



WEL NETWORKS SELLS SHARES IN UFF HOLDINGS LTD

Electricity distributors WEL Networks Limited (WEL) and Waipa Networks Limited (Waipa) have agreed to sell their shares in UFF Holdings Limited, the holding company for Hamilton-based fibre business Ultrafast Fibre Limited (UFF).

First State Investments (FSI) has agreed to purchase WEL's 85% majority shareholding and Waipa's 15% shareholding for \$854 million of which a consideration of \$200 million payable to WEL is deferred for 18 months from completion. The \$200 million deferred payment is supported by obligations enforceable against the Purchaser.

WEL Group Chairman Rob Campbell says: "The UFF sale enables WEL Networks to strengthen the core electricity business balance sheet, allowing us to pursue new opportunities and invest in innovative energy solutions in accordance with our business strategy. The investment in fibre has both delivered valuable infrastructure to our communities and proved a very successful investment for WEL."

Following their successful 2016 investment in First Gas, FSI are delighted to add another important network business to their investment portfolio in New Zealand, FSI Infrastructure Investments Director Gavin Kerr says.

"We look forward to supporting the strong fibre uptake the business has achieved in New Zealand's highest growth region and continuing to provide high-quality fibre infrastructure services to the community. The business will remain headquartered in Hamilton and we will be working with the existing management team who have done a great job building the network from the beginning of the fibre network rollout in New Zealand under supervision of Crown Infrastructure Partners."

WEL Energy Trust Chairman Mark Ingle says the sale places WEL in a strong position to explore new technologies and take new opportunities in the provision of clean, innovative and affordable electricity to the Waikato Region; a position the Trust is proud to have supported the Company to achieve.

"This is a great opportunity for our Waikato community. We'd like to congratulate the WEL and Waipa teams on their 10-year fibre investment journey. The Trust acknowledges the WEL Board and Executives who grasped the UFF opportunity, then built and delivered the world class fibre network

UFF now operates, and those who have now enabled the realisation of that investment's financial success."

Ultrafast Fibre CEO John Hanna welcomed FSI's investment and involvement in the business.

"We are very pleased to have a highly experienced, long-term investment partner on board. There's never been a better or bigger time for fibre and we look forward to the ongoing support from our new investors as we continue to explore new opportunities and develop exciting new products for internet users around the North Island," he says.

Established in 2010, Ultrafast Fibre owns and operates the fibre network in the urban areas of Hamilton, Tauranga, Whanganui, New Plymouth, Tokoroa, Hawera, Cambridge and Te Awamutu, providing access to ultra-fast broadband for more than 237,000 premises.

The transaction is subject to Overseas Investment Act consent and change of control approvals.

ENDS

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About First State Investments

First State Investments (known as First Sentier Investors in Australia) manages A\$228.5 billion in assets (as at 31 December 2019) on behalf of institutional investors, pension funds, wholesale distributors, investment platforms, financial advisers and their clients worldwide. The firm operates as a standalone global investment management business with offices across Europe, the Americas, and Asia Pacific. FSI's expertise spans a range of asset classes and specialist investment sectors, and is focused on delivering sustainable investment success based on responsible investment principles.

FSI is a leading manager of infrastructure investments with A\$13 billion in unlisted infrastructure equity investments and has been actively investing in long life infrastructure businesses since 1994. FSI is an experienced owner of transport and utility businesses across the U.S., Australia, New Zealand, UK and Europe. In New Zealand, FSI's interests include First Gas, acquired from Vector in 2016, and Quantem Bulk Liquid Storage & Handling, which operates across both sides of the Tasman.

FSI's infrastructure team take significant stakes in companies, often 100 percent ownership, ensuring effective engagement and partnership with the company's management team. As long-term investors, this hands-on governance and oversight allows the team to both mitigate risk and enhance potential risk-adjusted returns. It also enables the team to provide strategic input on ESG issues, business strategy, operational and capital expenditure, capital structure and all other key drivers of value.

About WEL Networks

Hamilton-based WEL Networks are the fifth-largest electricity distributor in New Zealand. We've been serving the Waikato region for over 100 years, distributing power from the national grid, connecting over 90,000 households and businesses to our network.

About UFF

The UFF network currently represents just under 14% of the entire national UFB network, operating a 3,500km fibre network across Hamilton, Tauranga, New Plymouth and Whanganui. The company is owned by Waikato Networks Ltd – a partnership between neighbouring utility companies WEL Networks (85%) and Waipa Networks (15%). UFF completed the first phase of the government's UFB rollout programme (UFB1) in 2015, and completed the second phase, UFB2 and UFB2+, to 27 new towns at the end of 2019.



Market Release

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