a linear relationship between USD oil price movements and the impact on HC Operating EBITDAF (excluding any second order demand effects which may result) and the impact of other movements in price can be extrapolated from the sensitivity below.

Using the forecast working capital days assumptions, an increase of US$10/barrel across a full financial year would result in a working capital increase of $30 million, but a minimal impact on the net cash position (ignoring tax payment phasing). The actual movement in working capital and cash may materially differ from this sensitivity depending on the timing of shipments and credit terms.

Impact on RC Operating EBITDAF of a change in individual assumptions for the year ending 31 March 2014 prospective (NZD million)

RC Operating EBITDAF		207	
	Range	- Sensitivity	+ Sensitivity
Fuels volumes	+/- 5%	(19)	19
Fuels margins	+/- 1.5 cents per litre	(39)	39
GRM	+/- US$1.5/ barrel	(7)	7
Movement in the NZD against USD	+/- $0.05	2	(2)
Oil prices (crude and refined product)	+/- US$10	-	-

Impact on NZ GAAP HC Operating EBITDAF of a change in individual assumptions for the year ending 31 March 2014 prospective (NZD million)

HC Operating EBITDAF		219	
	Range	- Sensitivity	+ Sensitivity
Fuels volumes	+/- 5%	(19)	19
Fuels margins	+/- 1.5 cents per litre	(39)	39
GRM	+/- US$1.5/ barrel	(7)	7
Movement in the NZD against USD	+/- $0.05	33	(29)
Oil prices (crude and refined product)	+/- US$10	(42)	42

Sensitivities on fuels volumes, fuels margins and USD crude oil prices can be extrapolated on a linear basis (before taking into consideration second order demand effects which may result).

Sensitivities on GRM cannot be extrapolated in a linear fashion, as a result of the GRM "cap" and the processing fees "floor" in Z Energy's processing agreement with Refining NZ, described in more detail in Section 3.2 (Business Description) at page 79.

Impact of Volatility of the Business Environment

Z Energy's business is subject to short term volatility driven by movements in exchange rates and oil prices, and the nature of operations which include large volumes of inventory, purchases and large irregular shipments of crude and product.
The potential key impacts of this volatility are as set out below.

Generally, movements in NZD crude oil prices do not materially affect RC Operating EBITDAF, as the impact of the movement in the value of inventory is eliminated by the COSA and the movements are generally passed on to customers. However, if exchange rates and/or crude oil prices move rapidly, the delay in adjusting prices charged to customers (as a result of market circumstances or the terms of customer contracts) and gains/losses on commodity or foreign exchange hedges can have an impact on RC EBITDAF. Z Energy has not experienced a significant impact on RC EBITDAF from rapid changes in NZD crude oil prices in the last three financial years, but does not preclude a future occurrence.

Working capital can also be significantly impacted by the timing of shipments of crude oil and refined product and the related credit terms. An average shipment is typically 300,000 barrels of refined product or 700,000 barrels of crude oil, worth approximately US$35 million and US$75 million respectively (assuming a refined product price of US$117/barrel and a crude oil price of US$107/barrel, including freight). This can have a significant impact on working capital and cash flows, which can impact financial position at period ends. This volatility is difficult to predict over the period of the Prospective Financial Information.

Z Energy's ability to respond to changes in assumptions

Z Energy has an ability to respond to changing market variables. The prospective financial statements assume major Board-approved Z Energy strategies are delivered. However actual outcomes are subject to execution risk, competitive interactions and other risks as set out in Section 4 (Risks). Z Energy may respond tactically or strategically, including making trade-offs around market share and unit margins. For example, in FY13 Z Energy has countered the impact of falling volumes by generating higher unit margins. Longer term Z Energy has other initiatives it could apply, such as accelerating investment in retail sites and other capital expenditure.

*You should also refer to the discussion of these factors set out in Section 4 **Risks** and the information found under the heading "What are my Risks?" in Section 1.4 **Answers to Important Questions**.*

5.5 *Reconciliations of Non-GAAP Financial Information*

Set out below are reconciliations of non-GAAP profitability measures and pro forma adjustments referred to in this Offer Document to statutory historical and prospective financial information referred to in this Offer Document.

An explanation of the various non-GAAP measures, and why they are included, is set out in Section ***5.1 Introduction to Operational and Financial Information****.*

Reconciliation of Historical Cost Gross Margin to Replacement Cost Gross Margin

Set out below is a reconciliation between Gross Margin accounted for on an HC basis and RC Gross Margin.

Ref	*NZD in Millions*	*12 months Ending 31 March 2011* Extracted	*Year Ending 31 March 2012*	*Year Ending 31 March 2013*	*Year Ending 31 March 2014* Prospective	*6 Months Ending 30 Sep 2014* Prospective
	HC Gross Margin	**479**	**464**	**440**	**510**	**248**
	COSA	(72)	(29)	32	(12)	1
1	**RC Gross Margin**	**407**	**435**	**472**	**498**	**249**

Reconciliation of Historical Cost NPAT to Historical Cost EBITDAF

Set out below is a reconciliation between NPAT and EBITDAF on an HC basis.

Ref	*NZD in Millions*	*12 months Ending 31 March 2011* Extracted	*Year Ending 31 March 2012*	*Year Ending 31 March 2013*	*Year Ending 31 March 2014* Prospective	*6 Months Ending 30 Sep 2014* Prospective
	HC NPAT	**131**	**121**	**137**	**118**	**50**
	Depreciation and amortisation	19	33	39	36	22
	(Gain)/loss on sale of fixed assets	1	(7)	(41)	1	-
	Net financing (income)/expense	(3)	10	(3)	24	16
	(Gain)/loss on interest rate derivatives	4	(4)	-	1	-
	Taxation	77	47	32	45	19
	HC EBITDAF	**229**	**200**	**164**	**225**	**107**

Reconciliation of Historical Cost Operating EBITDAF and Replacement Cost Operating EBITDAF

Set out below is a reconciliation between Operating EBITDAF prepared on an HC basis and RC Operating EBITDAF.

Ref	NZD in Millions	12 months Ending 31 March 2011 Extracted	Year Ending 31 March 2012	Year Ending 31 March 2013	Year Ending 31 March 2014 Prospective	6 Months Ending 30 Sep 2014 Prospective
	HC Operating EBITDAF	**229**	**200**	**164**	**219**	**104**
	COSA	(72)	(29)	32	(12)	1
2	**RC Operating EBITDAF**	**157**	**171**	**196**	**207**	**105**

Reconciliation of Historical Cost EBITDAF and Replacement Cost Pro Forma EBITDAF

Set out below is a reconciliation between EBITDAF prepared on an HC basis and RC EBITDAF after accounting for pro forma adjustments.

Ref	NZD in Millions	12 months ending 31 March 2011 Extracted	Year Ending 31 March 2012	Year Ending 31 March 2013	Year Ending 31 March 2014 Prospective	6 Months Ending 30 Sep 2014 Prospective
	HC EBITDAF	**229**	**200**	**164**	**225**	**107**
	Share of Refining NZ earnings	10	4	6	3	-
3	**HC Pro forma EBITDAF**	**239**	**204**	**170**	**228**	**107**
	COSA	(72)	(29)	32	(12)	1
	RC Pro forma EBITDAF	**167**	**175**	**202**	**216**	**108**

Reconciliation of Historical Cost NPAT and Replacement Cost Pro Forma NPAT

Set out below is a reconciliation between NPAT prepared on an HC basis and RC NPAT after accounting for pro forma adjustments.

Ref	NZD in Millions	12 months Ending 31 March 2011 Extracted	Year Ending 31 March 2012	Year Ending 31 March 2013	Year Ending 31 March 2014 Prospective	6 Months Ending 30 Sep 2014 Prospective
	HC NPAT	**131**	**121**	**137**	**118**	**50**
	Share of Refining NZ earnings	10	4	6	3	-
	Inclusion of finance costs	(34)	(39)	(38)	(9)	-
	Income tax expense impact of above	10	11	10	3	-
4	**HC Pro forma NPAT**	**117**	**97**	**115**	**115**	**50**
	COSA	(72)	(29)	32	(12)	1
	Income tax expense impact of above	22	8	(9)	3	-
5	**RC Pro forma NPAT**	**67**	**76**	**138**	**106**	**51**

"Ref" refers to where the line item is disclosed on the Selected NZ GAAP and Non-GAAP Profitability Tables on page 113.

The March 2011 financial year was for the 15 month audited period 1 January 2010 to 31 March 2011, as the balance date for Z Energy was 31 December previously. In order to make the financial period comparable to 31 March 2012 onwards, we have adjusted the 15 month period to the 12 months ending 31 March 2011 (reconciliation follows), with the adjustment extracted from unaudited management accounts.

Historical and FY14F Prospective Financial Information has not been adjusted to include the full year impact of estimated public company costs and additional insurance of $3.2 million per annum that are assumed by Z Energy to be incurred following the Offer. These costs are assumed to commence on 1 August 2013 and therefore the FY14F Prospective Financial Information incorporates 8 months of these costs rather than a full year effect.

Reconciliation of FY11 Extracted Financial Information (Historical Cost)

The 12 months to 31 March 2011 were derived from the audited financial statements for the 15 months ending 31 March 2011, using unaudited management information for the 3 months ending 31 March 2011.

NZD in Millions	*Actual 15 months to 31 March 2011*	*Actual 3 months to 31 March 2010*	*Actual 12 Months to 31 March 2011*
	Audited	*Extracted*	*Extracted*
Revenue	**3,356**	**(621)**	**2,735**
Cost of goods sold	(2,759)	503	(2,256)
Gross margin	**597**	**(118)**	**479**
Operating expenses	(317)	67	(250)
Share of earnings of Associate Companies (net of tax)	(0)	-	(0)
Depreciation and amortisation	(24)	5	(19)
Net gain/(loss) on commodity, foreign exchange and interest rate derivatives	(4)	-	(4)
Results from operating activities	**252**	**(46)**	**206**
Net financing income/(expense)	3	-	3
Gain/(loss) on sale of fixed assets	(1)	-	(1)
Net profit before taxation	**254**	**(46)**	**208**
Taxation	(90)	13	(77)
Profit for the period	**164**	**(33)**	**131**

Gross margin, operating expenses, loss on sale of fixed assets and net gain/(loss) on commodity, foreign exchange and interest rate derivatives in FY11 have been adjusted from the FY11 audited financial statements to re-align with the FY12 and FY13 accounting presentation.

NZD in Millions	*Actual 15 months to 31 March 2011*	*Actual 3 months to 31 March 2010*	*Actual 12 Months to 31 March 2011*
	Audited	*Extracted*	*Extracted*
Net cash inflow/(outflow) from operating activities	**(20)**	**18**	**(38)**
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	2	-	2
Purchase of intangible assets	(31)	-	(31)
Purchase of property, plant and equipment	(28)	(4)	(24)
Net cash from investing activities	**(57)**	**(4)**	**(53)**
Cash flows from financing activities			
Dividends paid	(28)	-	(28)
Net cash inflow from financing activities	**(28)**	**-**	**(28)**
Net increase/(decrease) in cash	**(105)**	**14**	**(119)**
Cash balance at the beginning of the period	113	113	127
Cash at the end of period	**8**	**127**	**8**

5.6 Summary Historical Financial Information

Introduction

The summary financial statements are those of Z Energy and the Group.

The historical summary includes two financial years where Z Energy under Shell New Zealand Holding Company Limited (SNZHCL) ownership (the years ended 31 December 2008 and 31 December 2009), prior to its acquisition by Aotea Energy Limited, a company which is ultimately owned by Infratil and NZSFA (on behalf of the New Zealand Superannuation Fund). The business acquired by Infratil and the New Zealand Superannuation Fund was previously known as Shell New Zealand Limited (SNZL) under the prior ownership structure, and was initially renamed to Greenstone Energy Limited (GEL) and subsequently to Z Energy Limited under the new ownership structure.

The financial statements of the SNZHCL group were audited and prepared for the years ended 31 December 2008 and 31 December 2009, while the financial statements for the SNZL group were not. In order to disclose summary financial statements for the SNZL group, financial information for the financial years ended 31 December 2008 and 31 December 2009 has been prepared as if financial statements for the SNZL group had been prepared in accordance with the Financial Reporting Act. The financial statements for the SNZL group are based on the audited financial statements of the SNZHCL group. The SNZL group financial statements have not been audited, and are not registered or authorised as defined in the Financial Reporting Act, nor are they available at the New Zealand Companies Office.

During the period of SNZHCL ownership, some of the business operations of the SNZL group, including management and treasury functions, were undertaken overseas, with a recharge of costs being made to the New Zealand entities. Under Infratil and the New Zealand Superannuation Fund ownership, these functions and costs are performed directly by Z Energy.

Z Energy has designated itself as a profit-oriented entity for the purposes of NZ GAAP.

The summary financial statements have been prepared in accordance with New Zealand Financial Reporting Standard No. 43, subject to the Securities Regulations. The summary financial statements for the financial years ending 31 December 2008 and 31 December 2009 have been prepared as if those financial statements had been registered under the Financial Reporting Act. The summary financial statements for the financial period ending 31 March 2011 and the financial years ending 31 March 2012 and 31 March 2013 have been extracted from the full financial statements which can be obtained from Z Energy or from the New Zealand Companies Office website.

The summary financial statements were authorised for issue on 25 July 2013 by the Board.

The financial statements for the historical periods were authorised for issue on the following dates:

Period	Authorised
31 March 2013	2 May 2013
31 March 2012	14 May 2012
31 March 2011	24 June 2011
31 December 2009	25 July 2013
31 December 2008	25 July 2013

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.

The consolidated Z Energy financial statements for the periods ended 31 March 2011, 31 March 2012 and 31 March 2013 were audited by KPMG. The SNZHCL group financial statements were audited for the years ended 31 December 2008 and 31 December 2009 by PricewaterhouseCoopers.

The financial statements for the financial periods ended 31 March 2011, 31 March 2012 and 31 March 2013 are in compliance with full NZ IFRS.

The summary financial statements are presented in New Zealand dollars and are rounded to the nearest million.

Z Energy Group Statement of Comprehensive Income

NZD in Millions	*Unaudited NZ IFRS 12 months to 31 Dec 2008*	*Unaudited NZ IFRS 12 months to 31 Dec 2009*	*Audited NZ IFRS 15 months to 31 March 2011*	*Audited NZ IFRS 12 months to 31 March 2012*	*Audited NZ IFRS 12 months to 31 March 2013*
Revenue	**3,093**	**2,216**	**3,356**	**3,179**	**2,989**
Cost of goods sold	(2,779)	(1,855)	(2,759)	(2,715)	(2,549)
Gross profit	**314**	**361**	**597**	**464**	**440**
Operating expenses	**(361)**	**(267)**	**(335)**	**(289)**	**(319)**
Share of earnings of Associate Companies (net of tax)	0	0	-	1	0
Operating profit before financing, derivatives, realisations and impairments	**(47)**	**94**	**262**	**176**	**121**
Net gain/(loss) on commodity, foreign exchange and interest rate derivatives	(1)	1	(10)	(4)	5
Results from operating activities	**(48)**	**95**	**252**	**172**	**126**
Net financing income/(expense)	(4)	(2)	3	(10)	3
Gain/(loss) on sale of fixed assets	1	(2)	(1)	7	41
Post tax gain on sale of business division	20	-	-	-	-
Net profit before taxation	**(31)**	**91**	**254**	**169**	**170**
Taxation	14	(29)	(90)	(48)	(33)
Profit for the period	**(17)**	**62**	**164**	**121**	**137**
Net profit attributable to the owners of the company	**(17)**	**62**	**164**	**121**	**137**
Actuarial losses on defined benefit plan	(66)	58	0	(3)	-
Income tax on other comprehensive income relating to RBO	20	(17)	0	1	-
Other comprehensive income	**(46)**	**41**	**0**	**(2)**	**-**
Total comprehensive income	**(63)**	**103**	**164**	**119**	**137**
Total comprehensive income attributable to owners of the company	**(63)**	**103**	**164**	**119**	**137**

In the financial year ending 31 March 2013 the presentation of the gain/(loss) on sale of fixed assets was reclassified from operating expenses to non-operating expenses and the realised gain/(loss) on foreign exchange derivatives relating to inventory purchases was reclassified from operating expenses to cost of goods sold. These reclassifications have been applied on the same basis to 31 March 2011 and 31 March 2012.

Z Energy Group Statement of Changes in Equity

NZD in Millions	Unaudited NZ IFRS 12 months to 31 Dec 2008	Unaudited NZ IFRS 12 months to 31 Dec 2009	Audited NZ IFRS 15 months to 31 March 2011	Audited NZ IFRS 12 months to 31 March 2012	Audited NZ IFRS 12 months to 31 March 2013
Equity at beginning of the period	**419**	**313**	**330**	**467**	**527**
Net profit for the year/period	(17)	62	164	121	137
Actuarial gains and losses	(66)	58	0	(3)	-
Income tax on other comprehensive income	20	(17)	0	1	-
Contributions by and distributions to owners	(43)	(86)	(27)	(59)	(68)
Total equity at the end of the period	**313**	**330**	**467**	**527**	**596**
Represented by:					
- Issued Capital	10	10	10	10	10
- Retained Earnings	303	320	457	517	586

Z Energy Group Statement of Financial Position

NZD in Millions	Unaudited NZ IFRS 31 Dec 2008	Unaudited NZ IFRS 31 Dec 2009	Audited NZ IFRS 31 March 2011	Audited NZ IFRS 31 March 2012	Audited NZ IFRS 31 March 2013
Cash and cash equivalents	20	113	8	17	115
Trade accounts receivable and prepayments	188	142	226	630	961
Derivative financial instruments	0	0	-	0	-
Inventories	306	334	549	671	482
Held for sale	-	-	-	-	1
Current tax receivables	45	3	-	-	-
Current assets	**559**	**592**	**783**	**1,318**	**1,559**
Property, plant and equipment	262	260	259	306	311
Intangible assets	3	3	29	17	27
Investments in associates	-	0	0	1	1
Deferred tax asset	43	23	6	7	4
Other non-current assets	2	2	2	2	2
Other investments	-	-	-	1	1
Non-current assets	**310**	**288**	**296**	**334**	**346**
Total assets	**869**	**880**	**1,079**	**1,652**	**1,905**
Accounts payable, accruals and other liabilities	387	505	543	772	824
Provisions	11	19	8	5	4
Derivative financial instruments	1	-	6	10	5
Income tax payable	-	-	27	19	4
Current liabilities	**399**	**524**	**584**	**806**	**837**
Other liabilities	135	6	7	-	18
Provisions	22	20	18	21	24
Derivative financial instruments	-	-	4	-	-
Bonds	-	-	-	298	430
Non-current liabilities	**157**	**26**	**29**	**319**	**472**
Total liabilities	**556**	**550**	**613**	**1,125**	**1,309**
Total equity	**313**	**330**	**467**	**527**	**596**
Total equity and liabilities	**869**	**880**	**1,079**	**1,652**	**1,905**

Z Energy Group Statement of Cash Flows

Z Energy Group was not required to prepare Statements of Cash Flows for 2008 and 2009 and hence these are not shown.

NZD in Millions	*Audited NZ IFRS*	*Audited NZ IFRS*	*Audited NZ IFRS*
	15 months to 31 March 2011	*12 months to 31 March 2012*	*12 months to 31 March 2013*
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers	3,253	3,165	2,995
Interest received	3	1	30
Dividends received	0	1	0
Cash was disbursed to:			
Payments to suppliers and employees	(3,233)	(3,025)	(2,541)
Interest paid	0	(16)	(28)
Taxation paid	(43)	(45)	(28)
Net cash inflow/(outflow) from operating activities	**(20)**	**81**	**428**
Cash flow from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment	2	13	87
Proceeds from insurance recoveries	-	-	3
Sale of investments	-	-	1
Cash was disbursed to:			
Purchase of intangible assets	(31)	(19)	(69)
Investment in subsidiaries	-	-	(2)
Purchase of property, plant and equipment	(28)	(64)	(68)
Net cash from investing activities	**(57)**	**(70)**	**(48)**
Cash flows from financing activities			
Cash was provided from:			
Receipt from bonds	-	150	135
Cash was disbursed to:			
Cash to intercompany	-	(93)	(350)
Dividends paid	(28)	(59)	(67)
Net cash inflow from financing activities	**(28)**	**(2)**	**(282)**
Net increase/(decrease) in cash	**(105)**	**9**	**98**
Cash balance at the beginning of the period	113	8	17
Cash at the end of the period	**8**	**17**	**115**

Related Party Transactions

Outstanding balances

NZD in Millions	Unaudited NZ IFRS 12 months to 31 Dec 2008	Unaudited NZ IFRS 12 months to 31 Dec 2009	Audited NZ IFRS 15 months to 31 March 2011	Audited NZ IFRS 12 months to 31 March 2012	Audited NZ IFRS 12 months to 31 March 2013
Current receivables					
Associates	-	0	-	-	0
Infratil Group	-	-	-	0	0
Companies within AEHL Group	-	-	130	385	720
Companies with common directors	-	-	0	1	0
Companies with common ownership	30	16	0	0	-
	30	**16**	**130**	**386**	**720**
Current payables					
Associates	1	2	2	2	3
Companies within AEHL Group	193	292	296	313	315
Companies with common directors	88	75	5	35	38
	282	**369**	**303**	**350**	**356**
Non-current payables					
Companies with common directors	**70**				

Transactions with related parties

NZD in Millions	Unaudited NZ IFRS 12 months to 31 Dec 2008	Unaudited NZ IFRS 12 months to 31 Dec 2009	Audited NZ IFRS 15 months to 31 March 2011	Audited NZ IFRS 12 months to 31 March 2012	Audited NZ IFRS 12 months to 31 March 2013
Receipts from related parties					
Associates	-	1	-	3	3
Infratil Group	-	-	-	1	1
Jointly controlled operations	1	1	-	-	-
Companies within AEHL Group	-	-	-	14	29
Companies with common directors	-	-	3	6	5
Companies with common ownership	99	166	1	0	-
	100	**168**	**4**	**24**	**38**
Payments to related parties					
Associates	21	37	36	39	48
Infratil Group	-	-	1	1	1
Morrison & Co	-	-	0	0	-
NZ Super Fund	-	-	1	-	-
Jointly controlled operations	3	2	-	-	-
Companies within SNZHCL/AEHL Group	50	100	28	59	67
Companies with common directors	-	-	1	0	0
Companies with common ownership (1)	2,782	1,736	406	398	441
Other	12	15	-	-	-
	2,868	**1,890**	**473**	**497**	**557**

(1) This balance includes payments for product purchased from Refining NZ.

5.7 Audited Financial Statements for Z Energy Limited for the 12 Months Ended 31 March 2013

Statement of Comprehensive Income for the Year Ended 31 March 2013

		GROUP		PARENT	
		31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
	Notes	$Millions	$Millions	$Millions	$Millions
Total revenue	**4**	**2,989.3**	**3,179.3**	**2,978.0**	**3,169.0**
Cost of sales of goods		(2,549.8)	(2,715.1)	(2,549.8)	(2,715.1)
Gross Profit		**439.5**	**464.2**	**428.2**	**453.9**
Share of earnings of associate companies (net of tax)	12	0.2	0.6	0.2	0.6
Sales and administration expenses	5	(230.4)	(203.1)	(228.1)	(200.9)
Distribution expenses		(46.6)	(50.5)	(38.7)	(43.4)
Other operating expenses	5	(42.1)	(35.4)	(41.6)	(34.7)
Total operating expenditure		(319.1)	(289.0)	(308.4)	(279.0)
Operating profit before financing, derivatives and sale of fixed assets		**120.6**	**175.8**	**120.0**	**175.5**
Net (loss)/gain on commodity, foreign exchange and interest rate derivatives		4.7	(4.1)	4.7	(4.1)
Results from operating activities		**125.3**	**171.7**	**124.7**	**171.4**
Loss on substitution of debt		-	(6.2)	-	(6.2)
Interest income		30.1	14.7	30.0	14.6
Interest expense		(26.9)	(18.3)	(26.9)	(18.3)
Net financing income/(expense)		3.2	(9.8)	3.1	(9.9)
Gain on sale of fixed assets		41.4	6.9	41.4	6.9
Net profit/(loss) before taxation		**169.9**	**168.8**	**169.2**	**168.4**
Taxation (expense)/benefit	14	(33.0)	(48.1)	(32.6)	(47.7)
Net profit/(loss) for the period		**136.9**	**120.7**	**136.6**	**120.7**
Net profit/(loss) attributable to owners of the company		**136.9**	**120.7**	**136.6**	**120.7**
Other comprehensive income, after tax					
Actuarial gains/losses on defined benefit plan	20	-	(2.5)	-	(2.5)
Income tax on other comprehensive income		-	0.7	-	0.7
Other comprehensive income for the period, net of income tax		**-**	**(1.8)**	**-**	**(1.8)**
Total comprehensive income for the period		**136.9**	**118.9**	**136.6**	**118.9**
Total comprehensive income attributable to owners of the company		**136.9**	**118.9**	**136.6**	**118.9**

The accompanying notes form part of these financial statements.

