



PRODUCT DISCLOSURE STATEMENT

**FOR AN OFFER OF
FIXED RATE 6 YEAR BONDS
ISSUED BY VECTOR LIMITED
1 MAY 2019**

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.companiesoffice.govt.nz/disclose, offer number (OFR12633).

Vector Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

Joint Lead Managers



DeutscheCRAIGS



SECTION 1.

KEY INFORMATION SUMMARY

1.1 WHAT IS THIS?

This is an offer (the **Offer**) of fixed rate 6 year bonds (the **Bonds**). The Bonds are debt securities issued by Vector Limited (**Vector**). You give Vector money, and in return Vector promises to pay you interest and repay the money at the end of the term. If Vector runs into financial trouble, you might lose some or all of the money you invested.

distribution of gas products and provision of metering services and energy management solutions. Vector employs over 1,000 people, and its business has more than 1,000 contractors.

Ordinary shares in Vector are listed and quoted on the NZX Main Board under the company code VCT. Vector also has capital bonds quoted on the NZX Debt Market.

1.2 ABOUT VECTOR

Vector is New Zealand's largest distributor of electricity and gas, owning and operating distribution networks which span the Auckland region. Its business also includes the sale and

1.3 PURPOSE OF THIS OFFER

The proceeds of the Offer will be used to repay a portion of Vector's existing bank debt. The Bonds will provide further diversification of funding sources for Vector.

1.4 KEY TERMS OF THE OFFER

Issuer	Vector Limited.
Description of the Bonds	Unsecured, unsubordinated fixed rate bonds.
Term	6 years, maturing on 27 May 2025.
Offer amount	Up to \$200 million (with the ability to accept oversubscriptions of up to an additional \$50 million at Vector's discretion).
Interest Rate	<p>The Bonds will pay a fixed rate of interest from the Issue Date until the Maturity Date.</p> <p>The Interest Rate will be no lower than a minimum Interest Rate. This minimum Interest Rate and the indicative Issue Margin will be determined by Vector in conjunction with the Joint Lead Managers and announced via NZX on 10 May 2019.</p> <p>The Interest Rate will be set on the Rate Set Date (16 May 2019) and will be the greater of:</p> <ul style="list-style-type: none"> the minimum Interest Rate; and the sum of the Swap Rate on the Rate Set Date and the Issue Margin. <p>The Issue Margin will be determined by Vector in conjunction with the Joint Lead Managers following a bookbuild on the Rate Set Date. A bookbuild is a process whereby a margin is determined by reference to bids from market participants for an allocation of Bonds at different margins. The Interest Rate will be announced via NZX on the Rate Set Date.</p>
Interest payments	Six monthly in arrear on 27 May and 27 November each year (or if that scheduled day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 27 November 2019.
Opening Date	13 May 2019.
Closing Date	12.00pm, 16 May 2019.
Issue Date/Allotment Date	27 May 2019.
Minimum application amount and minimum holding of Bonds	\$5,000 and multiples of \$1,000 thereafter.
Further payments, fees or charges	<p>Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (<i>Tax</i>) for further details.</p> <p>You are not required to pay brokerage or any other fees or charges to Vector to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds.</p>
Selling restrictions	The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 8 of this PDS (<i>Selling restrictions</i>).

1.5 WHO IS RESPONSIBLE FOR REPAYING YOU?

Vector is responsible for paying interest on the Bonds and for the repayment of the Bonds.

The Bonds are guaranteed by the Guarantors under the Negative Pledge Deed. Pursuant to the terms of the Negative Pledge Deed, Vector and the Guarantors together must represent not less than 85% of the consolidated total tangible assets of the Vector Group.

At the Issue Date the sole Guarantor will be NGC Holdings Limited. No other member of the Vector Group will guarantee the Bonds as at the Issue Date.

More information on the Guarantee and the Guarantors can be found in section 5 of this PDS (*Key features of the Bonds*).

1.6 HOW YOU CAN GET YOUR MONEY OUT EARLY

Neither you nor Vector are able to redeem the Bonds before the Maturity Date. However, Vector may be required to repay the Bonds early if there is an Event of Default (see section 5 of this PDS (*Key features of the Bonds*)).

Vector intends to quote the Bonds on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Bonds, the price you get will vary depending on factors such as the financial condition of the Vector Group and movements in the market interest rates. You may receive less than the full amount that you paid for them.

1.7 HOW THE BONDS RANK FOR REPAYMENT

The Bonds will rank equally with Vector's other unsecured and unsubordinated obligations. This means in a liquidation of Vector:

- you will only be repaid **after** all secured creditors (if any) and creditors preferred by law (e.g. employees up to a specified amount each, and IRD in respect of certain unpaid taxes);
- you will be repaid at the same time and to the same extent as all other unsecured and unsubordinated liabilities of Vector (including banks that lend money to Vector on an unsecured basis, holders of notes under Vector's note programmes and all other unsecured trade and general creditors); and
- you will be repaid before Vector's subordinated liabilities and shareholders.

The Guarantee from each Guarantor will rank equally with the other unsecured and unsubordinated obligations of that Guarantor.

More information on how the Bonds rank for repayment can be found in section 5 of this PDS (*Key features of the Bonds*).

1.8 NO SECURITY

The Bonds are not secured against any assets of Vector nor any other member of the Vector Group.

The obligations of the Guarantors to you under the Guarantee are not secured against any assets of a Guarantor.

1.9 KEY RISKS AFFECTING THIS INVESTMENT

Investments in debt securities have risks. A key risk is that Vector does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this PDS (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the Offer is fair. Vector considers that the most significant risk factors are:

- **Significant infrastructure damage risk:** Vector's networks business is dependent on the effective operation of Vector's electricity and gas distribution networks within the Auckland region as well as third party assets in the wider energy system outside Auckland such as electricity and gas transmission networks and electricity generation and gas production assets. Vector's assets or key assets in the wider energy system could be damaged or destroyed by a natural disaster such as a major volcanic eruption, earthquake, tsunami or storm, which in extreme circumstances could result in a major interruption to Vector's Auckland networks. This is a specific risk to Vector because:
 - Vector operates a physical (and geographically specific) network in Auckland which is susceptible to damage by natural disasters;
 - Vector's networks rely on uninterrupted supply of electricity and gas and the uninterrupted operation of these energy system assets; and
 - Vector does not have insurance covering all potential damage to all of its network assets.

If a prolonged or significant network interruption were to occur due to Vector's networks being damaged or destroyed by a natural disaster, this could result in a material reduction in Vector's revenues and a significant increase in costs (such as additional costs to repair any damage to Vector's network assets).

