



Vector Limited

FINAL TERMS SHEET

For an Offer of 6 Year Fixed Rate Bonds

18 November 2021

Joint Lead Managers



Vector Limited

Unsecured, unsubordinated, fixed rate 6 year bonds

This terms sheet (**Terms Sheet**) sets out the key terms of the offer by Vector Limited (**Vector**) of unsecured, unsubordinated fixed rate 6 year bonds maturing on 26 November 2027 (**Bonds**). The Bonds will be issued under a master trust deed dated 29 April 2019 (as amended from time to time) (**Master Trust Deed**) and supplemented by a supplemental trust deed dated 15 November 2021 entered into between Vector and The New Zealand Guardian Trust Company Limited as supervisor (**Supervisor**) (together, the **Trust Documents**).

Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Trust Documents.

Important notice

The offer of Bonds by Vector is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMC Act**).

The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Vector's \$250,000,000 unsecured, unsubordinated fixed rate bonds maturing on 27 May 2025 (with a fixed interest rate of 3.45% per annum), which are currently quoted on the NZX Debt Market under the ticker code VCT090 (the **Existing Bonds**).

Accordingly, the Bonds are of the same class as the Existing Bonds for the purposes of the FMC Act and the Financial Markets Conduct Regulations 2014.

Vector is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/VCT/announcements.

The Existing Bonds are the only debt securities of Vector that are in the same class as the Bonds and are currently quoted on the NZX Debt Market.

Investors should look to the market price of the Existing Bonds to find out how the market assesses the returns and risk premium for those bonds. When comparing the yield of two debt securities, it is important to consider all relevant factors (including the credit rating (if any), maturity and the other terms of the relevant debt securities).

Issuer	Vector Limited (Vector or the Issuer).
Description of Bonds	Unsecured, unsubordinated fixed rate 6 year bonds (Bonds).
Issue amount	\$225 million of Bonds. The offer is not underwritten.
Term	6 years, maturing on 26 November 2027.

Credit ratings	<table border="0" style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%;">Issuer credit rating</td> <td style="width: 33%;">Credit rating for Bonds</td> </tr> <tr> <td>S&P Global Ratings</td> <td>BBB (stable)</td> <td>BBB</td> </tr> </table> <p>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 also not a guarantee that a financial product is a safe investment. A credit rating should be considered alongside all other relevant information when making any investment decision. The Issuer credit rating for Vector and the credit rating for the Bonds shown above are current as at the date of this Terms Sheet. Credit ratings are subject to suspension, revision or withdrawal at any time by the assigning rating organisation.</p>		Issuer credit rating	Credit rating for Bonds	S&P Global Ratings	BBB (stable)	BBB
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S&P Global Ratings	BBB (stable)	BBB					
Purpose	The net proceeds of the offer of Bonds will be used to refinance existing debt and for general corporate purposes.						
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) will 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 will be not less than 1.5:1. <p>See clause 11.2 of the Master Trust Deed for the detailed wording of those undertakings.</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).</p>						
Security	The Bonds are not secured against any assets of Vector nor any other member of the Vector Group.						
Guarantee	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.						
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 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>						

Further bonds	Vector may issue further bonds without the consent of Bondholders which may rank ahead of, equally with or behind the Bonds.
Opening Date	Monday, 15 November 2021.
Closing Date	12:00pm NZT, Thursday, 18 November 2021.
Rate Set Date	Thursday, 18 November 2021.
Issue Date and Allotment Date	Friday, 26 November 2021.
Expected Date of Initial Quotation on NZX Debt Market	Monday, 29 November 2021.
Maturity Date	Friday, 26 November 2027.
Who may apply for Bonds	<p>The offer is open to New Zealand retail and certain institutional investors.</p> <p>There is no public pool for the Bonds.</p> <p>All 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>
Issue price and Principal Amount	\$1.00 per Bond, being the Principal Amount of each Bond.
Interest Rate	<p>3.69% per annum.</p> <p>The Interest Rate has been set as the sum of the Swap Rate on the Rate Set Date and the Issue Margin.</p> <p>The Swap Rate on the Rate Set Date was 2.74% per annum and the Issue Margin was set as 0.95% per annum.</p>
Issue Margin	0.95% per annum.
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 2 decimal places if necessary, with 0.005 rounded up).
Payment of interest	Six monthly in arrear on 26 May and 26 November each year (or if that scheduled day is not a Business Day, the next Business Day without adjustment, interest or further payment as a result thereof) until and including the Maturity Date, with the First Interest Payment Date being 26 May 2022.

Interest payments and entitlements	<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>
Brokerage	<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>
ISIN	<p>NZVCTDT013C8.</p>
Quotation on the NZX Debt Market	<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 Terms Sheet have been complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMC Act.</p> <p>NZX Ticker code VCT100 has been reserved for the Bonds.</p> <p>If you wish to sell your Bonds on the NZX Debt Market, after confirming your allocation, you must contact an NZX Firm or your financial advice provider. They 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 an NZX Firm, as well as the costs and timeframes for putting such arrangements in place.</p>
Minimum application amount and minimum holding	<p>\$5,000 and multiples of \$1,000 thereafter.</p>
Transfer restrictions	<p>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.</p>
Repo eligibility	<p>Vector intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for Domestic Market Operations.</p>
Governing Law	<p>New Zealand.</p>

