



14 September 2018

Dear Shareholder,

**Do Not Accept the takeover offer from Infratil and Mercury NZ for your Tilt Renewables shares**

Following my letter to you last week, I thought I would explain a little more about how the Independent Directors see the future potential of the company and to reinforce why it is so important to not sell your shares into the offer.

Attached is an article from me on Tilt Renewables including what we do, our current operations, and our pipeline of future projects which will increase the size of the company significantly. As you will see from the article, we all have every right to be excited by what is ahead for Tilt Renewables. It is in this context that we are recommending that shareholders do not accept the takeover offer.

- **The offer price is too low.** It does not adequately value our existing operational assets and the potential of our development pipeline of future projects.
- **The offer doesn't factor in the significant benefits** expected to flow from the Dundonnell project.

On 17 September, we will publish a Target Company Statement and it will include more detail on the Independent Directors' position regarding the offer and an independent valuation report by Northington Partners. You will have plenty of time to make a decision regarding the offer after receiving the Target Company Statement. The offer must remain open until the end of 15 October, 2018.

However, the view of the Independent Directors is already clear. The offer is inadequate and not fair to our minority shareholders.

We hope you agree and I thank you for your support.

Yours sincerely,

A handwritten signature in black ink that reads "Fiona Oliver".

Fiona Oliver  
Chair of the Independent Directors' Committee of Tilt Renewables



# Tilt Renewables – the future of renewable energy in Australia and New Zealand

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**BY FIONA OLIVER**

Fiona Oliver is the chair of Tilt Renewables' Independent Directors Committee

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The logo for Tilt Renewables, featuring the word "Tilt" in a stylized, green, sans-serif font with a registered trademark symbol (TM) to its right. Below "Tilt" is the word "renewables" in a smaller, lowercase, green, sans-serif font.

**Tilt**™  
*renewables*



Tilt Renewables is a company that is truly making a difference in the shift to a low carbon economy and is poised to make a major difference to the size of renewable energy generation in Australia and New Zealand.

The Tilt Renewables Independent Directors took action last week, immediately urging shareholders to not accept a take-over offer from the company's two major shareholders – Mercury NZ and Infratil. We said that the operational assets and the pipeline of future projects is not sufficiently priced into the \$2.30 per share offer. The price is inadequate and unfair and we strongly urged shareholders to not accept.

### What is Tilt Renewables?

Tilt Renewables owns operating wind farms across Australia and New Zealand and arguably has the best development pipeline of diverse renewable energy projects leveraging wind, solar, pumped hydro and battery storage technologies. Tilt Renewables really is a unique investment opportunity and this is why the Independent Directors want to ensure current shareholders receive a fair price if the joint venture between Infratil and Mercury NZ is going to take full control and take the company private.

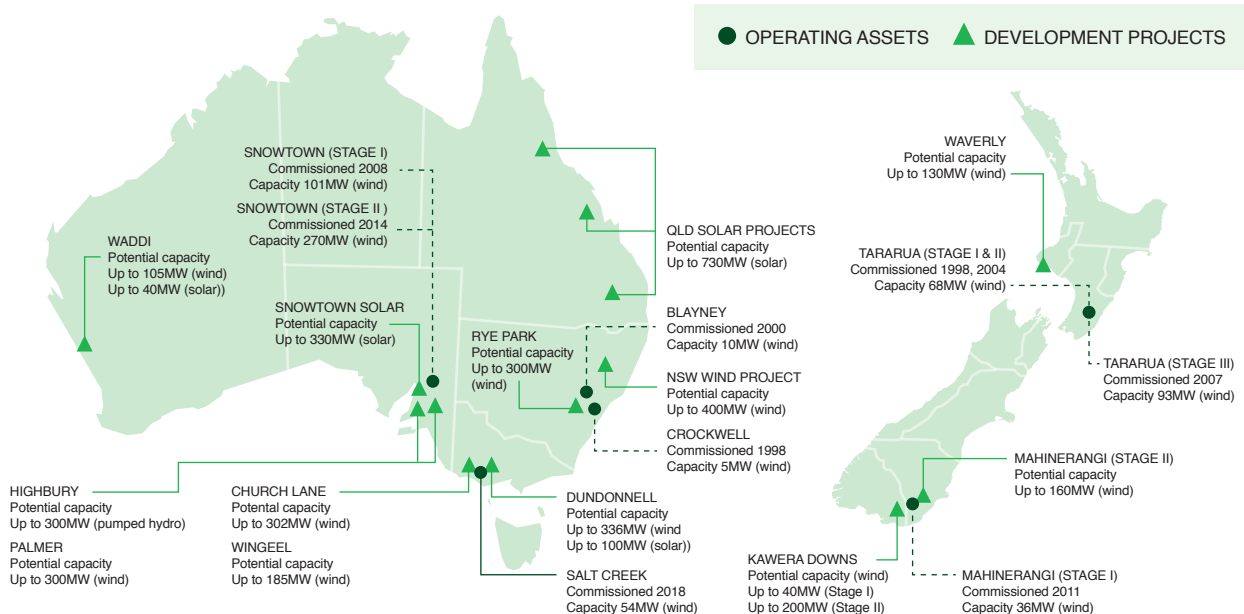
The company is relatively new in its present form having been spun out of Trustpower in October 2016 and listed on the NZX and ASX. If we include the time when the activities were part of Trustpower, it has been operating and developing renewable energy generation assets since the early 2000s.