- **Serious failure of networks risk:** Vector's networks could fail or be interrupted due to breakdown of, or damage to, key network equipment or cyber security breach. If any of those circumstances occurred, and Vector's services were unavailable to a material number of customers for a significant period, that could result in material

revenue loss for Vector and Vector incurring significant costs to restore the functionality or maintain security of its networks.

This summary does not cover all of the risks of investing in the Bonds. You should also read section 6 (*Risks of investing*) and section 5 (*Key features of the Bonds*) of this PDS.

1.10 WHAT IS VECTOR'S CREDIT RATING?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be

considered alongside all other relevant information when making an investment decision.

Vector has been rated by S&P Global Ratings (**S&P**) and Moody's Investor Service (**Moody's**). S&P gives ratings from "AAA" through to "C" and Moody's gives ratings from "Aaa" through to "Ca", both excluding ratings attaching to entities in default.

Vector's credit rating is BBB (stable outlook) from S&P and Baa1 (stable outlook) from Moody's, as highlighted in green in the tables below.

The Bonds are to be rated by S&P. Vector expects that the initial credit rating assigned to the Bonds by S&P will be BBB and that the credit rating will be assigned to the Bonds before the Issue Date.

S&P Global Ratings								
Rating*	AAA	AA	A	BBB	BB	B	CCC	CC to C
Summary description (capacity of issuer to meet its financial obligations)	Extremely strong	Very strong	Strong	Adequate	Less vulnerable	More vulnerable	Currently vulnerable	Currently highly vulnerable
Approximate probability of default over 5 years***	1 in 600	1 in 300	1 in 150	1 in 30	1 in 10	1 in 5	1 in 2	

Moody's Investor Service								
Rating*	Aaa	Aa	A	Baa	Ba	B	Caa	Ca to C**
Summary description (credit risk)	Minimal	Very low	Low	Moderate	Substantial	High	Very high	Likely in, or very near, default
Approximate probability of default over 5 years***	1 in 600	1 in 300	1 in 150	1 in 30	1 in 10	1 in 5	1 in 2	-

* Credit ratings from S&P may be modified by the addition of "+" or "-" to show the relative standing within the "AA" to "CCC" categories. Moody's applies numerical modifiers 1, 2 and 3 to each of the "Aa" to "Caa" classifications to show the relative standing within those categories, with 1 indicating the higher end and 3 the lower end of the rating category.

** If a rating of "C" is given by Moody's, the issuer is typically in default.

*** The approximate, median likelihood that an investor will not receive repayment on a five-year investment on time and in full based upon historical default rates published by S&P and Moody's (source: Reserve Bank of New Zealand publication "Know Your Credit Ratings", dated March 2010).

1.11 WHERE YOU CAN FIND OTHER MARKET INFORMATION ABOUT VECTOR

The Offer is being made under a short-form disclosure process that Vector is permitted to use because the Bonds rank in priority to existing quoted financial products of Vector. The existing quoted financial products are ordinary shares in Vector, which are traded on the NZX Main Board. Vector also has capital bonds quoted on the NZX Debt Market.

Vector is subject to a disclosure obligation that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Vector's NZX issuer page, which includes information made available under the relevant disclosure obligation referred to above, can be found at www.nzx.com/companies/VCT.

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LETTER FROM THE CHAIR

On behalf of the Board, I am pleased to invite you to participate in this Offer of unsecured, unsubordinated fixed rate bonds (**Bonds**) to be issued by Vector Limited.

Vector is New Zealand's largest distributor of electricity and gas, owning and operating networks throughout the Auckland region. With assets of over \$5.9 billion¹, Vector is one of the largest companies on the NZX and employs over 1,000 people and its business has more than 1,000 contractors.

Vector's core business is comprised of three divisions:

- **Regulated Networks** – delivery of electricity and gas for the Auckland region;
- **Gas Trading** – sale and distribution of gas products including nearly 800 OnGas bottle swap outlets across New Zealand and LPG depots spread from Invercargill to Whangarei; and
- **Technology** – metering services, design and provision of energy management solutions and telecommunications services.

Vector is seeking to raise up to \$200 million under the Offer with the ability to accept up to an additional \$50 million of oversubscriptions.

The proceeds of the Bonds are intended to be used to repay a portion of Vector's existing bank debt. The Bonds will provide further diversification of funding sources for Vector.

Investors can participate in the Offer by contacting a Joint Lead Manager or their usual financial adviser.

There are risks associated with the Bonds that may affect your returns and repayment of your investment in the Bonds. An overview of the key risks is set out in Section 6 of this PDS (*Risks of investing*). You should read this PDS before deciding whether to invest in the Bonds.

I also encourage you to seek financial, investment or other professional advice from a qualified professional adviser as you take time to consider the Offer.

On behalf of the Board, I look forward to your involvement in the Offer and your support of Vector.

For more information on Vector and the Offer, please visit our website www.vector.co.nz.

Yours faithfully,



Chair
Dame Alison Paterson

1. As at 31 December 2018

SECTION 2.

KEY DATES AND OFFER PROCESS

2.1 KEY DATES

Minimum Interest Rate and indicative Issue Margin announcement	Friday, 10 May 2019
Opening Date	Monday, 13 May 2019
Closing Date	12.00pm, Thursday, 16 May 2019
Rate Set Date	Thursday, 16 May 2019
Issue Date/Allotment Date	Monday, 27 May 2019
Expected date of initial quotation and trading of the Bonds on the NZX Debt Market	Tuesday, 28 May 2019
Interest Payment Dates	27 May and 27 November in each year
First Interest Payment Date	27 November 2019
Maturity Date	27 May 2025

The timetable is indicative only and subject to change. Vector may, in its absolute discretion and without notice, determine to vary the timetable (including by opening or closing the Offer early, accepting late applications and extending the Closing Date). Changes will be advised by way of announcement through NZX.

If the Closing Date is extended, the Rate Set Date, the Issue Date, the expected date of initial quotation and trading of the Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may also be extended. Any such changes will not affect the validity of any applications received.

Vector reserves the right to cancel the Offer and the issue of the Bonds, in which case all application monies received will be refunded (without interest) as soon as practicable and in any event within five NZX trading days of the cancellation.

SECTION 3.

