

# Sale of Vector Gas Limited to First State Funds

Vector is pleased to announce that as a result of its strategic review, it has agreed to sell all of the shares in Vector Gas Limited for \$952.5 million, resulting in a gain on sale of approximately \$167 million.

Vector Gas' assets comprise gas transmission pipelines, and gas distribution networks outside of Auckland. Vector Gas is also a leading provider of unregulated pipeline management services and is the technical and system operator for the Maui Pipeline.

Vector believes this is a great outcome, further strengthening our balance sheet to fund organic growth in Auckland and pursue attractive unregulated growth. The proceeds will initially be used to repay debt.

In addition, Vector is also pleased to enter a Memorandum of Understanding with First State Funds to consider opportunities to co-invest in regulated and unregulated energy infrastructure, both in New Zealand and offshore, and to co-operate operationally on gas distribution activities.

First State Funds comprises two infrastructure funds managed by First State Investments (known in Australia as Colonial First State Global Asset Management), which is a leading global infrastructure asset manager, with approximately NZ\$7 billion of equity invested in infrastructure assets across Australia, New Zealand and Europe.

The sale is conditional only on approval under the Overseas Investment Act 2005, and by the shareholders of Vector, which will be sought at a special meeting expected to be held in December. Settlement is scheduled to occur 10 business days after satisfaction of the conditions.

Vector will be working with First State Investments over the coming months to ensure a smooth transition with a view to completing the transaction by 31 March 2016.



Vector remains committed to maintaining a sustainable dividend, and the sale will not result in a special dividend or a share buyback.

Vector acknowledges Goldman Sachs who acted as the company's financial advisor throughout the strategic review process.

## **ENDS**

### **About Vector: ([www.vector.co.nz](http://www.vector.co.nz))**

Vector is New Zealand's leading multi-network infrastructure company which delivers energy and communication services to more than one million homes and businesses across the country. The company owns and manages a unique portfolio of businesses, which consists of electricity distribution, gas transmission and distribution, electricity and gas metering installations and data management services, natural gas and LPG and fibre optic networks. Vector is listed on the New Zealand Stock Exchange with ticker symbol VCT. Our majority shareholder, with a 75.1% stake, is the Auckland Energy Consumer Trust (AECT).

### **About Vector Gas Limited**

Vector Gas Limited owns Vector's regulated gas transmission and non-Auckland gas distribution businesses and is also a leading provider of pipeline management services to third party pipeline owners.

The gas transmission business owns and operates over 2,200 km of high pressure gas transmission pipelines, 233 stations and associated non-network assets that supply natural gas to industrial consumers and distribution networks in most cities and large towns across the North Island of New Zealand.

The non-Auckland gas distribution business comprises gas distribution networks spread across six regions in the North Island, consisting of more than 3,400 km of main pipes and an additional 1,400 km of service pipes. The non-Auckland gas distribution business provides gas distribution services to gas retailers who sell gas to more than 60,000 customers.

In addition to owning regulated pipelines, Vector Gas Limited is also a leading provider of unregulated pipeline management services. Vector Gas Limited operates the 309 km Maui Pipeline owned by Maui Development Limited and maintains a number of other pipelines owned by third parties, utilising its own highly skilled internal field force.

### **About First State Funds**

First State Funds comprises the Global Diversified Infrastructure Fund and Colonial First State Active Infrastructure Income Fund. First State Investments is a leading global infrastructure asset manager, with approximately NZ\$7 billion of equity invested in infrastructure assets across Australia, New Zealand and Europe over a 20 year period. First State Investments has made 16 utility investments over that time; with existing investments including Ferngas (German gas network), EVG (German gas network), Reganosa (Spanish gas storage), ANZ Terminals (Australian and New Zealand bulk liquid storage network), Electricity North West (UK electricity distribution network), Caruna (Finnish electricity network) and Anglian Water Group (UK water utility).