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Statement of Financial Position as at 31 March 2013

		GROUP		PARENT	
		31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
	Notes	$Millions	$Millions	$Millions	$Millions
Cash and cash equivalents	7	114.5	16.5	113.8	16.1
Trade, accounts receivable and prepayments	8	961.2	629.8	965.8	629.8
Derivative financial instruments	16	-	0.3	-	0.3
Inventories	6	481.5	671.0	481.2	670.7
Held for sale assets	15	1.6	-	1.6	-
Current assets		**1,558.8**	**1,317.6**	**1,562.4**	**1,316.8**
Property, plant and equipment	15	311.4	305.8	305.8	300.1
Intangible assets	13	27.1	17.1	25.2	15.1
Investments in associates	12	1.0	0.8	1.0	0.8
Investments in subsidiaries		-	-	4.7	4.7
Deferred tax asset	14	3.7	6.9	3.4	6.5
Other non current assets		1.6	1.9	1.6	1.9
Other investments	29	1.0	2.3	1.0	2.3
Non current assets		**345.8**	**334.7**	**342.7**	**331.4**
Total assets		**1,904.6**	**1,652.3**	**1,905.1**	**1,648.2**
Accounts payable, accruals and other liabilities	9	824.0	772.6	828.2	772.2
Provisions	17	3.7	4.9	3.7	4.9
Derivative financial instruments	16	5.4	10.4	5.4	10.4
Income tax payable		3.7	18.6	3.6	18.4
Total current liabilities		**836.8**	**806.5**	**840.9**	**805.8**
Other liabilities		17.5	-	17.5	-
Provisions	17	24.1	20.8	24.1	20.8
Bonds	10	429.8	298.4	429.8	298.4
Non current liabilities		**471.4**	**319.2**	**471.4**	**319.2**
Attributable to owners of the Company		596.4	526.6	592.8	523.2
Total equity		**596.4**	**526.6**	**592.8**	**523.2**
Total equity and liabilities		**1,904.6**	**1,652.3**	**1,905.1**	**1,648.2**

Approved on behalf of the Board on 2 May 2013.

Marko Bogoievski
Director

Liberato Petagna
Director

The accompanying notes form part of these financial statements.

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Statement of Cash Flows for the Year Ended 31 March 2013

		GROUP		PARENT	
		31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
	Notes	$Millions	$Millions	$Millions	$Millions
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		2,995.4	3,165.1	2,900.4	3,156.1
Interest received		30.0	0.5	29.9	0.4
Dividend received		-	0.8	0.9	0.8
		3,025.4	**3,166.4**	**2,931.2**	**3,157.3**
Cash was disbursed to:					
Payments to suppliers and employees		(2,541.2)	(3,025.1)	(2,447.7)	(3,015.9)
Interest paid		(27.8)	(16.4)	(27.8)	(16.4)
Taxation paid		(27.8)	(45.1)	(27.8)	(45.1)
		(2,596.8)	(3,086.6)	(2,503.3)	(3,077.4)
Net cash inflow/(outflow) from operating activities	**22**	**428.6**	**79.8**	**427.9**	**79.9**
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		86.7	12.7	86.7	12.7
Proceeds from insurance recoveries		2.9	-	2.9	-
Proceeds from sale of investments		1.4	-	1.4	-
		91.0	**12.7**	**91.0**	**12.7**
Cash was disbursed to:					
Purchase of intangible assets		(69.4)	(18.6)	(69.4)	(18.6)
Purchase of investments		(2.3)	-	(2.3)	-
Purchase of property, plant and equipment		(67.5)	(64.1)	(67.1)	(64.1)
		(139.2)	(82.7)	(138.8)	(82.7)
Net cash outflow from investing activities		**(48.2)**	**(70.0)**	**(47.8)**	**(70.0)**
Cash flows from financing activities					
Cash was provided from:					
Receipt from bonds		135.0	150.0	135.0	150.0
		135.0	150.0	135.0	150.0
Cash was disbursed to:					
Cash to intercompany		(350.3)	(92.7)	(350.3)	(92.7)
Dividends paid		(67.1)	(58.9)	(67.1)	(58.9)
		(417.4)	(151.6)	(417.4)	(151.6)
Net cash inflow from financing activities		**(282.4)**	**(1.6)**	**(282.4)**	**(1.6)**
Net increase / (decrease) in cash		**98.0**	**8.2**	**97.7**	**8.3**
Cash balances at beginning of the period		16.5	8.3	16.1	7.8
Cash at end of period		**114.5**	**16.5**	**113.8**	**16.1**

The accompanying notes form part of these financial statements.

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Statement of Changes in Equity for the Year Ended 31 March 2013

Group	Notes	Capital $Millions	Retained earnings $Millions	Total equity $Millions
Balance at 1 April 2012		10.0	516.6	526.6
Net profit for the 12 month period		-	136.9	136.9
Total comprehensive income for the period		**-**	**136.9**	**136.9**
Contributions by and distributions to owners				
Dividends to equity holders		-	(67.1)	(67.1)
Total contributions by and distributions to owners		-	(67.1)	(67.1)
Balance at 31 March 2013		**10.0**	**586.4**	**596.4**

Group	Notes	Capital $Millions	Retained earnings $Millions	Total equity $Millions
Balance at 1 April 2011		10.0	456.6	466.6
Total comprehensive income for the period				
Net profit for the 12 month period		-	120.7	120.7
Other comprehensive income, after tax				
Actuarial Gains and Losses	20	-	(2.5)	(2.5)
Income tax on other comprehensive income	20	-	0.7	0.7
Total other comprehensive income, after tax		-	(1.8)	(1.8)
Total comprehensive income for the period		**-**	**118.9**	**118.9**
Contributions by and distributions to owners				
Dividends to equity holders		-	(58.9)	(58.9)
Total contributions by and distributions to owners		-	(58.9)	(58.9)
Balance at 31 March 2012		**10.0**	**516.6**	**526.6**

The accompanying notes form part of these financial statements.

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Statement of Changes in Equity for the Year Ended 31 March 2013

Parent	*Notes*	*Capital $Millions*	*Retained earnings $Millions*	*Total equity $Millions*
Balance at 1 April 2011		10.0	513.2	523.2
Net profit for the 12 month period		-	136.6	136.6
Total comprehensive income for the period		**-**	**136.6**	**136.6**
Contributions by and distributions to owners				
Dividends to equity holders		-	(67.1)	(67.1)
Total contributions by and distributions to owners		-	(67.1)	(67.1)
Balance at 31 March 2012		**10.0**	**582.8**	**592.8**

Parent	*Notes*	*Capital $Millions*	*Retained earnings $Millions*	*Total equity $Millions*
Balance at 1 April 2011		10.0	453.2	463.2
Total comprehensive income for the period				
Net profit for the 12 month period		-	120.7	120.7
Other comprehensive income, after tax				
Actuarial Gains and Losses	20	-	(2.5)	(2.5)
Income tax on other comprehensive income	20	-	0.7	0.7
Total other comprehensive income, after tax		-	(1.8)	(1.8)
Total comprehensive income for the period		**-**	**118.9**	**118.9**
Contributions by and distributions to owners				
Dividends to equity holders		-	(58.9)	(58.9)
Total contributions by and distributions to owners		-	(58.9)	(58.9)
Balance at 31 March 2012		**10.0**	**513.2**	**523.2**

The accompanying notes form part of these financial statements.

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Notes to the Financial Statements for the Year Ended 31 March 2013

1. Reporting entity

Z Energy Limited ("the Parent") is a profit oriented limited liability company incorporated and domiciled in New Zealand and registered under the Companies Act 1993, and is an issuer for the purposes of the Financial Reporting Act 1993. The Group is primarily involved in the marketing of petroleum based products and has its operations in New Zealand. The address of its registered office is 3 Queens Wharf, Wellington 6011, New Zealand.

Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP') being the NZ equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable financial reporting standards as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS'). The consolidated financial statements comprise the Parent, its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled operations. The presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Group's functional currency presented in $millions. The principal accounting policies adopted in the preparation of these financial statements are set out below.

The financial statements comprise statements of the following: comprehensive income; financial position; changes in equity; cash flows; significant accounting policies; and the notes to those statements are contained on pages 156 to 186 of this report. The financial statements are prepared on the basis of historical cost, except certain financial derivatives which are valued in accordance with accounting policy (H), and provisions which are valued in accordance with accounting policy (P). Other investments are recorded at fair value.

Certain comparative amounts in the statement of comprehensive income have been reclassified to conform with the current year's presentation.

Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. The principal areas of judgement in preparing these financial statements are set out below.

Assets

In respect to assets held at cost, judgements must be made about whether costs incurred relate to bringing an asset to its working condition for its intended use, and therefore are appropriate for capitalisation as part of the cost of the asset. The determination of the appropriate life for a particular asset requires management to make judgements about, among other factors, the expected future economic benefits of the asset and the likelihood of obsolescence. Assessing whether an asset is impaired involves estimating the future cash flows that the asset is expected to generate.

Provisions

Liabilities are estimated for the decommissioning, restoration and remediation of certain sites of operation. Such estimates are valued at the net present value of the expenditure expected to settle the obligation. Key assumptions have been made as to the expected amount and timing of expenditure to remediate based on the expected lives of the assets employed on the sites, discounted using a market-based risk-free interest rate.

Provision for doubtful debts

Provisions are maintained for estimated losses incurred from customers, being unable to make required payments. These provisions take into account known commercial factors impacting specific customer accounts, as well as the overall profile of the debtor portfolio. In assessing the provision, factors such as past collection history, the age of receivable balances, the level of activity in customer accounts, as well as general macro-economic trends, are taken into account.

2. Basis of preparing consolidated financial statements

Accounting for business combinations

A list of subsidiaries and associates is shown in note 19. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements. Intra-group balances and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the Group financial statements.

Subsidiaries

Subsidiaries are those entities controlled, directly or indirectly, by the Parent. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Parent. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at

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their fair values at the acquisition date, irrespective of the extent of any minority interest. The results of subsidiaries are included in the Group financial statements from the date control commences to the date control ceases.

Associates

Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies. The Group financial statements include the Group's share of the net surplus of associates on an equity accounted basis from the date significant influence commences to the date significant influence ceases.

Jointly controlled operations

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The Group financial statements includes the Group's proportionate share line by line.

3. Statement of accounting policies

A. Property, plant and equipment

Property, plant and equipment (PPE) is recorded at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the item including the cost of all materials, direct labour, resource management consent costs, and an appropriate portion of variable and fixed overheads.

Depreciation is provided on a straight line basis. The major depreciation periods (in years) are:

Buildings	10-40
Plant and machinery	5-60

Other individual assets' remaining useful lives and residual values are assessed at the reporting date, and depreciation is calculated on a basis consistent with those parameters.

B. Receivables

Receivables, classified as loans and receivables, are initially recognised at fair value. Thereafter they are measured at amortised cost less any provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect the amount due.

C. Intangible assets

Emissions trading scheme

Units acquired are carried at cost less any accumulated impairment as they are held for settlement of emissions obligations. Units have a finite life.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over three years on a straight line basis.

Other intangibles

Other intangible assets that are acquired by the Group that have indefinite useful lives are measured at cost less accumulated impairment losses. Intangible assets that have a finite life are measured at cost or fair value less accumulated amortisation and accumulated impairment losses.

D. Inventory

Inventory is stated at the lower of cost or net realisable value. The cost of inventories is based on the first-in-first-out principle. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

E. Leases

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged to the profit or loss on a straight line basis over the period of the lease term.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of fair value or present value of the minimum lease payments. The leased assets and corresponding liabilities are therefore recognised and the assets are depreciated in line with the Group's depreciation policy to reflect the estimated useful lives. Each lease payment is allocated between the liability and finance charges so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

F. Taxation

Income tax comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the

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extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Income tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to other comprehensive income or equity, in which case the deferred tax is also recognised directly in other comprehensive income or equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

G. Derivative financial instruments

The Group is a party to derivative financial instruments as part of its day to day operating activities. When appropriate, it enters into agreements to manage its interest rate, foreign exchange, commodity hedging, obligations under the New Zealand Emissions Trading Scheme and operating risks.

In accordance with the Group's risk management policies, the Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are not hedge accounted and are required to be accounted for at fair value through profit or loss. Derivative financial instruments are recognised initially at fair value at the date they are entered into. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

H. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. The resulting gain or loss is recognised in profit or loss immediately.

I. Goods & Services Tax ("GST")

The financial statements have been prepared on a GST exclusive basis except billed receivables and payables which include GST.

J. Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

K. Employee benefits

Wages and salaries, annual leave and sick leave

Provision is made for benefits accruing to employees in respect of wages and salaries, incentive entitlements, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

L. Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales of goods are recognised when the Group has supplied products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured. Interest revenues are recognised as accrued, taking into account the effective yield of the financial asset. Dividend income is recognised when the right to receive the payment is established.

M. Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate. Bond and bank debt issue expenses, fees and other costs incurred in arranging finance are capitalised and amortised over the term of the relevant debt instrument or debt facility using the effective interest rate method.

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N. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, financial institutions and investments in money market instruments, excluding outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

O. Financial instruments issued by the Company

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

P. Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Estimated decommissioning and restoration costs are recognised at the estimated future cost, and these costs are capitalised as part of the related property, plant and equipment. The estimated future cost is calculated using amounts discounted over the estimated useful economic life of the assets. The discount rate applied is the risk free rate of return which has been equated to be the New Zealand 10-year bond rate.

Estimated environmental remediation costs are recognised on an accrual basis at the time there is a formal plan or obligation, legal or constructive, in place.

Q. Emissions obligations

The Group is required to deliver emissions units to a Government agency to be able to sell products which emit pollutants. A provision is recognised in the statement of financial position and is measured at the average cost of any units already acquired or contracted for to satisfy the emission's obligation. To the extent that there is a shortfall in the units purchased or contracted for the shortfall is measured at market value.

R. Adoption status of relevant new financial reporting standards and interpretations

The following new standards, amendments to standards and interpretations have been issued, but are not effective for application for the year ended 31 March 2013 and have not been early adopted. The adoption of the standards are not expected to have a material impact on the financial statements.

Amendments to IAS1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2013).

Amendments to NZ IFRS 7 Financial Instruments (effective for annual periods beginning on or after 1 January 2013).

NZ IFRS 9 Financial Instruments: Classification and measurement (effective for annual periods beginning on or after 1 January 2015).

NZ IFRS 10 Consolidated Financial Statement (effective for annual periods beginning on or after 1 January 2013).

NZ IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2013).

NZ IFRS 12 Disclosure of Interest in Other Entities (effective for annual periods beginning on or after 1 January 2013).

NZ IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).

NZ IAS 27 Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013).

NZ IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013).

Annual Improvements to NZ IFRSs 2009 (effective for annual periods beginning on or after 1 January 2013).

S. Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are treated as insurance contracts under NZ IFRS 4.

4. Revenue

		GROUP		PARENT	
	Notes	*31 March 2013 $Millions*	*31 March 2012 $Millions*	*31 March 2013 $Millions*	*31 March 2012 $Millions*
Revenue from sale of products	24	2,933.8	3,129.4	2,921.7	3,118.6
Convenience retail income		46.5	43.7	46.5	43.7
Other Revenue		9.0	6.2	9.8	6.7
Total		**2,989.3**	**3,179.3**	**2,978.0**	**3,169.0**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

5. Operating expenses

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Employee benefits (included in sales and administration expenses)				
Wages and salaries	32.8	28.0	32.8	28.0
Expenses / (income) related to pension plans	-	(3.4)	-	(3.4)
Total	**32.8**	**24.6**	**32.8**	**24.6**

Other operating expenses:

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Fees paid to Group auditors				
Audit fees	0.2	0.1	0.2	0.1
Other services	0.6	0.2	0.6	0.2
Bad debts written off	0.8	1.5	0.8	1.2
Increase / (decrease) in provision for doubtful debts	0.5	0.1	0.5	0.1
Depreciation	30.2	19.5	29.7	19.1
Amortisation of intangibles	8.8	13.2	8.8	13.2
Impairments of property, plant and equipment	0.5	0.3	0.5	0.3
Directors' fees	0.5	0.5	0.5	0.5
Total	**42.1**	**35.4**	**41.6**	**34.7**

Other services for the year ended 31 March 2013 primarily relates to continuous improvement activities, and for the year ended 31 March 2012 to assurance services for the audit or review of financial information of the group other than financial statements.

6. Inventories

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Raw materials and consumables	101.6	287.8	101.6	287.8
Finished goods/trading products	379.9	383.2	379.6	382.9
Total	**481.5**	**671.0**	**481.2**	**670.7**

During the year the write down of inventories to net realisable value amounted to $1.4m (2012: nil). The write down is included in 'cost of sales of goods'.

7. Cash and cash equivalents

	GROUP		PARENT	
	31 Mar 2013 $Millions	31 Mar 2012 $Millions	31 Mar 2013 $Millions	31 Mar 2012 $Millions
Call deposits	114.5	16.5	113.8	16.1
Total	**114.5**	**16.5**	**113.8**	**16.1**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

8. Trade, accounts receivable and prepayments

	GROUP		PARENT	
	31 Mar 2013 $Millions	31 Mar 2012 $Millions	31 Mar 2013 $Millions	31 Mar 2012 $Millions
Trade receivables	224.9	232.2	224.9	230.2
Provision for doubtful debts	(1.6)	(1.0)	(1.6)	(1.0)
Prepayments	4.5	2.9	4.5	2.9
Christchurch earthquake insurance receivable	-	4.6	-	4.6
Brand promotion receivable	-	1.4	-	1.4
Other receivables	13.4	4.5	13.4	6.5
Intercompany balances (Companies within AEHL Group)	720.0	385.2	724.6	385.2
Total	**961.2**	**629.8**	**965.8**	**629.8**

9. Accounts payable, accruals and other liabilities

	GROUP		PARENT	
	31 Mar 2013 $Millions	31 Mar 2012 $Millions	31 Mar 2013 $Millions	31 Mar 2012 $Millions
Accounts payable	483.6	430.9	488.3	431.0
Accruals and other liabilities	15.5	21.5	15.1	20.9
Employee benefits payable	10.2	7.7	10.1	7.7
Intercompany balances (Companies within AEHL Group)	314.7	312.5	314.7	312.5
Total	**824.0**	**772.6**	**828.2**	**772.2**

10. Bonds

	GROUP		PARENT	
	31 Mar 2013 $Millions	31 Mar 2012 $Millions	31 Mar 2013 $Millions	31 Mar 2012 $Millions
Balance at the beginning of the period	**303.2**	**-**	**303.2**	**-**
Transferred during the period	-	153.2	-	153.2
Issued during the period	135.0	150.0	135.0	150.0
Balance of Bonds at the end of the period	**438.2**	**303.2**	**438.2**	**303.2**
Transaction Costs to be amortised	(6.2)	(4.8)	(6.2)	(4.8)
Unwind of fair value loss on substitution	(2.2)	-	(2.2)	-
Balance at the end of the period	**429.8**	**298.4**	**429.8**	**298.4**
Current	-	-	-	-
Non current	429.8	298.4	429.8	298.4
Balance at the end of the period	**429.8**	**298.4**	**429.8**	**298.4**
Repayment terms and interest rates:				
Maturing on 15 October 2016, 7.35% per annum fixed coupon rate	149.3	150.9	149.3	150.9
Maturing on 15 August 2018, 7.25% per annum fixed coupon rate	147.8	147.5	147.8	147.5
Maturing in 15 November 2019, 6.50% per annum fixed coupon rate	132.7	-	132.7	-
Balance at the end of the period	**429.8**	**298.4**	**429.8**	**298.4**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Fixed coupon

The fixed coupon bonds the Company has on issue are at a face value of $1.00 per bond. Interest is payable bi-annually on the bond maturing 15 October 2016, and quarterly on the bonds maturing 15 August 2018 and 15 November 2019.

Effective 17 June 2011, Z Energy Limited, became the substituted issuer for the Series 2016 bonds, which were issued by Greenstone Energy Finance Limited (GEFL) a wholly owned sister company within the Aotea Energy Holdings Limited group. From this date, Z Energy has assumed and GEFL is released from, the obligations as issuer of the bonds. The fair value of these bonds at this time was $153.2m resulting in a $6.2m loss being recognised. This will be unwound over the remaining life of the bonds.

For the bond maturing 15 October 2016, the Issuer (from 15 April 2013) has the right to redeem or purchase for cash all or some of the bonds. The redemption or purchase price will be the greater of:

The principal amount plus accrued and unpaid interest (for the days elapsing from, and including, the last interest payment date to the relevant redemption date), less any withholding taxes and any other deductions permitted by the bond documents; and

The price as at the redemption date calculated to reflect the average yield, weighted by volume, of all trades of the relevant bonds through NZDX over the 10 business days up to the fifth business day before the relevant redemption date. Where the relevant bonds have not been traded on NZDX on at least half of the relevant 10 business days, the price of those bonds will be determined by an independent advisor selected by the bond trustee in accordance with the bond documents.

At 31 March 2013 the bonds had a fair value of $469.3 million (2012: $310.1m).

11. Share capital

Ordinary shares (fully paid)

	GROUP & PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions
Total issued capital at the beginning of the period	10.0	10.0
Movements in issued and fully paid ordinary shares during the period		
Shares Issued	-	-
Total issued capital at the end of the period	**10.0**	**10.0**

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. All authorised shares are issued. Dividends of $13.42 per share were paid in 2013 (2012: $11.78).

12. Investments in associates and jointly controlled operations

Carrying amounts

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Associates				
Loyalty New Zealand Limited	0.3	-	0.3	-
New Zealand Oil Services Limited	-	-	-	-
Wiri Oil Services Limited	-	-	-	-
Penagree Limited	-	-	-	-
Coastal Oil Logistics Limited	0.7	0.8	0.7	0.8
	1.0	0.8	1.0	0.8
Total carrying amounts	**1.0**	**0.8**	**1.0**	**0.8**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Movements in carrying amounts

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Carrying amount at the beginning of the year	0.8	0.2	0.8	0.2
Dividends received / receivable	-	-	-	-
Share of profits from associate	0.2	0.6	0.2	0.6
Carrying amount at the end of the year	**1.0**	**0.8**	**1.0**	**0.8**

None of the Group's equity accounted investments are publicly listed entities and consequentially do not have published price quotations.

Summary financial information used to account for investments in associates, based on most recent published accounts, not adjusted for the percentage ownership held by the Group (all with a reporting date of 31 December, except Loyalty New Zealand Limited which is 31 March):

2013

	Ownership	Total assets $Millions	Total liabilities $Millions	Income $Millions	Profit / (loss) $Millions
Unlisted					
Loyalty New Zealand Limited	25%	91.0	89.8	82.7	1.6
New Zealand Oil Services Limited	50%	4.2	4.2	31.8	0.0
Wiri Oil Services Limited	28%	2.4	2.3	14.8	-
Penagree Limited	25%	14.5	14.3	2.8	0.2
Coastal Oil Logistics Limited	25%	13.1	10.4	53.2	(0.3)

2012

	Ownership	Total assets $Millions	Total liabilities $Millions	Income $Millions	Profit / (loss) $Millions
Unlisted					
Loyalty New Zealand Limited	25%	89.3	89.8	76.3	1.1
New Zealand Oil Services Limited	50%	4.2	4.2	21.4	-
Wiri Oil Services Limited	28%	2.5	2.5	12.9	-
Penagree Limited	25%	16.1	16.1	3.0	0.2
Coastal Oil Logistics Limited	25%	11.2	8.0	55.2	0.9

The Group has participating interests of 25%, 50% and 50% in three unincorporated jointly controlled operations relating to the storage and distribution of petroleum products. As at 31 March 2013 there were no contingent liabilities in respect of the jointly controlled operations. The value of assets in these interests is $6.5m (2012: $4.5m).

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13. Intangible assets

	GROUP		PARENT	
			Total $Millions	Total $Millions
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Intangible assets – emissions units				
Balance at beginning of the period	3.5	14.4	3.5	14.4
Additions at cost	64.0	14.7	64.0	14.7
Settlement at cost	(51.0)	(25.6)	(51.0)	(25.6)
Balance at the end of the period	**16.5**	**3.5**	**16.5**	**3.5**
Intangible assets – other				
Balance at beginning of the period	13.6	14.7	11.6	12.8
Additions at cost	2.1	12.4	2.1	12.3
Amortisation for the period	(5.1)	(13.5)	(5.0)	(13.5)
Balance at the end of the period	**10.6**	**13.6**	**8.7**	**11.6**
Total intangible assets	**27.1**	**17.1**	**25.2**	**15.1**

Other intangibles includes software, franchise rights, domain name, and occupation rights.