TERMS OF THE OFFER

3.1 TERMS OF THE OFFER

Issuer	Vector Limited.
Description of the Bonds	Unsecured, unsubordinated fixed rate bonds.
Term	6 years, maturing on 27 May 2025.
Offer amount	Up to \$200 million (with the ability to accept oversubscriptions of up to an additional \$50 million at Vector's discretion). The final Offer amount will be determined by Vector in conjunction with the Joint Lead Managers and announced via NZX on 16 May 2019.
Issue price	\$1.00 per Bond, being the Principal Amount of each Bond.
Interest Rate	<p>The Bonds will pay a fixed rate of interest from the Issue Date until the Maturity Date.</p> <p>The Interest Rate will be no lower than a minimum Interest Rate. This minimum Interest Rate and the indicative Issue Margin will be determined by Vector in conjunction with the Joint Lead Managers and announced via NZX on 10 May 2019.</p> <p>The Interest Rate will be set on the Rate Set Date (16 May 2019) and will be the greater of:</p> <ul style="list-style-type: none"> • the minimum Interest Rate; and • the sum of the Swap Rate on the Rate Set Date and the Issue Margin. <p>The Issue Margin will be determined by Vector in conjunction with the Joint Lead Managers following a bookbuild on the Rate Set Date. A bookbuild is a process whereby a margin is determined by reference to bids from market participants for an allocation of Bonds at different margins. The Interest Rate will be announced via NZX on the Rate Set Date.</p>
Interest Payment Dates	Six monthly in arrear on 27 May and 27 November each year (or if that scheduled day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 27 November 2019.
Interest payments and entitlement	<p>Payments of interest on Interest Payment Dates will be of equal semi-annual amounts. Any interest on the Bonds payable on a date which is not an Interest Payment Date, will be calculated based on the number of days in the relevant period and a 365-day year.</p> <p>On Interest Payment Dates interest will be paid to the person registered as the Bondholder as at the record date immediately preceding the relevant Interest Payment Date.</p> <p>The record date for interest payments is 5.00pm on the date that is 10 days before the relevant scheduled Interest Payment Date. If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.</p>

Opening Date	13 May 2019.
Closing Date	12.00pm, 16 May 2019.
Security	The Bonds are not secured over the assets of Vector or any other member of the Vector Group.
Guarantee	<p>The Bonds will be guaranteed by the Guarantors under the Negative Pledge Deed. The sole Guarantor as at the Issue Date of the Bonds will be NGC Holdings Limited, a wholly owned subsidiary of Vector.</p> <p>More information on the terms of the guarantee under the Negative Pledge Deed is set out in section 5 of this PDS (<i>Key features of the Bonds</i>).</p>
Ranking of Bonds	<p>On a liquidation of Vector, the Bonds will rank as unsecured and unsubordinated obligations of Vector and will:</p> <ul style="list-style-type: none"> • rank after liabilities secured over assets of Vector and liabilities preferred by law; • rank equally with all other unsecured and unsubordinated liabilities of Vector; and • rank ahead of any subordinated liabilities and claims of Vector shareholders. <p>On a liquidation of a Guarantor, the obligations of the Guarantor under the Negative Pledge Deed will rank as unsecured and unsubordinated obligations of the Guarantor.</p> <p>More information on the ranking of the Bonds is set out in section 5 of this PDS (<i>Key features of the Bonds</i>).</p>
Scaling	Vector may scale applications at its discretion, but will not scale any application to below \$5,000 or to an amount that is not a multiple of \$1,000.
Refunds	<p>If Vector does not accept your application (whether because of late receipt or otherwise) or accepts it in part, all or the relevant balance of your application money received will be repaid to you as soon as practicable and, in any event, within five NZX trading days of the Issue Date.</p> <p>No interest will be paid on refunds.</p>
Minimum application amount and minimum holding of Bonds	\$5,000 and multiples of \$1,000 thereafter.
Who may apply under the Offer?	<p>The Offer will be open to institutional investors and members of the public who are resident in New Zealand and certain overseas institutional investors only.</p> <p>All of the Bonds (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers, NZX Firms and other approved financial intermediaries invited to participate in a bookbuild conducted by the Joint Lead Managers.</p> <p>There is no public pool for the Bonds.</p>
How to apply	Application instructions are set out in section 12 of this PDS (<i>How to apply</i>).
No underwriting	The Offer is not underwritten.
Brokerage	<p>Vector will pay brokerage to market participants in respect of the Offer.</p> <p>You are not required to pay brokerage or any other fees or charges to Vector to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds.</p>
Transfer restrictions and NZX approval	Vector may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000. NZX has provided Vector with approval under NZX Listing Rule 11.1.5 to permit these transfer restrictions.

NZX waiver	NZX has provided a waiver to Vector in respect of NZX Listing Rule 7.11.1 (which requires an issuer to issue bonds within five NZX trading days after the close of the offer for those bonds). The waiver enables Vector to structure the Offer so that the Issue Date is seven NZX trading days after the Closing Date.
Financial covenants	<p>Vector gives certain financial undertakings to the Supervisor, namely that:</p> <ul style="list-style-type: none"> • the net debt of the Vector Group expressed as a percentage of the consolidated total capitalisation of the Vector Group (being the sum of net debt and the net worth of the Vector Group) shall not exceed 72%; and • at each calculation date, the ratio of EBITDA of the Vector Group to senior interest expense for the 12 month period ending on the relevant calculation date shall be not less than 1.5:1. <p>See clause 11.2 of the Trust Deed for the detailed wording of these covenants.</p> <p>A breach by Vector of either financial undertaking set out above can lead to an Event of Default (if that breach (if capable of remedy) is not remedied within 10 Business Days). Set out below and in section 5 of this PDS (<i>Key features of the Bonds</i>) is more information on Events of Default. The Events of Default are set out in clause 12.1 of the Trust Deed.</p>
Events of Default	If an Event of Default occurs and is continuing the Supervisor may in its discretion, and must upon being directed to do so by a Special Resolution of Bondholders, by written notice to Vector, declare the Principal Amount of the Bonds together with accrued interest and any other amounts specified in the Series Supplement to be immediately due and payable.
Early redemption	Neither you nor Vector are able to redeem the Bonds before the Maturity Date. However, Vector may be required to repay the Bonds early if there is an Event of Default (as described above).
Further bonds	Vector may issue further bonds without the consent of Bondholders which may rank ahead of, equally with or behind the Bonds.
Taxes	Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (<i>Tax</i>) for further details.
Quotation	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this PDS have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this PDS. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the Financial Markets Conduct Act 2013.</p> <p>NZX ticker code VCT090 has been reserved for the Bonds.</p>
Selling restrictions	<p>The Offer and subsequent transfers of Bonds are subject to the selling restrictions contained in section 8 of this PDS (<i>Selling restrictions</i>).</p> <p>By subscribing for or otherwise acquiring any Bonds, you agree to indemnify, among others, Vector, the Supervisor and the Joint Lead Managers for any loss suffered as a result of any breach by you of the selling restrictions contained in section 8 (<i>Selling restrictions</i>).</p>
Governing law	New Zealand.

