



27 May 2019

Dear Shareholder

The purpose of this letter is to advise you of the rationale behind the recent decision by the Board of Tilt Renewables not to pay a final dividend for the year ended 31 March 2019.

The Tilt Renewables Dividend Policy was established as part of the de-merger process in October 2016. The key features of the Policy are:

- The payment of dividends is not guaranteed and will be made at the discretion of the Board;
- Target dividend pay-out ratio in the range of 25% and 50% of Operating Free Cash Flow After Debt Service, reflecting the Board's view that a significant level of earnings should be retained in the business to assist in funding growth projects in the medium term;
- Intention to pay semi-annual dividends typically in June and December each year; and
- Intention to distribute available imputation credits or franking credits to Shareholders when it is considered practical and appropriate.

Any decision to pay a dividend requires the Board to balance the short-term shareholder expectations for cash returns with the future capital requirements of the business (including the need to fund new investments in value accretive projects in a cost effective manner that delivers the greatest long-term value to shareholders). Since its creation in October 2016, Tilt Renewables has paid regular dividends in accordance with the dividend policy.

Tilt Renewables' strategy is to deliver shareholder value by advancing projects from its development pipeline. Success in this regard results in an ongoing requirement for an optimised mix of debt and equity to fund the construction of these projects. Most recently the A\$560m required for the 336MW Dundonnell Wind Farm was funded with A\$300m of debt and A\$260m of equity, secured from shareholders via a rights issue in February/March 2019.

However, Tilt Renewables also looks, to the extent possible, to fund these equity requirements with cashflows generated by the strong portfolio of operating assets, and hence minimise the need to raise equity directly from shareholders.

Tilt Renewables announced on 16 May 2019 that it has concluded discussions with Genesis Energy Limited and entered into an off-take agreement for 100% of the output from the 133MW Waverley Wind Farm project. It is expected that this project will reach a final investment decision and financial close in the second half of 2019.

Therefore, with this and the other opportunities being explored, the Board has decided to retain the cash currently held by the business to fund project equity requirements. While this results in no dividend for shareholders, it ensures that any future near-term equity call on shareholders is minimised.

It is possible that the Board will, in its consideration of the need to meet the capital requirements of the business, come to the same conclusion on dividends in the future.

I believe that the business is well placed for further growth and I look forward to your continued support as a valued shareholder.

Yours sincerely

A handwritten signature in blue ink that reads "B. Harker".

Bruce Harker
Chairman
Tilt Renewables