

History of the Trust

Origin of the Trust

The Waitomo Electric Power Board was a body corporate duly constituted under the Electric Power Boards Act of 1925. Government reforms of the electricity industry resulted in the Board incorporating Waitomo Energy Services Limited (the Company). Under Section 27 of the Energy Companies Act 1992, the Minister of Energy approved an establishment plan under the Energy Companies Act 1992. This plan provided Trustees to hold the allocation of shares.

Established in 1993 by Government Corporatisation, Waitomo Energy Services Customer Trust (WESCT) was issued 16,000,000 shares to be held by the Trustees on behalf of the customers in the District. Creating a Trust entity that owned 100% of the shares in Waitomo Energy Services Limited eliminated the possibility of fragmented ownership, which would have resulted in the shares being issued directly to customers. The Trustees did this to keep the ownership of this core asset local.

Transactions involving changes in shareholding

1. The original shareholding in 1993 was 16,000,000 shares held by WESCT. In September 1996, WESCT Beneficiaries approved a share sell-back to the Company. As a result, WESCT redeemed 2,836,882 shares, reducing the total shareholding to 13,163,118. The distribution of \$8,000,007 of surplus capital funds held by WESCT from this transaction to WESCT Beneficiaries occurred in December 1996.
2. In July 1998, the Electricity Industry Reform Act came into force and required all energy companies to separate their lines businesses from electricity generation and retailing. The Act prohibited the Shareholders of lines companies from owning more than a 10% shareholding in any electricity generation and retailing Company.

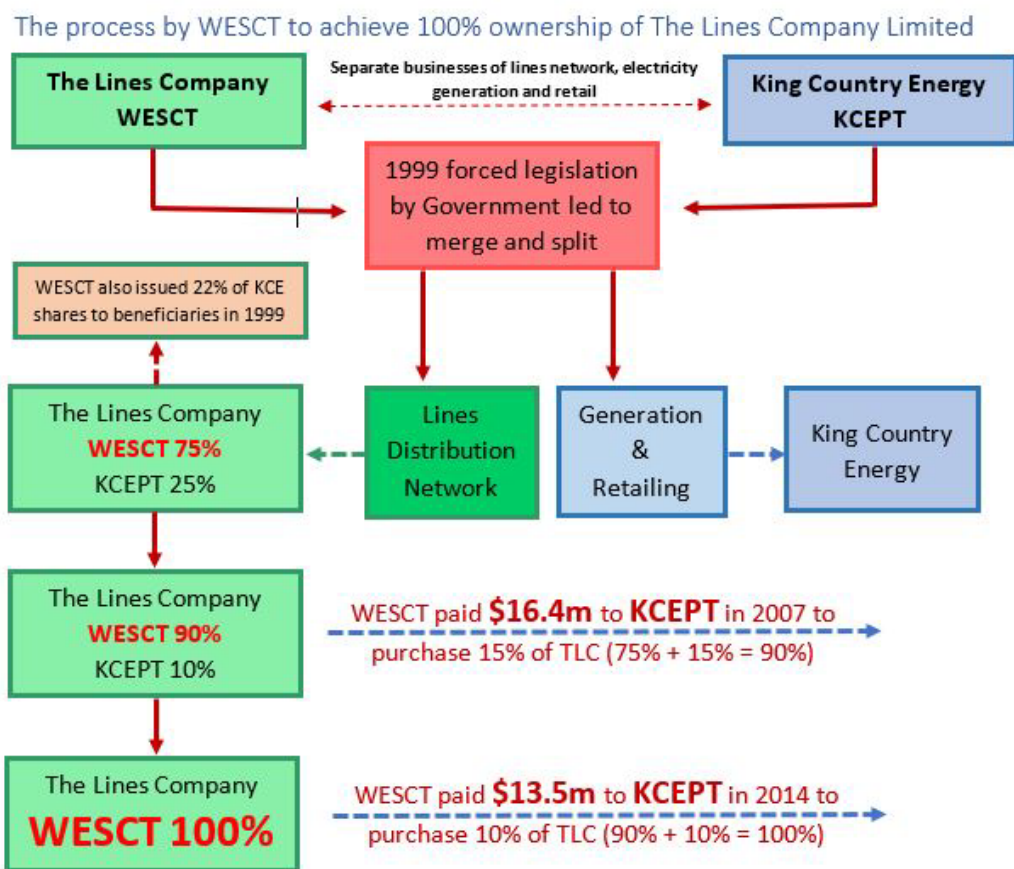
To comply with the above legislation, WESCT Beneficiaries approved a merger between the Company and King Country Energy Limited, as both these companies were in the business of lines distribution and electricity generation and retailing. The merger resulted in the Company selling its electricity generation and retailing business to King Country Energy Limited. The Company then purchased the network (lines) business from King Country Energy Limited.

