

## WHAT SORT OF INVESTMENT IS THIS?

### Description of Securities

This Offer Document relates to the offer of Capital Notes by Hellaby Holdings Limited, which are unsecured, subordinated fixed interest debt securities of Hellaby Holdings Limited.

The Capital Notes are subject to the provisions of the Trust Deed. For a more detailed description of the terms of the Trust Deed, see the section of this Offer Document entitled "Summary of Trust Deed" on page 79.

The Capital Notes constitute unsecured subordinated debt obligations of Hellaby Holdings Limited. The obligations of Hellaby Holdings Limited to the Holders under, and the rights of the Holders (or the Trustee on behalf of the Holders) against Hellaby Holdings Limited in respect of the Capital Notes rank behind the obligations of Hellaby Holdings Limited to its Senior Creditors (which includes its general secured and unsecured creditors). Accordingly, in the event of Liquidation of Hellaby Holdings Limited, claims under the Capital Notes will rank in point of payment behind the claims of Senior Creditors. Claims under the Capital Notes rank ahead of claims of holders of Ordinary Shares.

Each Guaranteeing Subsidiary has guaranteed on an unsecured and subordinated basis to each of the Holders and the Trustee for itself and on behalf of each Holder payment by Hellaby Holdings Limited of the Note Obligations. The guarantee of each Guaranteeing Subsidiary ranks behind the obligations of that Guaranteeing Subsidiary to its Senior Creditors (which includes its general secured and unsecured creditors). Accordingly, in the event of Liquidation of a Guaranteeing Subsidiary, claims under the guarantee of that Guaranteeing Subsidiary in respect of the Capital Notes will rank in point of payment behind the claims of the Senior Creditors of that Guaranteeing Subsidiary.

Where:

"Senior Creditor" means in relation to a person, all creditors of that person in relation to indebtedness, other than:

- (a) in the case of Hellaby Holdings Limited, indebtedness:
  - i. owed to Holders pursuant to the Capital Notes; or
  - ii. which is expressed to be subordinate to the obligations of Hellaby Holdings Limited under or in relation to the Capital Notes, or *pari passu* with such obligations; and
- (b) in the case of a Guaranteeing Subsidiary, indebtedness:
  - i. owed to Holders pursuant to the guarantee in the Trust Deed; or
  - ii. which is expressed to be subordinate to the obligations of the Guaranteeing Subsidiary under that guarantee, or *pari passu* with such obligations.

The aggregate Face Value of the Capital Notes which may be issued under this Offer, is \$40 million.

Hellaby Holdings Limited reserves the right to accept over-subscriptions in respect of the Capital Notes with an aggregate Face Value of up to a further \$10 million (being a maximum potential issue of \$50 million). Each Capital Note has a Face Value of \$1.00 which will also be its issue price.

The interest rate in respect of each Capital Note is 8.50% per annum or such other higher percentage per annum as Hellaby Holdings Limited may advise the Trustee and NZX prior to the Closing Date, and is fixed until the Maturity Date. Interest in the initial period is calculated from the date of allotment on the Face Value of each Capital Note on a daily basis (and on the basis of a 365 day year) and is payable to the original subscriber for the Capital Notes on 15 September 2006, irrespective of any transfer of the Capital Notes prior to that date. Subsequent interest payments will be made quarterly in arrears by equal payments on each Interest Date thereafter (being 15 December, 15 March, 15 June and 15 September of each year from and including 15 September 2006 to and including the Maturity Date) to the registered Holders of the Capital Notes on the Record Date for determining entitlement to interest payment, unless the payment of interest has been suspended in whole or in part by Hellaby Holdings Limited in accordance with the provisions of the Trust Deed.

The Capital Notes have a Maturity Date of 15 June 2011. Hellaby Holdings Limited shall elect by giving notice not less than 33 Business Days prior to the Maturity Date to each Holder to:

- (a) redeem all of their Capital Notes for cash on the Maturity Date; or
- (b) give the Holder the option to renew all of their Capital Notes from the Maturity Date on new terms and conditions so advised by Hellaby Holdings Limited at that time; or
- (c) convert all of their Capital Notes into Ordinary Shares at the Conversion Rate on the Maturity Date (subject to shareholder approval for such conversion having been obtained).

If Hellaby Holdings Limited fails to give notice, it shall be deemed to have given notice to redeem all of the Capital Notes of each Holder for cash on the Maturity Date. If the option to renew is given and a Holder elects not to do so, Hellaby Holdings Limited must then elect to redeem the Capital Notes for cash on the Maturity Date or convert them into Ordinary Shares at the Conversion Rate. If Hellaby Holdings Limited fails to make this election, it will be deemed to have elected to redeem the relevant Holder's Capital Notes for cash on the Maturity Date. If the option to renew is given to a Holder, and the Holder fails to notify Hellaby Holdings Limited of his or her election, the Holder shall be deemed to renew all of that Holder's Capital Notes as at the Maturity Date on the new terms and conditions so advised by Hellaby Holdings Limited at that time.

If shareholders' approval for conversion is not obtained, then Hellaby Holdings Limited is deemed to have given notice to redeem all of the Capital Notes for cash on the Maturity Date.

Ordinary Shares resulting from the conversion of Capital Notes shall rank *pari passu* in all respects with all other Ordinary Shares then on issue. Each Ordinary Share held gives the holder of that Ordinary Share the rights to:

- attend and vote at a meeting of Hellaby Holdings Limited shareholders including the right to cast one vote per Ordinary Share on a poll;
- an equal share in dividends authorised by the Board of Directors of Hellaby Holdings Limited in respect of Ordinary Shares;
- an equal share with other Hellaby Holdings Limited shareholders in the distribution of surplus assets in the event of Liquidation of Hellaby Holdings Limited;
- be sent certain information relating to Hellaby Holdings Limited; and
- any other rights as a Hellaby Holdings Limited shareholder conferred by the Companies Act and the constitution of Hellaby Holdings Limited.