14. Taxation

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Net profit/(loss) before taxation	169.9	168.8	169.2	168.4
Less income from associates (net of tax)	(0.2)	(0.6)	(0.2)	(0.6)
Net surplus/(loss) before taxation excluding income from associates	169.7	168.2	169.0	167.8
Taxation on the profit/(loss) for the period	(47.5)	(47.1)	(47.3)	(47.0)
Plus/(less) taxation adjustments:				
Non-taxable dividend income	-	-	0.3	-
Non-assessable income	0.1	-	0.1	-
Over/(under) provision in prior periods	2.6	(0.1)	2.6	(0.1)
Non-taxable gain on sale of fixed assets	11.9	1.2	11.9	1.2
Other differences	(0.1)	(2.1)	(0.2)	(1.8)
Taxation expense	**(33.0)**	**(48.1)**	**(32.6)**	**(47.7)**
Current taxation	(29.8)	(49.2)	(29.5)	(48.7)
Deferred taxation	(3.2)	1.1	(3.1)	1.0
	(33.0)	**(48.1)**	**(32.6)**	**(47.7)**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Deferred Tax

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Balance at the beginning of the period	6.9	5.8	6.5	5.5
Expense for the period	(4.6)	2.2	(4.6)	2.2
Tax (over)/under provided in prior periods	1.4	(1.1)	1.5	(1.2)
Balance at the end of the period	**3.7**	**6.9**	**3.4**	**6.5**

Recognised deferred tax assets and liabilities

	GROUP 31 March 2013 $Millions		
	Assets	Liabilities	Net
Property, plant and equipment	-	(12.7)	(12.7)
Intangible Assets	-	(0.6)	(0.6)
Environmental Provision	1.4	-	1.4
Employee Benefits	2.6	-	2.6
Other Provisions	5.0	-	5.0
Derivative financial instruments	1.7	-	1.7
Other items	6.3	-	6.3
Tax assets/(liabilities)	**17.0**	**(13.3)**	**3.7**

	31 March 2012 $Millions		
	Assets	Liabilities	Net
Property, plant and equipment	-	(6.4)	(6.4)
Intangible Assets	2.4	-	2.4
Environmental Provision	0.9	-	0.9
Employee Benefits	1.3	-	1.3
Other Provisions	5.0	-	5.1
Derivative financial instruments	2.9	-	2.9
Other items	0.8	-	0.8
Tax assets/(liabilities)	**13.3**	**(6.4)**	**6.9**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Recognised deferred tax assets and liabilities

	PARENT 31 March 2013 $Millions		
	Assets	Liabilities	Net
Property, plant and equipment	-	(12.7)	(12.7)
Intangible Assets	-	(0.6)	(0.6)
Environmental Provision	1.4	-	1.4
Employee Benefits	2.6	-	2.6
Other Provisions	4.7	-	4.7
Derivative financial instruments	1.7	-	1.7
Other items	6.3	-	6.3
Tax assets/(liabilities)	**16.7**	**(13.3)**	**3.4**

	31 March 2011 *$Millions*		
	Assets	*Liabilities*	*Net*
Property, plant and equipment	-	(6.5)	(6.5)
Intangible Assets	2.4	-	2.4
Environmental Provision	0.9	-	0.9
Employee Benefits	1.3	-	1.3
Other Provisions	4.9	-	4.9
Derivative financial instruments	2.9	-	2.9
Other items	0.6	-	0.7
Tax assets/(liabilities)	**13.0**	**(6.5)**	**6.5**

Tax effect of changes in temporary differences and deferred tax liability

	GROUP *31 March 2013* *$Millions*	*31 March 2012* *$Millions*
	Tax expense	*Tax expense*
Property, plant and equipment	(6.3)	(2.3)
Intangible Assets	(3.0)	3.1
Environmental Provision	0.5	(2.1)
Employee Benefits	1.3	1.2
Other Provisions	(0.1)	0.8
Derivative financial instruments	(1.2)	2.9
Other items	5.5	(0.6)
	(3.2)	**1.1**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

	PARENT	
	31 March 2013	*31 March 2012*
	$Millions	*$Millions*
	Tax expense	*Tax expense*
Property, plant and equipment	(6.2)	(2.4)
Intangible Assets	(3.0)	3.1
Environmental Provision	0.5	(2.1)
Employee Benefits	1.3	1.2
Other Provisions	(0.2)	0.8
Derivative financial instruments	(1.2)	2.9
Other items	5.6	(0.6)
	(3.1)	**1.0**

Imputation credit account

	GROUP	
	31 March 2013	*31 March 2012*
	$Millions	*$Millions*
At balance date the imputation credits available to the shareholders of the Parent Company were:		
Through direct shareholding in the Parent Company	64.0	54.8
Balance at the end of the period	**64.0**	**54.8**

As from 1 April 2010 Aotea Energy Holding Limited and its wholly owned subsidiaries were members of the Z Energy Imputation Group. The imputation balances above relate to the entire Aotea Energy Group, which consists of Aotea Energy Holdings Limited and all its subsidiaries.

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15. Property, plant and equipment

	GROUP				
31 March 2013	*Construction in progress* *$Millions*	*Buildings* *$Millions*	*Land* *$Millions*	*Plant and machinery* *$Millions*	*Total* *$Millions*
Cost					
Balance at beginning of period	78.2	153.9	72.0	312.6	616.7
Additions	64.5	-	-	-	64.5
Disposals	-	(2.6)	(25.0)	(53.3)	(80.9)
Transfers between asset classes	(110.0)	(43.3)	6.5	146.8	-
Balance at end of period	**32.7**	**108.0**	**53.5**	**406.1**	**600.3**
Accumulated depreciation and impairment losses					
Balance at beginning of period	-	(117.6)	-	(193.3)	(310.9)
Depreciation for the period	-	(3.1)	-	(27.1)	(30.2)
Impairment	-	(0.1)	(0.2)	(0.2)	(0.5)
Disposals	-	41.2	-	11.5	52.7
Balance at end of period	**-**	**(79.6)**	**(0.2)**	**(209.1)**	**(288.9)**
Carrying amounts					
At 1 April 2012	78.2	36.3	72.0	119.3	305.8
At 31 March 2013	32.7	28.4	53.3	197.0	311.4

Included in buildings ($1.2m) and plant and machinery ($1.4m) are assets held under finance leases (2012: nil).

Included in land and buildings disposals is $1.6m of assets held for sale.

31 March 2012	*Construction in progress* *$Millions*	*Buildings* *$Millions*	*Land* *$Millions*	*Plant and machinery* *$Millions*	*Total* *$Millions*
Cost					
Balance at beginning of period	30.5	156.0	74.1	306.8	567.4
Additions	70.7	-	-	0.3	71.0
Disposals	-	(2.7)	(2.1)	(16.9)	(21.7)
Impairment	-	-	-	-	-
Transfers between asset classes	(23.0)	0.6	-	22.4	-
Balance at end of period	**78.2**	**153.9**	**72.0**	**312.6**	**616.7**
Accumulated depreciation and impairment losses					
Balance at beginning of period	-	(116.3)	-	(192.0)	(308.3)
Depreciation for the period	-	(3.4)	-	(16.1)	(19.5)
Disposals	-	2.1	-	14.8	16.9
Balance at end of period	**–**	**(117.6)**	**–**	**(193.3)**	**(310.9)**
Carrying amounts					
At 1 January 2011	30.5	39.7	74.1	114.8	259.1
At 31 March 2012	78.2	36.3	72.0	119.3	305.8

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

31 March 2013	PARENT Construction in progress $Millions	Buildings $Millions	Land $Millions	Plant and machinery $Millions	Total $Millions
Cost					
Balance at beginning of period	78.2	153.9	68.2	306.6	606.9
Additions	64.1	-	-	-	64.1
Disposals	-	(2.6)	(25.0)	(53.3)	(80.9)
Transfers between asset classes	(109.6)	(43.3)	6.5	146.4	-
Balance at end of period	**32.7**	**108.0**	**49.7**	**399.7**	**590.1**
Accumulated depreciation and impairment losses					
Balance at beginning of period	-	(117.6)	-	(189.2)	(306.8)
Depreciation for the period	-	(3.1)	-	(26.6)	(29.7)
Impairment	-	(0.1)	(0.2)	(0.2)	(0.5)
Disposals	-	41.2	-	11.5	52.7
Balance at end of period	**-**	**(79.6)**	**(0.2)**	**(204.5)**	**(284.3)**
Carrying amounts					
At 1 April 2012	78.2	36.3	68.2	117.4	300.1
At 31 March 2013	32.7	28.4	49.5	195.2	305.8

Included in buildings ($1.2m) and plant and machinery ($1.4m) are assets held under finance leases (2012: nil).

Included in land and buildings disposals is $1.6m of assets held for sale.

31 March 2012	Construction in progress $Millions	Buildings $Millions	Land $Millions	Plant and machinery $Millions	Total $Millions
Cost					
Balance at beginning of period	30.5	156.0	70.3	301.3	558.1
Additions	70.7	-	-	(0.3)	70.4
Disposals	-	(2.7)	(2.1)	(16.8)	(21.6)
Impairment	-	-	-	-	-
Transfers between asset classes	(23.0)	0.6	-	22.4	-
Balance at end of period	**78.2**	**153.9**	**68.2**	**306.6**	**606.9**
Accumulated depreciation and impairment losses					
Balance at beginning of period	-	(116.3)	-	(188.2)	(304.5)
Depreciation for the period	-	(3.4)	-	(15.7)	(19.1)
Disposals	-	2.1	-	14.7	16.8
Balance at end of period	**–**	**(117.6)**	**–**	**(189.2)**	**(306.8)**
Carrying amounts					
At 1 January 2011	30.5	39.7	70.3	113.1	253.6
At 31 March 2012	78.2	36.3	68.2	117.4	300.1

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

16. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (interest rates, foreign exchange and oil commodity prices)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit and Risk Committee with responsibilities which include reviewing treasury practices and policy. The Group has established a Treasury Management Committee to review and set treasury strategy within policy guidelines and report on market risk positions and exposures. The Group has developed a comprehensive, enterprise wide risk management framework which guides management and the Board in the identification, assessment and monitoring of new and existing risks. Management report to the Audit and Risk Committee and the Board on the relevant risks and the controls and treatments for those risks.

Aotea Energy Limited (AEL) is part of the guaranteeing group for Z Energy. As such the formal bank relationship is with AEL, who are the entity that have signed the International Swaps and Derivatives Association (ISDA) agreements. Z Energy Limited (ZEL) has the physical bank account and it is used to settle trades on behalf of ZEL.

From time to time AEL will sign contracts on behalf of ZEL. These include but are not limited to commodity contracts, foreign exchange contracts, and contracts for the delivery of carbon units to satisfy obligations incurred under the Emissions Trading Scheme (note that the interest rate swap contracts entered into by AEL are excluded from this arrangement). The rights and obligations under the various contracts are novated from AEL to ZEL and will be recorded by ZEL as an exact copy of the arrangements agreed to with the relevant external counterparties.

Credit risk

The Group has exposure to various counterparties. Concentration of credit risk with respect to trade receivables is limited due to the Group's large customer base. Less than 2% of the Group's receivables are more than 30 days overdue.

Liquidity risk

Liquidity risk is the risk that assets held by the Group cannot readily be converted to cash to meet the Group's contracted cash flow obligations. Liquidity risk is monitored by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions. The Group manages liquidity risk by maintaining an adequate amount of committed credit facilities and spreading debt maturities.

The tables below analyse the Group's financial liabilities excluding gross settled derivative financial liabilities into relevant maturity groupings based on the earliest possible contractual maturity date at the year end. The amounts in the tables below are contractual undiscounted cash flows, which include interest through to maturity.

As at 31 March 2013

	GROUP	
2013	*Balance sheet $Millions*	*Contractual cash flows $Millions*
Non-derivative financial liabilities		
Accounts payable	(483.6)	(483.6)
Finance leases	(13.0)	(26.2)
Bonds	(429.8)	(594.3)
	(926.4)	**(1,104.1)**
Derivative financial instruments assets / (liabilities)		
Foreign exchange contracts	(0.4)	(0.4)
Commodity hedges	(5.0)	(5.0)
	(5.4)	**(5.4)**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

	GROUP				
	6 months or less *$Millions*	*6-12 months* *$Millions*	*1 to 2 years* *$Millions*	*2 to 5 years* *$Millions*	*5 years +* *$Millions*
Non-derivative financial liabilities					
Accounts payable	(483.9)	-	-	-	-
Finance leases	(1.0)	(1.0)	(2.0)	(6.4)	(15.8)
Bonds	(15.2)	(15.2)	(30.5)	(227.6)	(305.8)
	(500.1)	**(16.2)**	**(32.5)**	**(234.0)**	**(321.6)**
Derivative financial instruments assets / (liabilities)					
Foreign exchange contracts	(0.4)	-	-	-	-
Commodity hedges	(5.0)	-	-	-	-
	(5.4)	**-**	**-**	**-**	**-**

As at 31 March 2012

	GROUP	
2012	*Balance sheet* *$Millions*	*Contractual cash flows* *$Millions*
Non-derivative financial liabilities		
Accounts payable	(430.9)	(430.9)
Bonds	(298.4)	(410.6)
	(729.3)	**(841.5)**
Derivative financial instruments assets / (liabilities)		
Foreign exchange contracts	-	-
Commodity hedges	(10.1)	(10.1)
	(10.1)	**(10.1)**

	GROUP				
	6 months or less $Millions	6-12 months $Millions	1 to 2 years $Millions	2 to 5 years $Millions	5 years + $Millions
Non-derivative financial liabilities					
Accounts payable	(430.9)	-	-	-	-
Bonds	(10.9)	(10.8)	(21.7)	(205.7)	(161.5)
	(441.8)	**(10.8)**	**(21.7)**	**(205.7)**	**(161.5)**
Derivative financial instruments assets / (liabilities)					
Foreign exchange contracts	-	-	-	-	-
Commodity hedges	(10.1)	-	-	-	-
	(10.1)	**-**	**-**	**-**	**-**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

As at 31 March 2013

2013	PARENT Balance sheet $Millions	Contractual cash flows $Millions
Non-derivative financial liabilities		
Accounts payable	(488.3)	(488.3)
Finance leases	(13.0)	(26.2)
Bonds	(429.8)	(594.3)
	(931.1)	**(1,108.8)**
Derivative financial instruments assets / (liabilities)		
Foreign exchange contracts	(0.4)	(0.4)
Commodity hedges	(5.0)	(5.0)
	(5.4)	**(5.4)**

			PARENT		
	6 months or less $Millions	6-12 months $Millions	1 to 2 years $Millions	2 to 5 years $Millions	5 years + $Millions
Non-derivative financial liabilities					
Accounts payable	(488.3)	-	-	-	-
Finance leases	(1.0)	(1.0)	(2.0)	(6.4)	(15.8)
Bonds	(15.2)	(15.2)	(30.5)	(227.6)	(305.8)
	(504.5)	**(16.2)**	**(32.5)**	**(234.0)**	**(321.6)**
Derivative financial instruments assets / (liabilities)					
Foreign exchange contracts	(0.4)	-	-	-	-
Commodity hedges	(5.0)	-	-	-	-
	(5.4)	**-**	**-**	**-**	**-**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

As at 31 March 2012

2012	PARENT Balance sheet $Millions	 Contractual cash flows $Millions
Non-derivative financial liabilities		
Accounts payable	(431.0)	(431.0)
Bonds	(298.4)	(410.6)
	(729.4)	**(841.6)**
Derivative financial instruments assets / (liabilities)		
Foreign exchange contracts	-	-
Commodity hedges	(10.1)	(10.1)
	(10.1)	**(10.1)**

	6 months or less $Millions	6-12 months $Millions	GROUP 1 to 2 years $Millions	2 to 5 years $Millions	5 years + $Millions
Non-derivative financial liabilities					
Accounts payable	(431.0)	-	-	-	-
Bonds	(10.9)	(10.8)	(21.7)	(205.7)	(161.5)
	(441.9)	**(10.8)**	**(21.7)**	**(205.7)**	**(161.5)**
Derivative financial instruments assets / (liabilities)					
Foreign exchange contracts	-	-	-	-	-
Commodity hedges	(10.1)	-	-	-	-
	(10.1)	**-**	**-**	**-**	**-**

Market Risk

Interest rate risk (cash flow and fair value). Interest rate risk is the risk of interest rate volatility negatively affecting the Group's interest income and expense cash flow and earnings.

At balance date the interest rate profile of the Group's interest bearing financial instruments was:

	GROUP 31 Mar 2013 $Millions	 31 Mar 2012 $Millions	PARENT 31 Mar 2013 $Millions	 31 Mar 2012 $Millions
Fixed rate instruments				
Financial assets	-	-	-	-
Financial liabilities	(442.8)	(298.4)	(442.8)	(298.4)
	(442.8)	**(298.4)**	**(442.8)**	**(298.4)**
Variable rate instruments				
Financial assets	114.5	16.5	113.8	16.1
	114.5	**16.5**	**113.8**	**16.1**

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Foreign currency

The Group has exposure to currency risk on the value of its sales contracts, commodity/product supply purchases, other transaction flows, and assets/liabilities denominated in foreign currencies.

The Group enters into forward exchange contracts under the terms of its Treasury Policy to reduce the risk from price fluctuations of foreign currency commitments mainly associated with the purchase of hydrocarbons.

The aggregate notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2013 was $224.3m (2012: $18.6m). At balance date the fair value of forward foreign exchange contracts outstanding were liabilities of 31 March 2013 was $0.4m (2012: $nil).

The Group's exposure to foreign currency risk was as follows:

	GROUP & PARENT			
	AUD		USD	
	2013	2012	2013	2012
	$Millions	$Millions	$Millions	$Millions
Cash and short term deposits	-	-	5.3	3.0
Trade receivables	0.7	1.2	36.4	20.5
Accounts payable	-	-	(204.1)	(152.9)
Gross statement of financial position exposure	**0.7**	**1.2**	**(162.5)**	**(129.4)**
Forward exchange contracts	-	-	193.0	15.2
Net exposure	**0.7**	**1.2**	**30.5**	**(114.2)**

Sensitivity analysis

At 31 March 2013, if the New Zealand dollar had weakened/strengthened by 10% per cent against the currencies with which the Group has foreign currency risk with all other variables held constant, would change post-tax profit for the year by $24.9m lower/higher (2012: $12.5m).

Commodity hedges

The Group has exposure to purchase timing risk on commodities. This is defined as the difference in timing of when purchases of crude and product are priced, and when volumes of product are sold each month.

The Group enters into commodity swap contracts under the terms of its Treasury Policy to reduce the risk from price fluctuations, by matching purchase and sales volumes in a particular month. All hedging is within a 6 month duration.

At balance date the fair value of commodity hedges was $5.0m (2012: $10.1m)

Sensitivity analysis

At 31 March 2013, if the Dubai Oil commodity price had weakened/strengthened by 10% per cent in which the Group has Commodity price risk with all other variables held constant, the value of commodity derivatives would change post-tax profit for the year by $9.9m lower/higher (2012: $7.5m).

Fair values. The carrying amount of financial assets and financial liabilities recorded in the financial statements is their amortised cost, with the exception of derivatives which are held at fair value.

Estimation of fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using market-quoted rates based on discounted cash flow analysis.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

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- forward price curve (for the relevant underlying interest rates, foreign exchange rates or commodity prices); and
- discount rates.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Observable market data is used when selecting variables and developing assumptions for the valuation techniques.

Asset and liability fair value classification

	GROUP			
2013	*Available for Sale*	*Loans and receivables*	*Total carrying amount*	*Fair value*
	$Millions	*$Millions*	*$Millions*	*$Millions*
Assets				
Cash and cash equivalents	-	114.5	114.5	114.5
Other Investments	1.0	-	1.0	1.0
Trade receivables	-	224.9	224.9	224.9
Total assets	**1.0**	**570.7**	**571.7**	**571.7**

	GROUP			
2013	*Held for trading at fair value*	*Financial liabilities at amortised cost*	*Total carrying amount*	*Fair value*
	$Millions	*$Millions*	*$Millions*	*$Millions*
Liabilities				
Bonds	-	(429.8)	(429.8)	(469.3)
Derivatives	(5.4)	-	(5.4)	(5.4)
Finance leases	-	(13.0)	(13.0)	(13.0)
Accounts payable	-	(483.6)	(483.6)	(483.6)
Total liabilities	**(5.4)**	**(926.4)**	**(931.9)**	**(971.3)**

	GROUP			
2012	*Available for Sale*	*Loans and receivables*	*Total carrying amount*	*Fair value*
	$Millions	*$Millions*	*$Millions*	*$Millions*
Assets				
Cash and cash equivalents	-	16.5	16.5	16.5
Other Investments	2.3	-	2.3	2.3
Trade receivables	-	228.0	228.0	228.0
Total assets	**2.3**	**244.5**	**246.8**	**246.8**

	GROUP			
2012	*Held for trading at fair value*	*Financial liabilities at amortised cost*	*Total carrying amount*	*Fair value*
	$Millions	*$Millions*	*$Millions*	*$Millions*
Liabilities				
Bonds	-	(298.4)	(298.4)	(310.1)
Derivatives	(10.1)	-	(10.1)	(10.1)
Accounts payable	-	(430.9)	(430.9)	(430.9)
Total liabilities	**(10.1)**	**(729.3)**	**(739.4)**	**(751.1)**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

2013	Available for Sale	Loans and receivables	Total carrying amount	Fair value
		PARENT		
	$Millions	$Millions	$Millions	$Millions
Assets				
Cash and cash equivalents	-	113.8	113.8	113.8
Other Investments	1.0	-	1.0	1.0
Trade receivables	-	224.9	224.9	224.9
Total assets	**1.0**	**338.7**	**339.7**	**339.7**

2013	Held for trading at fair value	Financial liabilities at amortised cost	Total carrying amount	Fair value
		PARENT		
	$Millions	$Millions	$Millions	$Millions
Liabilities				
Bonds	-	(429.8)	(429.8)	(469.3)
Derivatives	(5.4)	-	(5.4)	(5.4)
Finance leases	-	(13.0)	(13.0)	(13.0)
Accounts payable	-	(488.3)	(488.3)	(488.3)
Total liabilities	**(5.4)**	**(931.1)**	**(936.5)**	**(975.9)**

2012	Available for Sale	Loans and receivables	Total carrying amount	Fair value
		PARENT		
	$Millions	$Millions	$Millions	$Millions
Assets				
Cash and cash equivalents	-	16.1	16.1	16.1
Other Investments	2.3	-	2.3	2.3
Trade receivables	-	229.3	229.3	229.3
Total assets	**2.3**	**245.4**	**247.7**	**247.7**

2012	Held for trading at fair value	Financial liabilities at amortised cost	Total carrying amount	Fair value
		PARENT		
	$Millions	$Millions	$Millions	$Millions
Liabilities				
Bonds	-	(298.4)	(298.4)	(310.1)
Derivatives	(10.1)	-	(10.1)	(10.1)
Accounts payable	-	(431.0)	(431.0)	(431.0)
Total liabilities	**(10.1)**	**(729.4)**	**(739.5)**	**(751.2)**

NZ IFRS 7 requires disclosure of fair value measurements using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following tables present the Group's assets and liabilities that are measured at fair value.

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

GROUP & PARENT 31 March 2013	Level 1 $Millions	Level 2 $Millions	Level 3 $Millions	Total $Millions
Assets per the statement of financial position				
Other Investments	-	1.0	-	1.0
Derivative financial instruments	-	-	-	-
Total	**-**	**1.0**	**-**	**1.0**
Liabilities per the statement of financial position				
Derivative financial instruments	-	(5.4)	-	(5.4)
Total	**-**	**(5.4)**	**-**	**(5.4)**

31 March 2012	Level 1 $Millions	Level 2 $Millions	Level 3 $Millions	Total $Millions
Assets per the statement of financial position				
Other Investments	-	2.3	-	2.3
Derivative financial instruments	-	0.3	-	0.3
Total	**-**	**2.6**	**-**	**2.6**
Liabilities per the statement of financial position				
Derivative financial instruments	-	(10.4)	-	(10.4)
Total	**-**	**(10.4)**	**-**	**(10.4)**

Capital management

The key factors in determining Z Energy Limited's optimal capital structure are:

- Nature of activities
- Forecast of earnings and cash flows
- Capital needs over the forecast period
- Available sources of capital and relative cost

The Group's capital includes share capital and retained earnings. The Group's borrowings are subject to certain compliance ratios relevant to the facility agreements or the trust deed applicable to the borrowings. The Group will seek to spread the maturities of its debt with no more than 50% of core debt facilities maturing in any forward 12 month period.

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17. Provisions

Decommissioning and restoration

Estimated decommissioning and restoration costs are recognised at the estimated future cost of settle. The estimated future cost is calculated using amounts discounted over the useful economic life of the assets. Decommissioning and restoration costs expected to be settled within one year are classified as current liabilities. Decommissioning and restoration costs expected to be settled between one and 30 years are classified as non current.

Remediation

Estimated remediation costs for sites are recognised on an accrual basis at the time there is a formal plan or obligation, legal or constructive, in place. The remediation costs are expected to be settled between one and 30 years depending on the location.

For the year ended 31 March 2013

	GROUP & PARENT			
	Decommissioning and restoration	*Remediation*	*Other*	*Total*
	$Millions	*$Millions*	*$Millions*	*$Millions*
Balance at the beginning of the period	21.7	2.4	1.6	25.7
Provisions made during the period	0.7	1.9	3.8	6.4
Provisions used during the period	(1.8)	(0.4)	(0.5)	(2.7)
Provisions reversed during the period	-	(0.1)	(1.1)	(1.2)
Unwind of discount	(0.4)	-	-	(0.4)
Balance at the end of the period	**20.2**	**3.8**	**3.8**	**27.8**
Current	2.5	-	1.2	3.7
Non-current	17.7	3.8	2.6	24.1
Balance at the end of the period	**20.2**	**3.8**	**3.8**	**27.8**

For the year ended 31 March 2012

	GROUP & PARENT			
	Decommissioning and restoration	*Remediation*	*Other*	*Total*
	$Millions	*$Millions*	*$Millions*	*$Millions*
Balance at the beginning of the period	19.6	2.6	3.5	25.7
Provisions made during the period	0.0	0.0	0.7	0.7
Provisions used during the period	(1.0)	(0.2)	(2.6)	(3.8)
Provisions reversed during the period	(0.3)	-	-	(0.3)
Unwind of discount	3.4	-	-	3.4
Balance at the end of the period	**21.7**	**2.4**	**1.6**	**25.7**
Current	3.3	-	1.6	4.9
Non-current	18.4	2.4	-	20.8
Balance at the end of the period	**21.7**	**2.4**	**1.6**	**25.7**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

18. Emissions trading scheme

Stock of units

	GROUP & PARENT	
	31 March 2013	*31 March 2012*
	Units	*Units*
	Millions	*Millions*
Balance at beginning of period	7.3	3.7
Plus units acquired and contracted for during the period	2.4	4.9
Units utilised during the period	(2.5)	(1.3)
Balance at end of period	**7.2**	**7.3**

Obligation

	31 March 2013	31 March 2012
	Units	Units
	Millions	Millions
Obligation payable	2.9	3.1

19. Investment in subsidiaries, associates and joint operations

The significant subsidiaries and associates of Z Energy Limited and their activities are shown below:

The financial year-end of all the significant subsidiaries is 31 March.