3.2 OTHER DOCUMENTS

The terms of the Bonds, and other key terms of the Offer, are set out in the Trust Deed, as supplemented by the Series Supplement. The Supervisor will also have the benefit of the Negative Pledge Deed (along with certain other creditors of Vector, such as banks who lend to Vector and noteholders under Vector's note programmes).

You should read these documents. Copies may be obtained from the Offer Register at www.companiesoffice.govt.nz/disclose.

SECTION 4.

PURPOSE OF THE OFFER

The proceeds of the Offer will be used to repay a portion of Vector's existing bank debt. The Bonds will provide further diversification of funding sources for Vector. The use of the proceeds of the Offer will not change irrespective of the total amount that is raised.

The Offer is not underwritten.

SECTION 5.

KEY FEATURES OF THE BONDS

A number of key features of the Bonds are described in section 3 of this PDS (*Terms of the Offer*). Some of these features and the other key features of the Bonds are described in the following paragraphs of this section 5.

The Supervisor is appointed to act as supervisor and trustee for the Bondholders on the terms contained in the Trust Deed. Copies of the Trust Deed, the Series Supplement and the Negative Pledge Deed are included on the Offer Register. The information in this section is a summary of certain terms of the Trust Deed, the Series Supplement and the Negative Pledge Deed.

5.1 RANKING

The Bonds constitute unsecured, unsubordinated obligations of Vector. On a liquidation of Vector amounts owing to Bondholders rank equally with all other unsecured and unsubordinated obligations of Vector.

Amounts owing under the Negative Pledge Deed constitute unsecured and unsubordinated obligations of each Guarantor and on a liquidation of a Guarantor, amounts owing to Bondholders under the Negative Pledge Deed rank equally with all other unsecured and unsubordinated obligations of the relevant Guarantor.

The ranking of the Bonds on a liquidation of Vector is summarised in the diagram on the following page.

The actual amounts of liabilities and equity of Vector at the point of its liquidation will be different to the indicative amount set out in the diagram on the following page.

Diagram showing ranking of Bonds

	Ranking on the liquidation of Vector	Liabilities	Indicative amount of existing liabilities and equity of the Vector Group as at 31 March 2019 adjusted for expected proceeds of the Offer
Higher ranking/ Earlier priority	Liabilities that rank in priority to the Bonds ¹	Liabilities secured over assets of Vector and liabilities preferred by law (including employee entitlements and IRD for certain unpaid taxes)	\$30 million
	Liabilities that rank equally with the Bonds (including the Bonds) ²	Bonds	\$250 million
		Bank debt and note programmes	\$1,993 million
		Other unsecured and unsubordinated liabilities (such as general and trade creditors)	\$157 million
Lower ranking/ Later priority	Liabilities that rank below the Bonds	Capital bonds quoted on the NZX Debt Market	\$307 million
	Equity ³	Ordinary shares, reserves and retained earnings.	\$2,374 million

1. Liabilities that rank in priority to the Bonds at 31 March 2019 include:

- employee entitlements for unpaid salaries and wages, holiday pay and bonuses and pay-as-you-earn (PAYE) of \$21 million; and
- amounts owing to Inland Revenue for unpaid goods and services tax of \$9 million.

There are typically other preferred or secured claims which arise when a company is liquidated which are not possible to foresee and cannot therefore be quantified.

2. Amounts shown in the diagram assume \$250 million of Bonds are issued under the Offer and all of the proceeds of the Offer are used to repay existing bank debt. Vector does not expect the final size of the Offer will materially impact the total value of these calculations.

3. The amount of equity stated in the diagram includes an amount in relation to Vector's existing quoted financial products (i.e. Vector's ordinary shares which are quoted on the NZX Main Board).

5.2 RESTRICTIONS ON CREATING FURTHER LIABILITIES

The Vector Group could, at any time after the Issue Date, without the consent of Bondholders create further liabilities that rank equally with or in priority to the Bonds, provided that it complies with the restrictions described below. These further liabilities could, for example, be a new series of bonds issued under the Trust Deed or a new borrowing facility with a bank.

Vector gives various financial undertakings to the Supervisor (and certain other creditors of Vector such as its banking group) which will restrict the ability of the Guaranteeing Group to borrow.

The first financial undertaking given by Vector is that Vector's Gearing Ratio shall not exceed 72%. This ratio is calculated as the net debt of the Vector Group expressed as a percentage of the consolidated total capitalisation of the Vector Group. For this purpose:

- net debt is calculated as the Vector Group's finance debt less available cash and cash equivalents; and
- consolidated total capitalisation is the sum of net debt (as calculated above) and the consolidated net worth of the Vector Group, which is calculated as total equity of the Vector Group less amounts attributable to minority interests.

The second financial undertaking given by Vector is that, at each calculation date, Vector's Interest Cover Ratio shall be not less than 1.5:1. This ratio is calculated as EBITDA of the Vector Group to senior interest expense of the Vector Group for the twelve month period ending on the relevant calculation date. For this purpose:

- EBITDA is the sum (without duplication) of (a) operating surplus, (b) interest expense, (c) income tax expense and (d) depreciation and amortisation of the Vector Group for that period; and
- senior interest expense for a period is calculated as the aggregate of all interest expense deducted in the calculation of operating surplus for that period less any such interest expense incurred in relation to debt that is subordinated and the amount of all dividends paid or payable on redeemable shares issued by Vector or any Guarantor.

The description set out above is only a summary of the financial undertakings and the terms used in calculating the ratios described in those undertakings. The full details of these undertakings are set out in clause 11.2 of the Trust Deed.

A breach by Vector of either financial undertaking set out above will lead to an Event of Default if the breach (if capable of remedy) is not remedied within 10 Business Days.

The restriction on the Guaranteeing Group creating security described below under the heading "Restrictions on Granting Security" could also indirectly affect the ability of the Vector Group to borrow.

Vector has entered into various other financing arrangements, including revolving credit and term facilities with lenders and note issuances to investors. A number of these other financing arrangements contain terms that limit the ability of Vector or a Guarantor to borrow, such as financial covenants equivalent to the financial covenants in the Trust Deed (although these are not terms of the Bonds so Bondholders do not have the benefit of these, and they may be amended or waived by the relevant financiers).

5.3 GUARANTEES

The Bonds will be guaranteed by the Guarantors under the Negative Pledge Deed.

Under the Negative Pledge Deed, each Guarantor will jointly and severally guarantee to the Supervisor the payment of all amounts owed to Bondholders in respect of the Bonds.