The Ordinary Shares into which Capital Notes may be converted are currently quoted on the NZSX and may be traded through the NZSX. However, NZX accepts no responsibility for any statement in this Offer Document.

This Offer Document also provides information regarding the Ordinary Shares that Hellaby Holdings Limited will issue to Holders if their Capital Notes are converted. The Ordinary Shares are equity securities in Hellaby Holdings Limited and will rank equally in all respects with all other fully paid Ordinary Shares in Hellaby Holdings Limited on issue at the time of conversion although the dividend entitlement on such Ordinary Shares will apply from the date of issue of those Ordinary Shares. For further information on the rights of shareholders, see the section entitled "What returns will I get?".

#### WHO IS INVOLVED IN PROVIDING IT FOR ME?

The issuer of the Capital Notes is Hellaby Holdings Limited, whose registered office is at Level 9, Worldwide Tower, 8-10 Whitaker Place, Auckland. Hellaby Holdings Limited was incorporated in New Zealand on 6 March 1980. Hellaby Holdings Limited is the parent company with investments in a number of New Zealand and Australian businesses. Details of the principal activities of Hellaby Holdings Limited and the members of the Borrowing Group are provided in the section entitled "Company Overview" on page 12.

There is no promoter of the Offer.

The Trustee of the Capital Notes is The New Zealand Guardian Trust Company Limited whose address is Level 7, Vero Centre, 48 Shortland Street, Auckland.

#### HOW MUCH DO I PAY?

Applicants are required to pay an issue price of \$1.00 per Capital Note, being the Face Value of each Capital Note. The aggregate Face Value of the Capital Notes for which an application is made must be paid in full by applicants on application. Applications to subscribe for Capital Notes must be for a minimum amount of \$5,000 and thereafter in multiples of \$1,000.

A Priority Pool of Capital Notes with an aggregate Face Value of \$5 million has been reserved for subscription by Eligible Shareholders, with a minimum application amount

of \$5,000 and a maximum of \$50,000 of Capital Notes available for each Eligible Shareholder, on a first come first served basis.

Applications from Eligible Shareholders for Capital Notes having an aggregate Face Value in excess of \$50,000 will (to the extent the application applies for an amount over \$50,000) be considered as applications for subscriptions of Capital Notes from the Public Pool.

Eligible Shareholders wishing to apply for more than \$50,000 of Capital Notes may apply for Capital Notes through a Primary Market Participant and other invited financial intermediaries, or through the Public Pool, to the extent any Capital Notes are available.

Capital Notes forming part of the Priority Pool will be reserved until the earlier of the Priority Pool Closing Date or such time as determined by the Board of Directors of Hellaby Holdings Limited. If applications from Eligible Shareholders are received after the Priority Pool Closing Date, but before the Closing Date of the Offer, they will be treated as applications under the Public Pool, if any Capital Notes are available.

Applications for Capital Notes in the Priority Pool will be determined on the following basis:

- If applications for allotment from the Priority Pool do not exceed \$5 million, each applicant will be allotted the number of Capital Notes applied for, up to a maximum of \$50,000 of Capital Notes;
- If applications for allotment from the Priority Pool exceed \$5 million, then any excess may be allocated on a "first come first served" basis from the Public Pool, if any.

If applications for Capital Notes in the Priority Pool total less than \$5 million at the Priority Pool Closing Date, the balance may be allocated by Hellaby Holdings Limited on a firm allocation basis or made available for subscription by applicants through the Public Pool.

Capital Notes with an aggregate Face Value of up to \$35 million are reserved for subscription by clients of the Lead Manager, the Co-Lead Manager, other Primary Market Participants, and invited financial intermediaries.

The aggregate Face Value of Capital Notes so reserved will be determined by the Lead Manager, Co-Lead Manager and Hellaby Holdings Limited and notified to applicants by way of general announcement to the NZX on or before the Closing Date of the Offer.

If:

- Hellaby Holdings Limited exercises its right to accept over-subscriptions; or
- Capital Notes of less than \$5 million are allocated under the Priority Pool; or
- Hellaby Holdings Limited allocates less than \$35 million of Capital Notes on a firm allocation basis,

then some or all of those over-subscriptions or unallocated Capital Notes, as applicable, may be available for subscription by applicants through the Public Pool.

Applications under the Public Pool, if any, will be accepted on a "first come first served" basis.

Cheques should be made payable to “Hellaby Holdings Limited Capital Notes Offer”, crossed “Not Transferable”, must not be post-dated, and should be delivered or sent, together with the completed Application Form to :

**The Registrar**

Hellaby Holdings Limited Capital Notes Offer  
C/- Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road, Takapuna  
Private Bag 92 119, Auckland 1020  
Telephone: (09) 488 8777  
Facsimile: (09) 488 8707

**The Lead Manager**

Hellaby Holdings Limited Capital Notes Offer  
C/- Westpac Institutional Bank, a division of Westpac Banking Corporation (ABN 33 007 457 141)  
Level 15, 157 Lambton Quay  
PO Box 691  
Wellington  
Attention: Tim Butterfield  
Freephone: 0800 HELLABY (0800 435 522)  
Facsimile: (04) 473 7879

**Organising Participant**

Hellaby Holdings Limited Capital Notes Offer  
C/- Westpac Institutional Bank, a division of Westpac Banking Corporation (ABN 33 007 457 141)  
Level 14  
188 Quay Street  
Auckland  
Attention: Debt Capital Markets  
Telephone: (09) 367 3966  
Facsimile: (09) 367 3856

**The Co-Lead Manager**

Hellaby Holdings Limited Capital Notes Offer  
C/- Forsyth Barr Limited  
Level 9, Forsyth Barr House  
The Octagon, Private Bag 1999  
Dunedin  
Freephone: 0800 367 227

or any Primary Market Participant.

Applications to subscribe for Capital Notes must be for a minimum aggregate Face Value of \$5,000, and thereafter in multiples of \$1,000.

