

Date: 21 December 2022

Vector selects QIC as preferred partner for Vector Metering joint venture, following conclusion of strategic review

Vector (NZX: VCT) advises that it has entered into a conditional agreement with QIC Private Capital Pty Limited (QIC), under which the parties expect to finalise arrangements in the first quarter of 2023 for the sale of a 50% interest in Vector's New Zealand and Australian metering business (Vector Metering) to investment vehicles managed and advised by QIC.

The agreed key transaction terms imply an enterprise value for Vector Metering of approximately NZ\$2.51b¹ against a book value of \$0.65b. Conclusion of the deal is expected to result in gross transaction proceeds of around NZ\$1.74b^{1,2} to Vector.

Vector Group Chief Executive Simon Mackenzie said the company was pleased to have selected QIC as its preferred partner to accelerate growth opportunities for Vector Metering, enabling the business to continue to play a key role in the transition of the energy industry.

"We're very satisfied with the outcome of our strategic review. QIC is a strong long-term partner for Vector Metering, given QIC's scale, experience and breadth of relationships in the New Zealand and Australian energy markets, its access to capital and its shared commitment to growth and customer outcomes," Mr Mackenzie said.

Vector Chair Jonathan Mason said, "Conclusion of the strategic review represents a significant milestone in our growth strategy. Finalisation of the metering joint venture will contribute, over the long term, to the unregulated side of Vector's portfolio, with several reviews underway in Australia that are expected to support an expanding market with accelerated smart meter deployment.

"Upon completion, the board will consider the details of how the proceeds of the sale will be used, however we are committed to reducing overall debt."

Head of QIC Global Infrastructure, Ross Israel said, "We are pleased to reach this important milestone with the largest smart metering platform across Australia and New Zealand with over 2.3 million meters owned or managed across the electricity and gas sectors. This agreement actively demonstrates QIC Infrastructure's strong commitment to a thematic-based investment approach. The energy transition is underpinning demand for strategic assets which support decarbonisation."

¹ Enterprise value and gross transaction proceeds subject to customary completion adjustments

² Assuming acquisition debt of approximately \$980 million

In association with this agreement, QIC and Vector are also in discussions to enter into a strategic alliance with Yurika, owner of a leading Queensland based meter business.

The agreement, which is supported by Vector's major shareholder Entrust, is conditional on consent under the Overseas Investment Act 2005 in New Zealand, approval under the Foreign Acquisitions & Takeovers Act 1975 (Cth) in Australia, and finalisation of third party financing arrangements from external lenders and QIC investment funds.

Definitive documentation is expected to be entered into in Q1 2023, with completion to follow in Q2, assuming regulatory approval and confirmation of financing. QIC has been granted a period of exclusivity while these arrangements are concluded. While QIC, and therefore Vector, have a high degree of confidence the definitive documentation and financing arrangements will be confirmed, no assurance can be given that the transaction will proceed until all conditions are satisfied.

Vector Technology Solutions will provide services to the joint venture utilising the Meter Intelligence Platform (branded Diverge) jointly developed with Amazon Web Services as part of their strategic alliance. Vector Technology Solutions will remain 100% owned by Vector.

A further update on the transaction is expected in February 2023 when Vector announces its half year results to 31 December 2022.

At 30 June 2022, Vector reported for its metering business:

- Revenue of \$235.6 million
- Invested capex of \$156.7 million
- EBITDA of \$173.7million

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About Vector

Vector is an innovative New Zealand energy company which runs a portfolio of businesses delivering energy and communication services to more than one million homes and commercial customers across Australasia and the Pacific. Vector is leading the country in creating a new energy future through its Symphony strategy which puts customers at the heart of the energy system. Vector is listed on the New Zealand Stock Exchange with ticker symbol VCT. Our majority shareholder, with voting rights of 75.1%, is Entrust. For further information, visit www.vector.co.nz

Vector Metering is a smart metering business which provides innovative smart meter data services from more than two million electricity and gas meters throughout New Zealand and Australia.

About QIC

QIC is a trusted investment manager and adviser providing risk adjusted returns for the clients we serve. As one of the nation's leading institutional investment managers, we deliver alternative real asset solutions across infrastructure, real estate, private debt, private capital, natural capital in addition to a liquid market offering for our 125 Australian and global clients. We also act as the Queensland Government's independent investment advisor, managing a fully-funded Defined Benefit scheme and the Queensland Future Fund both of which delivers on the State's long-term investment objectives. We have A\$98.7bn (US\$67.9bn) in assets under management (as at 30 June 2022) and are headquartered in Brisbane, Australia, with offices in Sydney, Melbourne, New York, San Francisco and London.