	2013	*2012*	*Principal activity*	*Country of incorporation*
	Holding	*Holding*		
Subsidiaries				
Mini Fuels & Oils Limited	100%	100%	Fuel Distribution	New Zealand
Harbour City Property Investments Limited	100%	100%	Property	New Zealand
Associates				
Loyalty New Zealand Limited	25%	25%	Marketing	New Zealand
New Zealand Oil Services Limited	50%	50%	Fuel Storage	New Zealand
Wiri Oil Services Limited	28%	28%	Fuel Storage	New Zealand
Penagree Limited	25%	25%	Ship Charterer	New Zealand
Coastal Oil Logistics Limited	25%	25%	Shipping Operator	New Zealand

The Group has participating interests in three unincorporated jointly controlled operations relating to the storage and distribution of petroleum products.

Joint Operations				
Joint User Hydrant Installation (JUHI)	25%	25%	Fuel Storage	
Joint Interplane Fuelling Services (JIFS)	50%	50%	Fuel Distribution	
Jointly Owned Storage Facility (JOSF)	50%	50%	Fuel Storage	

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

20. Retirement benefit obligations

Defined benefit plan

The Plan was wound up on 30 March 2012 and this note is included for comparative purposes only.

All employees of the Group who were members of the Greenstone Energy Pension Plan ("the Plan") are entitled to benefits from the Group's pension plan on retirement, disability or death. The Plan is entirely defined benefit. Pension costs incurred by the Group are included in the Group's accounts. The defined benefit plan provides lump sum benefits based on years of service and final salary.

Movement in the present value of the defined benefit obligation

	31 March 2013 $Millions	31 March 2012 $Millions
Defined benefit obligation at the beginning of the period	-	21.2
Service cost	-	1.3
Interest cost	-	0.9
Contributions by Plan participants	-	0.5
Actuarial (gains) / losses	-	2.0
Benefits paid	-	(2.1)
Settlements	-	(23.8)
Defined benefit obligation at the end of the period	**-**	**-**

Movement in the fair value of plan assets

	31 March 2013 $Millions	31 March 2012 $Millions
Fair value of assets at the beginning of the period	-	16.7
Expected return on assets	-	1.0
Actuarial gains / (losses)	-	(0.5)
Employer contributions	-	2.5
Contributions by Plan participants	-	0.5
Benefits paid	-	(2.1)
Settlements	-	(18.1)
Fair value of assets at the end of the period	**-**	**-**

Amounts recognised in profit or loss

The amounts recognised in profit or loss are as follows:

	31 March 2013 $Millions	31 March 2012 $Millions
Current service cost	-	1.3
Interest cost	-	0.9
Expected return on plan assets	-	(1.0)
Provision for annuity	-	2.0
Provision for costs incurred to wind up scheme	-	0.1
Effect of curtailments/settlements	-	(5.7)
Superannuation (credit) / expense	-	(2.4)
Withholding tax (credit) / expense	-	(1.0)
Superannuation (credit) / expense plus contributions tax	**-**	**(3.4)**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Actuarial gains and losses recognised in other comprehensive income

	GROUP & PARENT	
	31 March 2013	*31 March 2012*
	$Millions	*$Millions*
Amount accumulated in retained earnings at 1 April (net of tax)	-	4.8
Amount accumulated in retained earnings at 31 March	**-**	**4.8**

Employer contributions

Total employer contributions expected to be paid by the Group for the year ending 31 March 2013 are $nil (2012: $1.9m).

21. Leases

Operating leases

The Group has receivables from operating leases relating to the lease of premises. These receivables expire as follows:

	GROUP		PARENT	
	31 March 2013	*31 March 2012*	*31 March 2013*	*31 March 2012*
	$Millions	*$Millions*	*$Millions*	*$Millions*
Operating lease receivables as lessor				
Between 0 to 1 year	3.0	2.8	3.0	2.8
Between 1 to 2 years	2.9	2.6	2.9	2.6
Between 2 to 5 years	10.2	9.2	10.2	9.2
More than 5 years	29.1	13.1	29.1	13.1
Total	**45.3**	**27.7**	**45.3**	**27.7**

The Group has various non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The lease payables are predominantly for the lease of land and buildings.

	GROUP		PARENT	
	31 March 2013	*31 March 2012*	*31 March 2013*	*31 March 2012*
	$Millions	*$Millions*	*$Millions*	*$Millions*
Operating lease payables as lessee				
Between 0 to 1 year	22.4	15.4	20.4	15.4
Between 1 to 2 years	19.3	13.7	19.3	13.7
Between 2 to 5 years	65.3	38.9	65.3	38.9
More than 5 years	125.5	63.7	112.1	63.7
Total	**232.5**	**131.7**	**217.1**	**131.7**

Lease costs expensed through profit or loss during the period were $16.5 million (2012: $16.8 million).

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Finance leases as lessee

The Parent has finance leases for various buildings and plant and machinery with a carrying amount of $2.6m (2012: nil). These lease contracts expire within six to twelve years and have additional terms of renewal.

	GROUP & PARENT	
	2013	2012
	$Millions	$Millions
Present Value of minimum lease payments		
Between 0 to 1 year	0.3	-
Between 1 to 2 years	0.4	-
Between 2 to 5 years	1.2	-
More than 5 years	11.0	-
Minimum lease payments	**13.0**	**-**

	GROUP & PARENT	
	2013	2012
	$Millions	$Millions
Lease liability under Finance Leases		
Between 0 to 1 year	1.9	-
Between 1 to 2 years	2.0	-
Between 2 to 5 years	6.3	-
More than 5 years	15.6	-
Minimum lease payments	25.8	-
Less interest attributable to future years	(12.8)	-
Present value of minimum lease payments	**13.0**	**-**
Present value of minimum lease payments - Short term	1.9	-
Present value of minimum lease payments - Long term	11.1	-

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

22. Reconciliation of net profit/(loss) with cash flow from operating activities

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Net profit/(loss) for the period	169.9	120.7	169.2	120.7
(Gain)/Less items classified as investing activity				
Gain on sale of fixed assets	(41.4)	(6.9)	(41.4)	(6.9)
Add items not involving cash flows				
Movement in financial derivatives taken to profit or loss	(4.7)	4.1	(4.7)	4.1
Increase in deferred tax liability (excluding transfers to reserves)	3.2	(1.1)	3.1	(1.0)
Equity accounted earnings and income of associate	(0.2)	(0.6)	(0.2)	(0.6)
Depreciation	30.2	19.5	29.7	19.1
Provision for doubtful debts	0.5	0.1	0.5	0.1
Amortisation	8.8	13.5	8.8	13.5
Wind-up of defined benefit pension scheme	-	(6.7)	-	(6.7)
Loss on substitution of debt	(2.2)	6.2	(2.2)	6.2
Other	(13.8)	(0.8)	(17.9)	(0.1)
Movements in working capital				
Change in trade, accounts receivable and prepayments	3.6	(18.8)	3.5	(16.8)
Change in inventories	189.5	(122.3)	189.5	(122.3)
Change in accounts payable, accruals and other liabilities	100.1	81.4	104.7	79.1
Change in current taxation	(14.9)	(8.5)	(14.8)	(8.5)
Net cash flow from operating activities	**428.6**	**79.8**	**427.9**	**79.9**

23. Key management personnel disclosures

Key management personnel have been defined as the Chief Executive and his direct reports for the Group.

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Key management personnel remuneration comprised:				
Short-term employee benefits	3.6	3.6	3.6	3.6
Other long-term benefits	1.0	1.7	1.0	1.7
Total	**4.6**	**5.3**	**4.6**	**5.3**

Directors fees paid during the year were $0.5 million (2012: $0.5 million).

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

24. Segment Reporting

The Group operates in the fuels marketing industry and is considered to operate in one segment.

Geographical segments

The Group operates within one geographic region - New Zealand. The Group's geographical segment is based on the location of both customers and assets.

Revenue from products

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Petrol	1,093.1	1,176.1	1,093.0	1,176.1
Diesel	1,061.5	1,159.5	1,049.6	1,148.7
Jet	396.0	395.2	396.0	395.2
Other	383.2	398.6	383.1	398.6
	2,933.8	**3,129.4**	**2,921.7**	**3,118.6**

Major customers

There are no customers that comprise more than 10% of revenue individually.

25. Commitments

Capital commitments relate to property, plant and equipment and contracts for the purchase of emissions units.

	GROUP		PARENT	
	31 March 2013 $Millions	31 March 2012 $Millions	31 March 2013 $Millions	31 March 2012 $Millions
Contracted but not provided for	64.1	131.7	64.1	131.7
	64.1	**131.7**	**64.1**	**131.7**

26. Contingent liabilities

The Group (through the Parent) has guaranteed an exposure of up to $5.1m (2012: $5.1m) to a financier of one of the Group's associate companies.

The Group is not expecting to be required to honour this guarantee.

27. Contingent assets

The Group has submitted insurance claims of $3.2m relating to the Christchurch earthquake but there is no certainty these will be paid so an asset has not been recognised.

28. Related parties

Shareholders

The direct holding company of Z Energy Limited is Z Energy Holdings Limited and the ultimate parent company is Aotea Energy Holdings Limited. Aotea Energy Holdings Limited is owned 50/50 by Infratil Gas Limited and the Guardians of New Zealand Superannuation.

Other related party transactions

Included in profit or loss are sales, costs and expenses which arise from transactions between this Group and other associated companies. Such transactions mainly comprise sales and purchases of goods and services in the ordinary course of business on normal trading terms, but also include dividends and interest.

The following transactions occurred with related parties for Z Energy Limited in the period 1 April 2012 to 31 March 2013:

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

	GROUP		PARENT	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	$Millions	$Millions	$Millions	$Millions
Sales of goods and services				
Subsidiaries	-	-	82.7	83.0
Associates	2.8	3.1	2.8	3.1
Infratil Group	1.1	1.3	1.1	1.3
Companies with common directors	5.0	5.3	5.0	5.3
Company with common ownership	-	0.2	-	0.2
	8.9	**9.9**	**91.7**	**92.9**
Purchases of goods and services				
Associates	48.1	39.2	48.1	39.2
Infratil Group	1.0	0.8	1.0	0.8
Morrison & Co.	-	0.1	-	0.1
Companies with common directors	0.3	0.3	0.3	0.3
Company with common ownership	440.9	398.0	440.9	398.0
	490.3	**438.4**	**490.3**	**438.4**

The following other balances are outstanding at the reporting date in relation to transactions with related parties:

	GROUP		PARENT	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	$Millions	$Millions	$Millions	$Millions
Current receivables				
Subsidiaries	-	-	-	11.1
Associates	0.2	-	0.2	-
Infratil Group	0.1	0.1	0.1	0.1
Companies within AEHL Group	720.0	385.2	720.0	385.2
Companies with common directors	0.4	0.5	0.4	0.5
Company with common ownership	-	0.4	-	0.4
	720.7	**386.1**	**720.7**	**397.2**
Current Payables				
Associates	3.4	2.3	3.4	2.3
Companies within AEHL Group	314.7	312.5	314.7	312.5
Company with common ownership	37.9	35.1	-	35.1
	356.0	**349.8**	**318.1**	**349.8**

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

29. Other Investments

On 30 March 2012 the Company purchased units in the AMP Capital Property Portfolio (a listed unit trust) from Greenstone Energy Pensions Limited (the Pension Scheme) to enable the Pension to wind up. At 31 March 2013 the remaining units have been fair valued at the unit price of $2.10 (2012: $1.95).

30. Events after balance date

Dividend

Subsequent to 31 March 2013 the Directors approved a fully imputed dividend from Z Energy Limited to Z Energy Holding Limited of $29.1m, which is to be paid by 31 May 2013.

Transactions with the pension scheme, which is a related party, are disclosed in Note 20 and 29.

Directory

Directors

Marko Bogoievski
Alan Michael Dunn
Paul Lightle Fowler
Peter Ward Griffiths
Liberato Petagna

Registered Office

3 Queens Wharf
Wellington 6011

Auditor

KPMG

Maritime Tower
10 Customhouse Quay
PO Box 996
Wellington

Bankers

ANZ National Bank

215-229 Lambton Quay
Wellington

Bank of New Zealand

80 Queen Street
Auckland

Hong Kong and Shanghai Banking Corporation

HSBC Tower
195 Lambton Quay
Wellington

Westpac Banking Corporation

188 Quay Street
Auckland

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

Independent Auditor's Report

To the shareholder of Z Energy Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of Z Energy Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 151 to 186. The financial statements comprise the statements of financial position as at 31 March 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the company and group in relation to general accounting services. Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.

Opinion

In our opinion the financial statements on pages 151 to 186:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the company and the group as at 31 March 2013 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Z Energy Limited as far as appears from our examination of those records.

KPMG

2 May 2013
Wellington

Note: These are the historical financial statements for the 12 months ending 31 March 2013. Because of adjustments in anticipation of completion of the Offer, these financial statements do not reflect the position of the Z Energy Group as at the date of this Offer Document or on completion of the Offer. You should read Section 5.1 (Introduction to Operational and Financial Information) to understand the adjustments that have occurred and that are projected to occur.

5.8 Statutory Auditor's Report

The Directors
Z Energy Limited
PO Box 2091
Wellington 6140
New Zealand

The Directors
Z Energy Holdings Limited
PO Box 2091
Wellington 6140
New Zealand

25 July 2013

Dear Sirs

Auditor's report

As auditor of Z Energy Limited and its subsidiaries (the "Group") we have prepared this report in accordance with the requirements of the Securities Act 1978 and pursuant to clause 28 of Schedule 1 of the Securities Regulations 2009 for inclusion in the combined investment statement and prospectus (the "Offer Document") dated 25 July 2013 and for no other purpose.

Report on the summary financial statements of the Group

The summary financial statements on pages 147 to 150 are derived from the unaudited financial statements of the Group for the years ended 31 December 2008 and 31 December 2009, and the audited financial statements of the Group for the periods ended 31 March 2011, 31 March 2012, and 31 March 2013. For the periods ended 31 March 2011, 31 March 2012, and 31 March 2013, we expressed an unmodified opinion on those financial statements in our audit reports for each of those periods. The summary financial statements do not reflect the effects of events that occurred subsequent to the date of the report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

Directors' responsibilities for the summary financial statements of the Group

The Directors are responsible for the preparation and presentation of summary financial statements for the Group for the years ended 31 December 2008 and 31 December 2009, and for the periods ended 31 March 2011, 31 March 2012, and 31 March 2013 in accordance with clause 9 of Schedule 1 of the Securities Regulations 2009.

This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation and presentation of the summary financial statements that is free from material misstatement, whether due to fraud or error. It also includes selecting the assumptions and policies upon which it is based, making judgements and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the financial information.

Auditor's responsibilities for the summary financial statements of the Group

It is our responsibility to report on whether the amounts stated in the summary financial statements for the Group for the years ended 31 December 2008 and 31 December 2009, and for the periods ended 31 March 2011, 31 March 2012, and 31 March 2013 have been taken from audited financial statements, and whether or not the amounts have been correctly taken.

In respect of the summary financial statements for the periods ended 31 December 2008 and 31 December 2009, our responsibility is to express an opinion as to whether the amounts stated in summary financial statements for the years ended 31 December 2008 and 31 December 2009 have been correctly taken from the financial statements of the Group for those periods. This work has been performed in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 *Assurance Engagement Other than Audits or Reviews of Historical Financial Information* issued by the External Reporting Board.

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the summary financial statements for the years ended 31 December 2008 and 31 December 2009, whether due to fraud or error.

In respect of the summary financial statements for the Group for the periods ended 31 March 2011, 31 March 2012 and 31 March 2013 for which we were auditor of the Group, our responsibility is to express an opinion on the summary financial statements of the Company based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) 810 Engagements to Report on Summary Financial Statements.

Opinion on summary financial statements of the Group

In our opinion the amounts set out in the summary financial statements on pages 147 to 150 of this Offer Document for the years ended 31 December 2008, 31 December 2009, and periods ended 31 March 2011, 31 March 2012 and 31 March 2013, as required by clause 9 of Schedule 1 of the Securities Regulations 2009, have been correctly taken from the unaudited financial statements of the Group for the years ended 31 December 2008, 31 December 2009, and the audited financial statements of the Group for the periods ended 31 March 2011, 31 March 2012 and 31 March 2013 and are consistent, in all material respects, with those financial statements.

Report on the Prospective Financial Information

Directors' responsibility for the Prospective Financial Information

The Directors are responsible for the preparation and presentation of Prospective Financial Information for the Group for the periods ending 31 March 2014 and 30 September 2014, including the assumptions on which the prospective financial information is based, in accordance with the requirements of clauses 11(1)(c), 11(2) and 11(3) of Schedule 1 of the Securities Regulations 2009.

This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation and presentation of the Prospective Financial Information that is free from material misstatement, whether due to fraud or error. It also includes selecting the assumptions and policies upon which it is based, making judgements and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the Prospective Financial Information.

The Directors are responsible for preventing and detecting fraud and for identifying and ensuring that the Group complies with laws and regulations applicable to its activities. The Directors are responsible for ensuring that management and other staff involved with the preparation of the prospective financial information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Auditor's responsibility for the Prospective Financial Information

Our responsibility is to examine the Prospective Financial Information and to express a reasonable assurance opinion as to whether the Prospective Financial Information, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the Group, as set out on pages 130 to 142 of this Offer Document, and is presented on a basis consistent with the accounting policies normally adopted by the Group.

We conducted our engagement in accordance with International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the External Reporting Board of New Zealand. That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether the Prospective Financial Information has been properly compiled in all material respects, on the footing of the assumptions made or adopted by the Group, as set out on pages 130 to 142 of the Offer Document and is presented on a basis consistent with the accounting policies normally adopted by the Group.

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Prospective Financial Information for the Group, whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Prospective Financial Information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the preparation and presentation of the Prospective Financial Information.

Prospective financial information relates to events and actions that have not yet occurred and may not occur. It is likely that actual results will vary from those forecast. Accordingly, we are not in a position to express an opinion as to whether the results shown in the Prospective Financial Information will be achieved.

Opinion on Prospective Financial Information

In our opinion, the Prospective Financial Information, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the Group set out on pages 130 to 142 of this Offer Document and is presented on a basis consistent with the accounting policies normally adopted by the Group.

We express no opinion as to whether the Prospective Financial Information will be achieved.

Report on other legal and regulatory requirements

In accordance with the requirements of clauses 28(d) and 28(e) of Schedule 1 of the Securities Regulations 2009, we report that:

- We have obtained all the information and explanations that we have required, and
- In our opinion, proper accounting records have been kept by the Group as far as appears from our examination of those records.

Report on the consolidated financial statements of the Group

We have audited the consolidated financial statements of the Group for the year ending 31 March 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 2 May 2013, which is included on page 187 of this Offer Document. The financial statements do not reflect the effects of events that occurred subsequent to the date of the report on those financial statements.

Other matters

Independence

Our firm has provided other services to the Group in relation to assurance and advisory services. KPMG partners and employees deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditors of the Group. The firm has no other relationship with or interest in the Group.

Responsibility for updating

We have no responsibility to update our opinion on any of the matters above for events and circumstances occurring after the date of this report.

Restriction on use

This report has been prepared for inclusion in this Offer Document dated 25 July 2013 for the purpose of meeting the requirements of clause 28 of Schedule 1 to the Securities Regulations 2009. We disclaim any assumption of responsibility for reliance on this report or the amounts included in the historical summary of financial statements and the Prospective Financial Information for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the Offer Document not specifically mentioned in this report.

Auditor's consent

For the purposes of regulation 18(1)(c)(ii) of the Securities Regulations 2009 we hereby give our consent to the inclusion in the above mentioned Offer Document of this report in the form in which it appears. We also confirm that we have not, before delivery of this Offer Document for registration, withdrawn our consent to the issue thereof.

We completed our work for the purposes of this report on 25 July 2013 and our unqualified opinion is expressed at that date.

Yours faithfully

KPMG

KPMG
Wellington

5.9 ***Investigating Accountant's Report***

The Directors
Z Energy Limited
Z Energy Holdings Limited
The directors of Z Energy Holdings Limited
Infratil Limited
The directors of Infratil Limited
NZSF Aotea Limited
The directors of NZSF Aotea Limited
Each member of the Z Energy Limited Due Diligence Committee

25 July 2013

Dear Addressees

Investigating Accountant's Limited Assurance Report on the Prospective Financial Information

This report has been prepared by KPMG in accordance with the terms of our engagement letter dated 15 May 2013 at the request of the Addressees, for inclusion in the combined Investment Statement and Prospectus to be dated on or about 25 July 2013 ("Offer Document") in respect of Z Energy Limited (the "Company").

References to defined words and other terminology used in this report have the same meaning as set out in the *Glossary* to the Offer Document.

Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the Prospective Financial Information, including the assumptions based on best information that are reasonable and supportable (as required in FRS-42 *Prospective Financial Information* issued by the New Zealand Institute of Chartered Accountants), on which the Prospective Financial Information is based.

KPMG responsibilities and scope of work

Our responsibility is to perform a limited assurance engagement as described below and to express a conclusion based on the results of our work.

We have conducted our work in accordance with International Standard on Assurance Engagements (New Zealand) 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the Council of the New Zealand Institute of Chartered Accountants.

Our procedures consisted primarily of enquiry, discussion and comparison and other such analytical review procedures we considered necessary so as to provide limited assurance as to whether anything has come to our attention that causes us to believe that the assumptions set out in Section 5.4 (Prospective Financial Information) of the Offer Document, do not provide, in all material respects, reasonable and supportable basis (as defined in FRS-42) for the Prospective Financial Information or that the Prospective Financial Information is unreasonable.

The procedures selected depend on our understanding of the Prospective Financial Information, the business plan of the Company and each of its subsidiaries (the "Group"), identified key assumptions, and our consideration of areas where material misstatements are likely to arise.

Other than as mentioned above, the scope of this engagement has not extended to performing any procedures by way of audit, review or verification of the underlying records or other sources from which the amounts included in the Prospective Financial Information were extracted.

Our Conclusion

Based on our analysis of the Prospective Financial Information and the Directors' assumptions, which is not an audit, nothing has come to our attention that causes us to believe that the Directors' assumptions set out in Section 5.4 (Prospective Financial Information), which are subject to the risks described in Section 4 (Risks) as well as the information set out under the heading "What are my risks?" in Section 1.4 (Answers to Important Questions), do not provide, in all material respects, a reasonable and supportable basis (as defined in FRS-42) for the Prospective Financial Information or that the Prospective Financial Information is unreasonable.

Actual results during the forecast period may vary materially from the Prospective Financial Information, as it is often the case that some events and circumstances do not occur as expected, or are not anticipated. We do not confirm, guarantee or express an opinion as to whether the actual results will approximate those forecast because assumptions regarding future events, by their nature, are not capable of independent substantiation.

We completed the procedures on 25 July 2013 and our findings are reported as at that date.

Restriction on use of our report

This report is made solely to the Addressees for inclusion in the Offer Document. To the fullest extent permitted by law and subject to section 61 of the Securities Act 1978 we do not accept or assume responsibility to anyone other than the Addressees of this report for the conclusions that we have formed.

We disclaim any assumption of responsibility for reliance on this report or the amounts included in the Prospective Financial Information for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the Offer Document not specifically mentioned in this report.

Independence or Disclosure of Interest

KPMG does not have any interest in the outcome of the Offer other than the preparation of this report and participation in due diligence in connection with the Offer Document for which normal professional fees are being received. We have no relationship with or interest in any member of the Group other than in our capacities as auditor, investigating accountant and provider of other assurance and advisory services.

KPMG partners and employees also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence.

KPMG has given, and has not, before delivery of a copy of the Offer Document for registration in accordance with section 41 of the Securities Act 1978, withdrawn its written, consent to the distribution of the Offer Document with this report included in the form and context in which it is included.

Yours faithfully

KPMG

KPMG
Wellington

6

The details of the Offer

Why you should read this section

This section sets out the details of the Offer, the potential tax implications for New Zealand resident investors and the information prescribed by the Securities Regulations.

6.1 Details of the Offer

Why you should read this section

You should read this section to understand the details of the Offer and what happens once you have applied. The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

If you do not understand the information in this section, you should consult a financial or legal adviser.

