



MARKET RELEASE – THURSDAY, 15 DECEMBER 2022

Spark New Zealand confirms Connexa to acquire 2degrees' tower assets

Connexa, the independent mobile towers business in which Spark New Zealand (“Spark”) is a shareholder, has today announced it has reached an agreement with 2degrees Mobile (“2degrees”), an entity owned by managed funds of Macquarie Asset Management and Aware Super, to acquire 2degrees’ passive mobile telecommunications tower assets.

Connexa is an independent mobile towers business that was formed following the sale of a 70% stake in Spark’s passive mobile infrastructure assets to the Ontario Teachers’ Pension Plan (Ontario Teachers’) in July 2022, with the transaction completing in October 2022.

The tower portfolio to be acquired by Connexa includes 1,124 mobile towers located across Aotearoa New Zealand. Under the terms of the deal, 2degrees has entered into a 20-year-agreement with Connexa (plus rights of renewal) to secure access to existing and new towers, with an additional tower build and co-location commitment of 450 sites over the next 10 years.

Spark will not contribute equity to the acquisition, which will result in its shareholding in Connexa being diluted from 30% to approximately 17% (of the resulting larger business) following completion of the acquisition. Ontario Teachers’ will provide funding for the deal and its shareholding will increase to approximately 83%. Spark will retain its existing governance rights including Board representation and benefits from the value accretive expansion of the business.

Spark CEO Jolie Hodson says, “We believe that the addition of 2degrees’ passive mobile tower assets into Connexa will deliver greater operational efficiencies that will support more infrastructure sharing, better network economics, and faster deployment of new digital infrastructure across Aotearoa.

“We are pleased to continue to be a shareholder in a larger, and even more efficient business, and we look forward to working in partnership with Connexa as it delivers our new site build programme of 670 sites over the next 10 years. We are also pleased to expand the strategic relationship we have with Ontario Teachers’, with this transaction reflective of the long term, collaborative partnership we established with our tower sale earlier in the year.”

Completion is subject to customary approvals from the Overseas Investment Office (OIO) and Commerce Commission and is anticipated to occur mid-2023.

Jarden has been appointed as financial advisor to Spark on the transaction. The Connexa release is included for reference (See Appendix A).

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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

APPENDIX

Appendix A

CONNEXA

MEDIA RELEASE - THURSDAY, 15 DECEMBER 2022



Connexa and Ontario Teachers' announce agreement to acquire 2degrees' tower assets

Connexa and Ontario Teachers' Pension Plan ("Ontario Teachers'") today announced they have reached an agreement with 2degrees Mobile ("2degrees"), an entity owned by managed funds of Macquarie Asset Management and Aware Super, to acquire 2degrees' passive¹ mobile telecommunications tower assets for \$1,076m.

Connexa was formed following the sale of a 70% stake in Spark New Zealand's ("Spark") passive mobile tower infrastructure assets to Ontario Teachers' in July 2022, with the transaction closing in October 2022.

2degrees currently owns and operates approximately 1,124² mobile towers located across Aotearoa New Zealand. Under the terms of the deal, 2degrees has entered into a 20 year-agreement with Connexa (plus rights of renewal) to secure access to existing and new towers, with an additional tower build and co-location commitment of 450 sites over the next 10 years.

Connexa CEO Rob Berrill said: "Connexa is Aotearoa's first independent mobile towers business with a focus on investing in our country's digital infrastructure to enable a more connected future. We currently operate over 1,200 mobile sites and have been commissioned by Spark to deliver New Zealand's largest forward-committed new site build programme of over 670 sites over the next 10 years.

"With the addition of 2degrees' mobile towers and the committed build to suit programme, we will be able to achieve greater operational efficiencies through increased infrastructure sharing, which means fewer unnecessary mobile tower builds in local communities and faster deployment of towers to improve network coverage and capacity across Aotearoa.

"Our model is to focus on serving our customers through a long-term approach to asset management, and increasing asset utilisation and performance, and we're excited to bring that same approach to 2degrees' mobile towers."

Ontario Teachers' will contribute all the additional equity capital required to the acquisition. Following completion of the acquisition, Ontario Teachers' shareholding will increase to approximately 83% and Spark's shareholding will reduce to approximately 17%.

Bruce Crane, Senior Managing Director and Head of Asia Pacific Infrastructure & Natural Resources at Ontario Teachers' said: "This acquisition of high-quality digital infrastructure assets increases Connexa's scale and capabilities, creating Aotearoa's leading digital infrastructure platform. As a responsible and long-term investor in the region, we are committed to supporting Connexa as it significantly expands its mobile tower network in the years to come to meet the country's growing mobile and data demand needs. We are also

very pleased to have the opportunity to grow the strong relationship we have established with Spark and welcome 2degrees as a long-term partner for Connexa.

“We are excited to further grow our infrastructure portfolio in Asia-Pacific and specifically New Zealand which remains a key market for Ontario Teachers’ across multiple asset classes.”

In addition to Ontario Teachers’ acquisition of Spark’s tower assets, it has previously invested in Asia Pacific Healthcare Group, New Zealand’s leading pathology business, Lumino the Dentists (through Abano Healthcare), the country’s leader in dental care, and OTPPNZ, which operates 35,000 hectares of timberland in the Central North Island region.

Completion of the acquisition is subject to customary approvals from the Overseas Investment Office (OIO) and Commerce Commission and is anticipated to occur in mid-2023.

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Notes to Editor:

¹ Active assets are anything in the core of the network, as well as the radio equipment that creates the mobile network, including the antennas – and the connection of those antenna back to the core network. These leverage a network operator’s spectrum holdings, provide differentiated customer experiences, and support wireless broadband. Passive assets are the physical towers that support the active equipment, including standalone macro towers, rooftops, and lamppost towers. These are not considered important for competitive advantage.

² Includes in-flight sites that will be on air at transaction completion.

About Connexa

Connexa is an independent mobile towers and digital infrastructure business that operates a nationwide portfolio of over 1200 mobile sites. Connexa is responsible for mobile build programmes that will enable a more connected future for Aotearoa New Zealand.

www.connexa.co.nz

About Ontario Teachers’

Ontario Teachers’ Pension Plan Board is a global investor with net assets of \$242.5 billion as at June 30, 2022. We invest in more than 50 countries in a broad array of assets including public and private equities, fixed income, credit, commodities, natural resources, infrastructure, real estate and venture growth to deliver retirement income for 333,000 working members and pensioners.

With offices in Hong Kong, London, Mumbai, San Francisco, Singapore and Toronto, our more than 400 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 9.6% 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)