

## Media Release

Kaikohe - Friday, 11 September 2009.



## Top Energy expansion presents challenges

Top Energy has confirmed it has sold its Station Road, Kaikohe premises and that it has entered into a long term leaseback arrangement with the property's new owner.

Top Energy CEO, Russell Shaw, said, "The Company has recently sold its Station Road site to a property investor. As part of this sale and purchase arrangement, we have entered into a 10-year lease back arrangement, with a right of renewal for a further 10 years.

Following a recent strategic review the Company is preparing to invest heavily in the development of its electricity network, over the next decade. Shaw says the Company's core business is generating and distributing electricity to Far North power consumers. He also says the need to expand the volume of electricity the network can handle and to improve reliability of supply is urgent. "The sale of the Kaikohe property allows us to release capital to re-invest in the network", he said.

The leased back Kaikohe premises will continue to house the Company's engineering and IT divisions, as well as its call centre operation, PHONE*plus*.

Shaw went on to say Top Energy has adopted a strategic position in relation to property ownership. "Property ownership is not part of our core business. At the same time, our resources need to be focused on network investment. On that basis, we're also in negotiations to sell our Kaitaia depot, under a similar long-term lease back arrangement. We're looking into possibilities for a sale of our Puketona depot as well. But no property sale will proceed, unless it provides significant benefit to the Company", he said.

Over the next 10 years, Top Energy plans to invest around \$124 million in its network, over and above the historic level of around \$60m for a similar period. Shaw says this increased investment will also require additional engineering support staff, located in Kaikohe. To free up the required space, the administration team is to move into alternative accommodation. "Where we move them to has yet to be decided", says Shaw, "but as 85% of the administrative staff live in and around Kerikeri, that's the logical choice - provided we can secure suitable premises". END.

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