All applications must be made on the Application Form included at the back of this Offer Document and must be completed and submitted in accordance with the instructions comprised in the section entitled “Application Instructions” on page 99. Applications by Eligible Shareholders for Capital Notes under the Priority Pool must be lodged with Hellaby Holdings Limited, c/- The Registrar, before 5:00pm on the Priority Pool Closing Date. Applications for Capital Notes under firm allocation or the Public Pool must be lodged with Hellaby Holdings Limited, c/- The Registrar, before 5:00pm on the Closing Date.

Alternatively, all applications may be lodged with any Primary Market Participant, the Lead Manager, the Co-Lead Manager or the Registrar in time for such applications to be received by the Registrar before the Priority Pool Closing Date or the Closing Date for the Offer (as applicable).

The Application Form constitutes an irrevocable offer by the applicant to acquire the number of Capital Notes specified in the Application Form (or such lesser number of Capital Notes as the Board of Directors of Hellaby Holdings Limited may determine) on the terms set out in this Offer Document, the Application Form and the Trust Deed. There is no cooling off period in respect of the Capital Notes in which an applicant for the Capital Notes may cancel the application for the Capital Notes.

Cheques will be banked upon receipt for immediate value. Interest earned on application money will be paid to Hellaby Holdings Limited whether or not the Capital Notes are issued. Until allotment, application money received will be held for the benefit of the applicants and Hellaby Holdings Limited according to their respective entitlements. If a cheque does not clear, the application may be rejected or any allocation made may be cancelled.

Hellaby Holdings Limited will allot Capital Notes upon acceptance of valid applications on a daily basis. Statements advising successful applicants of the allotment of Capital Notes to them will be issued within 5 Business Days of allotment.

The Board of Directors of Hellaby Holdings Limited reserves the right to:

- (a) amend the Priority Pool Closing Date and/or the Closing Date of the Offer;
- (b) decline any application in whole or in part, without giving any reason; or
- (c) accept any Application Form as valid, notwithstanding that the Application Form may not be completed correctly, or if the accompanying payment is for the incorrect amount.

Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be) without interest. Refunds will be made no later than 5 Business Days after the Closing Date.

If Holders’ Capital Notes are converted to Ordinary Shares, Holders will be issued Ordinary Shares in accordance with a formula based on the Face Value of the Capital Notes and 95% of the volume weighted average of the price of the Ordinary Shares sold through the order matching system of a registered exchange during the period of 20 consecutive Business Days immediately preceding the fifth Business Day prior to the Conversion Date. For a more detailed description of the formula, see the section entitled “Glossary” on page 96. If no such sale occurred during such 20 Business Day period, the market value of the Ordinary Shares shall be determined by an independent adviser appointed by Hellaby Holdings Limited and the Trustee.

## WHAT ARE THE CHARGES?

Applicants are not required to pay any charges to Hellaby Holdings Limited, the Trustee, the Registrar or any other person in relation to this Offer, other than the issue price of \$1.00 per Capital Note issued to them.

Hellaby Holdings Limited is required to pay all costs and expenses incurred by Hellaby Holdings Limited in connection with this Offer, including trustee fees, adviser fees, brokerage fees, Lead Manager fees, accounting and audit fees, legal fees, registry fees, marketing fees, printing and postage and other costs. An estimate of the costs and expenses to be incurred is \$1.70 million based on an issue size of \$40 million. This estimate includes brokerage, which is payable by Hellaby Holdings Limited to the Lead Manager and the Co-Lead Manager for on-payment to Primary Market Participants and other invited financial intermediaries where a valid application bears the stamp of that Primary Market Participant or other approved financial intermediary, at a rate of:

- 1.00% of the aggregate Face Value in respect of the Capital Notes allotted; and
- additional brokerage of 0.75% of the aggregate Face Value of Capital Notes allotted under Firm Allocations.

Brokerage may be payable by Holders of Capital Notes and Ordinary Shares (if the Capital Notes have been converted) wishing to sell their Capital Notes or Ordinary Shares in the future.

## WHAT RETURNS WILL I GET?

The information contained in this section should be read in conjunction with the information set out in the section of this Offer Document entitled "What are my risks?". Certain events could reduce or eliminate the returns intended to be derived from holding the Capital Notes.

### Key Factors that Determine Returns

The key factors that will determine returns to the Holders of Capital Notes are:

- the fixed interest rate attaching to the Capital Notes;
- the right for Hellaby Holdings Limited to suspend the payment of interest in certain circumstances;
- the performance of Hellaby Holdings Limited and its compliance with its obligations as the issuer of the Capital Notes, including the payment of interest on the Interest Dates;
- the new terms relating to the Capital Notes (for example as to interest rate, Interest Dates and financial covenants) offered by Hellaby Holdings Limited prior to the Maturity Date, the election made by Holders prior to the Maturity Date and whether Hellaby Holdings Limited elects to redeem or purchase any or all of the Capital Notes on the Maturity Date or convert the Capital Notes into Ordinary Shares;
- whether Hellaby Holdings Limited elects to exercise its call option requiring early redemption of some or all of the Capital Notes;

- if the Capital Notes are converted into Ordinary Shares (subject to shareholder approval having been obtained), the amount that can be realised by the sale of those Ordinary Shares; and
- each Holder's individual circumstances for tax purposes.

### Interest Rate

Hellaby Holdings Limited is the party legally liable to pay interest and principal due on the Capital Notes. The interest rate in respect of each Capital Note is 8.50% per annum, or such other higher percentage per annum as Hellaby Holdings Limited may advise the Trustee and NZX prior to the Closing Date. Interest accrues on each Capital Note on a daily basis from the date of allotment of that Capital Note. The first interest payment will be made on 15 September 2006 to the original subscriber for the Capital Notes (irrespective of any transfer of the Capital Notes prior to 15 September 2006). Subsequent interest payments will be made quarterly in arrears by equal payments on each Interest Date thereafter (being 15 December, 15 March, 15 June and 15 September of each year to and including the Maturity Date) to registered Holders of the Capital Notes on the Record Date for determining entitlement to interest payments, unless the payment of interest has been suspended in whole or in part by Hellaby Holdings Limited in accordance with the provisions of the Trust Deed, for further detail see the section entitled "Summary of Trust Deed" on page 79.