The Offer

The Offer is an offer of new and existing fully paid ordinary shares in Z Energy. The Offer Shares will be offered to retail investors and Institutional Investors at the Final Price, to be determined by ZEHL following the Bookbuild.

Z Energy Limited (Z Energy) is currently 100% owned by Z Energy Holdings Limited (ZEHL), ultimately owned by Infratil Limited (Infratil) and NZSF Aotea Limited (NZSFA) (on behalf of the New Zealand Superannuation Fund). The Offer is being made to allow Infratil and NZSFA to realise a portion of their investment in Z Energy.

To allow this to occur, Z Energy will issue new Shares and ZEHL will sell existing Shares as follows:

- Z Energy is seeking to issue $422.4 million of new Offer Shares and, on completion of the Offer, will use the proceeds to repay existing amounts it owes to ZEHL and Aotea Energy Holdings No 2 Limited ($322.1 million) and to settle the transfer of shares by ZEHL to Z Energy of shares comprising 17.14% of the total shares in Refining NZ ($100.3 million, being $2.09 per share which was the volume weighted average traded price of the shares traded on the NZX Main Board between 28 June and 4 July 2013).
- ZEHL is seeking to sell some of its existing Shares in Z Energy such that, following the completion of the Offer, ZEHL will have a shareholding in Z Energy of between 40% and 50%. ZEHL will inform Bookbuild participants of its desired retained shareholding in Z Energy prior to the commencement of the Bookbuild (the "Final Percentage").

On completion of the Offer, there will be no outstanding amounts owing by Z Energy to any other member of the existing group (being ZEHL and its holding companies). Prior to the date of this Offer Document, intercompany amounts owed to Z Energy by AEL totalling $554.8 million were distributed by Z Energy to ZEHL by way of dividends as an in specie distribution and amounts owed to Z Energy by Aotea Energy Holdings Limited and Aotea Energy Holdings No 2 Limited totalling $9.2 million were repaid in May 2013, with the effect that there are no outstanding amounts owed to Z Energy by any other member of the existing group.

None of the proceeds of the Offer will be retained by Z Energy. The Offer will not proceed if Z Energy is unable to raise a minimum of $422.4 million[58] to pay the amounts it owes to ZEHL and Aotea Energy Holdings No 2 Limited to repay intercompany debts and to settle the transfer of the Refining NZ shares.

Together the new Shares offered by Z Energy and the existing Shares offered by ZEHL comprise the Offer Shares.

All Offer Shares (whether offered by Z Energy or ZEHL) will be issued at the Final Price.

Other than the identity of the transferor of the Offer Shares, all Offer Shares are the same. The terms of the Offer Shares will be identical to the terms of the existing Shares and the Offer Shares will rank equally in all respects with the existing Shares.

The Offer provides the opportunity for investors to directly own shares in Z Energy. Z Energy is expected to quote its Shares on the NZX Main Board and the ASX at the conclusion of the Offer.

The Offer is made on the terms, and is subject to the conditions, set out in this Offer Document.

No person guarantees the Offer Shares. The Offer is not underwritten.

Purpose of the Offer

The purpose of the Offer is to provide Infratil and NZSFA (on behalf of the New Zealand Superannuation Fund), through their joint ownership of ZEHL (which currently holds all of the Shares in Z Energy), with an opportunity to realise a portion of their investment in Z Energy. All of the proceeds of the Offer (whether paid to Z Energy in respect of new Offer Shares or to ZEHL in respect of existing Offer Shares) will be paid to, or through to, ZEHL and Aotea Energy Holdings No 2 Limited and, ultimately, Infratil and NZSFA (on behalf of the New Zealand Superannuation Fund).

Structure of the Offer

There is no public pool of Offer Shares available. Applicants may apply under the Offer via either:

- The Retail Offer, which is:
  - The New Zealand Broker Firm Offer which is available only to New Zealand resident clients of NZX Firms who have received an allocation from that NZX Firm
  - The Australian Broker Firm Offer which is only available to Australian residents who are clients of Australian affiliates of NZX Firms who are sophisticated or professional as respectively referred to in sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth), and
  - The Staff Pool which is available only to Z employees as determined by Z Energy, with a reserved amount of $500,000 worth of Offer Shares, and
- The Institutional Offer, which is an invitation to bid for Offer Shares made to selected Institutional Investors in New Zealand, Australia and certain overseas jurisdictions.

The allocation of Offer Shares between the Institutional Offer and the Retail Offer (and within the Retail Offer

58 The exact amount being $422,387,019, which has been rounded up to $422.4 million.

between the Broker Firm Offer and the Staff Pool, subject to the reservation under the Staff Pool of $500,000 worth of Offer Shares) will be determined by ZEHL in consultation with the Joint Lead Managers.

Broker firm allocations to NZX Firms are expected to be made on or around 31 July 2013, on terms advised to NZX Firms in their invitation letter.

Further details of the Retail Offer and the Institutional Offer can be found below under the headings "Retail Offer" and "Institutional Offer".

The Offer may not be accepted by a person who is an Associate of (or if the Shares or their voting rights that person would acquire would be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians. By making an Application you represent and warrant to Z Energy and ZEHL that you are not an Associate of (and that any Shares or voting rights to be acquired by you will not be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians.

Pricing of the Offer

An Indicative Price Range of $3.25 to $3.75 per Offer Share has been established for the Offer.

The Final Price will be set on or about 16 August 2013 following completion of the Bookbuild.

However, ZEHL reserves the right to set the Final Price within, above or below the Indicative Price Range.

All of the Offer Shares will be sold at the Final Price.

You can find more information on the determination of the Final Price below, under the heading "Determination of the Final Price".

Size of the Offer

The Offer is an offer by:

- Z Energy of that number of Shares which, when multiplied by the Final Price, equals (as nearly as possible) $422.4 million, and
- ZEHL of that number of Offer Shares which will result in ZEHL holding the Final Percentage of the Shares in Z Energy immediately following the completion of allotment of the Offer Shares under the Offer.

You can find more information on the determination of the Final Percentage below, under the heading "Determination of the Final Percentage".

The number of Offer Shares that will be offered depends on the number of Shares ZEHL decides to sell into the Offer. Z Energy will issue that number of Offer Shares which, when multiplied by the Final Price, equals (as nearly as possible) $422.4 million. Following the determination of the Final Price but before the allotment of the Offer Shares, Z Energy will undertake a Share split of its existing Shares such that upon allotment of the new Offer Shares being issued by Z Energy, Z Energy has a total of 400 million Shares on issue. ZEHL will sell that number of Offer Shares which will result in ZEHL holding the Final Percentage (being the percentage of Shares ZEHL decides to retain in Z Energy following completion of the Offer).

Bookbuild and Allocation

Pricing of the Offer will be determined following the Bookbuild managed by the Joint Lead Managers. The Bookbuild will take place on 15 and 16 August 2013.

Selected Institutional Investors and selected NZX Firms may submit bids indicating the number of Offer Shares they wish to purchase or be allocated at a range of prices to the Joint Lead Managers. Following completion of the Bookbuild and determination of the Final Price by ZEHL, allocations under the Institutional Offer and the Retail Offer will be determined by ZEHL in consultation with the Joint Lead Managers.

Determination of the Final Price

An indicative price range of $3.25 to $3.75 per Offer Share has been set by ZEHL.

The Bookbuild (as described above) will be used to assist ZEHL in determining the Final Price.

The Final Price will be set taking into account various factors, including the following:

- The overall demand for Offer Shares at various prices
- Pricing indications from Institutional Investors and NZX Firms in the Bookbuild
- ZEHL's desire for an informed and active trading market for the Shares following listing on the NZX Main Board and the ASX
- Any other factors that ZEHL considers relevant.

The Final Price is expected to be announced and posted on Z Energy's website www.z.co.nz and under Z Energy's stockcode 'ZEL' on www.nzx.com on or about 16 August 2013.

The Final Price will not necessarily be the highest price at which Offer Shares could be issued or transferred under the Offer.

All of the Offer Shares will be sold at the Final Price.

Determination of the Final Percentage

Infratil and NZSFA (on behalf of the New Zealand Superannuation Fund), through ZEHL, will remain substantial shareholders in Z Energy following completion of the Offer.

Following the determination of the Final Price but before the allotment of the Offer Shares, Z Energy will undertake a Share split of its 5 million existing Shares such that upon allotment of the new Offer Shares, Z Energy will have a total of 400 million Shares on issue.

ZEHL intends to retain between 40% and 50% of the total number of Shares on issue following completion of the Offer and will inform Bookbuild participants of its desired retained shareholding in Z Energy prior to the commencement of the Bookbuild (the "Final Percentage").

ZEHL will sell between 70 million and 127 million Offer Shares (based on the Indicative Price Range).

By way of example (based on the Indicative Price Range):

Final Percentage	*Offer Shares sold by ZEHL*	*Value of Offer Shares sold by ZEHL*
40%	110 million to 127 million	$358 million to $478 million
50%	70 million to 87 million	$228 million to $328 million

Retail Offer

	Broker Firm Offer	Staff Pool
Who may apply	The Broker Firm Offer is open to persons who have received an allocation from their broker, or an NZX Firm, and who have a registered address in New Zealand or are Australian residents who are clients of Australian affiliates of NZX Firms who are sophisticated or professional as respectively referred to in sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth). If you have been offered an allocation by an NZX Firm, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your broker or an NZX Firm to determine whether they may allocate Offer Shares to you under the Broker Firm Offer.	The Staff Pool is open to any person resident in New Zealand who Z Energy determines is an employee of Z Energy as at the Opening Date. All Applications made under the Staff Pool will be reviewed by Z Energy prior to the Share Registrar accepting such Applications.
How to apply	Applicants in the New Zealand Broker Firm Offer should complete the Application Form at the back of this Offer Document. By making an Application, you declare that you were given a copy of the Offer Document, together with an Application Form. Please contact your broker or an NZX Firm if you require further instructions. Australian residents who are clients of Australian affiliates of NZX Firms who are sophisticated or professional as respectively referred to in sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth), will be given instructions on making an Application by their broker.	A Staff Pool Application Form will be provided to you upon request from the relevant person at Z Energy. By making an Application, you declare that you were given access to the Offer Document, together with an Application Form. Employees wishing to apply under the Staff Pool must contact Robyn Samu by email at Robyn.Samu@z.co.nz to request a copy of this Offer Document and an Application Form.
Minimum and maximum Application amounts	The minimum Application amount will be $3,000 worth of Offer Shares, and then in multiples of $100. The maximum amount that can be applied for under the Broker Firm Offer will be determined by your broker.	The minimum Application amount will be $1,000 worth of Offer Shares, and then in multiples of $100. There is no maximum amount that can be applied for under the Staff Pool.
How to pay	Broker Firm Offer Applicants should make payments in accordance with the directions of the NZX Firm from whom you received an allocation.	Application Monies should be paid by cheque drawn on a New Zealand bank account. Cheques should be crossed "Not Transferable" and made out to "Z Energy Share Offer". Alternatively, Application Forms may include direct debit details.

	Broker Firm Offer	Staff Pool
Address for return of Application Forms and Application Monies	Applications made pursuant to the New Zealand Broker Firm Offer must be mailed or delivered to the NZX Firm from whom the firm allocation was offered in time to allow the NZX Firm to forward your Application to the Share Registrar to arrive no later than 5.00pm on the Broker Firm Closing Date. Australian residents who are clients of Australian affiliates of NZX Firms who are sophisticated or professional as respectively referred to in sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth), will be given instructions on making an Application by their broker.	Staff Pool Applicants should send their completed Application Form and Application Monies to the Share Registrar, Link Market Services, by 5.00pm on the Staff Pool Closing Date.
Closing Date for receipt of Applications	The New Zealand Broker Firm Offer opens at 9.00am on 2 August 2013 and is expected to close at 5.00pm on 15 August 2013. Z Energy and ZEHL may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Your broker may also impose an earlier closing date. Applicants are encouraged to submit their Applications as early as possible in order to enable processing by the Broker Firm Offer Closing Date.	The Staff Pool offer opens at 9.00am on 2 August 2013 and is expected to close at 5.00pm on 13 August 2013. Z Energy and ZEHL may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Applicants are encouraged to submit their Applications as early as possible in order to enable processing by the Staff Pool Closing Date.
How to obtain a copy of this Offer Document	Please contact your broker for instructions. You may also obtain a copy of the Offer Document by: • Downloading a copy at www.z.co.nz, or • Requesting a copy from the Share Registrar, Link Market Services Limited by emailing z@linkmarketservices.co.nz or by calling +64 9 375 5998. Applications will not be accepted if the Applicant has not received an allocation from their broker.	You can only obtain a copy of the Offer Document and Staff Pool Application Form by requesting a copy from Robyn Samu at Z Energy, by emailing Robyn.Samu@z.co.nz.

Further terms of the Retail Offer

General

The number of Offer Shares to be offered under the Retail Offer, and the allocation of Offer Shares among broker firms in the Retail Offer, will be determined by ZEHL. ZEHL will have absolute discretion regarding the basis of allocation of Offer Shares among broker firms, and there is no assurance that any broker firms will be allocated any Offer Shares. The allocation policy will be influenced by a number of factors, which may include:

- The size of the bid by particular broker firms
- The timeliness of the bid by particular broker firms
- ZEHL's desire to establish a supportive base of retail Shareholders
- Overall level of demand from NZX Firms, and
- Any other factors that ZEHL consider appropriate.

Broker firm allocations to NZX Firms are expected to be made on or around 31 July 2013.

ZEHL may determine a person to be eligible to participate in any part of the Retail Offer, and may amend or waive the applicable Application procedures or requirements, in its discretion in compliance with applicable laws.

Availability of Funds

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s), bank draft(s) or direct debit payment(s). If the amount of your cheque(s), bank draft(s) or direct debit payment(s) for Application Monies (or the amount for which those cheque(s), bank draft(s) or direct debit payment(s) clear in time for allocation) is less than the value of the Offer Shares you apply for, you may be taken to have applied for such lesser value of Offer Shares for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

Application Monies received under the Retail Offer will be held in a special purpose account until Offer Shares are allocated to successful Applicants. Applicants under the Retail Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Offer Shares than the value of Offer Shares applied for, will be mailed a refund (without interest) of all or part of their Application Monies, within 10 Business Days of the Broker Firm Offer Closing Date. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will become an asset of Z Energy.

Allocation under the Retail Offer

Allocations to Applicants in the Broker Firm Offer will be determined by broker firms after broker firm allocations are confirmed by ZEHL.

If the value of Applications received under the Staff Pool is greater than the value of Offer Shares available under the Staff Pool (as determined by ZEHL), Applications will be scaled back in such manner as ZEHL may determine.

Applicants whose Applications are accepted in full will receive the number of Offer Shares equivalent to the value of Offer Shares applied for, rounded down to the nearest whole Offer Share. Surplus Application Monies received from Applicants under the Staff Pool resulting solely from rounding will not be returned to Applicants and will become an asset of Z Energy.

Offer Shares which have been allocated to NZX Firms for allocation to their New Zealand resident retail clients will be issued to the Applicants nominated by those NZX Firms. It will be a matter for the NZX Firms how they allocate firm stock among their retail clients, and they (and not Z Energy, ZEHL, the Promoters or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Offer Shares.

Acceptance of Applications under the Retail Offer

An Application in the Retail Offer is an offer by the Applicant to subscribe for all or any of the value of Offer Shares specified in the Application Form, at the Final Price on the terms and conditions set out in this Offer Document, including any supplementary or replacement Offer Document, and the Application Form. To the extent permitted by law, the offer by an Applicant is irrevocable. An Application may be accepted in respect of the full value of Offer Shares specified in the Application Form or any of the value, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract. Applications will not be accepted if the Applicant has not received an allocation from his/her/its broker or NZX Firm.

Institutional offer

ZEHL, through the Joint Lead Managers, will invite selected Institutional Investors in New Zealand, Australia and certain overseas jurisdictions and selected NZX Firms to bid for Offer Shares in the Bookbuild to be undertaken by the Joint Lead Managers on 15 and 16 August 2013.

The Institutional Offer consists of an invitation to selected Institutional Investors in New Zealand, Australia and a number of other eligible jurisdictions and selected NZX Firms to apply for Offer Shares. The Joint Lead Managers will separately advise procedures for the Bookbuild.

The number of Offer Shares to be offered under the Institutional Offer, and the allocation of Offer Shares among Applicants in the Institutional Offer, will be determined by ZEHL. ZEHL will have absolute discretion regarding the basis of allocation of Offer

Shares among Institutional Investors, and there is no assurance that any Institutional Investor will be allocated any Offer Shares, or the number of Offer Shares for which it has bid. The allocation policy will be influenced by a number of factors, which may include:

- The size of the bids by Institutional Investors
- The timeliness of the bids by Institutional Investors
- ZEHL's desire for an informed and active trading market for the Shares following listing on the NZX Main Board and the ASX
- ZEHL's desire to establish a wide spread of institutional Shareholders
- Overall level of demand under the Retail Offer and the Institutional Offer
- The size and type of funds under management of Institutional Investors
- An assessment of whether particular Institutional Investors will be long-term Shareholders, and
- Any other factors that ZEHL consider appropriate.

ZEHL may determine an Institutional Investor to be eligible to participate in any part of the Institutional Offer, and may amend or waive the applicable Application procedures or requirements, in their discretion in compliance with applicable laws.

Offer Management Agreement

The Offer is not underwritten. Z Energy, ZEHL and the Joint Lead Managers have entered into an Offer Management Agreement. Under the Offer Management Agreement, once the Final Price has been determined, the Joint Lead Managers or their affiliates will be obliged to provide settlement support in respect of successful bids in the Institutional Offer, so that if those bids are not paid for the Joint Lead Managers will pay for and be allocated the Offer Shares instead. The Offer Management Agreement sets out a number of circumstances under which the Joint Lead Managers may terminate the Offer Management Agreement and their settlement support obligations including where specified events occur that may have a material adverse effect on the Offer or the ability of the Joint Lead Managers to comply with applicable law, on or before completion of the Offer.

For more information on the Offer Management Agreement, please read the information set out under the heading "Material Contracts" in section **6.3 Statutory and Other Information.**

Listing, quotation and trading of shares

Listing

Z Energy is already party to a listing agreement with NZX in respect of its retail bonds trading on the NZX Debt Market.

Quotation of Shares on the NZX Main Board

Application has been made to NZX for permission to quote the Shares on the NZX Main Board and all the requirements of NZX relating thereto that can be complied with on or before the date of this Offer Document have been duly complied with. If permission to quote the Shares on the NZX Main Board is granted, Z Energy will enter into an amended listing agreement with NZX covering both is retail bonds trading on the NZX Debt Market and the Shares trading on the NZX Main Board.

However, NZX accepts no responsibility for any statement in this Offer Document. NZX has authorised NZX Firms to act on the Offer. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act.

ASX Listing

Application will be made to ASX after this Offer Document (accompanied by the Additional Australian Information) is lodged with ASIC for Z Energy to be admitted to the official list of the ASX and for the Shares to be granted official quotation on the equities securities market operated by ASX. The ASX is not a registered market under the Securities Markets Act.

ASX takes no responsibility for the contents of this Offer Document and the Additional Australian Information or for the merits of the investment to which this Offer Document and the Additional Australian Information relate. Admission to the official list of the ASX and quotation of the Shares on the ASX are not to be taken as an indication of the merits, or as an endorsement by ASX, of Z Energy or the Shares.

Conditional and Deferred Settlement Trading

Initial quotation of the Shares on the NZX Main Board and the ASX is expected to occur on or about 19 August 2013. The NZX Main Board quotation will be initially on a conditional basis. The ASX quotation is expected to be initially on a conditional and deferred settlement basis. If you wish to sell your Shares on the NZX Main Board after confirming your allocation you must contact an NZX Firm.

The contracts formed on acceptance of Applications in the Retail Offer and bids in the Institutional Offer will be conditional on NZX agreeing to quote Shares on the NZX Main Board and on completion occurring under the Offer Management Agreement, including allotment of Shares to successful Applicants.

You can find out more information about the Offer Management Agreement under the heading "Material Contracts" in section **6.3 Statutory and Other Information**.

Trades occurring on the NZX Main Board will be on a conditional basis until Z Energy has advised NZX that completion under the Offer Management Agreement has occurred, which is expected to be on or about 21 August 2013.

Trading of Shares on a normal settlement basis on the NZX Main Board is expected to commence on 23 August 2013.

Trades occurring on the ASX are expected to be on a conditional and deferred settlement basis until Z Energy has advised ASX that completion under the Offer Management Agreement has occurred. This means that any Applicant who sells their shares on the ASX on or before completion under the Offer Management Agreement (which is expected to occur on or about 21 August 2013) will not receive the proceeds of such a sale until after 26 August 2013, being the expected date of settlement of all deferred trades.

Trading of Shares on a normal settlement basis on the ASX is expected to commence on 23 August 2013.

In the event that admission to list on the NZX Main Board is denied, or the sale of Offer Shares under the Offer does not proceed for any other reason, including if the conditions are not satisfied and completion does not occur under the Offer Management Agreement, all Application amounts will be refunded in full without interest no later than 10 Business Days after announcement of the decision not to proceed. Failure to achieve admission to list on the ASX will not, of itself, prevent the sale of Offer Shares under the Offer from proceeding.

Trading of shares

It is the responsibility of each Applicant to confirm its holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise do so at their own risk. Applicants will be able to confirm their holding by contacting their broker from Monday 19 August 2013.

None of Z Energy, ZEHL, the Promoters, the Joint Lead Managers, any other person named in this Offer Document, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility should any person attempt to sell or otherwise deal with Shares before notices confirming allotments of Offer Shares are received by the Applicants or the successful bidders under the Institutional Offer (as applicable).

To be able to trade Shares on the NZX Main Board you must have an account with an NZX Firm, a CSN and an Authorisation Code (FIN). New Zealand residents with a CSN will have their Offer Shares allotted under their CSN, if the CSN was provided on the Application Form. Applicants who do not have a CSN will be allocated a CSN before allotment of Offer Shares. The CSN will be advised by the Share Registrar at the time the allotment of Offer Shares is confirmed. The associated Authorisation Code (FIN) will be sent by the Share Registrar as a separate communication.

Brokerage

No brokerage or commission is payable by Applicants for Offer Shares under the Offer. See the information under the heading "What are the charges?" in Section 1.4 (Answers to Important Questions) and under the heading "Preliminary and Issue Expenses" in Section 6.3 (Statutory and Other Information) for details of the brokerage payable by ZEHL to brokers.

Discretion regarding the offer

Z Energy and ZEHL may withdraw the Offer, or any part of it, at any time before the allotment of Offer Shares to successful Applicants or bidders in the applicable part of the Offer. If the Offer, or any part of it, does not proceed, Applicants will be mailed a refund (without interest) of all or part of their Application Monies, within 10 Business Days of the date Z Energy and ZEHL notify Applicants of their decision. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will become an asset of Z Energy.

Z Energy and ZEHL also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Offer Shares than applied or bid for. If an Application is rejected or fewer Offer Shares are allocated to an Applicant or bidder than the amount applied or bid for, Applicants will be mailed a refund (without interest) of all or part of their Application Monies, within 10 Business Days of such decision by Z Energy and ZEHL. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will become an asset of Z Energy.

Supplementary Disclosure

If any significant adverse developments occur prior to commencement of the Bookbuild process, Z Energy and ZEHL may advise investors of those developments by publishing advertisements in newspapers, making an announcement to the NZX and on www.z.co.nz, instructing brokers to inform Applicants, and informing Applicants in the Staff Pool, pursuant to an exemption granted by the Financial Markets Authority under the Securities Act. Further details of this exemption are discussed under the heading "Other Material Matters" in Section 6.3 (Statutory and Other Information).

In the case of a significant adverse development prior to the commencement of the bookbuild process, then in addition to any other rights of withdrawal that an Applicant may have, an Applicant may withdraw their Application if the Application is dated on or before the date of the supplementary disclosure and was received before 5.00pm on the Broker Firm Closing Date or the Staff Pool Closing Date (as applicable) if the notice of withdrawal is received by or on behalf of Z Energy or ZEHL within seven working days after the publication of the supplementary disclosure.

Notice of withdrawal must be given in one of the following manners:

- For Applicants in the Broker Firm Offer, by informing the broker from whom the Applicant received their allocation for Offer Shares, and
- For Applicants in the Staff Pool, by informing Robyn Samu at Z Energy, by emailing Robyn.Samu@z.co.nz.

Withdrawals made by any other method may not be accepted by Z Energy or ZEHL.

If an Applicant does not take any action to effect withdrawal within the relevant time period, Z Energy and ZEHL will be entitled to accept the Applicant's Application.

Z Energy and ZEHL must refund to every withdrawing applicant their application money (without any interest on that money) within five business days after the receipt of advice from the broker or employee that the Applicant is withdrawing.

Selling restrictions

The Retail Offer is being made to members of the public in New Zealand and Australian residents who are clients of Australian affiliates of NZX Firms who are sophisticated or professional as respectively referred to in sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth) in Australia, and the Institutional Offer is only being made to selected Institutional Investors in New Zealand, Australia and certain overseas jurisdictions. No person may offer, sell, or deliver any Offer Shares or distribute any documents (including this Offer Document) to any person outside New Zealand, except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with Z Energy and ZEHL, any person or entity applying for Offer Shares under the Offer will, by virtue of such Application, be deemed to represent that he, she or it is not in a jurisdiction that does not permit the making of the Offer or an invitation of the kind contained in this Offer Document and is not acting for the account or benefit of a person within such a jurisdiction. Neither Z Energy, ZEHL, the Promoters, the Joint Lead Managers nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accept any liability or responsibility to determine whether a person is able to participate in the Offer.

