



## Meridian Energy Limited ordinary shares

The Public Finance Act 1989 was amended in June 2012 to include restrictions on the ownership of certain types of securities issued by each mixed-ownership-model company (including Meridian Energy Limited (“company”)) and the consequences of breaching those restrictions. The company’s constitution incorporates these restrictions and mechanisms for monitoring and enforcing them.

A summary of the restrictions on the ownership of ordinary shares in the company under the Public Finance Act and the company’s constitution is set out below. If the company issues any other class of shares, or other securities confer voting rights, in the future, the restrictions summarised below will also apply to those other classes of shares or voting securities.

### 51% Shareholding

The Crown must hold at least 51% of the Meridian Energy Limited shares on issue. The company must not issue, acquire or redeem any shares if such issue, acquisition or redemption would result in the Crown’s holding falling below this 51% holding.

### 10% Limit

No person (other than the Crown) may have a relevant interest<sup>1</sup> in more than 10% of the shares on issue (“10% Limit”). The company must not issue, acquire or redeem any shares if it has actual knowledge that such issue, acquisition or redemption will result in any person other than the Crown, exceeding the 10% Limit.

### Ascertaining whether a breach has occurred

If a holder of shares breaches the 10% Limit or knows or believes that a person who has a relevant interest in shares

held by that holder may have a relevant interest in shares in breach of the 10% Limit, the holder must notify the company of the breach or potential breach.

The company may require a holder of shares to provide the company with a statutory declaration if the Board knows or believes that a person is, or is likely to be, in breach of the 10% Limit. That statutory declaration is required to include, where applicable, details of all persons who have relevant interests in shares as a result of the shares held by or on behalf of that holder.

### Determining whether a breach has occurred

The company has the power to determine whether a breach of the 10% Limit has occurred. In broad terms, if:

- the company considers that a person may be in breach of the 10% Limit; or
- a holder of shares fails to lodge a statutory declaration when required to do so or lodges a declaration that has not been completed to the reasonable satisfaction of the company,

then the company is required to determine whether or not the 10% Limit has been breached and, if so, whether or not that breach was inadvertent. The company must give the affected shareholder the opportunity to make representations to the company before it makes a determination on these matters.

### Effect of exceeding the 10% Limit

A person who is in breach of the 10% Limit must:

- comply with any notice that they receive from the company requiring them to dispose of shares or their relevant interest in shares, or take any other steps that are specified in the notice, for the purpose of remedying the breach and reducing their holding below the 10% Limit; and
- ensure that they are no longer in breach within 60 days after the date on which they became aware, or

ought to have been aware, of the breach. If the breach is not remedied within that timeframe, the company may arrange for the sale of the relevant number of shares on behalf of the relevant shareholder. In those circumstances the company will pay the net proceeds of sale, after the deduction of any other costs incurred in connection with the sale (including brokerage and the costs of investigating the breach of the 10% Limit), to the relevant shareholder as soon as practicable after the sale has been completed.

If a relevant interest is held in any shares in breach of the 10% Limit then, for as long as that breach continues:

- no votes may be cast directly by a shareholder in respect of any of the shares in which a relevant interest is held in excess of the 10% Limit; and
- a registered holder of shares in which a relevant interest is held in breach of the 10% Limit will not be entitled to receive, in respect of the shares in which a relevant interest is held in excess of the 10% Limit, any dividend or other distribution authorised by the Board in respect of the shares.

However, if the Board determines that a breach of the 10% Limit was not inadvertent, or that it does not have sufficient information to determine that the breach was not inadvertent, the restrictions on voting and entitlement to receive dividends and other distributions described in the preceding paragraphs will apply in respect of all of the shares (as applicable) held by the relevant shareholder or holder (and not just the shares in which a relevant interest is held in excess of the 10% Limit).

The Board may refuse to register a transfer of shares if it knows or believes that the transfer will result in a breach of the 10% Limit or where the transferee has failed to lodge a statutory declaration requested from it by the Board within 14 days of the date on which the company gave notice to the transferee to provide such statutory declaration.

### **Crown directions**

The Crown has the power to direct the Board to exercise certain of the powers conferred on it under the constitution. For example, where the Crown suspects that the 10% Limit has been breached but the Board has not taken steps to investigate the suspected breach, the Crown may require the company to investigate whether a breach of the 10% Limit has occurred or to exercise a power of sale of the relevant share that has arisen as described under the heading “Effect of exceeding the 10% Limit” above.

### **Trustee corporations and nominee companies**

Trustee corporations and nominee companies (that hold securities on behalf of a large number of separate underlying beneficial holders) are exempt from the 10% Limit provided that certain conditions are satisfied.

### **Share cancellation**

In certain circumstances, shares could be cancelled by the company through a reduction of capital, share buy-back or other form of capital reconstruction approved by the Board and, where applicable, the shareholders.

### **Sale of less than a Minimum Holding**

The company may at any time give notice to a shareholder holding less than a Minimum Holding of shares (as that term is defined in the NZX Main Board Listing Rules) that

if, at the expiration of 3 months after the date the notice is given, shares then registered in the name of the holder are less than a Minimum Holding, the company may sell those shares on market (including through a broker acting on the company’s behalf) and the holder is deemed to have authorised the company to act on behalf of the holder and to sign all necessary documents relating to the sale. For the purposes of the sale and of Rule 5.12 of the ASX Settlement Operating Rules, where the company has given a notice that complies with Rule 5.12.2 of the ASX Settlement Operating Rules, the company may, after the expiration of the time specified in the notice, initiate a Holding Adjustment to move the relevant shares from that CHES Holding to an Issuer Sponsored Holding (as those terms are defined in the ASX Settlement Operating Rules) or to take any other action the company considers necessary or desirable to effect the sale.

The company will account to the shareholder for the net proceeds of the sale (after deduction of reasonable sale expenses and any unpaid calls or any other amounts owing to the company in respect of the shares).

### **Cancellation of Sale of Shares**

The Crown may cancel the sale of shares to a person if that person is found to have misrepresented his or her or its status as a “New Zealand Applicant” as defined in the Offer Document. In order to exercise this power of cancellation, the Crown must issue a cancellation notice. Following the issue of that notice, the relevant holder will cease to have the right to sell, transfer, or otherwise dispose of the affected shares and the company will arrange the sale of those shares. The relevant holder will receive the lesser of:

- the sale price for the shares (less costs incurred by the Crown and the company in connection with the cancellation of the sale, and the subsequent sale, of the affected shares); and
- the offer price at which shares were allotted to investors under the IPO (less the costs incurred by the Crown and the company in connection with the cancellation of the sale, and the subsequent sale, of the affected shares),

with any excess amount being payable to the Crown.

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<sup>1</sup>In broad terms, a person has a ‘relevant interest’ in a share if the person (a) is the registered holder or beneficial owner of the share; or (b) has the power to exercise, or control the exercise of, a right to vote attached to the share or has the power to acquire or dispose of, or to control the acquisition or disposition of, that share. A person may also have a ‘relevant interest’ in a share in which another person has a ‘relevant interest’ depending on the nature of the relationship between them.



**Meridian.**

The Power to  
Make a Difference.