Tilt Renewables Limited

Target Company Statement in response to a full takeover offer by an unincorporated joint venture established by Infratil 2018 Limited and Mercury NZ Limited

17 SEPTEMBER 2018

Your Independent Directors recommend you

DO NOT ACCEPT

the Joint Venture offer

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have any questions in respect of this document or the offer, you should seek advice from your independent financial or legal adviser.

Letter from the Chair of the Independent Directors

Dear Fellow Shareholder,

You recently received a Takeover Offer for all of your Tilt Renewables shares at $2.30 per share (the "**Offer**"). The Offer is from a joint venture (the "**JV**") comprising Tilt Renewables' two largest shareholders, Infratil (through a subsidiary) and Mercury.

The Independent Directors of Tilt Renewables strongly recommend shareholders do not accept the Offer. You should ignore the Offer documents sent to you by the JV and take no action.

The Offer of $2.30 per share is significantly below the Independent Adviser's valuation range of $2.56 to $3.01 per share (midpoint of $2.79). The Independent Adviser believes the Offer price is ***"lower than the underlying value of the Company"*** and has concluded ***"the Offer price is not compelling"***. The Independent Adviser's Report is in this Target Company Statement for you to read.

Shareholders can be assured that none of the Independent Directors will be accepting the Offer for any of the Tilt Renewables shares they own or control.

The reasons why you should not accept the Offer are set out in Section 1 of this Target Company Statement. The primary reasons are:

1. **The Offer price of $2.30 is significantly below the Independent Adviser's assessment of value. The Independent Adviser has assessed a value range for Tilt Renewables of $2.56 to $3.01 with a midpoint of $2.79.**
2. **The Offer price does not fully value the significant benefits to the company that shareholders can expect from the proposed Dundonnell Wind Farm, assuming it proceeds. The Offer was made before the recent positive announcement regarding this project.**
3. **The Offer price does not fully recognise the value of Tilt Renewables' existing operational assets and the potential of our development pipeline of future projects.**
4. **The Offer price is only an 8% premium to the value of your shares immediately prior to the Offer being announced. This is not a sufficient takeover premium for your Tilt Renewables shares and is even less so now given the recent announcement regarding the proposed Dundonnell Wind Farm.**
5. **The Offer has no compelling merits that overcome the significant shortfall in value offered.**

“… if the major shareholders are to acquire full control of Tilt Renewables they should pay a fair price.”

Tilt Renewables offers its shareholders a unique investment opportunity. Tilt Renewables is extremely well positioned to be a significant part of, and benefit from, the global push towards renewable energy and reducing carbon emissions. We are poised to make a major difference to the size of renewable energy generation in Australia and New Zealand.

We have a high quality portfolio of operational assets complemented by arguably the best renewable energy pipeline in Australia and New Zealand. Your Independent Directors have full confidence in management’s ability to deliver projects from planning through to completion. This has been demonstrated by the development of our Salt Creek Wind Farm and the very recent announcement that we have been successful in securing an offtake agreement with the Victorian Government with respect to approximately 37% of the output from our proposed 80 turbine 336MW Wind Farm at Dundonnell (“**Dundonnell**”).

Our core focus is to deliver value to all shareholders and we want all of our shareholders to benefit from the future value we believe is available through Tilt Renewables. We believe that if the major shareholders are to acquire full control of Tilt Renewables they should pay a fair price.

The Offer must remain open until 11:59pm NZT on 15 October 2018. If you accept the Offer, your decision is final and cannot be revoked.

This document sets out your Independent Directors’ formal response to the Offer, including reasons why **you should not accept the Offer**. I encourage you to read this document carefully. If you are in any doubt about how to respond to the Offer, please email the Independent Directors at takeoverinfo@tiltrenewables.com or seek financial advice from an independent, qualified adviser.

As the Offer process progresses, we will keep you updated on any significant developments.

On behalf of your Independent Directors, I thank you for your support.

Yours sincerely

Fiona Oliver

Fiona Oliver
Chair of the Independent Directors

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All currency amounts refer to New Zealand Dollars unless otherwise stated

SECTION 1:

Independent Directors' Recommendation

The Independent Directors recommend you Do Not Accept the Offer from the JV in respect of your shares in Tilt Renewables

Why you should Not Accept the Offer

1. **The Offer price of $2.30 is significantly below the Independent Adviser's assessment of value. The Independent Adviser has assessed a value range for Tilt Renewables of $2.56 to $3.01 per share with a midpoint of $2.79. The Independent Adviser believes the Offer price is *"lower than the underlying value of the Company"* and has concluded *"the Offer price is not compelling"*.**

2. **The Offer price does not fully value the significant benefits to the company that shareholders can expect from the proposed Dundonnell Wind Farm, assuming it proceeds. The Offer was made before the recent positive announcement regarding this project.**

3. **The Offer price does not fully recognise the value of Tilt Renewables' existing operational assets and the potential of our development pipeline of future projects.**

4. **The Offer price is only an 8% premium to the value of your shares immediately prior to the Offer being announced. This is not a sufficient takeover premium for your Tilt Renewables shares and is even less so now given the recent announcement regarding the proposed Dundonnell Wind Farm.**

5. **The Offer has no compelling merits that overcome the significant shortfall in value offered.**

1

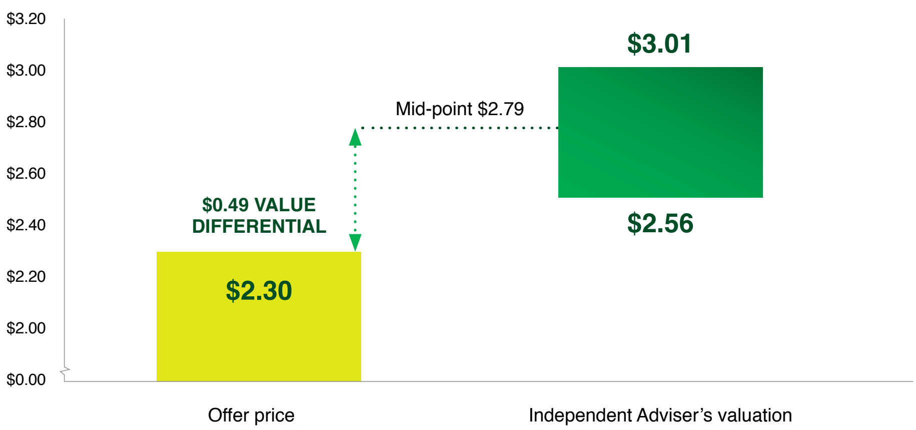
The Offer price of $2.30 is significantly below the Independent Adviser's assessment of value. The Independent Adviser believes the Offer price is *"lower than the underlying value of the Company"* and has concluded *"the Offer price is not compelling"*.