This document may not be distributed to, or relied upon by, persons in the United States. In particular, the securities of Z Energy have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the US Securities Act) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, any person in the United States unless such securities are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

The Offer may not be accepted by a person who is an Associate of (or if the Shares or their voting rights that person would acquire would be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians. By making an Application you represent and warrant to Z Energy and ZEHL that you are not an Associate of (and that any Shares or voting rights to be acquired by you will not be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians.

Takeovers Code

The Takeovers Code prohibits, amongst other things, any person (together with its "associates" (as defined in the Takeovers Code)) from becoming the holder or controller of 20% or more of the voting rights in Z Energy other than in compliance with the requirements of the Takeovers Code. Investors are advised to seek legal advice in relation to any act, omission or circumstance which may result in that investor breaching any provision of the Takeovers Code.

Infratil Gas and NZSFA have been advised by the Takeovers Panel that they will be granted an exemption from the Takeovers Code in relation to a potential future split in ZEHL's shareholding in Z Energy between Infratil Gas and NZSFA.
To find out more background on this Takeovers Code exemption, please read the information found under the "Other Material Matters" heading in Section ***6.3 Statutory and Other Information****.*

Overseas Investment Act

Any person who is an "overseas person" for the purposes of the Overseas Investment Act and who intends to acquire more than 25% of the Offer Shares (or make any other acquisition regulated by the Overseas Investment Act) will be required to obtain any necessary consents under the Overseas Investment Act.

6.2 New Zealand Taxation Implications

Why you should read this section

You should read this section to understand the New Zealand taxation implications of investing in the Offer. The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

If you do not understand the information in this section, you should consult a financial or legal adviser.

- In this section, 'you' refers to the person who acquires the Shares.
- Tax will affect your return from the Shares.
- The following comments are of a general nature. They are based on the law at the date of this Offer Document and do not deal with your specific circumstances.
- You should seek your own tax advice in relation to your Shares.

The Directors intend to impute dividends to the extent possible and expect that the dividend payable for the forecast financial year ending 31 March 2014 will be fully imputed.

Are you tax resident in New Zealand?

Your tax residence status will affect how New Zealand taxes apply to your return on the Shares. If you are a natural person and you:

- Have a permanent place of abode in New Zealand, and/or
- Have been present in New Zealand for more than 183 days in a 12-month period, and not subsequently absent from New Zealand for more than 325 days in a 12-month period,

you will be a New Zealand tax resident.

A company will be tax resident in New Zealand if it is incorporated in New Zealand, has its head office or centre of management in New Zealand, or if its directors exercise control of the company in New Zealand.

Generally Shares held by a trustee will be treated as held by a New Zealand resident if a New Zealand resident has contributed to the trust.

Z Energy will assume you are a New Zealand tax resident unless you notify Z Energy otherwise.

When will distributions be taxable?

Distributions you receive from Z Energy will generally be taxable dividends for New Zealand tax purposes. Z Energy may attach imputation tax credits to dividends, representing income tax paid by Z Energy on its income.

Some distributions you receive from Z Energy may not be dividends (for example, non-taxable bonus issues and certain returns of capital).

New Zealand tax implications for New Zealand tax resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are tax resident in New Zealand.

Resident withholding tax

Z Energy will generally be required to withhold resident withholding tax (RWT) from dividends it pays. RWT will ordinarily be deducted at the current rate of 33% less the amount of any imputation credits attached to those dividends. Accordingly, RWT will be deducted from a fully imputed dividend at the rate of 5%. Z Energy will not withhold RWT from dividends you receive if you hold a current RWT exemption certificate that you have produced to Z Energy before the dividend is paid to you.

Filing an income tax return

If you do not have to file an income tax return, receiving dividends from Z Energy will not change that. If you are on a tax rate of less than 33% you may be able to reduce your other tax liabilities, or get a refund of any RWT on dividends, by filing a tax return.

If you file a tax return, you must include in your taxable income not only the cash dividend you receive, but also the imputation credits attached to, and RWT withheld from, your Z Energy dividend. The total amount included in your taxable income is referred to as the gross dividend. You will be able to use attached imputation credits and a credit for RWT deducted to satisfy (or partially satisfy) your tax liability on the gross dividend. If the attached imputation credits and RWT deducted exceed the amount of tax on the gross dividend, your tax payable on other income you earn will be reduced as a result of receiving the Z Energy dividend.

Sale or disposal of Shares

Although New Zealand does not have a capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares or be allowed a deduction for any loss you make. You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable.

Generally, you will be subject to tax on any gain (or allowed to deduct any loss) arising from the sale or disposal of your Shares if you:

- Are in the business of dealing in shares
- Acquire your Shares as part of a profit making undertaking or scheme, or
- Acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax deductible loss) will be the difference between the cost of your Shares and the market value of the consideration received for their sale or disposal. If you have a taxable gain you will most likely be required to include that gain in a tax return for the tax year in which the sale occurs. You will need to pay any tax owing in respect of that gain at your marginal tax rate.

New Zealand tax implications for non-resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are not tax resident in New Zealand and hold less than 10% of the shares in Z Energy.

Non-resident withholding tax

Z Energy will withhold non-resident withholding tax (NRWT) from taxable dividends on your Shares. Generally, NRWT at the 30% rate will apply to dividends Z Energy pays, but it may be reduced to the following rates in some circumstances:

- To the extent the dividend is fully imputed:
  - A 0% rate applies if you hold 10% or more of the shares in Z Energy
  - A 0% rate if you hold less than 10% of the shares in Z Energy and are resident in a country with which New Zealand has a Double Taxation Agreement that provides for a rate of less than 15% (although as at the date of this Offer Document, there are no Double Taxation Agreements which provide for a lower rate), or
  - A 15% rate otherwise, or
- To the extent the dividend is unimputed:
  - If you are resident in a country with which New Zealand has a Double Taxation Agreement, the rate that applies to you under that Agreement, or
  - A 30% rate otherwise.

If you hold less than 10% of the shares in Z Energy and it pays a fully imputed dividend, then Z Energy may pay you an additional supplementary dividend which effectively offsets the NRWT on the dividend.

The NRWT withheld may entitle you to a tax credit in your home country.

Sale or disposal of Shares

Although New Zealand does not have a capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares (or allowed a deduction for any loss you make). You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable.

Generally, you will be subject to tax on any gain (or be allowed to deduct any loss) arising from the sale or disposal of your Shares where you:

- Are in the business of dealing in shares
- Acquire your Shares as part of a profit making undertaking or scheme, or
- Acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax deductible loss) will be the difference between the cost of your Shares and the market value of the consideration received for their sale or disposal.

If you are a resident of a country which has a Double Taxation Agreement with New Zealand, New Zealand will generally not be entitled to tax any income you derive from the sale of the Shares unless you have a 'permanent establishment' in New Zealand and hold the Shares through that permanent establishment.

If you derive a taxable gain on the sale or disposal of your Shares you will be required to include that gain in a New Zealand tax return for the tax year in which the sale occurred and pay tax on the gain in New Zealand at your applicable rate.

No stamp duty or GST

New Zealand does not have stamp duty.
New Zealand GST should not apply to your investment in the Shares.

6.3 *Statutory and Other Information*

Why you should read this section

You should read this section to find the information prescribed by the Securities Regulations.
The capitalised terms used in this section are defined in the *Glossary*, which can be found at page 219.

If you do not understand the information in this section, you should consult a financial or legal adviser.

This section contains the information required by Schedule 1 to the Securities Regulations.

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1. Main Terms of Offer

The issuer of the Offer Shares is Z Energy Limited (Z Energy). Its registered office is set out in the *Directory*.

The securities being offered under this Offer are fully paid ordinary shares in Z Energy. The Offer Shares are described in more detail under the heading *"What sort of investment is this?"* in Section 1.4 (Answers to Important Questions).

The maximum number of Offer Shares being offered under the Offer is 240 Million (based on ZEHL selling down its current shareholding to the greatest extent indicated in Section 6.1 (Details of the Offer)).

The consideration to be paid for each Offer Share is the Final Price.

An Indicative Price Range of $3.25 to $3.75 per Offer Share has been set by ZEHL, however ZEHL may set the Final Price within, above or below this range.

Following the Bookbuild (which is further described in Section 6.1 (Details of the Offer)), ZEHL will set the Final Price taking into account various factors, including:

- The overall demand for Offer Shares at various prices
- Pricing indications from selected Institutional Investors and selected NZX Firms in the Bookbuild
- ZEHL's desire for an informed and active trading market for the Shares following listing on the NZX Main Board and the ASX
- Any other factors that ZEHL considers relevant.

The Final Price is expected to be announced and posted on www.z.co.nz and www.nzx.com on or about 16 August 2013.

2. Name and Address of Offeror

The offeror of the existing Offer Shares (but not the new Offer Shares to be issued by Z Energy) is Z Energy Holdings Limited (ZEHL). Its registered office is set out in the *Directory*.

The shares in Z Energy held by ZEHL were issued on the following dates, for the following nominal value:

- On 24 June 1959 Z Energy (then known as Shell Oil New Zealand Limited) issued 2 million shares for £2 million
- On 26 October 1962 Z Energy (then known as Shell Oil New Zealand Limited) issued 1 million shares for £1 million, and
- On 20 December 1968 Z Energy (then known as Shell Oil New Zealand Limited) issued 2 million shares for $4 million.

New Zealand changed its currency from pounds to dollars on 10 July 1967.

3. Details of Incorporation of Z Energy

Z Energy was incorporated in New Zealand on 18 June 1959 under the Companies Act 1955. Z Energy was reregistered under the Companies Act on 11 June 1997. Z Energy's company number is 12046. You can inspect the public file relating to Z Energy maintained by the Companies Office of the Ministry of Business, Innovation and Employment on its website at www.business.govt.nz/companies.

4. Principal Subsidiaries of Z Energy

Not Applicable.

5. Names, Addresses and Other Information

Directorate

The Directors of Z Energy, and the city, town or district in which their principal residence is based as at the date of this Offer Document are Marko Bogoievski (Wellington), Alan Michael Dunn (Mapua), Paul Lightle Fowler (Melbourne), Peter Ward Griffiths (Wellington), Abigail Kate Foote (Christchurch), Justine Mary Munro (Auckland), and Liberato Petagna (Wellington).

You can contact the Directors at the registered office of Z Energy as set out in the *Directory*.

Paul Lightle Fowler was a non-executive director of Range River Gold Pty Ltd (Australia) and Opus Exploration Pty Ltd (Australia) which were placed in voluntary administration on 21 April 2011.

Promoters

Infratil and NZSFA are each a promoter of the Offer. You can contact Infratil and NZSFA, and each of their directors, at their registered offices set out in the *Directory*.
The directors of Infratil, and the city, town or district in which their principal residence is based as at the

date of this Offer Document are Marko Bogoievski (Wellington), Paul Gough (London), Anthony Muh (Clearwater Bay, Hong Kong) (as an alternate for Duncan Paul Saville), David Arthur Ross Newman (Paraparaumu Beach), Humphry John Davy Rolleston (Christchurch), Duncan Paul Saville (Sydney) and Mark Tume (Wellington). Each director of Infratil is also deemed to be a promoter of the Offer (except for Marko Bogoievski, who is not a promoter because he is also a director of Z Energy and ZEHL and Anthony Muh who is an alternate for Duncan Paul Saville).

David Arthur Ross Newman was a director of Austral Pacific Energy Ltd., which was placed in receivership on 8 June 2010.

The directors of NZSFA as at the date of this Offer Document are Kenneth Stewart Brooks (Auckland) and Matthew Ludlow Whineray (Auckland). Each director of NZSFA is also deemed to be a promoter of the Offer.

Share Registrar

The share registrar of Z Energy is Link Market Services Limited. The contact address of the Share Registrar is set out in the *Directory.*

Auditor

The auditor of Z Energy is KPMG. The contact address of the Auditor is set out in the *Directory.*

Advisers

The names and addresses of the solicitors and other professional advisers to Z Energy who have been involved in the preparation of this Offer Document, are set out in the *Directory.*

Experts

KPMG, Chartered Accountants, have given their consent and have not withdrawn their consent before delivery of this Offer Document for registration under section 41 of the Securities Act to the distribution of this Offer Document with the inclusion of the Investigating Accountant's Report in this Offer Document in the form and context in which it is included.

The registered address of KPMG is set out in the *Directory.*

KPMG, nor any director, officer or employee of it, is or is intended to be, a director, officer or employee of Z Energy and ZEHL. However, KPMG may in the future provide professional advisory services to Z Energy.

6. Restrictions on Directors' Powers

The Constitution incorporates by reference the requirements of the NZSX Listing Rules and the ASX Listing Rules and the Constitution requires Z Energy to comply with the NZSX Listing Rules and the ASX Listing Rules for so long as the Shares are quoted on the NZX Main Board and the ASX respectively. The principal restrictions on the powers of the Board imposed by the Constitution (including the requirements of the NZSX Listing Rules and the ASX Listing Rules incorporated into the Constitution), the NZSX Listing Rules and the ASX Listing Rules (which will apply once Z Energy's Shares are quoted on the NZX Main Board and the ASX) are as follows:

- The Board may not issue or acquire any equity securities except in accordance with the provisions of the Companies Act, Constitution, the NZSX Listing Rules and the ASX Listing Rules
- The Board may not give financial assistance for the purpose of, or in connection with, the acquisition of equity securities issued or to be issued by Z Energy, except in limited circumstances and in accordance with the provisions of the Companies Act, Constitution, the NZSX Listing Rules and the ASX Listing Rules
- The Board may not cause Z Energy to enter into any transaction or series of linked or related transactions to acquire, sell, lease, exchange or otherwise dispose of (otherwise than by way of charge) assets of Z Energy which would change the essential nature of the business of Z Energy, or in respect of which the gross value is in excess of 50% of the average market capitalisation of Z Energy, without the prior approval of Shareholders in accordance with the Constitution, the NZSX Listing Rules and the ASX Listing Rules, and
- The Board may not allow Z Energy to enter into certain material transactions if a related party is, or is likely to be become, a direct or indirect party to that material transaction (or one of a related series of transactions) without the prior approval of Shareholders in accordance with the Constitution, the NZSX Listing Rules and the ASX Listing Rules.

In addition, a Director may not vote on any matter in which he or she is interested unless permitted by the Companies Act and the NZSX Listing Rules and ASX Listing Rules where he or she has complied with the relevant provisions and signed a certificate in respect of the matter.

The Companies Act contains a number of other provisions that could have the effect, in certain circumstances, of imposing restrictions on the powers of the Board. For example, Directors cannot allow Z Energy to:

- Enter into any major transaction (as that term is defined in the Companies Act) without the prior approval of a special resolution of Shareholders, or
- Take any action which affects the rights attaching to the Shares without the prior approval of a special resolution of each interest group (as that term is defined in the Companies Act).

These provisions apply to any company registered under the Companies Act.

7. Substantial Equity Security Holders of Z Energy

As at the date of this Offer Document, Z Energy is wholly-owned by ZEHL. Neither ZEHL nor any other person guarantees, or undertakes any liability in respect of, the Offer Shares.

Immediately after quotation of Shares on the NZX Main Board, substantial security holder notices are expected to be given by ZEHL in respect of the Final Percentage (as registered owner of Shares), Infratil and NZSFA (in respect of ZEHL's holding of Shares as indirect owners of ZEHL) and H.R.L. Morrison & Co Group Limited (in respect of ZEHL's holding of Shares, as a result of its subsidiaries' roles as managers of Infratil's and NZSFA's indirect investments in Z Energy).

ZEHL was acquired by AEL in April 2010 for a base purchase price of $696.5 million. See the information set out under "Name and Address of Offeror" in this section for more details of ZEHL's ownership of Z Energy.

8. Description of Activities of Z Energy Group

The principal activities of the Z Energy Group are importing, distributing and selling transport fuel in New Zealand. The Z Energy Group has been carrying out these activities for more than 50 years. Further information in respect of the business activities of the Z Energy Group is contained in Section 3.2 (Business Description).

The principal assets of the Z Energy Group are its inventories of crude oil and refined products, its shareholding in Refining NZ and property, plant and equipment constituting its refined product supply chain infrastructure, and joint venture interests, as described in Section 3.2 (Business Description). The Z Energy Group owns or leases these assets. Some of the assets are subject to obligations in favour of other persons that modify or restrict the Z Energy Group's ability to deal with them.

9. Summary Financial Statements

Summary financial statements for each of the five consecutive accounting periods preceding 31 March 2013 are set out in Section 5 (Financial Information).

10. Prospects and Forecasts

Trading prospects of the Z Energy Group, together with any material information relevant to those prospects are described generally in Section 3.2 (Business Description) and more particularly in Section 5.4 (Prospective Financial Information).

Any special trade factors and risks which could materially affect the prospects of Z Energy and which are not likely to be known or anticipated by the general public are set out in Section 4 (Risks).

11. Provisions Relating to Initial Flotations and Minimum Subscription

The plans of the directors in respect of the Z Energy Group during the 12-month period commencing on the date of this Offer Document are to continue to implement its strategy as described in Section 3.2 (Business Description).

The sources of finance required for these plans will be Z Energy's operating cash flow, supplemented by borrowings and the issuance of debt securities.

The proceeds of the Offer will be used to pay amounts owed by Z Energy to ZEHL and Aotea Energy Holdings No 2 Limited to repay intercompany debts and to settle the transfer of Refining NZ shares from ZEHL to Z Energy, and to allow the ultimate parent shareholders of ZEHL (Infratil and NZSFA) to realise a portion of their investment in Z Energy. Accordingly, the proceeds of the Offer will not be applied towards the directors' plans set out above.

A prospective statement of financial position, a prospective statement of financial performance and a prospective statement of cash flows for the accounting periods ending 31 March 2014 and 30 September 2014 are set out in Section 5 (Financial Information).

There is no minimum amount that must be raised by the issue of the Shares for the purposes of section 37(2) of the Securities Act.

Notwithstanding this, Z Energy is seeking to issue $422.4 million of new Offer Shares and, on completion of the Offer, will use the proceeds to repay existing amounts it owes to ZEHL and Aotea Energy Holdings No 2 Limited ($322.1 million) and to settle the transfer of shares by ZEHL to Z Energy of shares comprising 17.14% of the total shares in Refining NZ ($100.3 million). The Offer will not proceed if Z Energy is unable to raise a minimum of $422.4 million[59] to repay the amounts it owes to ZEHL and to settle the transfer of the Refining NZ shares.

12. Acquisition of Business or Subsidiary

Not Applicable.

13. Securities paid up otherwise than in cash

Not Applicable.

14. Options to Subscribe for Securities of the Z Energy Group

Not Applicable.

15. Appointment and Removal of Directors

Z Energy is party to a listing agreement with NZX (a registered exchange) and expects to be party to a listing agreement with ASX and the method by which Directors of Z Energy may be appointed to or removed from, or otherwise vacate, office is the same as that contained in the NZSX Listing Rules and the ASX Listing Rules. No person (other than the Shareholders of Z Energy in a general meeting, or the Directors acting as a Board to fill a casual vacancy) has the right to appoint any Director.

Each Director has the power to appoint any person as an alternate Director, who may be any person not disqualified under the Companies Act from holding the position of a director of a company and who is approved by a majority of the other Directors.

59 The exact amount being $422,387,019, which has been rounded up to $422.4 million.

16. Interested Persons

For the purposes of the information set out under this heading, "specified person" means:

- A director or proposed director of Z Energy, a Promoter, or an associated person of any of them, and
- ZEHL and any associated person of ZEHL.

No specified person will be entitled to any remuneration from the Z Energy Group other than by way of directors' fees, reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Director. The annual total pool for Directors' remuneration and expenses is $900,000. Z Energy has granted its Directors an indemnity to the maximum extent permitted by law and the Constitution. Z Energy maintains insurance for its Directors, currently through the Infratil group's insurance arrangements. On completion of the Offer, Z Energy will establish standalone insurance arrangements for its Directors.

As at the date of this Offer Document, Infratil Gas and NZSFA (on behalf of the New Zealand Superannuation Fund) each hold 30 million ordinary shares and 57.5 million redeemable preference shares in Aotea Energy Holdings Limited (AEHL). Infratil Gas is a wholly-owned subsidiary of Infratil. NZSFA is a wholly owned crown entity subsidiary of the Guardians. The role of both the Guardians and NZSFA is to manage and administer the New Zealand Superannuation Fund. NZSFA has been delegated responsibility for making all decisions in respect of the offer of securities under this Offer Document, to the extent that it affects the New Zealand Superannuation Fund's interest in Z Energy. For that purpose the Guardians agreed to transfer its indirect interest (as manager and administrator) in Z Energy to NZSFA, and this transfer was effective as at 31 May 2013. AEHL is the ultimate parent company of Z Energy, and holds its interest in Z Energy through Aotea Energy Holdings No 2 Limited, Aotea Energy Limited, and ZEHL, each ultimately being a wholly-owned subsidiary of AEHL.

The Guardians, Infratil and Infratil Gas were each party to a Shareholders' Agreement dated 26 March 2010, which set out various rights and agreements as between those parties in respect of their interests in Z Energy. From completion of the Offer, that Agreement will no longer have any effect, and will be replaced by a Shareholders' Agreement dated 25 July 2013 between AEHL, NZSFA, the Guardians (as guarantor), Infratil Gas and Infratil (as guarantor), which governs the relationship between those parties in respect of their interests in Z Energy.

Wholly-owned subsidiaries of H.R.L. Morrison & Co Group Limited are the managers of Infratil's and NZSFA's investments in Z Energy. Marko Bogoievski, Duncan Paul Saville and Liberato Petagna are each shareholders in, and directors of, H.R.L. Morrison & Co Group Limited, and accordingly have an indirect interest in Z Energy.

Except as set out above, no specified person has, or has had at any time during the five years preceding the date of this Offer Document, any direct or indirect material interest in the Z Energy Group, or in any contract or arrangement entered into on behalf of or in respect of the Z Energy Group, that is material to either or both of the persons who have the interest and the Z Energy Group.

17. Material Contracts

The Z Energy Group has entered into the following material contracts in the previous two years.

Sale and Lease Back Arrangements

In 2012, Z Energy embarked upon a sale and lease back programme for a number of its service stations, under which the relevant site/s would be sold subject to long-term leases in favour of Z Energy. This process was undertaken in two tranches.

Agreements for sale and purchase of real estate

This resulted in Z Energy entering into seven agreements for the sale of 56 service stations to the following purchasers:

Tranche 1:

- Norak Properties Limited (agreement dated 8 March 2012) – relating to 7 retail sites, and
- Octane Partnership (agreement dated 29 March 2012) – relating to Z Strathmore.

Tranche 2:

- Norak Properties Limited (agreement dated on or about 27 August 2012) – relating to 44 retail sites. Norak Properties Limited subsequently nominated Gasoline Properties Limited to take title to 22 of the 44 sites
- Barry John Davison (agreement dated on or about 6 November 2012) – relating to Z 15th Avenue. Barry John Davison subsequently nominated the trustees of the BJ and K Davison Family Trusts to take title
- Inglewood Holdings Limited (agreement dated on or about 6 November 2012) – relating to Z Hawera
- Neil Robert Johnson (agreement dated on or about 6 November 2012) – relating to Z Opotiki. Neil Robert Johnson subsequently nominated the partners of the Yuneson Partnership to take title, and
- Barry Llewellyn Pannett (agreement dated on or about 6 November 2012) – relating to Z Valley. Barry Llewellyn Pannett subsequently nominated the trustees of the BL and HM Pannett Family Trust No.2 to take title.

The sale and lease back agreements were on the standard Auckland District Law Society form, with further terms providing for Z Energy's on-going leases of the relevant sites from the settlement date.

Settlement has occurred for all sites other than Z Triangle (a Norak site).

Z Energy has on-going obligations under the resulting leases, which are generally (with the exception of Z Strathmore, which has a shorter term) for long-terms of up to 50 years (including renewals) with staggered renewal dates. The leases are all largely on Z Energy's standard form, with some variances between the leases, including clauses intended to give Z Energy flexibility in its future operations and to protect Z Energy's on-going tenure:

- In the Tranche 2 leases, Z Energy is required to hold insurance for the landlord's buildings, the intent being to reduce outgoings (with insurance proceeds to be held on trust for the landlord, who is required to carry out repair works on damage or destruction to the buildings). The Tranche 1 leases require the landlord to hold this insurance
- Z Energy's own bespoke contamination clauses, requiring remediation in accordance with the Ministry for the Environment Guidelines for Assessing and Managing Petroleum Hydrocarbon Contaminated Sites in New Zealand (1999) (or such subsequent guidelines or standards as apply at expiry) and giving Z Energy rights to extend the term to carry out remediation works and keep monitoring devices on the land following expiry
- Rights of first refusal for Z Energy to take a new lease of the site on expiry.
- The Tranche 2 leases contain a right of first refusal for Z Energy to purchase the site on sale by the landlord and an option for Z Energy to purchase the site following final expiry of the lease
- The Tranche 2 leases contain the right for Z Energy to refurbish the interior of the building (including the landlord's fixtures and fittings), with the landlord's only objection rights being that the proposed refurbishment will materially adversely affect the value or utility of the site, and
- Certain Tranche 2 leases allow Z Energy to carry out a full knock down and rebuild of the buildings notwithstanding that the buildings are owned by the landlord.