### Suspension of Interest

If:

- the Directors, on reasonable grounds, believe that the payment (or the relevant part) would, or would be likely to, result in any member of the Borrowing Group breaching the solvency test contained in section 4 of the Companies Act; or
- the payment (or the relevant part) would, or would be likely to, result in any member of the Borrowing Group being in breach of any covenant, warranty or undertaking given by it to any of its Senior Creditors under the terms or conditions on which any financial indebtedness was advanced to or otherwise provided to it; or
- the payment (or any relevant part) would, or would be likely to, result in any member of the Borrowing Group being in breach of any other legal obligation,

Hellaby Holdings Limited may elect to suspend the payment of interest (or relevant part) in accordance with the provisions of the Trust Deed, in which case interest shall continue to accrue daily on the Capital Notes at the interest rate. Interest which is not paid on its due date (whether due to suspension or otherwise) will itself bear interest at the Default Interest Rate accruing daily. Such suspension of the payment of interest by Hellaby Holdings Limited shall not constitute a default by Hellaby Holdings Limited under the Trust Deed.

Subject to the terms of the Trust Deed as may be applicable, Holders may transfer their Capital Notes. For further information, see the paragraph of this section entitled “How Do I Cash in My Investment?” within this section.

Holders do not benefit from any capital growth in the Ordinary Shares and will not participate in any dividend, bonus issue, rights issue, or any other distribution made in respect of the Ordinary Shares until or if converted.

No person promises the return of capital or the amount of any returns in relation to any Ordinary Shares issued if conversion of the Capital Notes occurs. Except to the extent set out above, no return in relation to the Offer or the Capital Notes has been promised to Holders.

The following taxation matters may affect the returns investors may receive.

#### **New Zealand Withholding Tax**

Resident Withholding Tax (“RWT”) will be deducted by Hellaby Holdings Limited from interest paid to or credited to New Zealand resident Holders or Holders who are engaged in business through a fixed establishment in New Zealand unless an appropriate exemption certificate is produced to Hellaby Holdings Limited on or before the Record Date for the relevant payment, and Hellaby Holdings Limited is permitted by the Income Tax Act 2004 to make the payment free of RWT.

RWT of 19.5% will be deducted if the Holder supplies their IRD number to the Registrar and the Holder is not a company (other than a company that is a trustee). If the Holder is a company (other than a company that is a trustee), RWT will be deducted at 33%. Other Holders may elect for RWT to be deducted at 33% or 39%. Where the IRD number is not supplied to the Registrar, RWT will be deducted at 39% from all interest payments.

If Hellaby Holdings Limited is lawfully able to pay Approved Issuer Levy (currently 2%) in respect of any payment of interest (or deemed interest) to a non-New Zealand tax resident Holder, Hellaby Holdings Limited, or the person making payment on its behalf, shall pay the Approved Issuer Levy to the appropriate authority and shall deduct the amount paid from the interest (or deemed interest) payable to that Holder in lieu of deducting New Zealand non-resident withholding tax at the rate otherwise applicable from that payment. At the date of this Offer Document Hellaby Holdings Limited intends to use reasonable endeavours to become an Approved Issuer and to register the Capital Notes as registered securities.

If Approved Issuer Levy cannot be lawfully deducted by Hellaby Holdings Limited, New Zealand non-resident withholding tax (“NRWT”) will be deducted from payments of interest (or payments deemed by law to be interest) to Holders who are not resident in New Zealand for taxation purposes and who are not engaged in business in New Zealand through a fixed establishment in New Zealand.

#### **Accrual Rules**

The accrual rules apply to financial arrangements that are not “excepted financial arrangements”. Where and to the extent the accrual rules apply to a Holder the Holder may be required to spread income over the term of the financial arrangement.

Some holders of financial arrangements, the value of whose financial arrangements are below certain levels are not required to recognise income on an accrual basis and will therefore recognise income on a cash basis. Specific advice should be obtained by Holders based on their own individual personal circumstances.

The above statements are based on applicable tax legislation current at the date of this Offer Document. All comments in relation to taxation in this Offer Document are of a general nature only under current legislation, and are not (and should not be construed as) legal or tax advice to any Holder. These comments should therefore be treated with appropriate caution.

Holders should consult their own taxation or other financial advisors concerning the taxation implications, in their particular circumstances, of owning and/or disposing of the Capital Notes.

#### **Guarantee**

Each of the Guaranteeing Subsidiaries being, at the date of this Offer Document, AB Equipment Limited, AB Rental Limited, BBQ Factory Limited, Brake & Transmission NZ Limited, Diesel Distributors Limited, Elldex Packaging Limited, Eurolift NZ Limited, Hellaby Properties Limited, Levana Textiles Limited, and TRS Tyre & Wheel Limited guarantee on an unsecured and subordinated basis the payment by Hellaby Holdings Limited of the Note Obligations. For further detail of this guarantee, see the section entitled “Summary of Trust Deed” on page 149. Other than this guarantee provided by the Borrowing Group, none of Hellaby Holdings Limited’s directors, its subsidiaries, the Lead Manager, the Organising Participant, the Co-Lead Manager, the Trustee, nor any of their respective directors, officers or employees, or any other person, guarantees the payment of interest or any other amounts due under the Capital Notes or the amount of returns which investors may receive as holders of the Capital Notes.

#### **Hellaby Holdings Limited Ordinary Shares**

In the event that the Capital Notes are converted into Ordinary Shares in the circumstances described in the section above entitled “What Sort of Investment is This?” then the Holders shall receive Ordinary Shares.

Ordinary Shares resulting from each conversion shall:

- rank pari passu in all respects with all other Ordinary Shares then on issue; and
- if a date of record for a dividend or other distribution occurs after the trading period used to calculate the value of the Ordinary Shares for the purpose of the conversion but before the relevant Maturity Date, the holder of such Ordinary Shares shall also receive that dividend or other distribution.