Northington Partners Limited (the "**Independent Adviser**") was engaged to prepare an Independent Adviser's Report to assess the merits of the Offer for Tilt Renewables' shareholders. Its independent report is attached in full in Appendix 1 of this Target Company Statement. The Independent Adviser's valuation confirms the view of the Independent Directors that the Offer is inadequate.

The Independent Adviser has assessed a valuation range of $2.56 to $3.01 for Tilt Renewables with a mid-point of $2.79. This is significantly higher than the $2.30 Offer price.

This Independent Adviser's valuation includes the expected benefit from the recent Dundonnell announcement (see our discussion in point 2 below).

The Offer price of $2.30 per share is significantly below the Independent Adviser's assessment of value



2

The Offer price does not fully value the significant benefits to the company that shareholders can expect from Dundonnell, assuming it proceeds. The Offer was made before the recent positive announcement regarding this project.

We are currently working toward developing Dundonnell which comprises 80 turbines delivering 336MW of capacity. On Tuesday 11 September 2018, Tilt Renewables was advised it had been successful with its bid into the Victorian Renewable Energy Auction Scheme ("**VREAS**") to secure a 15-year contract from the Victorian Government for 37% of the output from Dundonnell (the "**Dundonnell announcement**").

Additionally, Tilt Renewables is continuing to pursue further contracting opportunities for the uncontracted portion of Dundonnell's output, similar to the strategy successfully adopted for the recently completed Salt Creek Wind Farm.

Dundonnell has received all required planning and environmental approvals. Our funding arrangements are in place, including support from our major shareholders. The final investment decision to proceed is yet to be made by the board of Tilt Renewables, but is expected to be considered before the end of this year. If approved, construction is expected to begin early in 2019 with completion scheduled for mid to late 2020. Shareholder approval has already been obtained for the project. Upon completion, the project will increase our operating asset base by around 50% and, as was made clear in the statement released to the NZX by Tilt Renewables at the time of the Dundonnell announcement, the potential impact on company performance is very significant.

The Independent Adviser has assessed the total value to Tilt Renewables of Dundonnell at 33c to 44c per share. Of this value, the Independent Adviser attributes approximately 22c per share to the recent Dundonnell announcement given the greater certainty of the project as a result of being successful with the bid into VREAS.

The Offer was made before the Dundonnell announcement and does not appear to provide any recognition of this increased value. Shareholders should expect to get full value for it.

The statement released to the NZX regarding Dundonnell also disclosed the estimated capital expenditure required for the project was now A$560 million. In its Offer Document, the JV anticipates A$600 million. This is a significant reduction that shareholders should expect to benefit from.

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The Offer price does not fully recognise the value of Tilt Renewables' existing operational assets and the potential of our development pipeline of future projects.

3.1. CURRENT OPERATIONAL ASSETS

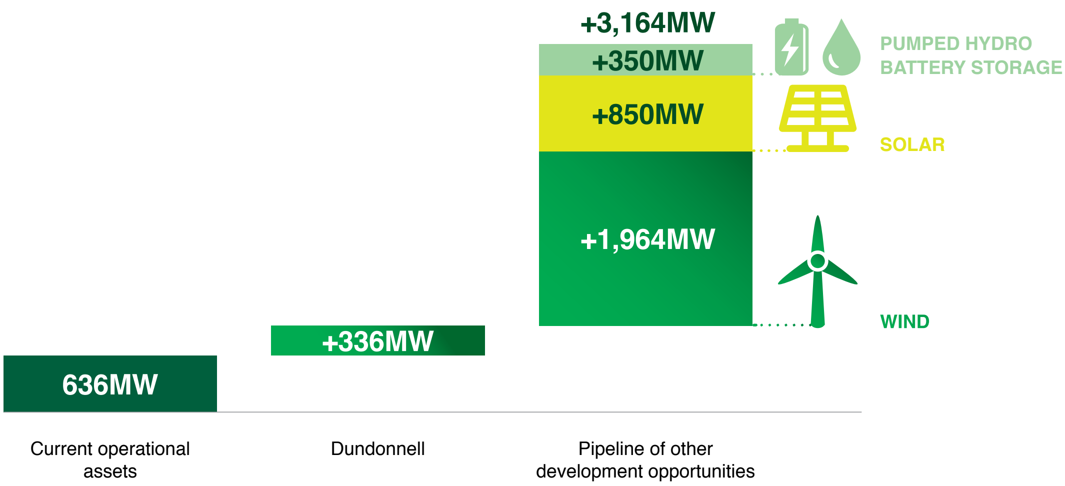
Tilt Renewables currently has 636MW of production within its current operational assets. Our operational assets are delivering very strong and reliable cash flows. In total, through our existing operational assets, we delivered EBITDAF of A$104 million in FY18. This was achieved in a year of below-average wind conditions and before we brought our Salt Creek Wind Farm into generation. The company has since given guidance to the market of materially stronger performance in FY19.

3.2. OUR DEVELOPMENT PIPELINE

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. As Tilt Renewables set out in our recent annual report, we believe our pipeline of future projects is arguably the best renewable energy pipeline in Australia and New Zealand. We have been successful in securing a footprint at some of the best sites for renewable generation.

12 of our projects (around 2,000MW) have already received planning approval.

Significant pipeline of development projects



3.3. STRONG TRACK RECORD OF DELIVERY

Our experienced management team has a proven ability to successfully take projects from planning through to completion. Since being demerged from Trustpower, we have completed and made operational our Salt Creek Wind Farm and have now been successful with securing an offtake from the Victorian Government for the Dundonnell project. Building large-scale renewable energy projects is what we do, and we do it very well.