Offer Management Agreement

On 25 July 2013 Z Energy, ZEHL, and the Joint Lead Managers entered into the Offer Management Agreement, which sets out the obligations of the Joint Lead Managers in relation to the operation of the Bookbuild and also in relation to the provision of settlement support in certain circumstances described below.

Under the Offer Management Agreement, once the Final Price has been determined, the Joint Lead Managers or their affiliates will be obliged to provide settlement support in respect of successful bids in the Institutional Offer, so that if those bids are not paid for the Joint Lead Managers will pay for and be allocated the Offer Shares instead.

The Joint Lead Managers may terminate the Offer Management Agreement (and their settlement support obligations in respect of the Institutional Offer) in certain circumstances, including, where specified events occur that may have a material adverse effect on the Offer or the ability of the Joint Lead Managers to comply with applicable law, on or before completion of the Offer.

The obligations of the Joint Lead Managers under the Offer Management Agreement are subject to certain conditions. These conditions include:

- Receipt by the Joint Lead Managers of various legal and accounting reports, opinions, comfort letters and other sign-offs
- Registration of this Offer Document, and
- All necessary regulatory approvals being granted.

Pursuant to the Offer Management Agreement, Z Energy and ZEHL have granted an indemnity to the Joint Lead Managers in relation to losses resulting from a breach by Z Energy or ZEHL of their obligations under the Offer Management Agreement, the distribution of Offer related materials or any unlawful, negligent, reckless or deliberate wrongful act or omission by Z Energy or ZEHL in relation to the Offer.

The Offer Management Agreement also sets out a number of representations, warranties and undertakings given by Z Energy and ZEHL to the Joint Lead Managers, and by the Joint Lead Managers to Z Energy and ZEHL customary for an offering of this nature.

Z Energy and ZEHL have agreed that, subject to certain exceptions, during the lock-up period of 180 days from the date of this Offer Document, they will not, without the prior written consent of the Joint Lead Managers allot, issue or grant any right or option in respect of an issue of, create any debt obligation which may be convertible or exchangeable into or redeemable by, or otherwise enter into an agreement entitling a person to the allotment and issue of, in each case, Shares or other equity securities of Z Energy or ZEHL.

Agreement for Sale and Purchase of Shares in The New Zealand Refining Company Limited and on Intercompany Debts

On 25 July 2013 Z Energy, ZEHL and Aotea Energy Holdings No 2 Limited entered into an Agreement for Sale and Purchase of Shares in The New Zealand Refining Company Limited and on Intercompany Debts. This Agreement provides for the transfer of 17.14% of the total issued shares in Refining NZ by ZEHL to Z Energy on completion of the Offer in consideration for a payment of NZ$100.3 million, being $2.09 per share which was the volume weighted average traded price of the shares traded on the NZX Main Board between 28 June and 4 July 2013. ZEHL warrants to Z Energy that the Refining NZ shares will be transferred free and clear of all encumbrances, other than permitted encumbrances, and that it has the authority to transfer the Refining NZ shares.

In addition, the Agreement provides that the existing amount of NZ$322.1 million owed by Z Energy to ZEHL and Aotea Energy Holdings No 2 Limited, previously payable on demand, shall only be payable if Z Energy resolves to allot Shares pursuant to the Offer. The parties to the Agreement acknowledge that the amounts set out in the Agreement constitute the only intercompany balances owing between the parties and that, on completion of the Offer, there will be no remaining balances owing.

Restricted Security Agreement

On 25 July 2013 Z Energy, Infratil Gas and NZSFA entered into a Restricted Security Agreement that provides that, for the period from the date the Shares are accepted for quotation on the NZX Main Board until the date of the announcement of Z Energy's financial results for the period ending 30 September 2014, Infratil Gas and NZSFA will procure that the Shares owned by ZEHL in Z Energy following completion of the Offer (which excludes any Offer Shares sold by ZEHL as part of the Offer) will not be disposed of, other than:

- With the prior written consent of the non-interested Directors (as that term is defined in the Companies Act), Z Energy and the NZX
- In connection with a takeover offer under the Takeovers Code
- Pursuant to the grant of a security interest in favour of a bona fide lender to the registered security holder, or
- To Infratil Gas or NZSFA, or any person who controls, is controlled by, or under common control with, either of them, or jointly controlled by them provided that, for the period of the transfer restrictions, joint control of the voting rights attaching to those Shares is maintained between Infratil Gas and its affiliates and NZSFA and its affiliates unless waivers from the change of control provisions under the Auckland Jet Fuel JV's are obtained.

Infratil Gas and NZSFA have also agreed that, if they subsequently become aware of any Prohibited Subscription, they (and their jointly owned companies) will not dispose of any Shares or votes (or control over any Shares or votes) if doing so would trigger the put option under the Bond Documents (by which each bondholder could require Z Energy to purchase their bonds at par value of $1 plus accrued interest).

18. Pending Proceedings

Not Applicable.

19. Preliminary and Issue Expenses

Issue expenses (including brokerage and commission fees, management fees, share registry expenses, legal fees, accounting fees, advertising costs, printing costs and postage and courier costs) relating to the Offer are estimated to amount to an aggregate of approximately $35.5 million, assuming a Final Price at the top end of the Indicative Price Range and that ZEHL sells down to 40% of the total Shares on issue following completion of the Offer.

Z Energy, ZEHL, Infratil and NZSFA have entered into an engagement letter with the Arrangers and Joint Lead Managers under which Z Energy, ZEHL, Infratil and NZSFA have agreed to pay the following selling commissions and fees:

- The Arrangers will be paid an arranging fee of 0.20% of the gross proceeds of the Offer, to be divided equally amongst the Arrangers
- The Joint Lead Managers will be paid a lead management Fee of 0.30% of the gross proceeds of the Offer, to be divided equally amongst the Joint Lead Managers
- NZX Firms and any other brokers agreed with the Joint Lead Managers will be paid brokerage of 1.00% in respect of the gross proceeds raised from all valid retail Applications stamped by the relevant NZX Firm or broker
- NZX Firms will be paid a firm allocation fee of 0.50% of the gross proceeds raised from any commitments to take firm allocations
- The Joint Lead Managers will be paid domestic institutional selling commissions of 1.20% of the gross proceeds raised from the component of the Offer open to certain Institutional Investors in New Zealand, to be divided equally amongst the Joint Lead Managers, and
- The Arrangers and Craigs Investment Partners and Deutsche Bank (jointly) will be paid offshore institutional selling commissions of 1.80% of the gross proceeds of the component of the Offer open to certain Institutional Investors outside New Zealand, to be divided equally amongst the Arrangers and Craigs Investment Partners and Deutsche Bank (jointly).

In addition, Infratil and NZSFA may pay an incentive fee to the Joint Lead Managers of up to approximately 0.89% of the gross proceeds of the Offer at their discretion.

20. Restrictions on Z Energy Group

The restrictions on the Z Energy Group making a distribution or borrowing that result from any undertaking given, or contract or deed entered into, by a member of the Z Energy Group, are described in this section.

In addition to the direct restrictions, there are a number of covenants and restrictions that indirectly affect the Z Energy Group's ability to make distributions or borrow further amounts.

Direct Restrictions – Facilities Agreement

Z Energy's Facilities Agreement contains restrictions on the ability of Z Energy (and other guarantors of the Facilities Agreement), to make a distribution outside the Z Energy Group.

Event of Default

A distribution cannot be made while an "Event of Default" or "Potential Event of Default" under the Facilities Agreement is continuing or would result from payment of the distribution.

"Events of Default" under the Facilities Agreement include:

- Non-payment of amounts owing under the Facilities Agreement
- Misrepresentations and breaches of obligations under the Facilities Agreement by Z Energy or a guarantor of the Facilities Agreement
- Insolvency events relating to Z Energy or a guarantor
- The occurrence of defaults under Shell Security Documents or the Bond Documents
- If the repayment of financial indebtedness exceeding $10 million of Z Energy or any other guarantor is accelerated or could be accelerated due to default or similar events, and

- Various other specified events that are usual for debt facilities.

A Potential Event of Default under the Facilities Agreement generally occurs if there is an event or circumstance which would become an Event of Default following expiry of a grace period, the giving of notice or the making of any determination under the Facilities Agreement or related documents.

Direct Restrictions – Bond Documents

Pursuant to the Master Trust Deed in relation to Z Energy's Bonds, neither Z Energy nor any guarantor of the Bonds may declare, make or pay any distributions to anyone other than Z Energy and guarantors of the Bonds if any "Event of Default" under the Facilities Agreement or Bond Documents is continuing.

Events of Default under the Bond Documents are similar to those that apply to the Bank Facilities, and include non-payment of amounts owing in respect of Bonds.

A similar prohibition on distributions applies if the "Total Debt Coverage Ratio" under the Master Trust Deed exceeds the permitted level. This is the ratio of (a) the Z Energy Group's total senior debt on a date (subject to some adjustments to reflect Z Energy's volatile Working Capital requirements), to (b) the Z Energy Group's EBITDA for the 12 months ending on that date.

For these purposes, EBITDA is the Z Energy Group's consolidated earnings (determined in accordance with NZ GAAP, except that cost of sales are calculated on a Replacement Cost basis), but excluding net interest expenses, tax, depreciation, amortisation, abnormal items, profits/losses on the sale of fixed assets and investments, non-cash equity accounted profits/losses and unrealised exchange gains and losses.

The prohibition continues until that ratio no longer exceeds the permitted level (including as a result of waiver by the Bond Trustee).

On a test date (which occurs on 31 March and 30 September each year), the Total Debt Coverage Ratio under the Master Trust Deed is calculated as the ratio of the Z Energy Group's:

- Total debt on that test date (other than subordinated debt and amounts outstanding under the Working Capital Facility, but adding back an amount for the lowest average Working Capital Facility balance over three consecutive days in the previous six months), to
- EBITDA (as described above) for the 12 months ending on that test date.

The maximum Debt Coverage Ratio permitted under the Master Trust Deed is the lower of:

- 4.0:1, and
- The maximum debt coverage ratio permitted under the Facilities Agreement plus 0.5.

To illustrate this, the maximum debt coverage ratio permitted under the Facilities Agreement as at the date of this Offer Document is 3.0:1. Therefore, the maximum Total Debt Coverage Ratio permitted under the Master Trust Deed as at the date of this Offer Document is 3.5:1.

Direct Restrictions – Shell Documents

The Shell Composite General Security Deed restricts distributions while an Event of Default or Payment Default is continuing or would result from such distribution.

A Payment Default is a failure by Z Energy or a guarantor (which is anticipated to include only HCPIL on completion of the Offer) to pay any amounts owing to Shell under Shell supply arrangements when due to any member of the Shell Group. An Event of Default under the Shell Composite General Security Deed includes:

- The non-payment of any amounts owing to Shell under Shell supply arrangements by Z Energy or a guarantor when due, where it remains unpaid after any applicable grace period
- A breach of any other obligation under any Shell Security Document that (if capable of remedy) is not remedied within applicable grace periods
- If an insolvency event relating to Z Energy or a guarantor occurs
- If a security interest over any asset of a member of the Z Energy Group securing indebtedness in excess of $25 million is enforced
- If indebtedness for borrowed money to a finance party in excess of $10 million of any grantor or any facility for such becomes due and payable prior to its specified maturity, or is cancelled or suspended or becomes unavailable for drawing, in each case because of an event of default or similar, and
- Various other specified events that are usual for debt facilities.

Indirect Restrictions

The Z Energy Group is subject to a number of other covenants in its borrowing documentation that indirectly affect its ability to make distributions or borrow further amounts. These covenants include financial covenants, restrictions on disposals of assets, restrictions on changes in the nature of its business or operations, related party dealing restrictions, and restrictions on mergers.

Importantly, Z Energy would need to continue to comply with its financial covenants after it makes a distribution or takes on additional borrowing. Also, companies in the Z Energy Group, like all companies, are subject to general company law restrictions (such as satisfaction of the solvency test under the Companies Act) in relation to authorising and making distributions.

The Facilities Agreement contains the following financial covenants, which indirectly restrict the Z Energy Group's ability to make distributions and take on further borrowings:

- The Z Energy Group's Shareholders' Funds must be at least $350 million at all times.
- The Fixed Costs Cover Ratio must not be less than 2.50:1. This ratio measures the Z Energy Group's (a) EBITDA (as described above) plus operating lease expenses over a year compared to (b) the aggregate of net interest expenses and operating lease expenses for that year.

- The Working Capital Ratio must not be less than 1.50:1. This ratio compares (a) an averaged level of the Z Energy Group's stock, debtors and cash (combined) minus an average of amounts owing under crude oil and refined product supply agreements on a date to (b) an average outstanding amount under the Working Capital Facility.
- The Total Debt Coverage Ratio must not exceed 3.0:1. This is calculated in a similar way to the Total Debt Coverage Ratio that applies under the Master Trust Deed.
- The Working Capital Facility must be fully repaid for three consecutive business days in each successive 12-month period, with not less than 90 days between those three consecutive business day periods, and
- Neither Z Energy nor any guarantor of the Facilities Agreement may create a security interest over any of its assets to secure any indebtedness unless it is a specified permitted security interest.

Similarly, the Total Debt Coverage Ratio covenant in the Master Trust Deed (as described above) indirectly restricts the ability of the Z Energy Group to borrow.

21. Other Terms of Offer and Securities

All of the terms of the Offer, and all the terms of the Offer Shares, are set out in this Offer Document, other than any terms implied by law or any terms set out in a document that has been registered with a public official, is available for public inspection and is referred to in this Offer Document.

22-23. Financial Statements

Financial statements for the 12-month accounting period to 31 March 2013 are set out in Section 5 (Financial Information).

24. Additional Interim Financial Statements

Not Applicable.

25. Places of Inspection of Documents

You may inspect (without charge) during the period of the Offer, during normal business hours, the Constitution, copies of the material contracts referred to above under the heading "Material Contracts" and copies of the financial statements referred to above under the heading "Financial Statements" at Z Energy's registered office as set out in the Directory. You may also inspect copies of those documents at any time on the Companies Office website at www.business.govt.nz/companies.

26. Other Material Matters

Exemptions relating to supplementary disclosure

By virtue of the Securities Act (Z Energy Limited) Exemption Notice 2013, Z Energy and ZEHL have been exempted from section 37A(1)(b) of the Securities Act and Regulation 21 of the Securities Regulations. This exemption enables Z Energy and ZEHL to produce and publicise a supplementary disclosure document so that potential Z Energy investors can be informed of any significant adverse developments that may arise without Z Energy and ZEHL incurring costs or delay in producing new offer documents and distributing them to Applicants and potential investors. The exemption is limited to where any significant adverse developments occur prior to the commencement of the Bookbuild. The conditions of the exemptions require, amongst other things, that (i) Z Energy and ZEHL alert potential investors to the publication of the supplementary disclosure; and (ii) any Applicant whose Application is dated on or before the publication of the supplementary disclosure and received by 5.00pm on the Broker Firm Offer Closing Date or Staff Pool Closing Date (as applicable) is given the right to withdraw their Application by contacting their broker or a person identified for that purpose by Z Energy and ZEHL (as applicable) within seven working days and have their Application monies (excluding interest) refunded within five working days of receipt of advice from the broker or employee (as applicable) that the Applicant wishes to withdraw.

A further condition to the exemption is that your broker or in the case of applicants in the Staff Pool, Z Energy, attempt to contact you if you have applied for Shares to inform you of any supplementary disclosure made pursuant to this exemption.

Exemptions relating to potential split of indirect joint holding in Z Energy by Infratil Gas Limited and NZSFA

Following the completion of the Offer, Infratil Gas (a wholly-owned subsidiary of Infratil) and NZSFA (on behalf of the New Zealand Superannuation Fund) will jointly own AEHL, which will in turn (via wholly-owned subsidiaries) hold a cornerstone interest in Z Energy (please refer to Section 6.1 (Details of the Offer) for further detail on the determination of this interest).

The Takeovers Panel has advised that it will grant an exemption from rule 6(1) of the Takeovers Code which will permit Infratil Gas and NZSFA to split AEHL's holding of Shares equally between themselves, so that (post-split) they each (directly or indirectly) hold half of that shareholding. The percentage of votes attached to Shares held and controlled, in aggregate, by Infratil Gas, NZSFA and AEHL immediately before the split will not increase as a result of the split. The exemption will extend to the lesser of the percentage of voting rights in Z Energy held by AEHL immediately following the allotment under the Offer or the lowest percentage held by AEHL at any later date. The exemption will expire after five years (unless earlier revoked or extended).

In effect, this exemption will mean that Infratil and NZSFA (on behalf of the New Zealand Superannuation Fund) will be able to become the ultimate owners of separate parcels of Shares, instead of those Shares being held through a common vehicle. No such split is intended to (but may) occur before the end of the period of the transfer restrictions applicable to ZEHL's shareholding in Z Energy (please refer to Section 3.2 (Business Description) under the heading "Transfer Restrictions applicable to ZEHL's Shares" for further detail on the period during which ZEHL is restricted in its ability to transfer Shares).

It is not possible to specify now whether (and, if so, when) such a split will occur. Neither is it possible to specify what the total percentage holding affected by the split might be, because it is conceivable (though not intended) that prior to the split, AEHL's percentage holding may already have been reduced (whether by sale or dilutive issue of new Shares). Accordingly, the conditions of the exemption will require, amongst other things, that, unless and until such a split has occurred, a summary of the exemption is included in each annual report issued by Z Energy and in the "investor" section of Z Energy's website.

By exempting Infratil Gas and NZSFA from rule 6(1) of the Takeovers Code, the Takeovers Panel will:

- be neither endorsing nor supporting the accuracy or reliability of the contents of this Offer Document, and
- not be implying that it has a view on the merits of either the Offer or any possible split of AEHL's interest in Z Energy.

ASX Listing Rules waivers and confirmations

Z Energy will apply for waivers and confirmations from ASX which are standard for a New Zealand company listed on both the NZX Main Board and ASX (including, for the purposes of ASX Listing Rule 19.11A(b), confirmation that Z Energy may prepare and publish its financial information in accordance with New Zealand accounting standards).

Valuation information

This Offer Document includes references to a valuation of the Z Energy Group's assets. In relation to that valuation, for the purposes of regulation 13 of the Securities Regulations:

- The method of valuation was in accordance with NZ IAS 16 Property, Plant and Equipment
- The date of the valuation was as of 1 April 2013
- The valuer was Jones Lang LaSalle
- Jones Lang LaSalle has no relationship (other than that of valuer) with, or interest in, Z Energy or in any associated persons of Z Energy
- Jones Lang LaSalle has no interest in the Z Energy Group's assets, and
- Jones Lang LaSalle has no relationship with any other person who has a material interest in the Z Energy Group's assets other than its relationship with the following parties that have security interests in respect of the Z Energy Group's assets (with whom it has valuation, property consultancy, advisory and real estate agency relationships and/or with whom it has banking relationships in the ordinary course of its business):
  - ANZ Bank New Zealand
  - Bank of New Zealand
  - Westpac New Zealand
  - Westpac Banking Corporation
  - The Hong Kong and Shanghai Banking Corporation Limited, acting through its New Zealand Branch
  - Shell, and
  - Macquarie Bank Limited.

There are no other material matters relating to the Offer, other than those set out in this Offer Document, the financial statements or in contracts entered into in the ordinary course of business of a member of the Z Energy Group.

27. Directors' Statement

The Directors, after due enquiry by them, are of the opinion that (except as noted below) none of the following have materially and adversely changed during the period between 31 March 2013 and the date of registration of this Offer Document:

- The trading or profitability of the Z Energy Group
- The value of the Z Energy Group's assets, or
- The ability of the Z Energy Group to pay its liabilities due within the next 12 months.

Since 31 March 2013, the Z Energy Group has paid cash dividends to ZEHL totalling $70 million and made an in-specie distribution to ZEHL of amounts totalling $554.8 million that were owed to Z Energy by AEL, which constituted a material and adverse change in the value of the Z Energy Group's assets during the relevant period.

28. Auditor's Report

The Auditor's report required by clause 28 of Schedule 1 to the Securities Regulations is set out in Section 5 (Financial Information).

29. Signatures Required under the Securities Act

A copy of this Offer Document has been signed by each Director of Z Energy (or his or her agent authorised in writing) as issuer, by each director of ZEHL (or his or her agent authorised in writing) as issuer and by each promoter, being Infratil and NZSFA and each director of Infratil and NZSFA, other than Marko Bogoievski, who is also a director of Z Energy and ZEHL and Anthony Muh who is an alternate for Duncan Paul Saville.

Directors of ***Z Energy Limited****:*

Marko Bogoievski

Alan Michael Dunn

Abigail Kate Foote

Paul Lightle Fowler

Peter Ward Griffiths

Justine Mary Munro

Liberato Petagna

Directors of ***Z Energy Holdings Limited****:*

Marko Bogoievski

Paul Lightle Fowler

Signed on behalf of ***Infratil Limited*** *by:*

Marko Bogoievski

Directors of ***Infratil Limited***
(who are not also directors of Z Energy Limited and Z Energy Holdings Limited or alternates)

David Arthur Ross Newman

Humphry John Davy Rolleston

Paul Gough

Duncan Paul Saville

Mark Tume

Signed on behalf of ***NZSF Aotea Limited*** *by:*

Kenneth Stewart Brooks

Directors of ***NZSF Aotea Limited****:*

Kenneth Stewart Brooks

Matthew Ludlow Whineray


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7

Glossary

Why you should read this section

Like many businesses, Z's can include a fair bit of jargon. This section defines the various terms used in this Offer Document.