There are no limits on the amount for which any Guarantor may be liable under the Guarantee and

there are no conditions to the Guarantee. The obligations of the Guarantors under the Negative Pledge Deed will be unsecured.

Not all members of the Vector Group are required to be Guarantors. Under the Trust Deed, Vector must ensure that at all times the total tangible assets of the Guaranteeing Group (being Vector and the Guarantors) will be not less than 85% of the total tangible assets of the consolidated Vector Group.

For full details of these provisions, see clause 11.2 of the Trust Deed.

As at the Issue Date for the Bonds, the sole Guarantor will be NGC Holdings Limited. NGC Holdings Limited is a member of the Vector Group.

The Negative Pledge Deed contains provisions that allow Vector to have a Guarantor released from the guarantee under the Negative Pledge Deed if:

- the Guarantor ceases to be a subsidiary of Vector following a disposal of its shares and two directors of Vector certify as to certain matters;
- the Guarantor is to be dissolved or liquidated and all of its assets available for distribution will be distributed to another Guarantor; or
- beneficiaries of the Negative Pledge Deed (which will include the Supervisor on behalf of Bondholders) pass an extraordinary resolution on the terms of the Negative Pledge Deed consenting to that release.

In addition, for any Guarantor to be released:

- there must be no indebtedness owed by the Guarantor to any beneficiary of the Negative Pledge Deed (including the Bondholders) other than indebtedness solely as a guarantor or the relevant beneficiary has consented to the release; and
- there must be no subsisting breach of the Negative Pledge Deed or any credit facility with the benefit of the Negative Pledge Deed (including the Trust Deed and the Series Supplement).

5.4 RESTRICTIONS ON GRANTING SECURITY

Vector has agreed with the beneficiaries of the Negative Pledge Deed (including, while any Bonds issued under the Trust Deed remain outstanding, the Supervisor) that none of its assets will be secured. Notwithstanding this restriction, Vector or another Guarantor is permitted to create security or permit security to exist over its assets:

- if the aggregate value of the assets secured does not exceed 5.0% of the total tangible assets of the Vector Group;

- if beneficiaries of the Negative Pledge Deed (which will include the Supervisor on behalf of Bondholders) pass an extraordinary resolution on the terms of the Negative Pledge Deed consenting to that security; or
- in certain other limited circumstances set out in the Negative Pledge Deed, (for example: if the security arises by operation of law or securing certain taxes, rights of netting, set-off, combination or consolidation of accounts, a retention of title arrangement, a deemed security interest, in relation to joint venture assets or relates to the acquisition of an asset).

This is not a complete list of the circumstances where Vector or another Guarantor is permitted to create security. For full details of these provisions see clause 2.1 and the definition of "Permitted Security Interest" in the Negative Pledge Deed.

Vector has entered into various other financing arrangements, including revolving credit and term facilities with lenders and note issuances to investors. These other financing arrangements also have the benefit of the Negative Pledge Deed or contain restrictions on Vector that are equivalent to those in the Negative Pledge Deed (although, where another financier has the benefit of equivalent terms, these are not terms of the Bonds so Bondholders do not have the benefit of these, and they may be amended or waived by the relevant financiers).

5.5 EVENTS OF DEFAULT

The Events of Default are contained in the Trust Deed. They include:

- a failure by Vector to make a payment due in respect of the Bonds, subject to certain grace periods;
- a breach by Vector or a Guarantor of an obligation under the Trust Deed, the Series Supplement or the Negative Pledge Deed, subject to certain grace periods;
- a representation by Vector or a Guarantor under the Trust Deed, the Series Supplement or the Negative Pledge Deed, is incorrect in any material respect when made;
- any indebtedness in total of more than \$20 million (or its equivalent in any other currency) of Vector or any Guarantor is not paid when due or within any applicable grace period in any document relating to such indebtedness, or becomes due and payable prior to its stated maturity by reason of an event of default, cancellation event, prepayment event or similar event (whatever called); and
- insolvency events that affect Vector or a Guarantor.

This summary does not cover all of the Events of Default. For full details of the Events of Default see clause 12.1 of the Trust Deed.

At any time while an Event of Default continues the Supervisor may at its discretion and shall if directed to do so by a Special Resolution of Bondholders of any series of bonds (including the Bonds), by written notice to Vector, declare the Principal Amount of the Bonds of that series together with accrued interest and any other amounts specified in the Series Supplement to be immediately due and payable. Accrued interest is the interest earned on your Bonds since the last payment date and which has not been paid to you.

5.6 OTHER RELEVANT INFORMATION ABOUT THE TRUST DEED

The Trust Deed also contains a number of standard terms, including relating to:

- the role of the Supervisor, and the powers and duties of the Supervisor. The Supervisor will not be responsible for monitoring the application by Vector of the money paid by the subscribers of the Bonds;
- the process for replacement of the Supervisor;
- the right of the Supervisor to be indemnified;
- the payment of fees, expenses and other amounts owing to the Supervisor (including that amounts owing to the Supervisor are, on a default, paid from the proceeds of enforcement before payments to Bondholders);
- the holding of meetings of Bondholders;
- the process for Bondholders to sell or transfer their Bonds (including that such sales and transfers are subject to the terms of the Trust Deed and applicable laws, in particular that transfers that would result in the transferee or transferor holding Bonds with a total Principal Amount of less than \$5,000, or in an amount that is not a multiple of \$1,000, will not be allowed); and
- the process for amending the Trust Deed. To summarise, the Trust Deed can be amended:
 - with the consent of the Supervisor; or
 - by the Financial Markets Authority under section 109 of the Financial Markets Conduct Act 2013; or

-
- under section 22(7) or 37(6) of the Financial Markets Supervisors Act 2011 or any other enactment.

The Supervisor must only consent to an amendment if:

- the amendment is approved by a Special Resolution of the Bondholders (or each class of Bondholders that is or may be adversely affected by the amendment); or
- the Supervisor is satisfied that the amendment does not have a material adverse effect on the Bondholders (and the Supervisor certifies to that effect and certifies, or obtains a certificate from a lawyer, that the Trust Deed, as amended or replaced, will comply with sections 104 to 106 of the Financial Markets Conduct Act 2013 on the basis set out in the certificate).

You should read the Trust Deed for further information.

SECTION 6.

RISKS OF INVESTING

6.1 INTRODUCTION

This section describes the following potential key risk factors:

- general risks associated with an investment in the Bonds; and
- specific risks relating to Vector's creditworthiness.

The selection of risks has been based on an assessment of a combination of the probability of a risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this PDS. There is no guarantee or assurance that the importance of different risks will not change or that no other risks may emerge over time.