As noted by our Chief Executive, Deion Campbell, in the release confirming the Dundonnell announcement: *"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".*

3.4. THE JV'S CHOICE OF COMPARABLE COMPANIES IS NARROWLY SELECTIVE

In its Offer Document, the JV attempts to compare the value of Tilt Renewables implied by its Offer price to the value of Infigen Energy Limited ("**Infigen**"), another renewable energy company, which also trades on the ASX. The JV compares the ratio of EV to the level of EBITDA. We draw your attention to the comments made in the Independent Adviser's Report about the merits of this comparison. Specifically, the Independent Adviser says:

"Although Infigen trades at a significantly lower multiple of EBITDA and MW, we note that:

- *Given Infigen's higher exposure to merchant pricing, we would expect the market to apply a higher cost of capital to Infigen, implying a lower EV / EBITDA multiple;*
- *TLT has a substantially larger development pipeline and Dundonnell is arguably more advanced than Infigen's development options;*
- *TLT has a significantly higher implied average capacity factor (representing the expected level of output for each MW of installed capacity). With all else being equal, we would therefore expect a lower multiple of installed MW capacity for Infigen relative to TLT; and*
- *A better "capacity value" measure of the two companies is the multiple of EV to average GWh of production. On this basis, our TLT valuation represents a higher multiple of $0.65 million per GWh compared to Infigen's implied multiple of $0.57 million per GWh.* ***However, we would expect Infigen to have a lower multiple for the reasons set out above and given Infigen's traded multiple does not include any premium for control****".* *(emphasis added)*

3.5. TAKEOVER PREMIUM

The JV also attempts to support its Offer by noting it is at a 6.8% premium to the average broker-analyst 12-month price targets for Tilt Renewables. We note the following:

- These are only 12-month trading estimates and do not take into account the long-term fundamental value of Tilt Renewables and do not include any premium for control.
- We have identified five broker-analysts who released reports between May and July 2018. While the average valuation of these broker-analysts was $2.11, three did not include any value for the development pipeline and two noted further upside of $0.95 and $1.05 per share respectively.
- None of the broker-analyst reports included the impact of the Dundonnell announcement. If we add on the Independent Adviser's view of the value created by the Dundonnell announcement (22 cents) to the consensus value of the broker-analysts ($2.11) we get an adjusted broker-analyst consensus of $2.33 – a figure greater than the Offer price and still excluding any control premium.

There are a variety of trading valuations and precedent transactions that are set out in the Independent Adviser's Report, including for other, more highly contracted renewable assets, for gentailers and for other contracted and regulated infrastructure assets. These observations point to significantly higher values for Tilt Renewables than the Offer price. The JV has not included these in its analysis.

3.6. NO SYNERGIES INCLUDED

In its report, the Independent Adviser notes the following:

- *"[We] believe that there are a number of synergies that are potentially available to most prospective purchasers of TLT";* and
- *"TLT is forecast to generate significant future imputation credits in both Australia and New Zealand based on its forecast future tax payments and the associated franking / imputation credits that can be attached to income distributions."*

Despite these statements, the Independent Adviser has not ascribed any synergy value in its valuation assessment with the rationale being that there is no market consensus of how Australian franking credits can be valued by a purchaser and that the allocation of synergies to existing shareholders should be related to the degree to which these benefits can be replicated by other potential investors.

The Independent Directors take a different view. If there are gains to the JV partners from acquiring 100% of Tilt Renewables, it is entirely appropriate that some portion of these gains is shared with the current shareholders.

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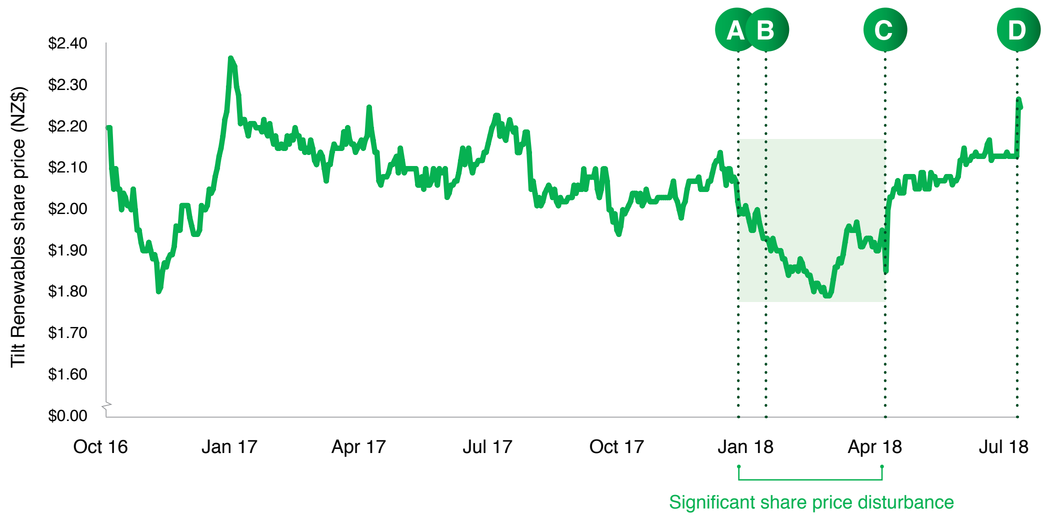
The Offer price is only an 8% premium to the value of your shares immediately prior to the Offer being announced. This is not a sufficient takeover premium for your Tilt Renewables shares and is even less so now given the recent announcement regarding the proposed Dundonnell Wind Farm.

4.1. THE "UNDISTURBED" SHARE PRICE

The JV has chosen an inappropriate date to measure the takeover premium implied by the $2.30 Offer price. In the view of the Independent Directors, the premium the JV is presenting is materially overstated. The JV has referred to an "undisturbed" share price, which they point to as being prior to Mercury acquiring its 19.99% stake in Tilt Renewables from TECT Holdings Limited ("**TECT**") on 11 May 2018. The logic of the JV is that this transaction created potential takeover activity which distorted the share price.

The recent history of the Tilt Renewables share price up to the point of the Offer is shown in the chart below.

Tilt Renewables' share price history clearly shows the price disturbance prior to TECT selling its 19.99% stake



A 25-Jan: TECT announced plans to distribute ~$145 million to beneficiaries. Speculation of a sale of Tilt Renewables shares by TECT

B 14-Feb: Tilt Renewables announced the submission of Dundonnell bid and potential A$300 million equity capital raise

C 14-May: TECT sells 19.99% stake to Mercury

D 15-Aug: JV lodges a Takeover Notice to acquire Tilt Renewables at an 8% premium compared to the closing price on 14 August 2018

The Independent Directors refute the JV's view. We believe Mercury managed to acquire its shares at a time when the shares were at a low price (point C on the previous chart) which was driven in part by a market overhang. A market overhang occurs where potential buyers of shares reduce trading as they believe that a wave of shares is about to come to the market. The overhang on Tilt Renewables shares may have been created by two factors:

- On 25 January 2018 (Point A on the chart), TECT announced plans to distribute ~$145 million to beneficiaries. This would have led to speculation of a sale of Tilt Renewables shares by TECT.
- On 14 February 2018 (Point B on the chart), Tilt Renewables announced the submission of the Dundonnell bid with the implications of a potentially significant equity capital raise.

Consequently, in the view of the Independent Directors, the value of Tilt Renewables shares was artificially depressed at the time of Mercury's acquisition.