Glossary

$, NZD or **NZ$**	New Zealand dollars
Additional Australian Information	Additional information containing disclosure relevant to Institutional Investors and Applicants in the Australian Broker Firm Offer and to comply with requirements for a recognised offer under Chapter 8 of the Australian Corporations Act 2001 (Cth) and the Australian Corporations Regulations 2001 (Cth), which accompanies or is attached to this Offer Document for the purposes of the Institutional Offer made in Australia and the Australian Broker Firm Offer
AEL	Aotea Energy Limited
AEHL	Aotea Energy Holdings Limited
Allotment Date	21 August 2013, unless brought forward or extended by Z Energy and ZEHL
Applicant	A person who submits an Application Form
Application	An application to subscribe for Offer Shares offered under this Offer Document
Application Form	An application form attached to or accompanying this Offer Document to subscribe for Offer Shares
Application Monies	The amount payable on Application
Arrangers	First NZ Capital and Goldman Sachs
ASIC	Australian Securities and Investments Commission
Associate	Has the meaning given to that term in the Takeovers Code
ASX	ASX Limited, or the financial market operated by ASX Limited, as the context requires, also known as the Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX
Auditor	KPMG
Australian Broker Firm Offer	The offer of Offer Shares under this Offer Document to Australian residents who are clients of Australian affiliates of NZX Firms who are sophisticated or professional as respectively referred to in sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth)
Avgas	A high octane fuel which is primarily used by non-turbine-powered aircraft
Bank Facilities	The debt facilities available to Z Energy pursuant to the Facilities Agreement
BDO	BDO Wellington Limited. Sales volume data is collated by BDO on behalf of Refining NZ's customers for the calculation of refining allocation. Please note that BDO does not audit these figures or provide any verification as to their accuracy. BDO relies solely on the data provided by the participants
BKBM	The Bank Bill Market rate, published by the New Zealand Financial Markets Association
BOA	Business Operating Agreement
Board or **Board of Directors**	The board of directors of Z Energy
Bond Documents	The documents (including the Master Trust Deed) that constitute the three series of retail bonds of which Z Energy is the issuer
Bond Trustee	Trustees Executors Limited
Bookbuild	The process taking place on 15 and 16 August 2013 conducted by the Joint Lead Managers, under which selected Institutional Investors and selected NZX Firms will lodge bids indicating the number of Offer Shares they wish to apply for at a range of prices to assist ZEHL in determining the Final Price
Broker Firm Offer	The New Zealand Broker Firm Offer and the Australian Broker Firm Offer

Broker Firm Offer Closing Date	The last day on which Applications will be accepted under the Broker Firm Offer, being 15 August 2013, unless brought forward or extended by Z Energy and ZEHL
Business Day	A day on which the NZX Main Board is open for trading
Chief Executive	Z Energy's Chief Executive, currently Mike Bennetts
COLL	Coastal Oil Logistics Limited
Companies Act	The Companies Act 1993, as amended from time to time
Constitution	The constitution of Z Energy, as amended from time to time
COS	Cost of sales
COSA	Cost of sales adjustment. For a discussion of the cost of sales adjustment, please refer to Section 5.1 (Introduction to Operational and Financial Information)
CPI	Consumer Price Index
Craigs Investment Partners	Craigs Investment Partners Limited
CSN	Common Shareholder Number
Deutsche Bank	Deutsche Bank AG, New Zealand Branch
Director	A director of Z Energy
Directory	The directory set out in this Offer Document
EBITDAF	EBITDAF is an alternative measure of financial performance that adds back, to net profit after tax, the following items: interest, taxation, depreciation (including gains and losses on the disposal of fixed assets), amortisation and fair value movements of interest rate derivatives
ESPP	The employee share purchase programme proposed to be offered to Z Energy employees

ETS	New Zealand's Emissions Trading Scheme established under the Climate Change Response Act 2002, which requires emitters of greenhouse gases to purchase and then surrender NZUs or other compliant international units to cover their emissions
Facilities Agreement	The $400 million facilities agreement dated 26 March 2010 between (amongst others) Z Energy as borrower and ANZ Bank New Zealand Limited, Bank of New Zealand, Westpac New Zealand Limited and The Hong Kong and Shanghai Banking Corporation Limited, acting through its New Zealand Branch as lenders, relating to a $50 million senior debt facility and a $350 million working capital facility
FIFO	First In, First Out accounting convention
Final Percentage	The percentage of the Shares which ZEHL determines to hold in Z Energy following completion of the Offer and the allotment of all Offer Shares, as determined by ZEHL prior to the commencement of the Bookbuild
Final Price	The price per share at which the Offer Shares will be allotted, expected to be determined on or about 16 August 2013
Financial Reporting Act	The Financial Reporting Act 1993, as amended from time to time
First NZ Capital	First NZ Capital Securities Limited
Forsyth Barr	Forsyth Barr Limited
Fuel oils	Specific oil products primarily supplied in New Zealand to marine customers that include heavy and light fuel oils
FY or Financial Year	Financial year ending 31 March. If followed by "F", this indicates prospective financial information for a future Financial Year.
GDP	Gross Domestic Product
Glossary	This glossary of key terms

Goldman Sachs	Goldman Sachs New Zealand Limited
GRM	Gross Refining Margin
Gross Margin	Revenue less the cost of purchases of crude oil and refined product and primary distribution costs
GST	Goods and Services Tax
Guardians	Guardians of New Zealand Superannuation Fund, a crown entity established pursuant to section 48 of the New Zealand Superannuation and Retirement Income Act 2001 for the purposes of managing and administering the New Zealand Superannuation Fund
Hazardous Substances and New Organisms Act	The Hazardous Substances and New Organisms Act 1996, as amended from time to time
HCPIL	Harbour City Property Investments Limited
Historical Cost or HC	Our statutory profits are required to be calculated using the 'historical cost' of all inventory we sell (i.e. what we paid for it), rather than its 'replacement cost' (i.e. what we would pay to replace it at the time of its sale). An Historical Cost or HC profit measure (e.g. NPAT or EBITDAF) is one calculated on that basis. It can be contrasted with profit measures calculated on a Replacement Cost or RC basis. For more information on Historical Cost measures (and the contrast with Replacement Cost measures), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Historical Cost (or HC) EBITDAF	EBITDAF calculated on an Historical Cost basis. For more information on Historical Cost earnings measures (and the contrast with Replacement Cost measures), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Historical Cost (or HC) Gross Margin	Gross Margin calculated on an Historical Cost basis. For more information on Historical Cost earnings measures (and the contrast with Replacement Cost accounting), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Historical Cost (or HC) NPAT	NPAT calculated on an Historical Cost basis. For more information on Historical Cost earnings measures (and the contrast with Replacement Cost measures), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Historical Cost (or HC) Operating EBITDAF	Operating EBITDAF calculated on an Historical Cost basis. For more information on Historical Cost earnings measures (and the contrast with Replacement Cost measures), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Hooker Pacific NZ	Hooker Bros. Holdings Limited trading as Hooker Pacific NZ
HSSE	Health, Safety, Security and the Environment
HY or **Half Year**	The first half of a Financial Year. If followed by "F", this indicates prospective financial information for a future Half Year.
Indicative Price Range	$3.25 to $3.75 per Offer Share
Infratil	Infratil Limited
Infratil Gas	Infratil Gas Limited, a wholly-owned subsidiary of Infratil
Institutional Investor	An investor to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which Z Energy and ZEHL are willing to comply with), including in New Zealand persons to whom offers or invitations can be made without the need for a registered prospectus under the Securities Act
Institutional Offer	The invitation to Institutional Investors under this Offer Document, as described in Section 6.1 (Details of the Offer)

ISNZ	Informed Sources New Zealand. Please note while surveys are conducted by ISNZ continuously throughout the country, the number of actual sites may have varied from those published since the last survey in a particular area. ISNZ accepts no responsibility for reliance by any person on the site count included in this Offer Document.
JIFS	Joint into-plane fuelling facilities
Joint Lead Managers	Craigs Investment Partners and Deutsche Bank, First NZ Capital, Forsyth Barr and Goldman Sachs
JUHI	Joint user hydrant installation facilities
Loyalty New Zealand	Loyalty New Zealand Limited
LTI Plan	The restricted share, long term incentive plan proposed to be offered to Z Energy executives
Master Trust Deed	The master trust deed dated 11 August 2010 entered into by Greenstone Energy Finance Limited, Trustees Executors Limited and the guarantors pursuant to which certain bonds may be constituted, as amended from time to time, including by a substitution deed (pursuant to which Z Energy became the issuer of the retail bonds under the Master Trust Deed)
MBIE	The Ministry of Business, Innovation and Employment
MED	The Ministry of Economic Development, now MBIE
New Zealand Broker Firm Offer	The offer of Offer Shares under this Offer Document to New Zealand resident retail clients of brokers who have received an allocation from their broker
New Zealand Superannuation Fund	The New Zealand Superannuation Fund established pursuant to section 37 of the New Zealand Superannuation and Retirement Income Act 2001
NPAT	Net profit after tax
NRWT	Non-resident withholding tax
NZ GAAP	New Zealand's generally accepted accounting practice for the purposes of the Financial Reporting Act, and as defined in section 3 of the Financial Reporting Act
NZ IFRS	New Zealand equivalent to International Financial Reporting Standards
NZOSL	New Zealand Oil Services Limited
NZSFA	NZSF Aotea Limited, a crown entity subsidiary of the Guardians, which has been delegated the responsibility for managing and administering the New Zealand Superannuation Fund's interest in Z Energy
NZSX Listing Rules	Listing Rules of the NZX in relation to the NZX Main Board (or any market in substitution for that market) in force from time to time
NZU	New Zealand Units
NZX	NZX Limited
NZX Debt Market	The debt security market operated by NZX
NZX Firm	Any company, firm, organisation, corporation or individual designated as a Primary Market Participant (as defined in the NZSX Listing Rules) from time to time by NZX
NZX Main Board	The main board equity security market, operated by NZX
OECD	Organisation for Economic Cooperation and Development
Offer	The offer of the Offer Shares under this Offer Document
Offer Document	This combined investment statement and prospectus dated 25 July 2013
Offer Management Agreement	The Offer Management Agreement dated 25 July 2013 between Z Energy, ZEHL, and the Joint Lead Managers
Offer Share	A Share being offered under the Offer

Opening Date	For the New Zealand Broker Firm Offer and Staff Pool, Friday 2 August 2013, and for the Australian Broker Firm Offer, Friday 9 August 2013, unless changed by Z Energy and ZEHL
Operating EBITDAF	Our EBITDAF includes equity-accounted earnings from associated companies (in particular from the 17.14% shareholding Refining NZ which we will acquire at completion of the Offer), which do not reflect the performance of our core underlying business. We therefore also use (and refer in this Offer Document to) "Operating EBITDAF", which is EBITDAF excluding those associated company earnings
Overseas Investment Act	The Overseas Investment Act 2005, as amended from time to time
Prohibited Subscription	Where an Associate of Infratil, the Guardians or the New Zealand Superannuation Fund becomes the holder or controller of Shares or votes as a result of a subscription under the Offer
Promoters	Infratil and NZSFA, and each of their directors (who is not also a director of Z Energy or ZEHL)
Prospective Financial Information	The prospective financial information set out in the *Financial Information* section
RAP	Refinery to Auckland Pipeline
RC	Replacement Cost
refinery	New Zealand's only oil refinery at Marsden Point near Whangarei, owned and operated by Refining NZ
Refining NZ	The New Zealand Refining Company Limited
Replacement Cost or RC	This Offer Document includes measures of our profitability assessed on a Replacement Cost or RC basis. On average, we own inventory for between 2 and 3 months before we sell it. This means that the actual cost of the inventory we sell will broadly reflect prices 2 to 3 months earlier. Our statutory profits are required to be calculated using the 'historical cost' of all inventory we sell (i.e. what we paid for it), rather than its 'replacement cost' (i.e. what we would pay to replace it at the time of its sale). The difference between RC and HC profitability is the 'Cost of Sales Adjustment' (or 'COSA'). For more information on Replacement Cost earnings measures (and the contrast with Historical Cost measures), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Replacement Cost (or RC) EBITDAF	EBITDAF calculated on a Replacement Cost basis. For more information on Replacement Cost earnings measures (and the contrast with Historical Cost measures), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Replacement Cost (or RC) Gross Margin	Gross Margin calculated on a Replacement Cost basis. For more information on Replacement Cost earnings measures (and the contrast with Historical Cost measures), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Replacement Cost (or RC) NPAT	NPAT calculated on a Replacement Cost basis. For more information on Replacement Cost earnings measures (and the contrast with Historical Cost measures), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Replacement Cost (or RC) Operating EBITDAF	Operating EBITDAF calculated on a Replacement Cost basis. For more information on Replacement Cost earnings measures (and the contrast with Historical Cost measures), please refer to Section 5.1 (Introduction to Operational and Financial Information)
Resource Management Act	The Resource Management Act 1991, as amended from time to time

Retail Offer	The Broker Firm Offer and the Staff Pool
RWT	Resident withholding tax
Securities Act	The Securities Act 1978, as amended from time to time
Securities Markets Act	The Securities Markets Act 1988, as amended from time to time
Securities Regulations	The Securities Regulations 2009, as amended from time to time
Share	An ordinary share in Z Energy
Share Registrar	Link Market Services Limited
Shareholder	A holder of one or more Shares
Shell	Royal Dutch Shell plc, or any of its subsidiaries
Shell Composite General Security Deed	The composite security deed dated 1 April 2010 between Shell Eastern Trading (PTE) Limited as the Security Trustee and Z Energy and Harbour City Property Investments Limited whereby Z Energy and Harbour City Property Investments Limited grant security over most of their assets as security for all amounts that Z Energy and Harbour City Property Investments Limited is or become liable to pay to a Shell supplier to the Z Energy Group
Shell Security Documents	The Shell Composite General Security Deed and any other documents that provide security in favour of a Shell supplier
Staff Pool	The offer of Offer Shares under this Offer Document to Z Energy employees as determined by Z Energy
Staff Pool Closing Date	The last day on which Applications will be accepted under the Staff Pool, being 13 August 2013, unless brought forward or extended by Z Energy and ZEHL
Takeovers Code	The Takeovers Code Approval Order 2000 (SR 2000/210), as amended from time to time
USD *or* ***US$***	United States dollars
WAP	Wiri to Auckland Airport Pipeline
We or Us or Our	Refers to the Z Energy Group
ZEHL	Z Energy Holdings Limited
Z or Z Energy	Z Energy Limited
Z Energy Group or Group	Z Energy and its subsidiaries


JAMES PARK

8

How to Apply

Why you should read this section

This section will tell you what you need to do to apply under the Offer.

If applying through the New Zealand Broker Firm Offer, the Application Form you need to complete is attached in this section.

If you are applying through the Australian Broker Firm Offer, you will be given instructions on making an Application by your broker.

If you are applying through the Staff Pool, your Application Form will be provided to you by Z Energy.

Application Instructions

You should read this Offer Document carefully before completing any of the Application Forms to apply for Shares under either the Broker Firm Offer or the Staff Pool.

The Offer may not be accepted by a person who is an Associate of (or if the Shares or their voting rights that person would acquire would be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians. By making an Application you represent and warrant to Z Energy and ZEHL that you are not an Associate of (and that any Shares or voting rights to be acquired by you will not be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians.

General

Applications for Shares may be lodged from the Opening Date of the Offer. The Broker Firm Offer will remain open until 5.00pm on the Broker Firm Offer Closing Date, being Thursday 15 August 2013. The Staff Pool will remain open until 5.00pm on the Staff Pool Closing Date, being Tuesday 13 August 2013. Closing Dates may move to any such other dates as Z Energy and ZEHL may determine in their sole discretion.

Applications under the Broker Firm Offer must be for a minimum amount of $3,000 worth of Offer Shares, and thereafter in multiples of $100 worth of Offer Shares. Applications under the Staff Pool must be for a minimum amount of $1,000 worth of Offer Shares, and thereafter in multiples of $100 worth of Offer Shares.

An Application must be completed in full and may be rejected if any details are not entered or it is otherwise incorrectly completed. Z Energy and ZEHL reserve the right to treat any Application as valid or to decline any Application, in whole or in part, in its sole discretion and without giving any reasons. Z Energy's and ZEHL's decision as to whether to reject the Application, or to treat it as valid (and then how to construe, amend or complete the Application Form) will be final.

An Application constitutes an irrevocable offer by the Applicant to subscribe for and acquire the value of Offer Shares specified on the Application Form on the terms and conditions set out in this Offer Document and on the Application Form. An Application cannot be withdrawn or revoked.

By submitting an Application Form, Applicants agree to be bound by these terms and conditions and the Constitution of Z Energy. No person accepts any liability or responsibility should any person attempt to sell or otherwise deal with the Offer Shares before the statements confirming allotments are received by the Applicants for the Offer Shares.

Treatment Of Application

The return of an Application Form with your cheque for the Application Monies or completed direct debit details will constitute your offer to purchase or subscribe for Offer Shares. If your Application Form is not completed correctly, or if the accompanying payment is the wrong amount, it may still be treated as valid.

The decision of Z Energy and ZEHL as to whether to treat your Application Form as valid, and how to construe, amend or complete it, shall be final. The decision on the value of Offer Shares to be allocated to you shall also be final. You will not, however, be treated as having agreed to purchase a greater value of Offer Shares than that for which payment has been made.

Once the Final Price has been determined, your Application amount will be divided by the Final Price to calculate the number of Offer Shares for which you have applied, rounded down to the nearest whole Offer Share and subject to scaling.

Investors applying whose Applications are not accepted, or are accepted in respect of a lesser value of Offer Shares than the value for which they applied, will receive a refund of all or part of their Application Monies without interest, as applicable, within 10 Business Days after the Broker Firm Offer Closing Date.

If you are a Staff Member, to ensure that your Application is treated under the conditions of the Staff Pool you must apply by completing the Staff Pool Application Form provided to you by Z Energy. You will need to include your employee number on your Staff Pool Application Form.

Personal Information Rights

Personal information provided by you will be held by Z Energy and the Share Registrar at their respective addresses shown in the Directory 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, for New Zealand investors: www.linkmarketservices.co.nz (you will be required to enter your holder number and FIN) and for Australian investors: www.linkmarketservices.com.au (you will be required to enter your holder number and postcode).

Application Form Instructions

The New Zealand Broker Firm Offer is open to persons who have received an allocation from their broker and who have a registered address in New Zealand. If you have been offered an allocation by an NZX Firm, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should ensure that your Application Form is stamped by your broker so that you receive your correct allocation.

The Australian Broker Firm Offer is open to Australian residents who are clients of Australian affiliates of NZX Firms who are sophisticated or professional as respectively referred to in sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth).

The Staff Pool is open to Staff Members of Z Energy Limited who possess an employee Number.

A = Investor Details

Insert your full name(s), address and telephone numbers. 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 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

By supplying your mobile number you will enable the Registrar to advise you by TXT Alerts (post allotment, for New Zealand investors only) of any changes to your holding balance, if your bank account details or address on register change, or if a new / replacement FIN has been requested. This feature provides additional security to you as an investor.

B = Application Payment Details

The New Zealand Broker Firm Offer Application Form and Staff Pool Application Form allow you to select payment by direct debit, bank draft or cheque.

If you are applying under the Broker Firm Offer, payment must be made in accordance with the directions of the NZX Firm from whom you received an allocation.

Specify the dollar amount you wish to buy. Note the minimum Application amount for the Broker Firm Offer is $3,000 and any greater Application must be in multiples of $100 (for example $3,100, $3,200). The minimum Application amount for the Staff Pool is $1,000 and any greater Application must also be in multiples of $100 (for example $1,100, $1,200).

Please advise payment method and bank account details for future dividend payments.

Option 1:

If you choose the direct debit option you must tick the box authorising the Share 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.

The bank account must be with a New Zealand registered bank. You cannot specify a direct debit date and you must ensure that:

- The bank account details supplied are correct
- The Application Monies in the bank account for direct debit are available on the day the Share 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 may be provided to you by the Registrar. Refer to the contact details on the Application Form.

Option 2:

By bank draft in New Zealand dollars or a cheque drawn from a New Zealand registered bank and must be made in New Zealand dollars. Cheques must be made payable to "Z Energy Share Offer", crossed "Not Transferable" **and must not be post-dated as cheques will be banked on day of receipt.** If an Applicant's cheque is dishonoured, Z Energy may cancel that Applicant's allotment of Shares and pursue any other remedies available to it at law.

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 provide a CSN it will be deemed that you do not have a current CSN and a base registry number and a FIN will be allocated to you at allotment of the Offer Shares.

D = Provide your IRD Number

Resident withholding tax *(RWT)* will be deducted from any dividends paid to you (unless you provide a valid RWT exemption certificate). If you are exempt from RWT, please tick the exempt box and attach a photocopy of your RWT exemption certificate. Only one IRD number is required per holding.

E = Electronic Investor Correspondence

By supplying your email address Z Energy 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 Offer Document and relevant Application Form carefully and sign and date the Application Form. If the New Zealand Broker Firm Offer Application Form is stamped by a broker, you are confirming that the Applicant has received an allocation from an NZX Firm.

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.

H = 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 on the reverse of the Application Form.

I = If the Application Form is signed by an agent, the agent must complete the certificate of non-revocation of agent on the reverse of the Application Form.

Joint applicants must each sign the Application Form.

G = Closing Date and Delivery

The Broker Firm Offer will close at **5.00pm on Thursday 15 August 2013** (being the Broker Firm Offer Closing Date). The Staff Pool will close at **5.00pm on Tuesday 13 August** (being the Staff Pool Closing Date).

Applicants should remember that these dates may be changed at the sole discretion of Z Energy and ZEHL. Changes will be advised by NZX announcement. Z Energy and ZEHL reserve the right to refuse to accept Applications received by the Registrar after the relevant Closing Date. Your Application Form should be delivered in accordance with the instructions contained in the Application Form.

Applications made pursuant to the New Zealand Broker Firm Offer must be mailed or delivered to the NZX Firm from whom the firm allocation was offered in time to allow the NZX Firm to forward your Application to the Share Registrar to arrive no later than 5.00pm on the Broker Firm Closing Date. Applications made pursuant to the Australian Broker Firm Offer or the Institutional Offer must be made in accordance with the details provided.

(Attach cheque here)

Equity Investment Advisers Ltd
PO Box 1314, Shortland Street, Auckland
Ph 0800 474 669
www.irg.co.nz

Broker Stamp

Broker code

Adviser code

Z Energy Limited

New Zealand Broker Firm Offer Application Form

This Application Form is issued with the combined prospectus and investment statement dated and prepared as at **25 July 2013** *(Offer Document)*, for the New Zealand Broker Firm Offer and Public Pool Offer of fully paid ordinary Shares *(Offer Shares)* in Z Energy Limited *(Z Energy)*. Before completing this Application Form, Applicants should read the Offer Document. This Application Form constitutes an offer to purchase the Offer Shares described herein. The full amount of the dollar value of Offer Shares you wish to apply for is due upon Application. Unless changed by Z Energy and Z Energy Holdings Limited, the Broker Firm Offer Closing Date is 5.00pm Thursday 15 August.

You may not apply for Offer Shares if you are an Associate of (or if the Shares or their voting rights that you would acquire would be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians. By making an Application you represent and warrant to Z Energy and ZEHL that you are not an Associate of (and that any Shares or voting rights to be acquired by you will not be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians.

For instructions on how to complete and deliver this form see the application instructions in Section 8 of the offer document.

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. Applicants can elect below to make payment by cheque or bank draft payable to "**Z Energy Share Offer**" and crossed "Not Transferable" OR by **direct debit** by completing the bank account section below. Payment must be in New Zealand currency. Your Application and payment must be sent to your broker in time to allow forwarding to Link Market Services (the *Registrar*) by **5.00pm Thursday 15 August, unless your broker has specified an earlier closing date**. Applications must be for a minimum amount of **$3,000 worth of Offer Shares** and, thereafter, in multiples of **$100 worth of Offer Shares**. Z Energy and ZEHL may accept or reject all or part of this Application without giving any reason.

I/we apply for: Enter the dollar amount of Shares you wish to apply 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 dollar amount of Offer Shares applied for above (or any lesser amount as determined by Z Energy). By ticking this box and signing this Application Form, I agree that the Registrar is authorised to direct debit **my account** for the full value of Offer Shares applied for (or any lesser amount as determined by Z Energy). All future dividends paid by Z Energy will also be credited to this account unless the Registrar is otherwise advised in writing. **Please confirm with your bank that this account can be direct debited.**

Option 2 Please find attached my payment by cheque or bank draft. I have supplied my bank account details below for the purpose of direct crediting of any future dividends paid by Z Energy.

New Zealand dollar bank account details for direct debit and/or direct credit of future dividend payments:

Name of Bank: Name of Account:

Bank Branch Account Number Suffix

OR for the purpose of dividend payments only: Direct credit to my Cash Management Account:

Name of NZX Firm where Cash Management Account is held:

Cash Management Client Account number

C. Common Shareholder Number (CSN)

Please note that the Application must be made in the same name(s) 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 CSN, please enter it here:

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 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 Offer Shares 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/2013)

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.

D. IRD number or RWT exemption

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

Exempt - please tick this box if you hold an RWT exemption certificate from IRD and attach a copy of your RWT exemption certificate

E. Electronic correspondence & reporting

To enable the Registrar to provide you with your investor correspondence 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 Offer Document, including the Application Instructions, and if this Application Form is stamped by a broker and relates to the New Zealand Broker Firm Offer that I/we have received an allocation of Offer Shares from an NZX Firm, and apply for the value of fully paid ordinary shares as set out above and agree to accept such Offer Shares (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Offer Document and Application Instructions. I/we hereby represent and warrant that I/we are not an Associate of (and that any Shares or voting rights to be acquired by me/us will not be controlled by, or by an Associate of) Infratil, the New Zealand Superannuation Fund or the Guardians.

All Applicants on the Application Form must sign.

Date: / /

G. Send application form and cheque to your NZX firm in time to allow forward to the share registrar, by 5.00pm on Thursday 15 August 2013

Applications made pursuant to the New Zealand Broker Firm Offer must be mailed or delivered to the NZX Firm from whom the firm allocation was offered in time to allow the NZX Firm to forward your Application to the Share Registrar to arrive no later than 5.00pm on the Broker Firm Closing Date. Applications made pursuant to the Australian Broker Firm Offer or the Institutional Offer must be made in accordance with the details provided.

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 Offer Shares 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/2013)

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.

Directory

Z Energy Limited
3 Queens Wharf
Wellington 6011
Telephone: 0800 474 355

Z Energy Holdings Limited
3 Queens Wharf
Wellington 6011
Telephone: 0800 474 355

Share Registrar
Link Market Services Limited
Level 16, Brookfields House
19 Victoria Street West
Auckland 1010
Telephone: +64 9 375 5998

Tax Due Diligence
PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Auckland 1010
Telephone: +64 9 355 8000

Promoters
Infratil Limited
5 Market Lane
PO Box 320
Wellington 6140
Telephone: +64 4 473 3663

NZSF Aotea Limited
Level 12
21 Queen Street
Auckland 1010
Telephone: +64 9 300 6980

Legal Adviser
Chapman Tripp
10 Customhouse Quay
Wellington 6140
Telephone: +64 4 499 5999

Auditor
KPMG
10 Customhouse Quay
Wellington 6140
Telephone: +64 4 816 4500

Investigating Accountant
KPMG
10 Customhouse Quay
Wellington 6140
Telephone: +64 4 816 4500

Arrangers, Global Bookrunners and Joint Lead Managers
First NZ Capital Securities Limited
Level 39, ANZ Centre
23-29 Albert Street
Auckland 1140
Telephone: 0800 822 022

Goldman Sachs
Level 38, Vero Centre
48 Shortland Street
Auckland 1001
Telephone: +64 9 357 3200

Global Bookrunner and Joint Lead Manager
Deutsche Bank AG, New Zealand Branch, together with Craigs Investment Partners Limited
Level 36, Vero Centre
48 Shortland Street
Auckland 1010
Telephone: +64 9 351 1000

New Zealand Bookrunner and Joint Lead Manager
Forsyth Barr Limited
Level 9, Forsyth Barr House
The Octagon
Dunedin 9016
Telephone: 0800 367 227

Retail Affiliates of the Joint Lead Managers
Craigs Investment Partners Limited
Level 32, Vero Centre
48 Shortland Street
Auckland 1010
Telephone: +64 9 919 7400

JBWere (NZ) Pty Limited
Level 38, Vero Centre
48 Shortland Street
Auckland 1010
Telephone: 0800 555 555

New Zealand Retail Offer Co-Managers
Macquarie Capital (New Zealand) Limited
Level 17, Lumley Centre
88 Shortland Street
Auckland 1010
Telephone: 0800 742 737

ANZ Bank New Zealand Limited
Level 10
170-186 Featherston Street
Wellington 6011
Telephone: 0800 269 476

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