#### **Returns on Ordinary Shares upon Conversion**

Holders of Ordinary Shares are entitled to (subject to the immediately preceding paragraph) receive any dividends or other distributions made by Hellaby Holdings Limited. In addition, holders of Ordinary Shares will receive the benefit from any increase in the market price of their Ordinary Shares or bear the loss from any decline in the market price.

In determining whether to pay dividends, the Board of Directors must have regard to the solvency, profitability and liquidity of Hellaby Holdings Limited and capital expenditure and/or other alternative applications of funds available to it.

The Board of Directors reserves the right to determine the dividend policy of Hellaby Holdings Limited. Dividends on Ordinary Shares of Hellaby Holdings Limited are declared at the discretion of the Board of Directors. Hellaby Holdings Limited is the entity legally liable to pay any dividend.

Nothing contained in this Offer Document should be construed as a promise of profitability. There is no assurance that dividends will be paid by Hellaby Holdings Limited on Ordinary Shares in the future. Whether future dividends are paid, and to what extent, will depend on a number of factors, including those discussed under the heading "What Are My Risks?" within this section.

#### **Subordinated Debt**

The Capital Notes constitute unsecured subordinated debt obligations of Hellaby Holdings Limited. The obligations of Hellaby Holdings Limited to the Holders under, and the rights of the Holders (or the Trustee on behalf of the Holders) against Hellaby Holdings Limited in respect of the Capital Notes rank behind the obligations of Hellaby Holdings Limited to its Senior Creditors (which includes its general secured and unsecured creditors). Accordingly, in the event of Liquidation of Hellaby Holdings Limited, claims under the Capital Notes will rank in point of payment behind the claims of Senior Creditors. Claims under the Capital Notes rank ahead of claims of holders of Ordinary Shares.

Each Guaranteeing Subsidiary has guaranteed on an unsecured and subordinated basis to each of the Holders and the Trustee for itself and on behalf of each Holder payment by Hellaby Holdings Limited of the Note Obligations. The guarantee of each Guaranteeing Subsidiary ranks behind the obligations of that Guaranteeing Subsidiary to its Senior Creditors (which includes its general secured and unsecured creditors). Accordingly, in the event of Liquidation of a Guaranteeing Subsidiary, claims under the guarantee of that Guaranteeing Subsidiary in respect of the Capital Notes will rank in point of payment behind the claims of the Senior Creditors of that Guaranteeing Subsidiary.

Where:

"Senior Creditor" means in relation to a person, all creditors of that person in relation to indebtedness, other than:

- (a) in the case of Hellaby Holdings Limited, indebtedness:
  - i. owed to Holders pursuant to the Capital Notes; or
  - ii. which is expressed to be subordinate to the obligations of Hellaby Holdings Limited under or in relation to the Capital Notes, or *pari passu* with such obligations; and
- (b) in the case of a Guaranteeing Subsidiary, indebtedness:
  - i. owed to Holders pursuant to the guarantee in the Trust Deed; or

- ii. which is expressed to be subordinate to the obligations of the Guaranteeing Subsidiary under that guarantee, or *pari passu* with such obligations.

#### **Lead Manager, Organising Participant and Co-Lead Manager**

This Offer Document does not constitute a recommendation by the Lead Manager, the Organising Participant or the Co-Lead Manager in any capacity to subscribe for, or purchase, any Capital Notes. To the maximum extent possible by law, none of the Lead Manager, the Organising Participant, the Co-Lead Manager, their officers, employees or agents accepts any liability whatsoever for any loss arising from this Offer Document or its contents or otherwise arising in connection with this Offer.

Each of the Lead Manager, the Organising Participant, the Co-Lead Manager and/or their related companies may from time to time provide various services to Hellaby Holdings Limited (whether as banker, lender, mortgagee, adviser, investor, underwriter, fund manager or other service provider).

The Lead Manager and/or its related companies as banker to Hellaby Holdings Limited and its subsidiaries may rank ahead of Holders and may be entitled to take action to its advantage and to the disadvantage of the Holders.

Proceeds received by Hellaby Holdings Limited from this Offer will initially be used to reduce bank indebtedness and to provide Hellaby Holdings Limited with an increased ability to fund future acquisitions and other growth opportunities.

#### **Disclaimer**

None of the Lead Manager, the Organising Participant or the Co-Lead Manager have independently verified any information contained in this Offer Document and make no representation or warranty (express or implied) as to the accuracy or completeness of the information contained in this Offer Document and are not obliged to update any information contained in this Offer Document nor to notify any person should any information be incorrect or cease to be correct. None of the Lead Manager, the Organising Participant or the Co-Lead Manager guarantees the repayment of the Capital Notes or the payment of interest thereon or any other aspect of the Capital Notes or obligations of the Borrowing Group.

#### **WHAT ARE MY RISKS?**

There are a number of risks that investors should consider before electing to subscribe for Capital Notes, namely;

- the risks relevant to the Capital Notes;
- the risks relevant to Ordinary Shares in the event that Hellaby Holdings Limited elects to convert the Capital Notes; and
- the general and specific commercial risks that relate to the business operations of the Borrowing Group.

Hellaby Holdings Limited recommends that all prospective investors in this Offer review this section thoroughly, in conjunction with the other information contained in this Offer Document, before deciding to participate in this Offer.

**Risks Relevant to Capital Notes**

The following are risks relevant to the Holders of the Capital Notes:

- Holders may not receive timely, or any, interest payments on the Capital Notes;
- Hellaby Holdings Limited may redeem the Capital Notes prior to the Maturity Date; and
- Holders may be unable to recoup their original investment.