Joint Lead Managers	ANZ Bank New Zealand Limited, Craigs Investment Partners Limited, Forsyth Barr Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Supervisor	The New Zealand Guardian Trust Company Limited.
Securities Registrar	Computershare Investor Services Limited.
Selling restrictions	<p>This is an offer of Bonds to institutional investors and members of the public who are resident in New Zealand and certain overseas institutional investors only.</p> <p>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 (including this Terms Sheet), in any country or jurisdiction where action for that purpose is required (other than New Zealand).</p> <p>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. This Terms Sheet may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which this Terms Sheet is published, delivered or distributed).</p> <p>In addition, the selling restrictions contained in the Schedule to this Terms Sheet apply. By subscribing for Bonds, each investor agrees to indemnify, among others, Vector, the Supervisor, the Joint Lead Managers 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 and set out in the Schedule to this Terms Sheet.</p> <p>The selling restrictions may be modified by Vector and the Joint Lead Managers, including following a change in a relevant law, regulation or directive.</p>

Other information

The dates set out in this Terms Sheet are indicative only and subject to change. Vector may in its absolute discretion and without notice, determine to vary the timetable for the offer (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.

Vector reserves the right to cancel the offer described in this Terms Sheet and the issue of the Bonds, in which case all application monies received will be refunded (without interest) as soon as practicable.

Copies of the Trust Documents are available at Vector's website at www.vector.co.nz/investors/bonds.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations), for all tax return filing obligations in respect of their investment in the Bonds, compliance with the financial arrangements rules (if applicable) and payment of provisional or terminal tax (if required) on interest derived.

Vector has been designated as a “Non-Standard” (NS) issuer by NZX because of certain waivers granted by NZX in relation to governance matters relating to Entrust. A copy of the waivers granted by NZX in respect of Vector can be found at www.nzx.com/companies/VCT.

For further information regarding Vector, visit www.nzx.com/companies/VCT.

Schedule

SELLING RESTRICTIONS

The Bonds may only be offered for sale or sold in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws of that jurisdiction and the selling restrictions contained in this Terms Sheet. This Terms Sheet may not be published, delivered or distributed outside New Zealand except to institutional investors as contemplated below.

Australia

This Terms Sheet and the offer of Bonds are only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with applicable exemptions in sections 708(8) (sophisticated investors) or 708(11) (professional investors) of the Australian Corporations Act 2001 (the **Corporations Act**). This Terms Sheet is not a prospectus, product disclosure statement or any other formal "disclosure document" for the purposes of Australian law and is not required to, and does not, contain all the information which would be required in a "disclosure document" under Australian law. This Terms Sheet has not been, and will not be, lodged or registered with the Australian Securities & Investments Commission or the Australian Securities Exchange. Vector is not subject to the continuous disclosure requirements that apply in Australia.

Prospective investors should not construe anything in this Terms Sheet as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act. Investors in Australia should be aware that the offer of Bonds for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to the re-sale.

European Union

This Terms Sheet has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Terms Sheet may not be made available, nor may the Bonds be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Bonds in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This Terms Sheet has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this Terms Sheet may not be distributed, and the

Bonds may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Bonds has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Bonds may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Terms Sheet have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Terms Sheet, you should obtain independent professional advice.

Japan

The Bonds have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Bonds may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors.

Any Qualified Institutional Investor who acquires Bonds may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Bonds is conditional upon the execution of an agreement to that effect.

Singapore

This Terms Sheet and any other materials relating to the Bonds have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Terms Sheet and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Bonds, may not be issued, circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Terms Sheet has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this Terms Sheet immediately. You may not forward or circulate this Terms Sheet to any other person in Singapore.

Any offer is not made to you with a view to the Bonds being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Bonds. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this Terms Sheet nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Bonds.

The Bonds may not be offered or sold in the United Kingdom by means of this Terms Sheet or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Terms Sheet is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This Terms Sheet may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Bonds has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Vector.

In the United Kingdom, this Terms Sheet is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investment to which this Terms Sheet relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Terms Sheet.

United States

This Terms Sheet does not constitute an offer to sell, or a solicitation of an offer to buy, the Bonds in the United States. The Bonds have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws. Accordingly, the Bonds are only being offered and sold in "offshore transactions" in compliance with Regulation S under the US Securities Act.

Indemnity

By its subscription for the Bonds, each Bondholder agrees to indemnify Vector, the Joint Lead Managers and the Supervisor and each of their respective directors, officers and employees for any loss, cost, liability or expense sustained or incurred by Vector, the Joint Lead Managers or the Supervisor, as the case may be, as a result of the breach by that Bondholder of the selling restrictions set out above.

Directory

Issuer

Vector Limited

Level 4
101 Carlton Gore Road
Newmarket, Auckland

Securities Registrar

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622

Bond Supervisor

The New Zealand Guardian Trust Company Limited

Level 6
191 Queen Street
PO Box 274
Auckland 1140

Joint Lead Managers

ANZ Bank New Zealand Limited

Level 10, ANZ Centre
171 Featherston Street
Wellington 6011

Craigs Investment Partners Limited

Level 32, Vero Centre
48 Shortland Street
Auckland 1010

Forsyth Barr Limited

Level 23
Shortland & Fort
88 Shortland Street
Auckland 1010

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

Level 8, 16 Takutai Square
Auckland 1010