

PRESS RELEASE 12 May 2020

Waipa Networks enters into Contract to Sell its Shareholding in Ultrafast Fibre

Waipa Networks has confirmed today that it has entered into a contract to sell its shareholding in UFF Holdings Limited (UFFH) to First State Investments (known as First Sentier Investors in Australia) (FSI). The contract remains conditional and subject to certain customary regulatory approvals with settlement expected later in 2020.

In considering the decision to sell UFFH, Waipa Networks and its partner Hamilton based WEL Networks had regard to (ensuring continuity of the high standards of UFFH's service provision in addition to delivering a financial return on their original investment). "Delivering quality fibre broadband for our region was Waipa's initial intention for investing in UFFH and service continuity remains a key component in arriving at an agreement with FSI to acquire the business" commented Craig Sanders, Chairman Waipa Networks Trust. "We are delighted FSI will have carriage of UFFH given their reputation and track record as infrastructure owners and operators globally" added Mr Sanders.

"Our 15% shareholding in UFFH, owner of Ultrafast Fibre Limited, had its origins in the Government's announcement just over 10 years ago to roll out fibre broadband across the country" said Waipa Networks CEO Adam Fletcher. "The Government's focus was to install fibre in the main population centres. We foresaw an opportunity to get involved to ensure Te Awamutu and Cambridge didn't miss out".

Waipa Networks partnered with Hamilton-based WEL Networks to form UFF Holdings Limited (formerly Waikato Networks Limited), who in 2012 were named as the successful partner to roll out and construct a fibre broadband network by the Government's Crown Fibre Holdings. The network roll out included not just Te Awamutu and Cambridge, but also Hamilton, Tauranga, Whanganui, New Plymouth, Tokoroa, and Hawera. The build was completed ahead of schedule. In 2016 UFFH purchased the Government's shares in Ultrafast Fibre.

"As a local Consumer Trust-owned company our motivation was to deliver broadband fibre efficiently and as early as possible to the Te Awamutu and Cambridge communities" said Mr Fletcher. "Through our UFFH investment and the WEL Networks partnership we achieved this whilst concurrently delivering an excellent financial return."

Commenting on the transaction, Chairman of the Waipa Networks' Board Richard Francis said "this is an excellent demonstration of Waipa Networks delivering increased utility for our customers and the region whilst at the same time demonstrating investment discipline and return. Following completion, we will look for other opportunities to deliver both increased utility and also financial benefits to our owners".

Whilst the investment in UFFH has been a financial as well as social success for Waipa Networks, should the sale complete it will allow funds to be refocused at a local level. "We achieved what we set out to do by providing fast and reliable fibre broadband to the Waipa town centres" said Mr Fletcher. "This service will continue while allowing us to invest to support growth in the region via our network and explore new opportunities for our owners".

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Background

Waipa Networks

Waipa Networks is a Te Awamutu-based electricity lines business that supplies over 27,000 customer connections in Te Awamutu, Cambridge and surrounding areas. It is owned by the Waipa Networks Trust on behalf of the electricity customers it supplies and has a history in the local community dating back over a century with the forming of the Te Awamutu and Cambridge Electric Power Boards.

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.

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.

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