Where practicable, Vector will seek to implement risk mitigation strategies to minimise the exposure to some of the risks outlined below, although there can be no assurance that such arrangements will fully protect Vector from such risks.

You should carefully consider these risks (together with the other information in this PDS and available on the Offer Register) before deciding to invest in the Bonds. This summary does not cover all of the risks of investing in the Bonds.

The statement of risks in this section does not take account of the personal circumstances, financial position or investment requirements of any particular person. It is important, therefore, that before making any investment decision, you give consideration to the suitability of an investment in the Bonds in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

6.2 GENERAL RISKS

An investment in the Bonds is subject to the following general risks:

- Vector becomes insolvent and is unable to meet its obligations under the Bonds, including the obligations to pay interest on, and repay the Principal Amount of, the Bonds;
- any Guarantor is unable to meet its obligations under the guarantee provisions of the Negative Pledge Deed if Vector defaults; and
- if a Bondholder wishes to sell their Bonds before maturity:
 - they may be unable to find a buyer; or
 - the price at which they are able to sell their Bonds is less than the Principal Amount they paid for them.

These outcomes may arise because of factors related to Vector's creditworthiness, or because of other factors. These other factors may include the following:

- the fact that a trading market for the Bonds never develops, or if it develops is not very liquid. Although permission is expected to be granted to quote the Bonds on the NZX Debt Market, this does not guarantee any trading market in the Bonds;
- the level, direction and volatility of market interest rates. For example, if market interest rates go up, the market value of the Bonds would typically be expected to go down and vice versa; and/or
- the fact that Bondholders seeking to sell relatively small or relatively large amounts of Bonds may not be able to do so at prices comparable to those available to other Bondholders.

6.3 SPECIFIC RISKS RELATING TO VECTOR'S CREDITWORTHINESS

Described below are what Vector considers to be the key risks which, if they were to occur, are likely to significantly increase, either individually or in combination, the possibility that Vector may default on its payment obligations under the Bonds.

Because the largest part of Vector's business is delivery of electricity and gas to customers in the Auckland region (Vector earned approximately 60% of its revenues from this networks business in the financial year ended 30 June 2018), each of the risks described below primarily relates to Vector's Auckland networks business.

Significant infrastructure damage risk

Vector's networks business is dependent on the effective operation of Vector's electricity and gas distribution networks within the Auckland region as well as third party assets in the wider energy system outside Auckland such as electricity and gas transmission networks and electricity generation and gas production assets. Vector's assets or key assets in the wider energy system could be damaged or destroyed by a natural disaster such as a major volcanic eruption, earthquake, tsunami or storm, which in extreme circumstances could result in a major interruption to Vector's Auckland networks. This is a specific risk to Vector because:

- Vector operates a physical (and geographically specific) network in Auckland which is susceptible to damage by natural disasters;
- Vector's networks rely on uninterrupted supply of electricity and gas and the uninterrupted operation of energy system assets; and
- Vector does not have insurance covering all potential damage to all of its network assets.

If a prolonged or significant network interruption were to occur due to its networks being damaged or destroyed by a natural disaster (for instance following a volcanic eruption or devastating weather event in Auckland), this could result in a material reduction in Vector's revenues and a significant increase in costs (such as additional costs to repair any damage to Vector's network assets). Vector considers that only if the damage or destruction was catastrophic or continuing for a long period would it be likely to affect Vector's ability to meet its payment obligations under the Bonds.

Vector cannot predict these events and the financial impact will depend on the extent of the damage to assets and the period of time during which the network operation is disrupted. The likelihood and/or magnitude of natural disasters may be increased

over time by climate change. An event would need to be of a scale greater than any natural event which has impacted Vector's business to date to cause a payment default in respect of the Bonds.

As is commonly the case for energy distribution companies, Vector self-insures most of its network assets and therefore it does not have insurance covering all potential damage to its networks. Vector would likely have to fund a large proportion of remediation costs if its networks are extensively damaged by a natural event. Vector seeks to mitigate the operational impact of major damage to its networks through detailed risk management and contingency and business continuity plans.

Serious failure of networks risk

Vector's networks business is dependent on the effective operation of its Auckland electricity and gas distribution networks. These networks could fail or be interrupted due to breakdown of, or damage to, key network equipment or cyber security breach. This is a particular risk to Vector because if any of the above circumstances occurred, and Vector's services were unavailable to a material number of customers for a significant period, that could result in:

- material revenue loss for Vector; and
- Vector incurring significant costs to restore the functionality or maintain security of its networks.

Brief or less significant interruptions to the network can usually be managed without a material impact on Vector's business. Vector considers that only if the interruption was significant and continuing for a long period would it be likely to affect Vector's ability to meet its payment obligations under the Bonds. There is also potential for financial risk to Vector if it becomes liable for customer losses as a result of a significant interruption, although Vector expects that it would be able to make those payments without affecting its ability to meet the payment obligations under the Bonds.

Vector cannot predict when an operational failure or cyber security breach might occur. Vector actively manages its assets to minimise the risk of any significant operational problems affecting its networks, including investing in new equipment and proactive and reactive maintenance as well as detailed contingency and business continuity planning. Vector manages cyber security with the assistance of recognised global ICT security experts. Vector also employs a variety of tools to help detect, prevent and recover from potential cyber security attacks and improve the security of its network and systems.

Regulatory change and forecasting risk

Vector's networks business is highly regulated in comparison to other businesses and subject to oversight by regulators, including the Commerce Commission and the Electricity Authority. In particular, Vector's networks business revenue is prescribed by regulation.

The regulatory environment in which Vector operates has changed in the past and it could change over the term of the Bonds, for example, due to a significant change in Government policy or change in regulatory settings used to determine Vector's networks business revenue. This is a particular risk to Vector because the majority of its revenues are derived from its regulated networks business and the regulatory framework which applies to that business is subject to review and change. Vector's regulated network revenues are also dependent on accurate forecasting for each regulatory period by the Commerce Commission.

Vector does not expect regulatory changes over the term of the Bonds (including the upcoming review and reset by the Commerce Commission of Vector's default price quality path (Default Price Path 3)) to affect its ability to meet its payment obligations under the Bonds. However, it is possible that unexpected changes in Government policy or regulatory settings could occur in the future. It would need to be a significant departure from the current regulatory settings applicable to Vector to affect its payment obligations in respect of the Bonds.

Vector seeks to minimise these risks by working constructively with regulators to ensure a balanced and fair regulatory regime applies to its regulated business and which appropriately addresses forecast inputs.

SECTION 7.