Tilt Renewables has two parts. The first is the operating wind farms we have already successfully developed or acquired, and which are delivering solid and reliable cashflows; and the second is our pipeline of excellent development opportunities. Our track record and capability rest on a high quality management team that has a proven ability to successfully take projects from planning through to completion.

### Our existing operations

Over the last 18 years (including within Trustpower), we have successfully developed and constructed or acquired 8 wind farms, with over 322 turbines, currently delivering 636MW of electricity. This is enough to annually power over 330,000 homes and offset nearly 1.9m tonnes of CO<sub>2</sub> had that energy been produced by thermal electricity generation. 100% of the energy we produce in New Zealand and 91% of the energy we produce in Australia is currently the subject of long-term supply agreements which provide Tilt Renewables and its shareholders with a long-term horizon of reliable returns.

### GEOGRAPHIC DIVERSITY OF TILT RENEWABLES PORTFOLIO





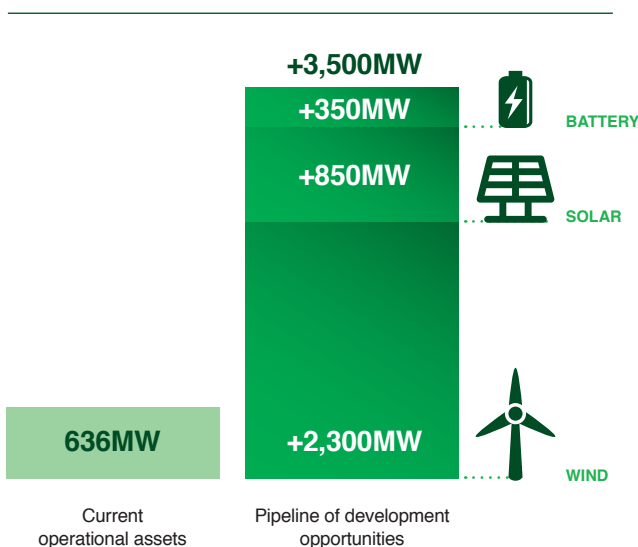
## Salt Creek Wind Farm

The most recent example of our capabilities is the completion of the Salt Creek Wind Farm. The wind farm is located near Woorndoo, about 250km west of Melbourne, Victoria. The project became fully operational in July of this year, coming in on time and under budget. Consisting of 15 turbines with annual production of 172 GWh, Salt Creek has the capacity to power around 30,000 homes across Victoria. This was our first construction project since demerging from Trustpower. The project has confirmed our capability to successfully deliver projects as a stand-alone company, placing us in a good position for further growth and continued delivery of future projects.

In total through our existing operational assets we are expecting to deliver earnings of A\$120 to A\$127m in the year to March 2019 (source market guidance), up from A\$104m in 2018. We are already a very significant company.

## Our development pipeline

We are rightfully proud of our journey so far. Our current production is dwarfed by the size of the development pipeline we own. As noted, we currently have 636MW of production within our current operational assets. By comparison, our pipeline of development opportunities is over 3,500MW across wind, solar, pumped hydro and battery storage technologies spread across 18 projects, covering five Australian states, and both islands of New Zealand. Over 10 of our projects (around 2,000 MW) have already received environmental consent and solar options now make up a quarter of our consented pipeline projects.



## Dundonnell Wind Farm

We are currently working toward the development of the Dundonnell Wind Farm. In June 2016, the Victorian Government decided to increase its renewable energy generation to 25% of the State's total by 2020 and 40% by 2025. To meet the first stage of these targets Victoria is seeking to contract up to 650MW of new renewable energy capacity. Tilt Renewables has been successful in securing a 15-year Support Agreement from the Victorian Government for 37% of the output from Dundonnell which provides more price certainty for our Dundonnell Wind Farm's generation output.

The Dundonnell project is a large, high-quality development opportunity, that is expected to cost approximately A\$560 million to build. It comprises 80 turbines delivering 336MW of capacity. The project will increase our operating asset base by around 50%, 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.

Dundonnell is expected to power the equivalent of 225,000 homes and reduce carbon dioxide emissions by the equivalent of 670,000 tonnes every year.

Dundonnell has received all required planning and environmental permits. Our funding arrangements are in place, including support from our major shareholders. However, a final investment decision to proceed is yet to be made by the board of Tilt Renewables, but is expected to be considered in late CY2018. If approval is granted, construction is expected to begin early in CY2019 with completion in mid to late 2020. Upon completion Dundonnell is expected to contribute approximately A\$40 - A\$50 million of ongoing free cash flow before debt service annually for Tilt Renewables. This is significant and provides attractive shareholder returns.

# The future for renewables is strong

Tilt Renewables is extremely well positioned to benefit from the global push towards renewable energy and reducing carbon emissions. Australia is expected to rely heavily on the electricity sector to meet emissions reduction targets between 2020 and 2030.

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In the New Zealand market, we are excited to see positive new policy developments from the Government and, with the upcoming closure of Huntly coal-fired steam units, we see near term opportunity for many efficient wind projects. The increasing use of electric vehicles will also increase electricity demand across Australasia and we are in a great place to meet this new demand.

Tilt Renewables is an important company for our energy future and a company that is poised for growth. Minority shareholders should be better rewarded for the potential of the company than Mercury NZ and Infratil are currently offering. The Independent Directors have advised shareholders not to sell their shares into the current offer.