4.2. NO TAKEOVER SPECULATION

We also reject that the Mercury acquisition created any meaningful takeover speculation that artificially drove the share price up. Given Infratil's 51% shareholding, there was no reasonable prospect of Mercury making a credible offer and Mercury had effectively acquired a stake that could block Infratil reaching 90% and triggering a compulsory acquisition. Further, on 15 May 2018, Infratil *"clarified that it was unlikely to provide approval (as the majority shareholder in Tilt [Renewables]) for any other acquirer to move beyond a 19.99% ownership interest or offer any additional governance rights."*

The Independent Directors believe it is far more likely that the Mercury acquisition simply addressed the TECT overhang and, as Mercury would have been regarded as a knowledgeable investor, it was a positive signal of underlying value to the wider market.

Finally, as the Independent Adviser notes in its report, Mercury was prepared to pay $2.30 for a non-controlling minority position in Tilt Renewables in May 2018. Given the retained earnings since 31 March 2018 of 7c per share, all else being equal, Mercury's acquisition of a non-controlling minority position is equivalent to $2.37 as of September 2018.

Accordingly, we reject the JV's premium analysis. The actual premium being offered is 8% as compared to the closing price on 14 August 2018.

4.3. AVERAGE TAKEOVER PREMIA PAID

We have looked at takeovers in New Zealand since 2001 where:

- A full takeover offer was made and was successful, and
- The bidder owned more than 50% prior to the offer being made.

There are 27 takeover offers that meet these criteria. The average premium paid in these circumstances is 22.6%[1].

- If we apply a 22.6% premium to the pre-Offer price of $2.13, we get a price of $2.61 per share.
- If we apply a 22.6% premium to the adjusted Mercury entry price of $2.37, we get a price of $2.91 per share.
- By adding on the Independent Adviser's view of the value created by the Dundonnell announcement (22 cents per share) to the pre-Offer price of $2.13, we get an adjusted pre-Offer price of $2.35. If we apply a 22.6% premium to this adjusted pre-Offer price we get a price of $2.88 per share.

4.4. TECT'S ACCEPTANCE OF THE OFFER HAS NO SIGNIFICANCE

Shareholders may be aware that TECT has announced it has accepted the Offer for its remaining 6.81% shareholding. The Independent Directors advise shareholders that this should not affect their view as to the merits of the Offer.

As part of its earlier acquisition of TECT's shares in Tilt Renewables, Mercury acquired an option over TECT's remaining 6.81% shareholding at $2.30 per share. TECT has simply sold its shares as it was contractually obligated to under the option agreement.

[1] The takeover premia are primarily calculated using the closing price of the target company the day prior to the takeover being announced. If the closing price prior to the transaction is not available, premia are based on data from the Independent Adviser's report. There are two transactions where no takeover premia could be reasonably calculated.

5 The Offer has no compelling merits that overcome the significant short-fall in value offered.

The Offer Document sent to you by the JV included sections entitled *"Joint letter from Infratil and Mercury"* and *"Why you should accept the Offer for your Shares"*. Both of these sections set out arguments put forward by the JV as to why shareholders should accept their $2.30 Offer.

The Independent Directors do not agree with the arguments put forward by the JV. We have already addressed the JV's valuation arguments and premium analysis in point 3 of this section. In the following paragraphs, we address other arguments the JV has made regarding the merits of its offer and outline the considerations beyond valuation that shareholders should have regard to.

5.1 NEAR TERM FUNDING REQUIREMENTS

The JV suggests in its Offer Document that a reason to accept their Offer is that the company will have to raise capital to complete Dundonnell. The JV seeks to paint Dundonnell as one shareholders should avoid – to sell before the project commences. The very opposite is true – this project is expected to be value enhancing if it proceeds.

Shareholders should be assured:

- If the company needs to raise capital to fund any project, it will be because the Board has decided that committing to the project and raising capital is entirely in the interests of all shareholders and likely to increase the value of Tilt Renewables.
- In regard to the proposed capital raising for Dundonnell, it is currently anticipated that all shareholders will have the option to participate. If they choose not to, they are likely to be compensated for any dilution in their holding if they do not take up their entitlements, although there is some risk regarding the value that will be received for these entitlements, as it is a function of what others are prepared to pay for them. Shareholders are likely to be able to capture the value of Dundonnell to the extent it is reflected in our share price prior to the capital raising, whether or not they choose to participate in the capital raising.
- Both Infratil and Mercury have agreed to take up their entitlements under the capital raising and the balance of the equity requirement is underwritten.

- As both Infratil and Mercury have stated in their Offer Document that they remain *"supportive of providing equity to Tilt Renewables for the development of Dundonnell and other future projects"*, raising capital for the project is clearly expected to be good for shareholders.
- At the recent annual general meeting, shareholders approved Dundonnell and the entry into transactions to give effect to the project thereby endorsing the view that the project is beneficial to pursue and one they are seeking to participate in.

5.2 THE LEVEL OF OWNERSHIP BY THE JV

Not taking into account any acceptances of the Offer (other than that of TECT of 6.81%), the JV owns 77.84% of Tilt Renewables. In its Offer Document, the JV notes that Infratil and Mercury *"have the ability to influence the business plan, capital structure and dividend policies of Tilt Renewables"*, and *"if you do not accept the Offer and should the Offer not achieve acceptances greater than 90% or more, you will continue to be a minority shareholder, and Tilt Renewables under Infratil and Mercury control, may or may not elect to pay a dividend in each year or any year. In addition, current low levels of trading liquidity will likely be further reduced"*.

The Independent Directors note the following:

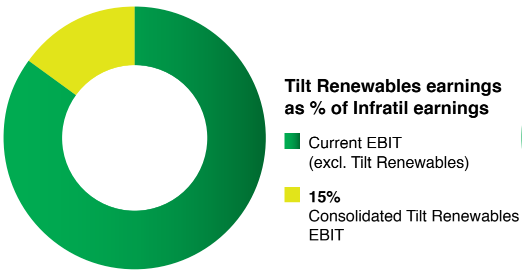
- Prior to Mercury acquisition of TECT's shares, Infratil and TECT owned 77.8% of Tilt Renewables. Post the acquisition of TECT's shares, Infratil and Mercury own approximately 78% of the company. In the absence of any material acceptances of the Offer, there is no change to the level of control that the two largest shareholders of Tilt Renewables have or to the level of liquidity that has existed since Tilt Renewables was demerged from Trustpower.
- The two largest shareholders have exactly the same ability to control the business plan, capital structure and dividend policies of Tilt Renewables as the two largest shareholders always have. While Tilt Renewables remains listed, it will also have to comply with the NZX listing rules including the inclusion of independent directors on the Board.
- In the view of the Independent Directors, while our largest shareholders may be constrained by liquidity issues to the extent they always have been, should they wish to trade significant parcels of shares, our retail shareholders are currently able to trade their shares without any obvious discount due to liquidity factors. Decreasing liquidity is a consideration shareholders need have regard to only if the Offer gets a material level of acceptances beyond that already provided by TECT.