This merger transaction resulted in the Company being in the core business of a line distribution network. The Company's geographical area of the lines network approximately doubled after this transaction. The two areas are commonly referred to as the northern and southern areas. The Company was now 75% owned by WESCT and 25% owned by King Country Electric Power Trust (KCEPT), and WESCT held 9,872,340 shares.

3. On the other side of this merger transaction, King Country Energy Limited took over the electricity generation and retailing business. To avoid breaching the legislation of owning no more than a 10% shareholding in any electricity generation and retailing Company, WESCT distributed its excess shares held in King Country Energy Limited to its Beneficiaries in 1999. As a result, WESCT retained 1,503,514 shares in King Country Energy Limited, which was under the 10% legislative threshold.

The above merger transaction resulted in the Company focusing its expertise on the lines distribution network. A name change then followed from “Waitomo Energy Services Limited” to “The Lines Company Limited” (the Company) in 1999. The Company structured itself to become an expert in three business function areas: lines network, metering and contracting.

4. In July 2007, WESCT purchased 15% of KCEPT’s shareholding in the Company, 1,974,468 shares, for \$16,400,000. This purchase increased WESCT’s shareholding to 11,846,808 shares in the Company. At the same time, WESCT disposed of its 1,503,514 shares held in King Country Energy Limited.
5. In January 2014, WESCT became the 100% shareholder of the Company.



Trust Ownership & Returns to Beneficiaries

WESCT Beneficiaries receive discounts from the Company that are distributed through twice-yearly discount credits to a WESCT Beneficiary’s account. For the year ending 31 March 2024, the Company delivered a discount of \$4.3 million as a return to the WESCT Beneficiaries. The sum excludes GST, so those not GST registered (and treating the line cost as a business expense) also benefit from the GST on top of that sum.

The Trust reviews its ownership structure every six years; therefore, it carried out reviews in 1996, 2002, 2008, 2014 and 2020. Each review requires a poll of all Beneficiaries, and the outcome continues to report that more than 84% support retaining Trust ownership. Under the terms of the Trust Deed, the Trust will undertake the next review in September 2026.

Trustees

Six Trustees administer the Trust. The Trust has recently gone through the process of amending the Trust Deed with the restated Trust Deed in force from 3 December 2024.

The restated Trust Deed reflects that there are no longer different types of Trustees; once elected, all Trustees have the same responsibilities.

There are some transitional provisions in the restated Trust Deed to align Trustee elections by 1 October 2026.

The Trustee election process is as follows:-

(a) For three (3) Trustees, March 2025

The Trustees whose term ceases on 31 March 2025 are Cathy Prendergast of Arohena, Erin Wirihana of Te Kūiti, and Guy Whitaker of Te Kūiti. Beneficiaries will elect three Trustees by a combination of postal and electronic voting. The Trustees elected to these positions have a term of office from 1 April 2025 to 30 September 2028.

(b) For three (3) Trustees, September 2026

The Trustees whose term ceases on 30 September 2026 are Janette Osborne of Waitomo, William Oliver of Te Kūiti, and Yvette Ronaldson of Aria. The Trustees elected to these positions have a term of office from 1 October 2026 to 30 September 2030.

WESCT and The Lines Company Limited

The Trustees monitor Company performance through an annually agreed Statement of Corporate Intent.

The Trustees appoint the Company's Directors and monitor their performance through annual reviews. Directors are required to retire by rotation and may offer themselves for reappointment. The Board of Directors is responsible for the day-to-day management and operations of the Company, which is not the responsibility of the Trust.

The Trust expects the Company to strive to maximise WESCT Beneficiaries' benefit and ensure supply quality. In their decision-making role, the Trustees are continually mindful of their vision: "To be an excellent shareholder on behalf of the Trust's beneficiaries and future generations".

The Trust Deed contains specific requirements regarding the functions and operations of the Trust. A copy is available on the WESCT website www.wesct.org.nz.

Visit the website www.thelinescompany.co.nz for further information on The Lines Company Limited.