



MARKET RELEASE – 12 JULY 2022

Spark announces sale of 70% of TowerCo business for \$900 million

Spark New Zealand today announced the Ontario Teachers' Pension Plan Board ("Ontario Teachers") will acquire a 70% interest in its TowerCo business.

Spark's TowerCo business ("TowerCo") is a leading New Zealand towers business with approximately 1,263 sites. The transaction values the business at \$1.175 billion, representing a FY23 pro-forma EBITDA multiple of 33.8x¹.

Spark expects net cash proceeds² of \$900 million at completion, which is subject to Overseas Investment Office approval, and is anticipated to occur in the first half of FY23.

Under the terms of the deal, Spark has entered into a 15-year agreement with TowerCo (plus rights of renewal) to secure access to existing and new towers, with a build commitment of 670 sites over the next 10 years.

Spark New Zealand Chair, Justine Smyth said: "The establishment of TowerCo will accelerate Spark's strategic objective of delivering a smart, automated network, while maximising value for shareholders. The transaction will deliver proceeds of \$900 million, enabling direct shareholder returns and investment in future growth opportunities that will accelerate Spark's transition from traditional telecommunications to higher growth digital services.

"Spark intends to release an updated capital management policy at its full year results on August 24. When assessing the most appropriate use of proceeds Spark will consider three key pillars – maximizing returns to shareholders, investment in future growth, and maintaining financial flexibility through an appropriate investment grade debt rating. The capital management policy will provide clarity on the proportion of proceeds allocated to each of these areas and the most effective means of returning proceeds to shareholders."

Spark CEO Jolie Hodson said the Company saw a high level of market interest in its passive mobile assets: "We are pleased to have formed this strategic partnership with Ontario Teachers' – a high-calibre investor with a long-term partnering focus and significant experience managing a portfolio of infrastructure investments globally, including within Australia and New Zealand.

"Our intention in establishing TowerCo is twofold – it allows us to deliver better outcomes and service experience for our customers and Aotearoa through faster, more efficient deployment of digital infrastructure, and it better realises the value of our passive mobile assets, maximising value for shareholders and enabling us to invest in future growth opportunities.

"A standalone TowerCo business with sole responsibility for passive mobile infrastructure will have a single-minded focus, delivering efficiency, service innovation, and improved speed to market. This is going to be particularly important when you consider the 5G build programs of tomorrow will be very different to the 4G ones of the past, requiring many more, smaller sites, closer to the customer, and greater overall densification."

Bruce Crane, Senior Managing Director and Head of Asia Pacific Infrastructure & Natural Resources at Ontario Teachers' said: "The acquisition of a 70% stake in TowerCo is an ideal fit

¹ Assumes FY23 EBITDA of NZ\$34.8 million as at 30 June 2023.

² After transaction costs

for our growing global portfolio of high-quality infrastructure assets. This investment builds on our long track record of investing in superior businesses in New Zealand and will draw on our deep experience investing in digital infrastructure businesses globally. We look forward to working with the Spark New Zealand team to build and grow a leading business that will enable New Zealanders' continued access to critical telecommunications services to meet their growing mobile demand needs over the long-term."

Spark will continue to determine how its mobile network is developed, including where and when capacity investments occur, with TowerCo then designing and deploying these build programmes.

Jolie continued: "As part of the deal, we have committed a substantial build programme to TowerCo, with 670 sites to be built over the next decade. This is a significant investment in the digital infrastructure that will underpin the growth of our digital economy and enable businesses in Aotearoa to innovate and grow.

"Spark is the anchor tenant and retains a 30% stake in TowerCo, ensuring we are a key strategic partner as the business grows. We will also continue to own all the 'smarts' of our network – such as radio equipment and spectrum – which is what drives our competitive advantage and differentiation in the market."

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About Spark

As New Zealand's largest telecommunications and digital services company, Spark's purpose is to help all of New Zealand win big in a digital world. Spark provides mobile, broadband, and digital services to millions of New Zealanders and thousands of New Zealand businesses.

www.sparknz.co.nz

About Ontario Teachers' Pension Plan

Ontario Teachers' Pension Plan Board (Ontario Teachers') is a global investor with net assets of C\$241.6 billion as at December 31, 2021. We invest in more than 50 countries in everything from equities to real estate to infrastructure and venture growth, to deliver retirement income for 333,000 current and retired teachers in Ontario.

With offices in Hong Kong, London, San Francisco, Singapore and Toronto, our more than 350 investment professionals bring deep expertise in industries ranging from agriculture to artificial intelligence. We are a fully funded defined benefit pension plan and have earned an annual total-fund net return of 9.7% since the plan's founding in 1990. At Ontario Teachers', we don't just invest to make a return, we invest to shape a better future for the teachers we serve, the businesses we back, and the world we live in. For more information, visit otpp.com and follow us on Twitter [@OtppInfo](https://twitter.com/OtppInfo).