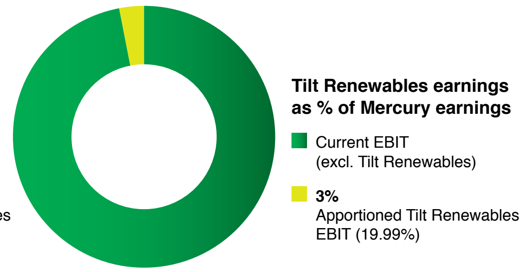
- While Infratil and Mercury may change the dividend policy of Tilt Renewables, and while this may be a consideration for some shareholders we note:
  - In its Offer Document, the JV sets out that it does not currently intend to make material changes to the capital structure of Tilt Renewables (including to its dividend policy).
  - At the most recent AGM, the Chair of Tilt Renewables observed that *"our forecasts covering the construction and commissioning of the proposed Dundonnell Wind Farm are compatible with the existing dividend policy framework"*.
  - Tilt Renewables is a company focused on developing renewable energy platforms. Total dividends paid during the 2018 financial year were only 3.8c per share – a dividend yield of 1.6% on the Offer price of $2.30. We expect that, like the Independent Directors who are all shareholders, our shareholders own Tilt Renewables shares because they are excited by the growth prospects of the company, not its dividend yield.

5.3 WHETHER SHAREHOLDERS CAN RETAIN AN EXPOSURE TO TILT RENEWABLES BY INVESTING IN INFRATIL OR MERCURY

The JV has stated that shareholders can retain an exposure to Tilt Renewables by investing in Infratil or Mercury. However, any exposure would be minimal and extremely diluted. Even if the JV acquires 100% of the shares, Tilt Renewables would comprise approximately 15% of Infratil's earnings (EBIT) and approximately 3% of Mercury's[2].

Shareholders who accept the offer will not retain any significant exposure to Tilt Renewables





Source: Capital IQ consensus forecast, standardised to 31 March 2019 year-end

2 Based on Infratil's consolidated FY19 broker consensus EBIT forecast which includes 100% of Tilt Renewables' EBIT. Based on Mercury's FY19 broker consensus EBIT forecast adjusted to include Mercury's 19.99% share of Tilt Renewables' EBIT.

5.4 POLITICAL RISK

The JV states that Tilt Renewables' Australian business plan is exposed to uncertainty created by the recent restructuring of the Cabinet of the Australian Government and the extent of support for renewable energy targets from the Australian opposition. The Independent Directors' view is that all industries that are impacted by Government policy have a degree of risk due to short term policy issues. However, the outlook for renewable energy in Australia is very positive:

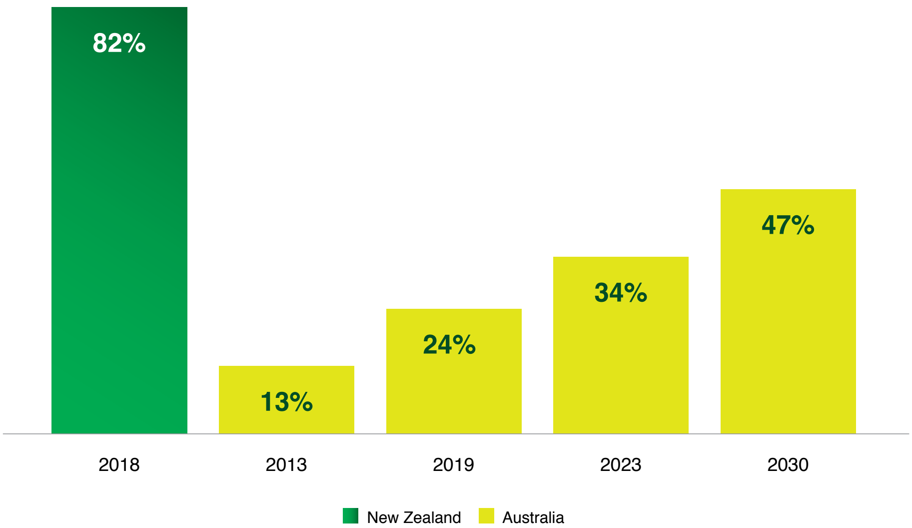
- Tilt Renewables is extremely well positioned to benefit from the global push towards renewable energy and reducing carbon emissions. Australia is expected to rely heavily on the electricity sector to meet emissions reduction targets between 2020 and 2030.
- Australia has historically been a market which has been heavily reliant on fossil fuel generation – only five years ago, non-renewable energy accounted for 86.7% of the energy sent out in the National Electricity Market ("**NEM**")[3].
- This continues to change with Australian Energy Market Operator ("**AEMO**") forecasting that renewable generation will account for 24% of energy sent out by 30 June 2019 and 34% by the year ending 30 June 2023[4].
- Australia has a large fleet of ageing coal fired power stations which are reaching the end of their economic lives and will need to shut down in coming years. AEMO notes that renewable wind and solar resources are quickly becoming the lowest cost resource for supplying energy. Almost 80% of all currently announced, proposed, advanced, or committed projects in the NEM are wind or solar generators[5]. Renewable energy subsidies have also been rapidly declining.
- Renewable penetration has continued to increase in Australia despite perceived political risks. AEMO forecasts around 5GW of new solar and wind generation projects are in an advanced or committed stage to be operational in the next two years, displacing energy provided by both gas and coal-fired generation.

[3] Department of Environment and Energy April 2018, for the year ending 30 June 2013. Adjusted for Western Australia and Northern Territory which are not part of the NEM.

[4] Australian Energy Market Operator Integrated System Plan July 2018.

[5] Australian Energy Market Operator Integrated System Plan July 2018.

Renewables penetration continues to increase in Australia



Source: AEMO Integrated System Plan July 2018, Energy & Building Trends (Ministry of Business, Innovation and Employment)

- Tilt Renewables' development pipeline is becoming increasingly diverse, with solar options now making up a quarter of our consented pipeline. This is consistent with our portfolio approach to optimise growth and create shareholder value. We have successfully grown our development pipeline to more than 3,500MW, spread across 18 projects, five Australian states, both islands of New Zealand and the core technology of wind and other technologies including solar, battery storage and pumped hydro.

5.5 BROKERAGE AND POST-OFFER TRADING

The JV states that accepting the Offer is an opportunity to sell your shares without paying brokerage. While this is true, we do not believe it is a material consideration. Of our 10,857 shareholders excluding Infratil and Mercury, 9,719 (90%) own around 23 million shares and have an average holding of 2,363 shares worth $5,436 at the Offer price. There are brokers in New Zealand who would charge around $30 for selling a parcel of shares this size – a cost equal to just over 1c per share. However, shareholders may wish to check the likely brokerage cost of their holdings with their own sharebroker.