TAX

7.1 RESIDENT WITHHOLDING TAX

If you are tax resident in New Zealand or otherwise receive payments of interest on the Bonds that are subject to the resident withholding tax rules, resident withholding tax at the relevant rate will be deducted from interest paid or credited to you unless you produce to the Securities Registrar a valid certificate of exemption (or other evidence confirming that you have resident withholding tax exempt status) on or before the record date for the relevant payment date.

7.2 APPROVED ISSUER LEVY

If you receive payments of interest on the Bonds subject to the non-resident withholding tax rules, an amount equal to any approved issuer levy (**AIL**) payable will be deducted from payments of interest to you in lieu of deducting non-resident withholding tax (except where you elect otherwise and Vector agrees, or it is not possible under any law, in which case non-resident withholding tax will be deducted).

If the AIL regime applies, Vector will apply the zero rate of AIL if possible, and otherwise pay AIL at the applicable rate. If the AIL regime changes, Vector reserves the right not to pay AIL. See the Trust Deed for further details.

7.3 INDEMNITY

If, in respect of any of your Bonds, Vector or the Supervisor becomes liable to make any payment of, or on account of, tax payable by you, then you will be required to indemnify Vector and the Supervisor in respect of such liability. Any amounts paid by Vector or the Supervisor in relation to any such liability may be recovered from you by withholding the amount from further payments to you in respect of Bonds. See the Trust Deed for further details.

7.4 GENERAL

There may be other tax consequences from acquiring or disposing of the Bonds. If you have any queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences.

Taxes may affect your returns. The information set out above does not constitute taxation advice to any Bondholder, is general in nature and limited to consideration of New Zealand taxation laws in force as at the date of this PDS. Future changes to these or other laws may affect the tax consequences of an investment in the Bonds.

SECTION 8.

SELLING RESTRICTIONS

This PDS constitutes an offer of Bonds to institutional investors and members of the public who are resident in New Zealand and certain overseas institutional investors only.

Vector has not taken and will not take any action which would permit a public offering of Bonds, or possession or distribution of any offering material in respect of the Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

The Bonds may only be offered for sale or sold in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Bonds may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

There are specific selling restrictions that apply to an offer of the Bonds in the European Economic Area, Switzerland, the United Kingdom, Australia, Hong Kong, Japan, Singapore, Taiwan and the United States of America.

These selling restrictions do not apply to an offer of the Bonds in New Zealand.

A copy of these selling restrictions can be found on the Offer Register.

These selling restrictions may be modified by Vector and the Joint Lead Managers, including following a change in a relevant law, regulation or directive. Persons into whose hands this PDS comes are and each Bondholder is, required by Vector and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute such offering material, in all cases at their own expense.

By subscribing for Bonds, each investor agrees to indemnify, among others, Vector, the Supervisor, the Joint Lead Managers, the Organising Participant and their respective directors, officers, employees and agents in respect of any loss, cost, liability or damages suffered as a result of that investor breaching the selling restrictions referred to in this section.

SECTION 9.

WHO IS INVOLVED?

	Name	Role
Issuer	Vector Limited	Issuer of the Bonds.
Supervisor	The New Zealand Guardian Trust Company Limited	Holds certain covenants on trust for the benefit of the Bondholders, including the right to enforce Vector's obligations under the Bonds.
Organising Participant	Craigs Investment Partners Limited	Is responsible to the NZX in relation to the quotation of the Bonds.
Joint Lead Managers	ANZ Bank New Zealand Limited, Deutsche Craigs Limited, Forsyth Barr Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	<p>Assist with the bookbuild for the Offer, and marketing and distribution of the Bonds.</p> <p>This PDS does not constitute a recommendation by any Joint Lead Manager, or any of their respective directors, officers, employees, agents or advisers to purchase any Bonds.</p> <p>The Joint Lead Managers will assist with the bookbuild for the Offer and with the marketing and distribution of the Offer. Except as described above, the Joint Lead Managers are not otherwise involved in the Offer.</p> <p>None of the Joint Lead Managers and their respective directors, employees, agents and advisers or the Organising Participant have independently verified the content of this PDS.</p>
Securities Registrar	Computershare Investor Services Limited	Maintains the Bond Register.
Solicitors to Vector	Bell Gully	Provides legal advice to Vector in respect of the Offer.
Solicitors to Supervisor	Chapman Tripp	Provides legal advice to the Supervisor in respect of the Offer.

SECTION 10.

HOW TO COMPLAIN

Complaints about the Bonds can be directed to:

Vector Limited at

Level 4
101 Carlton Gore Road
Newmarket, Auckland
Phone: +64 (9) 978 7788
Email: info@vector.co.nz

If for any reason Vector is unable to resolve your complaint, please contact the Supervisor at:

The New Zealand Guardian Trust Company Limited

Manager, Corporate Trusts
Level 6
191 Queen Street
PO Box 274
Auckland 1140
Phone: 0800 683 909
Email: ct-auckland@nzgt.co.nz

The Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Ministry of Consumer Affairs.

If Vector and the Supervisor have not been able to resolve your issue, you can refer the matter to FSCL by emailing info@fscl.org.nz, or calling FSCL on 0800 347 257 or by contacting the Complaint Investigation Officer, Financial Services Complaints Limited, 101 Lambton Quay, Wellington, PO Box 5967, Wellington 6145.

The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be made to the Financial Markets Authority through their website www.fma.govt.nz.

SECTION 11.

WHERE YOU CAN FIND MORE INFORMATION

11.1 OFFER REGISTER

Further information relating to Vector and the Bonds is available on the Offer Register.

The information contained on the Offer Register includes a copy of the Trust Deed, the Series Supplement and the Negative Pledge Deed.

The Offer Register can be accessed at www.companiesoffice.govt.nz/disclose, offer number (OFR12633). A copy of the information on the Offer Register is available on request to the Registrar of Financial Service Providers (email: registrar@fspr.govt.nz).

11.2 COMPANIES OFFICE

Further information relating to Vector is also available on the public register at the Companies Office of the Ministry of Business, Innovation and Employment. This information can be accessed free of charge on the Companies Office website (www.companiesoffice.govt.nz/companies).

11.3 NZX DISCLOSURES

As Vector is listed, it makes half-yearly and annual announcements to NZX and such other announcements to comply with the continuous disclosure rules of the NZX Listing Rules (including as modified by any waivers, rulings or exemptions applicable to Vector) from time to time.

You can obtain information provided to NZX by Vector in accordance with the NZX Listing Rules free of charge by searching under Vector's stock code "VCT" on the NZX website (www.nzx.com).

SECTION 12.

