



NZX AND ASX MARKET ANNOUNCEMENT

11 September 2018

Tilt Renewables Limited Successful in Obtaining a Support Agreement from Victorian Government in relation to Dundonnell Wind Farm

Leading Australasian renewable energy operator, Tilt Renewables Limited ("Tilt Renewables") announces that it has accepted an offer from the Victorian Government to enter into a Support Agreement in relation to approximately 37% of the output from the fully permitted Dundonnell Wind Farm ("Dundonnell").

"Since the demerger, Tilt Renewables has continued to progress and execute on near term opportunities from our attractive renewable energy development pipeline. The Dundonnell project represents a significant milestone due to its quality and scale. In addition, securing this Support Agreement strengthens our relationship with the Victorian Government and furthers progress towards achieving the State's renewable energy targets" said Tilt Renewables Chair, Bruce Harker.

Under the Support Agreement, Tilt Renewables will have a 15-year contract with the Victorian Government to supply electricity to the network under a contract for difference price mechanism. The contract relates to the generation output for 29 of the 80 turbines to be constructed at Dundonnell, providing sufficient revenue contracting certainty to progress the project to the point of a final investment decision.

Tilt Renewables Chief Executive Deion Campbell said "Tilt Renewables is excited to have the opportunity to partner with the Victorian State Government to help them work towards their target of having 25% of the State's electricity coming from renewable sources by 2020. In doing so, the business has made a commitment with the State to deliver on a number of significant economic, social and environmental initiatives which will benefit the local community and the State of Victoria."

A final investment decision to proceed to Financial Close is expected in late CY2018 with construction expected to begin early in CY2019. Based on updated Project costings undertaken by the Company, the total construction cost is expected to be approximately A\$560 million compared to Tilt Renewable's previously announced estimate of A\$600 million.

Shareholder approvals

In accordance with the NZX Listing Rules, Tilt Renewables was required to receive shareholder approval to progress the Dundonnell project. An ordinary resolution to this effect was approved by its shareholders at its Annual Meeting, held on 28 August 2018 in Wellington New Zealand.

Funding arrangements

As previously announced to the market, Tilt Renewables has secured a fully committed debt package from National Australia Bank Limited ("NAB") and MUFG Bank Ltd ("MUFG") which, following completion of standard conditions, will be available to fund approximately A\$300 million of Dundonnell's construction costs. Tilt Renewables was also advised by both NAB and MUFG on the debt financing.

The balance of funding is expected to be provided via a pro rata entitlement offer of new shares by Tilt Renewables. As announced on 30 May 2018, Tilt Renewables has entered into a volume underwriting



agreement with Citigroup Global Markets Limited and Forsyth Barr Group Limited in relation to a A\$300 million equity raising. Based on the updated Project costings undertaken by the Company, the required equity funding has reduced to A\$280 million and accordingly, the proposed size of the equity raising has also reduced to this amount. Tilt Renewable's major shareholders, Infratil Limited (57.881%) and Mercury NZ Limited (19.99%) have each provided conditional commitments to subscribe for their respective entitlements in the equity raising. Further details in relation to the equity raising will be provided closer to the expected Financial Close in late CY2018.

The funding structure for the development of Dundonnell is expected to result in relatively stable gearing metrics for Tilt Renewables on a pro forma basis and the revenue hedging from the Support Agreement results in the generation portfolio having a strong bias to price certainty through long-term revenue contracts. Once Dundonnell is operational, Tilt Renewables' revenue base will be approximately 65%¹ contracted, based on long-term production expectations and existing executed revenue contracts.

Impact on Business

"The Dundonnell project is a significant investment opportunity for Tilt Renewables, increasing our operational generation capacity to just under 1GW, further confirming the value of our development pipeline and the execution capability of our team, plus cementing our position as a market leader. In addition to providing attractive shareholder returns, the project will materially extend the average remaining operating life of our turbine fleet, provide further geographic diversification and deliver a wide variety of community and environmental benefits." said Deion Campbell.

It is proposed that Tilt Renewables will proceed to Financial Close on a merchant basis for the remainder of the project not covered by the State Support Agreement. However, post financial close Tilt Renewables will continue to pursue contracting opportunities for this uncontracted portion similar to the strategy successfully adopted for the recently completed Salt Creek Wind Farm.

It is expected that Dundonnell will, upon completion in mid to late CY2020, contribute annually approximately A\$40 - \$50 million of ongoing free cash flow after debt service for the Tilt Renewables group.

For further information please contact:

Steve Symons
Chief Financial Officer
Telephone: +61 419 893 746

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¹ Assumes Snowtown Stage 1 revenue contract is not renewed, extended or replaced.



Tilt Renewables

Tilt Renewables' vision is to be a leading developer and owner of renewable energy generation in Australia and New Zealand. It owns and operates eight wind farms in Australia and New Zealand with an installed capacity of 636 MW. Tilt Renewables also has a significant pipeline of over 3,500MW of wind and solar projects in Australia and New Zealand of which more than 2,000MW have secured the required planning approvals.

Dundonnell Wind Farm overview

Dundonnell Wind Farm is a high quality 336MW wind development project located in Western Victoria. The site is located approximately 23 km northeast of Mortlake. Tilt Renewables has secured the required environmental approvals to proceed with construction of a wind farm consisting of eighty 4.2MW Vestas V-150 wind turbines, with an overall tip height of up to 189 metres above ground level. Dundonnell Wind Farm will be connected to the Victorian transmission network via a newly constructed 38km 220kV overhead transmission line and off-site 500/220kV substation, which will connect into the existing 500kV transmission line between Melbourne and Portland via a new connection point at Mortlake Power Station. The project is expected to generate over 1,250 GWh per year, enough to power approximately 225,000 Victorian households with emissions-free electricity.