The JV states that, in the absence of the Offer, the shares in Tilt Renewables are likely to trade at a discount to the Offer price. This may be a consideration for shareholders who are thinking of selling their shares in the very near future. However, given the recent Dundonnell announcement, it is not clear what the post-Offer share price might be. Both the Independent Adviser and the Independent Directors have expressed the view that the Offer price is below the underlying value of Tilt Renewables.

5.6 WHAT MAY HAPPEN IF THE OFFER CLOSES AND THE JV CANNOT COMPULSORILY ACQUIRE THE BALANCE OF THE TILT RENEWABLE SHARES?

Prior to the Offer closing, the JV could:

- extend the closing date of the Offer; and / or
- increase its Offer price. If this happens and you have accepted this Offer, you will receive the benefit of any such increase.

If the Offer closes without the JV being entitled to compulsorily acquire the Tilt Renewable shares not held or controlled by the JV (that is, if the JV does not receive acceptances for such number of Tilt Renewable shares which, when aggregated with the 71.03% held by the JV when they commenced the Offer, aggregate to 90% or more of Tilt Renewables' shares) the JV has advised that the JV will terminate. Thereafter:

- Infratil and Mercury could agree to continue the JV to make a new offer. If you have accepted this Offer, you will not be able to benefit from any subsequent offer.
- Infratil could use the creep provisions of the Takeovers Code to increase its shareholding position by up to 5% each year (with that right commencing in 12 months' time). The Independent Directors note that at current levels of trading[6] it would take 9.0 years with Infratil acquiring every share made available to get from 57.81% to the 90% compulsory acquisition threshold. Mercury would need to sell half of its shareholding to Infratil for Infratil to reach the 90% threshold.
- Nothing further may happen and Tilt Renewables would continue as a listed company with Mercury owning 19.99% of the shares and Infratil owning 57.81% of the shares (plus any acceptances in addition to those from TECT received under the Offer).

[6] Median shares traded per day multiplied by the number of trading days in the year to 28 August 2018.

The JV has set out the following in its Offer Document:

- The JV intends for Tilt Renewables to continue with the Tilt Renewables strategy outlined in its 2018 Annual Report and in the presentation by Tilt Renewables' Chief Executive at the 11 April 2018 Infratil Investor Day.
- The JV does not currently intend to make material changes to:
  - The business activities of any member of the Tilt Renewables Group.
  - The material assets of any member of the Tilt Renewables Group.
  - The capital structure of Tilt Renewables (including to its dividend policy, equity or debt).

THE PERFORMANCE RIGHTS

The Offer also includes an offer for the performance rights granted under the Performance Rights Plan of Tilt Renewables (the Performance Rights). Performance Rights are rights granted to selected senior employees to have shares issued or transferred to them if certain Tilt Renewables' performance criteria are met. The Performance Rights constitute a separate class of securities for the purposes of the Takeovers Code.

The Offer varies across different tranches of Performance Rights being $0.021 for each T1R Right, $0.025 for each T2R Right, and $0.005 for each T1A Right and T2A Right respectively.

The Independent Directors make no recommendation as to acceptances of the Performance Rights as they are not transferable. The JV and Tilt Renewables have agreed that, in the event the JV reaches 90%, Tilt Renewables will maintain the Performance Rights but exercise the right in the rules applicable to the Performance Rights to settle them in cash rather than shares should they vest.

SECTION 2:

Takeovers Code Disclosures

Takeovers Code Disclosures

This target company statement ("**Target Company Statement**") has been prepared by Tilt Renewables Limited ("**Tilt Renewables**") pursuant to Rule 46 and Schedule 2 to the Takeovers Code. Where any information required by Schedule 2 to the Takeovers Code is not applicable, no statement is made regarding that information.

1. DATE

1.1 This Target Company Statement is dated 17 September 2018.

2. OFFER

2.1 This Target Company Statement relates to the full takeover offer made by the unincorporated joint venture established by Infratil 2018 Limited and Mercury NZ Limited (the "**JV**") to purchase all of the:

(a) ordinary shares in Tilt Renewables that the JV does not already own (together, the "**Shares**" and each of them singly is referred to as a "**Share**") for NZ$2.30 per Share in cash (subject to adjustment); and

(b) performance rights granted under the Performance Rights Plan, in four separate categories being:

(i) Tranche 1 Relative Total Shareholder Return ("**TSR**") Performance Rights ("**T1R Rights**") for NZ$0.021 per T1R Right in cash;

(ii) Tranche 1 Absolute TSR Performance Rights ("**T1A Rights**") for NZ$0.005 per T1A Right in cash;

(iii) Tranche 2 Relative TSR Performance Rights ("**T2R Rights**") for NZ$0.025 per T2R Right in cash; and

(iv) Tranche 2 Absolute TSR Performance Rights ("**T2A Rights**") for NZ$0.005 per T2A Right in cash,

(together, the "**Offer**").

2.2 The full terms of the Offer are set out in the JV's offer document dated 2 September 2018 (the "**Offer Document**").

3. TARGET COMPANY

3.1 The name of the target company is Tilt Renewables Limited (NZX: TLT, ASX: TLT).

4. DIRECTORS OF TILT RENEWABLES

4.1 The names of the directors of Tilt Renewables are:

(a) Bruce James Harker;

(b) Fiona Ann Oliver;

(c) Geoffrey Jon Campbell Swier;

(d) Phillip David Strachan;

(e) Anne June Urlwin;

(f) Paul Joseph Charles Newfield; and

(g) Vimal Nagin Vallabh.

4.2 The senior officers of Tilt Renewables for the purposes of this Target Company Statement are:

(a) Deion Mark Campbell;

(b) Stephen John Symons;

(c) Clayton Douglas Delmarter; and

(d) Nigel Lester Baker.

5. OWNERSHIP OF EQUITY SECURITIES OF TILT RENEWABLES

5.1 Schedule 1 to this Target Company Statement sets out the number, designation, and the percentage of equity securities of any class of Tilt Renewables held or controlled by:

(a) each director or senior officer of Tilt Renewables and their associates; and

(b) any other person holding or controlling 5% or more of the class, to the knowledge of Tilt Renewables.

5.2 Except as set out in Schedule 1, no person referred to in paragraph 5.1(a) or 5.1(b) holds or controls equity securities of Tilt Renewables.