HOW TO APPLY

All of the Bonds have been reserved for clients of the Joint Lead Managers, institutional investors and other approved participants and will be allocated to those persons by Vector in consultation with the Joint Lead Managers. There is no public pool for the Bonds. You should contact a Joint Lead Manager or your financial adviser for details of how to purchase the Bonds.

This means that you can only apply for Bonds through a Primary Market Participant or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting www.nzx.com/investing/find-a-participant.

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this PDS (if you have not already received a copy);
- explain what you need to do to apply for Bonds; and
- explain what payments need to be made by you (and by when).

Your financial adviser will be able to advise you as to what arrangements will need to be put in place for you to trade the Bonds including obtaining a common shareholder number (**CSN**), an authorisation code (**FIN**) and opening an account with a Primary Market Participant as well as the costs and timeframes for putting such arrangements in place.

SECTION 13.

CONTACT INFORMATION

ISSUER

Vector Limited

Level 4
101 Carlton Gore Road
Newmarket, Auckland
Phone: +64 (9) 978 7788

Directors

Dame Alison Paterson (independent, Chair)
Michael Buczkowski (non-independent)
Tony Carter (independent)
Jonathan Mason (independent, Deputy Chair)
Dame Paula Rebstock (independent)
Karen Sherry (non-independent)
Robert Thomson (independent)
Bruce Turner (independent)

NEW ZEALAND LEGAL ADVISERS

Bell Gully

Level 21
Vero Centre
48 Shortland Street
Auckland 1010
Phone: +64 (9) 916 8800

SUPERVISOR

The New Zealand Guardian Trust Company Limited

Level 6
191 Queen Street
PO Box 274
Auckland 1010
Phone: 0800 683 909

ORGANISING PARTICIPANT

Craigs Investment Partners Limited

158 Cameron Road
Tauranga 3110
Phone: 0800 226 263

JOINT LEAD MANAGERS

ANZ Bank New Zealand Limited

Level 10
ANZ Centre
171 Featherston Street
Wellington 6011
Phone: 0800 269 476

Deutsche Craigs Limited

Level 36
Vero Centre
48 Shortland Street
Auckland 1010
Phone: 0800 226 263

Forsyth Barr Limited

Level 23
Lumley Centre
88 Shortland Street
Auckland 1010
Phone: 0800 367 227

Westpac Banking Corporation

(ABN 33 007 457 141) (acting through its New Zealand branch)

16 Takutai Square
Auckland 1010
Phone: 0800 942 822

SECURITIES REGISTRAR & PAYING AGENT

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622
Phone: +64 (9) 488 8777

SECTION 14.

GLOSSARY

\$ or NZ\$	New Zealand dollars
Board	Vector's board of Directors
Bondholder or you	A person whose name is entered in the Bond Register as a holder of a Bond
Bond Register	The register in respect of the Bonds maintained by the Securities Registrar
Bonds	The bonds constituted and issued pursuant to the Trust Deed and offered pursuant to this PDS
Business Day	A day (other than a Saturday or Sunday) on which registered banks are open for general banking business in Auckland or Wellington
Closing Date	12.00pm, 16 May 2019
Director	A director of Vector
Event of Default	Each event set out in clause 12.1 of the Trust Deed, some of which are summarised in section 5 of this PDS (<i>Key features of the Bonds</i>)
First Interest Payment Date	27 November 2019
Guarantee	The guarantee under the Negative Pledge Deed
Guaranteeing Group	Vector and each of the Guarantors
Guarantors	Any guarantors of the Bonds from time to time under the Negative Pledge Deed, being, as at the Issue Date, NGC Holdings Limited Guarantors may change from time to time as described in section 5 of this PDS (<i>Key features of the Bonds</i>)
Inland Revenue	The New Zealand Inland Revenue Department
Interest Payment Dates	Six monthly in arrear on 27 May and 27 November each year (or if that scheduled day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 27 November 2019
Interest Rate	The rate of interest per annum payable on the Principal Amount of the Bonds as announced by Vector through NZX on the Rate Set Date

Issue Date or Allotment Date	27 May 2019
Issue Margin	The margin determined by Vector in conjunction with the Joint Lead Managers following a bookbuild for the Offer
Joint Lead Managers	ANZ Bank New Zealand Limited, Deutsche Craigs Limited, Forsyth Barr Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)
Maturity Date	27 May 2025
Negative Pledge Deed	The Negative Pledge Deed dated 13 October 2004 entered into by the Guaranteeing Group for the benefit of certain beneficiaries
NZX	NZX Limited
NZX Debt Market	The debt security market operated by NZX
NZX Firm	Any company, firm, organisation or corporation designated or approved as a Primary Market Participant (as defined in the NZX Participant Rules) from time to time by NZX
NZX Listing Rules	The listing rules applying to the NZX Debt Market and Vector, as amended from time to time
NZX Main Board	The main board financial product market operated by NZX
NZX Participant Rules	The NZX Participant Rules made by NZX from time to time
Offer	The offer of Bonds made by Vector under this PDS
Offer Register	The online register maintained by the Companies Office and the Registrar of Financial Service Providers known as "Disclose" and accessible online at www.companiesoffice.govt.nz/disclose , offer number (OFR12633)
Opening Date	13 May 2019
Organising Participant	Craigs Investment Partners Limited
PDS	This product disclosure statement
Primary Market Participant	Has the meaning given in the NZX Participant Rules
Principal Amount	\$1.00 per Bond
Rate Set Date	16 May 2019
Securities Registrar	Computershare Investor Services Limited
Series Supplement	The Series Supplement dated 29 April 2019 between Vector and the Supervisor setting the terms and conditions of the Bonds (as amended or supplemented from time to time), a copy of which is available on the Offer Register
Special Resolution	A resolution passed with the support of Bondholders holding not less than 75% of the aggregate Principal Amount of Bonds held by those persons voting
Supervisor	The New Zealand Guardian Trust Company Limited or such other supervisor as may hold office as supervisor under the Trust Deed from time to time

Swap Rate	The mid-market swap rate for an interest rate swap from the Issue Date to the Maturity Date, as calculated by Vector in conjunction with the Joint Lead Managers on the Rate Set Date in accordance with market convention, by reference to Bloomberg page ICNZ4 (or any successor page) (rounded to two decimal places if necessary, with 0.005 rounded up)
Trust Deed	The Master Trust Deed dated 29 April 2019 between Vector and the Supervisor pursuant to which certain bonds, including the Bonds, may be issued (as amended or supplemented from time to time), a copy of which is available on the Offer Register, and, where the context requires, includes the Series Supplement
Vector	Vector Limited
Vector Group	Vector and its Subsidiaries (as that term is used in the Trust Deed) at that time