This could happen for a number of reasons, including if:

- Hellaby Holdings Limited suspends interest payments (for more information see paragraph headed “What Returns Will I Get?” in this section of this Offer Document;
- The price at which Holders are able to sell their Capital Notes is less than the price they have paid for the Capital Notes due to interest rate movements or for other reasons;
- Holders are unable to sell their Capital Notes at all due to a lack of demand;
- Hellaby Holdings Limited is required to redeem the Capital Notes for cash, but is not able to do so through an equity raising, refinancing or otherwise, and is accordingly not able to discharge its payment obligations to Holders;
- Hellaby Holdings Limited may require early redemption of the Capital Notes after the Call Option Date pursuant to its call option; or
- Hellaby Holdings Limited is in Liquidation and is unable to pay interest due on, or other amounts in respect of the Capital Notes.

**Risks Relevant to Ordinary Shares in the Event of Conversion**

The following are risks relevant to the Holders of the Capital Notes in the event that Hellaby Holdings Limited elects to convert the Capital Notes:

- There is no market for the Ordinary Shares following conversion;
- The price at which holders of Ordinary Shares are able to sell their Ordinary Shares is less than the market value of the Ordinary Shares at the time of conversion;
- Hellaby Holdings Limited does not pay or make a dividend or other distribution on the Ordinary Shares; or
- Hellaby Holdings Limited is placed in Liquidation and the holders of Ordinary Shares receive less than the original value of the Ordinary Shares.

**Limited Rights of Redemption and Enforcement**

The Capital Notes have a Maturity Date but neither the Holders nor the Trustee can require redemption of the Capital Notes for cash on such date.

A breach by Hellaby Holdings Limited of the representations, warranties or covenants contained in the Trust Deed does not entitle the Trustee or the Holders to require Hellaby Holdings Limited to repay or redeem the Capital Notes. The Trustee and the Holders have no

remedies against Hellaby Holdings Limited or the Guaranteeing Subsidiaries for such breach, except remedies provided at law where Hellaby Holdings Limited or the Guaranteeing Subsidiaries (as the case may be) are in Liquidation.

**Risks Relating to the Industries and the Businesses of the Borrowing Group**

In addition to the general risks associated with any investment in Capital Notes there are factors relevant to the Borrowing Group’s industries and businesses, which may impact on its future performance and prospects.

**Economic Conditions**

General economic factors such as economic activity, consumer spending, inflation, industrial disruption, Government legislation or restrictions, international disruption or catastrophe, import controls, restriction or duties, interest rate and currency fluctuation, stock market prices, commodity prices etc may have an adverse impact on the performance of the Borrowing Group.

**Exchange Rate**

A number of companies in the Borrowing Group have exposure to foreign exchange rate risk as a result of their normal trading activities.

A significant adverse movement in exchange rates that could not be passed on to customers by way of increased prices could have an adverse impact on the performance of the Borrowing Group.

**Market Change**

Although the companies in the Borrowing Group operate in different markets with substantially different customers, a significant change in customer preferences or buying patterns or the loss of a major customer could have a negative impact on the performance of the Borrowing Group.

**Competition**

All of the companies in the Borrowing Group operate in competitive environments. Increased competitor activity, new or cheaper sources of supply or the entry of new competitors into the market could have an adverse impact on the performance of the Borrowing Group.

**Key Personnel**

The Borrowing Group will continue to rely on its key personnel. If the Borrowing Group loses the services of key individuals, this could have a short-term adverse effect on its financial performance. The Borrowing Group is not aware of any impending loss of key personnel and each of the businesses in the Borrowing Group operates a management succession plan, where appropriate.

**Suppliers**

Loss of a major supplier or an event which caused disruption in supply of key products or services could have an adverse impact on the performance of the Borrowing Group.

### Working Capital

Working capital management impacts the cash flow and financing requirements of the Borrowing Group. A change in debtor days, stock levels and/or stock turns or creditor days may have an adverse impact on the financial performance of the Borrowing Group.

Hellaby Holdings Limited actively manages its working capital requirements.

### Distribution

Certain of the companies in the Borrowing Group operate from significant warehouses or distribution facilities. An event that causes a prolonged disruption or closure to one or more of these facilities, or the flow of goods from the facilities could have an adverse impact on the performance of the Borrowing Group.

### Information Technology

The companies in the Borrowing Group rely on various computer based business information systems. A significant failure of any of these systems that could not be rectified in a moderate period of time may have an adverse impact on the performance of the Borrowing Group.

### Management of Growth

A key element of Hellaby Holdings Limited's strategy is to continue to grow through strategic investments and acquisitions that may increase the complexity and management requirements of Hellaby Holdings Limited.

Hellaby Holdings Limited considers acquisitions within its investment parameters from time to time. There are always risks that the benefits, synergies or efficiencies expected from such acquisitions or expansions may take longer than expected to be achieved or may not be achieved at all.

Hellaby Holdings Limited believes that it has a sound track record in managing growth and believes it has the personnel to meet these challenges in the future.

### Risk Associated with Investing in Private Companies

Investments in private companies may be subject to higher risk than investments in publicly traded companies. Generally, little public information exists about these companies. If Hellaby Holdings Limited is unable to uncover all material information about these companies, it may not make a fully informed investment decision.

### Carrying Value of Investments

The Borrowing Group records the value of business acquisitions and investments at cost. In certain instances cost includes goodwill and other intangible assets, for example, brands. The carrying value of these acquisitions, investments and related goodwill and intangible assets are subject to annual impairment tests as part of the preparation of the annual financial statements.

Adverse trading conditions or continued reduction in profitability of present or future acquisitions or investments may require that the carrying value of acquisitions, investments and related goodwill and intangible assets be written down as a result of the annual impairment review which could have an adverse impact

on the financial position or performance of the Borrowing Group.

### Liquidity of Investments

Hellaby Holdings Limited typically invests in private companies. Accordingly, many of Hellaby Holdings Limited's investments will be illiquid and there can be no assurance that it will be able to realise such investments in a timely manner or at the recorded book value.

### Litigation or Legal Claims

Material claims against Hellaby Holdings Limited or its subsidiaries or officers could have an adverse impact on the performance of Hellaby Holdings Limited.

Hellaby Holdings Limited is not aware of any impending claims and carries comprehensive insurance policies to protect against such risks as can reasonably be anticipated.