5.3 Schedule 2 to this Target Company Statement sets out the number of equity securities of Tilt Renewables:

(a) that have, during the 2-year period that ends with the date of this Target Company Statement, been issued to the directors and senior officers of Tilt Renewables or their associates; or

(b) in which the directors and senior officers of Tilt Renewables or their associates have, during the 2-year period that ends with the date of this Target Company Statement, obtained a beneficial interest under any employee share scheme or other remuneration arrangement,

together with the price at which any such securities were issued or provided.

6. TRADING IN TILT RENEWABLES' EQUITY SECURITIES

6.1 Details of the acquisition or disposition of equity securities in Tilt Renewables during the 6-month period ending on 13 September 2018 (being the latest practicable date before the date of this Target Company Statement) by any person referred to in paragraph 5.1 are set out in Schedule 3 to this Target Company Statement.

6.2 Except as set out in Schedule 3, to the knowledge of Tilt Renewables, no person referred to in paragraph 5.1 has, during the 6-month period ending on 13 September 2018 (being the latest practicable date before the date of this Target Company Statement), acquired or disposed of equity securities of Tilt Renewables.

7. ACCEPTANCE OF OFFER

7.1 The table below sets out the name of every person referred to in paragraph 5.1(a) who has accepted, or intends to accept, the Offer, and the number of securities in respect of which the person has accepted, or intends to accept, the Offer:

NAME	DESCRIPTION	NUMBER OF EQUITY SECURITIES	DESIGNATION OF EQUITY SECURITY
Renew Nominees Limited ("**RNL**")	Associate of certain directors[1]	110,399,170	Ordinary shares
Infratil Energy New Zealand Limited ("**IENZL**")	Associate of certain directors[1]	48,470,446	Ordinary shares

Infratil Investments Limited ("**IIL**")	Associate of certain directors[1]	872,773	Ordinary shares

Note:

1. RNL, IENZL and IIL are associates of each of Bruce Harker, Paul Newfield and Vimal Vallabh, and each of these companies has accepted the Offer.

7.2 Subject to an exercise of the Board's discretion as outlined in paragraph 17.3(e), the terms of the Performance Rights Plan do not permit the Performance Rights to be transferred, so none of the senior officers of Tilt Renewables can accept the Offer in respect of any of the Performance Rights.

8. OWNERSHIP OF EQUITY SECURITIES IN THE JV

8.1 Set out in the table below is the number, designation, and percentage of equity securities of any class of the JV held or controlled by Tilt Renewables and each director and senior officer of Tilt Renewables and their associates:

NAME	DESCRIPTION	NUMBER OF EQUITY SECURITIES HELD OR CONTROLLED	DESIGNATION OF EQUITY SECURITY	COMPANY	PERCENTAGE OF CLASS
Infratil Limited ("**Infratil**")	Associate of certain directors[1]	100	Ordinary shares	IFT	100%
Bruce Harker[2]	Director	26,676	Ordinary shares	Mercury	0.002%
Fiona Oliver[3]	Director	7,500	Ordinary shares	Mercury	0.0006%
John Dennehy	Associate of Fiona Oliver[4]	13,050	Ordinary shares	Mercury	0.001%
Deion Campbell	Senior officer	2,496	Ordinary shares	Mercury	0.0002%

Note:

1. Infratil is an associate of each of Bruce Harker, Paul Newfield and Vimal Vallabh.
2. The registered holder of Bruce Harker's shares are the trustees of BJ & JS Harker Trust.
3. The registered holder of these shares are the trustees of the Yvonne Oliver Trust, of which Fiona Oliver is a beneficiary.
4. John Dennehy is the husband of Fiona Oliver.
5. Certain directors / senior officers of Tilt Renewables hold or control shares / bonds in Infratil (an associate of IFT).

8.2 Except as set out in paragraph 8.1, neither Tilt Renewables, nor any director or senior officer of Tilt Renewables or any of their associates, holds or controls any equity securities in the JV.

9. TRADING IN EQUITY SECURITIES OF THE JV

9.1 The table below sets out the number and designation of any equity securities of IFT or Mercury that were acquired or disposed of by Tilt Renewables and each director and senior officer of Tilt Renewables and their associates during the 6-month period ending on 13 September 2018 (being the latest practicable date before the date of this Target Company Statement), and the consideration for, and the date of, every such transaction:

NAME	DESCRIPTION	NUMBER OF EQUITY SECURITIES ACQUIRED	DESIGNATION OF EQUITY SECURITY	DATE OF ACQUISITION	COMPANY	CONSIDERATION PER EQUITY SECURITY
Infratil Limited	Associate of certain directors[1]	100	Ordinary shares	12 July 2018	IFT	Nil

Note:

1. Infratil is an associate of each of Bruce Harker, Paul Newfield and Vimal Vallabh.

9.2 Except as set out in paragraph 9.1, neither Tilt Renewables, nor any director or senior officer of Tilt Renewables or any of their associates, has acquired or disposed of any equity securities of IFT or Mercury during the 6-month period ending on 13 September 2018 (being the latest practicable date before the date of this Target Company Statement).

10. ARRANGEMENTS BETWEEN THE JV AND TILT RENEWABLES

10.1 On 15 August 2018, IFT, Mercury, Infratil, RNL, IENZL and IIL entered into the Implementation Agreement. Particulars of the Implementation Agreement are summarised in paragraphs 6.1 and 8.3 of Appendix 1 of the Offer Document.

10.2 In correspondence with Tilt Renewables, the JV agreed to waive the condition in paragraph 5.2(f) of the Offer Document with respect to Tilt Renewables' shareholders approving, at the annual meeting of shareholders held on 28 August 2018, Tilt Renewables undertaking Dundonnell.

10.3 The JV and Tilt Renewables have agreed that the Board will make a determination under the Performance Rights Plan for the Performance Rights to continue as a cash settled plan in the event that the JV becomes entitled to invoke compulsory acquisition under the Takeovers Code (details of this mechanism are set out in paragraphs 17.3(f) and 17.3(g)).

10.4 Tilt Renewables was intending to issue a further tranche of performance rights under the Performance Rights Plan in August 2018 (the "**2018 Award**"). Such issuance was not undertaken as Tilt Renewables believed that it would breach a condition of the Offer. The JV and Tilt Renewables have instead agreed that Tilt Renewables may issue performance rights that, upon vesting, will entitle the recipients of the 2018 Award to receive "Shadow Shares" (ie, entitle the holder to a cash sum which is economically equivalent to the value of an ordinary share of Tilt Renewables) if, at the time of issuance, the Shares of Tilt Renewables are not quoted on ASX and/or NZX. At the date of this Target Company Statement, these performance rights have not been issued.

