

SALE OF VECTOR'S KAPUNI ASSETS AND ENTRY INTO NEW LONG TERM NATURAL GAS AND LPG SUPPLY ARRANGEMENTS

Vector has agreed to sell Vector's Kapuni gas treatment plant to Todd Petroleum Mining Company Limited ("Todd"). The Kapuni gas treatment plant processes all the gas produced from the Kapuni field in South Taranaki. Todd holds the licence to extract petroleum products from the Kapuni field and owns gas extraction assets for the field on a site adjoining the Kapuni gas treatment plant.

The transaction resets the relationship between Todd and Vector and creates strong alignment in the parties' interests in seeing the Kapuni field further developed. New natural gas and LPG supply agreements will provide Vector with long term access to these products.

On completion of the transaction:

- Vector will transfer the Kapuni gas treatment plant and associated assets it owns to Todd, including its 50% share in the Kapuni Energy Joint Venture (an electricity and steam co-generation plant located within the Kapuni gas treatment plant)
- Vector staff at the plant will transition to Todd employment
- Todd will pay consideration for acquisition of the plant and associated assets over the life of the Kapuni field based on a formula that takes into account the field production at Kapuni and processing of LPG and other products
- Vector and Todd will terminate the existing Kapuni Gas Contract and enter into new long term agreements for the supply of natural gas and LPG from Todd to Vector. The new contracts will commence from 2021 with agreed interim terms applying between the parties for the supply of natural gas and LPG until this time.

As part of the transaction, the parties have agreed to settle all current litigation related to Kapuni gas as at completion. In the period to completion this litigation will be suspended.

Vector will receive cashflow over time and the impact to the financials is expected to not be material in the short term. Longer term, the amount Vector receives for the transaction will vary depending on several factors including the amount of reserves in the Kapuni field and the timing of any further development of the field by Todd.

Completion of the transaction is subject to a number of customary conditions including the approval of the Minister of Energy and Resources. Subject to meeting these conditions, the transaction is expected to complete in the second quarter of 2020. Vector will be working with Todd over the coming months to ensure a smooth transition.

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About Vector

Vector is New Zealand's leading network infrastructure company which runs a portfolio of businesses delivering energy and communication services to more than one million homes and commercial customers across the country. Vector is leading the country in creating a new energy future for customers and continues to grow and invest in the growth of Auckland, and in a wide range of activities and locations. 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