### Product Liability

Claims for injury or loss could possibly be made against any member of the Borrowing Group in relation to products or services supplied by its subsidiary and associate companies. Such claims could have an adverse impact on the financial performance of the Borrowing Group.

Hellaby Holdings Limited is not aware of any such material claims.

### Financial Leverage and Liquidity

Hellaby Holdings Limited has significant borrowings and lease commitments which increase its sensitivity to reductions in earnings resulting from a reduction in sales or margins or an increase in expenses.

Hellaby Holdings Limited is exposed to financial risk including capital adequacy, cash flow and liquidity and support from providers of capital, all of which may impact on the cost of capital or Hellaby Holdings Limited's ability to finance its ongoing operations and growth.

Hellaby Holdings Limited has in place significant debt facilities from Westpac Banking Corporation which together with the proceeds of this Capital Note issue are considered by Hellaby Holdings Limited to be adequate to meet anticipated future commitments and growth.

The banking facilities from Westpac Banking Corporation contain various conditions including financial covenants. Withdrawal of funding support from Westpac Banking Corporation would have a negative impact on the ability of Hellaby to fund its operations. Hellaby Holdings Limited has no reason to expect that Westpac Banking Corporation will not continue to support it.

### Interest Rate

A significant portion of the debt of Hellaby Holdings Limited will be on floating interest rates and significant increases in interest rates may have an adverse effect on the financial performance of the Borrowing Group.

The fixed interest rate nature of these Capital Notes mitigates this risk and Hellaby Holdings Limited may, from time to time, use various financial instruments to manage its interest rate risk.

**Other Risks****Forward-Looking Statements**

Certain statements in this Offer Document 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 the Borrowing Group, or industry results, to be materially different from any future results, performance or achievements express or implied by such forward-looking statements.

Such factors include, among other things, the following general economic and business conditions: consumer preferences, adverse product publicity, regulatory risk, contamination risk, commodity price fluctuations, distribution arrangements, failure of new initiatives, termination of supply contracts, competition, adverse impact of currency fluctuations, the continued input of key employees, success in marketing, sound labour relations and other factors referred to in this Offer Document.

Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. In addition, under no circumstances should the inclusion of such forward-looking statements in the Offer Document be regarded as a representation or warranty by Hellaby Holdings Limited, or any other member of the Borrowing Group, the Lead Manager, the Organising Participant, the Co-Lead Manager or any other person with respect to the achievement of the results set out in such statements or that the underlying assumptions used will in fact be the case. Hellaby Holdings Limited disclaims 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 future developments or events. Factors that could cause such differences include, but are not limited to, those disclosed in this Offer Document in this section.

**Consequences of Insolvency**

No Holder who receives Ordinary Shares on the conversion of Capital Notes, nor any other shareholder, will be liable to pay any further amounts to Hellaby Holdings Limited or any other person in respect of these Capital Notes or Ordinary Shares if Hellaby Holdings Limited becomes insolvent.

The Capital Notes are unsecured, subordinated, debt obligations. This means that, in a Liquidation of Hellaby Holdings Limited, Holders' rights to repayment of the Face Value of the Capital Notes and payment of accrued or unpaid interest will rank after the claims of:

- persons to whom preferential payments must be made;
- secured creditors; and
- unsecured creditors.

In the event of the Liquidation of any other member of the Borrowing Group, the subordinate status of the Holders is the same. Claims of the Holders will rank equally with claims of any other creditor whose claims are expressed to rank equally with the Capital Notes, and ahead of Hellaby Holdings Limited shareholders.

**CAN THE INVESTMENT BE ALTERED?**

The full terms and conditions of the Offer are set out in this Offer Document. Any amendment to these terms and conditions would require an amendment to this Offer Document, the details of which would need to be filed with the Registrar of Companies.

**Capital Notes**

Subject to the paragraphs below, the terms and conditions of the Capital Notes may only be altered with the consent of the Holders given by an Extraordinary Resolution or by varying the terms of the Trust Deed.

Hellaby Holdings Limited may elect in the notice given by it to Holders not less than 33 Business Days prior to the Maturity Date to give the Holder the option to renew all of their Capital Notes from the Maturity Date on new terms and conditions so advised by Hellaby Holdings Limited at that time. For more information see the paragraph headed "Maturity Date" in the sub-section entitled "Maturity Date" in this section of this Offer Document.

However, the provisions of the Trust Deed may be added to, or varied, by deed executed by the Borrowing Group and the Trustee without the consent of the Holders, in the following circumstances only:

- it is necessary or desirable to correct a manifest error, or to comply with the requirements of any statute or statutory regulations, GAAP or the Listing Rules;
- it is of a formal or technical nature;
- in the opinion of the Trustee it is not, or is not likely to become, materially prejudicial to the general interests of the Holders;
- the law in New Zealand relating to securities is modified and, in the opinion of the Trustee, it is in the interests of the Holders to amend the Trust Deed to take cognisance of such modification;
- it is necessary for the purpose of obtaining or maintaining any quotation of the Capital Notes on the NZDX; or
- it is necessary to comply with any rulings NZX has granted.

**Ordinary Shares**

The rights of the holders of Ordinary Shares are subject to the provisions of the Companies Act, the constitution of Hellaby Holdings Limited and the Listing Rules. The constitution of Hellaby Holdings Limited can be altered by special resolution of the Hellaby Holdings Limited shareholders, subject to the rights of interest groups under the Companies Act, or in certain circumstances by court order. Section 117 of the Companies Act restricts Hellaby Holdings Limited from taking any action that affects the

rights attached to its shares unless that action has been approved by a special resolution of shareholders whose rights are affected by the action.

A Holder of Capital Notes has no voting rights or other rights in relation to the constitution of Hellaby Holdings Limited unless and until such time as that Holder's Capital Notes have been converted into Ordinary Shares.

