

Z Energy Limited

Bond Issue Flyer - Series 2019 - 1

- Z Energy is a locally owned and strategically important New Zealand energy company, and is now one of New Zealand's most visible brands
- Z Energy is the market leader in most segments of the fuels industry - importing approximately 2,500 million litres of crude oil and refined fuel annually, and distributing around one third of New Zealand's total fuel
- Z Energy also owns and operates critical logistical and distribution infrastructure, including approximately 300 retail service stations and truck stops, and pipelines, fuel terminals and a share in New Zealand's only oil refinery at Marsden Point

This flyer summarises the terms of the Bonds Z Energy Limited ("the Issuer") is offering and the steps an investor will have to complete to take up the Offer. A more detailed explanation is set out in the Simplified Disclosure Prospectus dated 4 July 2012 ("SDP").

The Bonds are secured and fully and unconditionally guaranteed by the Issuer, Z Energy Holdings Limited, Aotea Energy Limited, Greenstone Energy Finance Limited, Harbour City Property Investments Limited and Mini Fuels & Oils Limited ("Guarantors"). In this flyer, Aotea Energy Limited and its subsidiaries are together called "Z Energy Group".

For information about the Issuer, the Z Energy Group or the Offer, please see the SDP. Capitalised terms in this flyer have the same meanings as in the SDP. A free copy of the SDP can be obtained by contacting the Joint Lead Managers or your financial advisor.



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Type of Bond:	Senior, secured, fixed rate debt obligations of the Issuer.
Use of Proceeds:	The net proceeds of the Offer will be used to provide funding to repay bank debt and for Z Energy Group's general corporate purposes.
Opening Date:	18 July 2012.
Closing Date:	10 August 2012.
Issue Date:	15 August 2012.
Maturity Date:	15 November 2019.
Interest Rate:	6.50% per annum.
Early Bird Interest:	The Issuer will pay Early Bird Interest to each Bondholder on subscriptions, to the extent that applications are accepted, at the Interest Rate from the date on which subscription money is banked into the offer trust account to the Issue Date. Any Early Bird interest will be paid no later than 5 Business Days after the Issue Date.
Interest Payments:	The Bonds will accrue interest, payable quarterly in arrears in four equal payments on 15 February, 15 May, 15 August and 15 November of each year.
Issue Size:	Up to \$100 million with the ability to accept oversubscriptions of up to \$50 million.
Subscription Amount:	Bonds having an aggregate Principal Amount of at least \$5,000, and in multiples of \$1,000 thereafter.
Guarantors:	The Bonds will be fully and unconditionally guaranteed by the Guarantors. This guarantee is secured over all assets of the Guarantors, except for certain excluded assets.
Ranking:	The Bonds will constitute senior, secured obligations of the Issuer and rank equally with each other and with the Issuer's existing senior Series of bonds. Bondholders and Z Energy Group's banks share the same security over the Guarantors' assets on an equal ranking basis with both groups ranking behind security held by the Issuer's suppliers over crude oil products and refined products, and their proceeds, in each case to the extent that the supplier has not received payment of the purchase price for them, and behind statutorily preferred creditors.
Listing:	Application has been made to NZX for permission to quote the Bonds on the NZDX and all the requirements of NZX relating to that application that can be complied with on or before the date of the SDP have been duly complied with. However NZX accepts no responsibility for any statement in the SDP or this Issue Flyer. NZX is a registered exchange, and the NZDX is a registered market, each regulated under the Securities Markets Act 1988.
Ticker Code:	NZX ticker code "ZEL030" has been reserved for the Bonds.
Bondholder Put Option on a Change of Control:	<p>Each Bondholder has a right to sell all (but not some of) their Bonds back to the Issuer before the Maturity Date if a Change of Control that is not an IPO occurs.</p> <p>In those circumstances, the sale price is the Principal Amount of the Bonds plus any accrued and unpaid interest (for the days elapsing from the last Interest Payment Date up to the relevant sale date).</p>
Financial Covenant:	The ratio of Total Debt to Covenant EBITDA of the Z Energy Group shall not exceed the lower of (i) 4.0 or (ii) the equivalent ratio for the Bank Facilities at the relevant time plus 0.5 (being, as at the date of the SDP, $3.0 + 0.5 = 3.5$). The financial covenant will be tested on 30 September 2012 and following that date, every six months, each on a rolling 12 month basis. No Event of Default will occur unless the covenant is breached on two successive Test Dates.
Distribution Stopper:	While a breach of the financial covenant continues, or any event of default under the Bond Documents or Bank Facilities is continuing, no distributions may be declared or made by any Guarantor to a non-Guarantor.
Prior Ranking Security for Working Capital:	<p>The security structure is intended to give preference to the Issuer's suppliers in respect of crude oil products and refined products they have supplied, and their proceeds, in each case that have not been paid for, after which Bondholders and Banks rank equally.</p> <p>There is a range of other circumstances in which suppliers or funders of working capital could obtain priority. Please refer to the SDP for more detail.</p>
How to apply:	Complete the application form included in the SDP. No applications will be accepted or money received unless the investor has received a copy of the SDP.