#### HOW DO I CASH IN MY INVESTMENT?

##### Right to Sell Capital Notes

Subject to such of the restrictions of the Trust Deed as may be applicable, and all relevant laws, any Holder may sell or transfer all or any Capital Notes to another person. Holders otherwise have limited rights of repayment and redemption. For further information see the section entitled "What Sort of Investment is This?" within this section.

Hellaby Holdings Limited or the Registrar may decline to register any transfer of Capital Notes where:

- Hellaby Holdings Limited has a lien on the relevant Capital Notes or any of them;
- the transferor does not provide such evidence (if any) as may reasonably be required by Hellaby Holdings Limited to show the right of the transferor to make the transfer; or
- registration of the transfer (together with registration of any further transfer or transfers held and awaiting registration) would result in less than 5,000 Capital Notes standing in the name of the transferor or transferee.

Applicants should not attempt to sell Capital Notes until they know whether, and if so how many Capital Notes have been allotted to them. None of Hellaby Holdings Limited, its subsidiaries, the Lead Manager, the Organising Participant, the Co-Lead Manager, the Trustee, nor any of their respective officers or employees or any other person accepts any liability or responsibility should any applicant for Capital Notes attempt to sell or otherwise deal with Capital Notes before receiving a certificate and FASTER statement recording the number of Capital Notes (if any) allotted to that applicant.

As this Offer represents the first offer of Capital Notes, there is no currently established market for the sale of the Capital Notes. Brokerage at applicable rates would be payable by Holders on transfer of such Holder's Capital Notes.

If as a result of a general offer to purchase made to some or all holders of Ordinary Shares, any person (whether acting alone or in connection with any other person):

- is, or is entitled to become, the holder (absolutely or beneficially and whether directly or indirectly) of all Ordinary Shares; or
- has or will have the right to cast all votes on a poll at a general meeting of Hellaby Holdings Limited on a matter on which holders of Ordinary Shares are entitled to vote,

(each a "Relevant Event"), but no offer is made to Holders to purchase all of the Capital Notes, then Hellaby Holdings Limited will, at any time prior to the next Interest Date that falls not less than 30 Business Days after the occurrence of such Relevant Event, redeem or repurchase all of the Capital Notes for cash at the price equal to the aggregate of the Face Value of, and all Accrued Interest and accrued and suspended interest on, those Capital Notes.

Application has been made to the NZX for permission to list the Capital Notes on the NZDX. All requirements of the NZX relating thereto that can be complied with on or before the date of distribution of this Offer Document have been duly complied with. However, the NZX accepts no responsibility for any statement in this Offer Document. The Ordinary Shares into which Capital Notes may be converted are currently quoted on the NZSX and may be traded through the NZSX. However, the NZX accepts no responsibility for any statement in this Offer Document.

#### WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

Enquiries about the Capital Notes and/or the Ordinary Shares can be directed to:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road, Takapuna  
Private Bag 92-119, Auckland 1020  
Telephone: (09) 488 8777  
Facsimile: (09) 488 8787

The Board of Directors  
Hellaby Holdings Limited  
Level 9, Worldwide Tower  
8 - 10 Whitaker Place Auckland  
PO Box 1670, Auckland  
Telephone: (09) 307 6844  
Facsimile: (09) 307 3559

**IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?**

Complaints about the Capital Notes and/or Ordinary Shares can be directed to:

The Board of Directors  
Hellaby Holdings Limited  
Level 9, Worldwide Tower  
8 - 10 Whitaker Place Auckland  
PO Box 1670, Auckland  
Telephone: (09) 307 6844  
Facsimile: (09) 307 3559

The New Zealand Guardian Trust Company Limited  
Level 7, Vero Centre  
48 Shortland Street  
PO Box 1934  
Auckland  
Telephone: (09) 377 7300  
Facsimile: (09) 377 7474

There is no ombudsman for this type of investment and therefore complaints about the Capital Notes or the Ordinary Shares issued on any conversion of Capital Notes are not able to be made to an ombudsman.

**WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?**

Other information about the Capital Notes, the Ordinary Shares or the Borrowing Group is contained in this Offer Document, the Trust Deed and in Hellaby Holdings Limited's most recent financial statements. Further copies of this Offer Document, copies of the Trust Deed, the constitution of Hellaby Holdings Limited and the most recent financial statements of the Borrowing Group are available for inspection at Hellaby Holdings Limited head office during normal business hours at the address set out above.

A copy of this Offer Document, the documents attached to it when it was registered (being copies of the Auditors' Report, the signed consent of the auditors to the report appearing in this Offer Document, all material contracts, the Trust Deed and an acknowledgment from the NZX to the effect that application has been made for full permission to list the Capital Notes, being the documents required by Section 41 of the Securities Act 1978) and the Trustees' Statement can be viewed at any time on the Companies Office website, [www.companies.govt.nz](http://www.companies.govt.nz). Where the relevant documents are not available on line, they can be requested by contacting Searchlink at [info@searchlink.co.nz](mailto:info@searchlink.co.nz) at any time prior to the Closing Date. You can also obtain further copies of this document free of charge, on request in writing or by telephone, from the Lead Manager, the Organising Participant, the Co-Lead Manager or any other Primary Market Participant.

Holders and shareholders of Hellaby Holdings Limited will be sent annually a copy of the annual report for Hellaby Holdings Limited and a copy of the half-yearly report for Hellaby Holdings Limited. Hellaby Holdings Limited is

required to distribute these reports, in respect of an annual report, within three months of the end of the financial year, and in respect of a half-yearly report, within three months of the first six months of the financial year.

**On Request Information**

The shareholders of Hellaby Holdings Limited and Holders may at any time, in accordance with Section 54B of the Securities Act 1978 and Regulation 23A of the Securities Regulations 1983, request Hellaby Holdings Limited (by written notice to the address set out under the heading "Who Do I Contact with Enquiries About My Investment?" within this section) to provide, and are entitled on payment of any fee prescribed by statute to be sent:

- the most recent annual report of Hellaby Holdings Limited;
- the most recent financial statements of Hellaby Holdings Limited and all documents required to be registered with those financial statements;
- the Trust Deed; and
- this Offer Document.