10.5 Tilt Renewables requested that the JV consent to Tilt Renewables paying to five senior employees of Tilt Renewables an amount (equal to 1 month's salary for each such employee) to be paid 12 months after receipt of the Offer (if such persons are still in office). The JV agreed to the payment outlined in the foregoing sentence (and granted a waiver from the condition in paragraph 5.2(c) of its Offer Document to permit this) on 4 September 2018.

10.6 Tilt Renewables, and Citigroup Global Markets Limited and Forsyth Barr Group Limited (together the "**Underwriters**"), are party to an Underwriting Agreement Relating to an Entitlement Offer of Ordinary Shares by Tilt Renewables, dated 30 May 2018 (the "**Underwriting Agreement**"). Tilt Renewables was required to give notice to the Underwriters terminating the Underwriting Agreement immediately upon the Offer being made. However, Infratil (on behalf of IFT) and Mercury have consented to, and the Underwriters have agreed to, the Underwriting Agreement being varied (by a deed of amendment and reinstatement dated 7 September 2018) such that Tilt Renewables is not required to terminate the Underwriting Agreement by notice due to the Offer being made, ensuring the Underwriting Agreement continues in effect (with certain other variations including to the fees payable to the Underwriters, the underwritten proportion (to reflect each of IFT's and Mercury's revised holdings in Tilt Renewables), the conditions and termination events). Further, Infratil and Mercury have entered into the Equity Commitment Letters (as more fully described in paragraph 18.4(a)).

10.7 Except as set out in paragraphs 10, 13A and 17.4, at the date of this Target Company Statement, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the JV or any associates of the JV, and Tilt Renewables or any related company of Tilt Renewables, in connection with, in anticipation of, or in response to, the Offer.

11. RELATIONSHIP BETWEEN THE JV, AND DIRECTORS AND OFFICERS OF TILT RENEWABLES

11.1 Tilt Renewables (which is an associate of Infratil and IFT) has decided to offer five senior employees of Tilt Renewables an additional workload based incentive (equal to 1 month's salary for each such employee) to acknowledge the work being undertaken between now and the end of the takeover process. Tilt Renewables has advised the JV of these payments but, given such payments are in the normal course of Tilt Renewables' business, have not sought the consent of the JV to make these payments.

11.2 Except as set out in paragraphs 10.5 and 11.1, or as disclosed in the Offer Document, Tilt Renewables is not aware of any agreement or arrangement (whether legally enforceable or not) that has been made, or is proposed to be made, between the JV or any associates of the JV, and any of the directors or senior officers of Tilt Renewables or any related company of Tilt Renewables (including any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to, the Offer.

11.3 The directors and senior officers of Tilt Renewables, that are also directors or senior officers of the JV, or a related company of the JV, are set out below:

(a) Given Tilt Renewables is a related company of IFT, each director / senior officer of Tilt Renewables is a director / senior officer of a related company of IFT;

(b) Certain directors / senior officers of Tilt Renewables are directors of subsidiaries of Tilt Renewables (details of which are set out in Schedule 4), and each senior officer of Tilt Renewables is also a senior officer of all of the Australian incorporated companies set out in Schedule 4;

(c) Geoffrey Swier is an independent director of Trustpower Limited, a related company of IFT;

(d) Bruce Harker, Paul Newfield and Vimal Vallabh are all senior officers of Infratil, a related company of IFT; and

(e) H.R.L. Morrison & Co. is the manager of Infratil, a related company of IFT. Bruce Harker is an executive of H.R.L. Morrison & Co., Vimal Vallabh is the Head of Energy of H.R.L. Morrison & Co. and Paul Newfield is the Chief Investment Officer of H.R.L. Morrison & Co.

12. AGREEMENT BETWEEN TILT RENEWABLES, AND DIRECTORS AND OFFICERS

12.1 Except as set out in paragraphs 10.5 and 11.1, Tilt Renewables is not aware of any agreements or arrangements (whether legally enforceable or not) that have been made, or are proposed to be made, between Tilt Renewables or any related company of Tilt Renewables, and any of the directors or senior officers or their associates of Tilt Renewables or its related companies, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Offer.

13. INTERESTS OF DIRECTORS AND SENIOR OFFICERS OF TILT RENEWABLES IN CONTRACTS OF THE JV OR RELATED COMPANY

13.1 Except as set out in paragraphs 13.2, 13.3 and 13A, no director or senior officer of Tilt Renewables, or their associates, has an interest in any contract to which the JV, or any related company of the JV, is a party.

13.2 Given Tilt Renewables is a related company of IFT, the directors and senior officers of Tilt Renewables, or their associates, with an interest in any contract to which a related company of the JV is a party are set out in the table below:

DIRECTOR, SENIOR OFFICER OR ASSOCIATE	PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST	MONETARY VALUE OF THE INTEREST (IF QUANTIFIABLE)
Each director of Tilt Renewables	Beneficiary of a director deed of indemnity under which Tilt Renewables has agreed to indemnify each director for certain acts and omissions in that capacity. Each director is party to a Participation Agreement with Tilt Renewables pursuant to which each director agrees to participate in the fixed share trading plan for directors of Tilt Renewables.	Not required to be disclosed.[1]
Each senior officer of Tilt Renewables	Party to an individual employment agreement with Tilt Renewables Australia Pty Ltd.	Not required to be disclosed.[1]
Morrison & Co Infrastructure Management Limited[2]	Morrison & Co Infrastructure Management Limited is the management company for Infratil (a related company of IFT) and receives management fees in accordance with a management agreement entered into with Infratil.	NZ$22.1 million.[3]
H.R.L. Morrison & Co.[4]	H.R.L. Morrison & Co. has entered into a consultancy agreement with Tilt Renewables pursuant to which consulting services are provided on an ad-hoc basis.	Not required to be disclosed.[1]
Trustpower Limited[5]	Trustpower Limited and certain of Tilt Renewables' subsidiaries have entered into power purchase agreements pursuant to which Trustpower Limited purchases electricity from Tilt Renewables' wind farms in New Zealand.	Not required to be disclosed.[1]

DIRECTOR, SENIOR OFFICER OR ASSOCIATE	PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST	MONETARY VALUE OF THE INTEREST (IF QUANTIFIABLE)
Trustpower Limited[5]	Trustpower Limited and Tararua Wind Power Limited (a subsidiary of Tilt Renewables) entered into an agreement in 2016 under which Trustpower facilitates the connection to and use of certain transmission assets by Tilt Renewables' Mahinerangi Wind Farm.	Not required to be disclosed.[1]

Notes:

1. Clause 13(4) of Schedule 2 of the Takeovers Code provides that a quantification of monetary value is not required if a contract was entered into in the ordinary course of the business of the offeror or its related company and on usual terms and conditions.
2. Morrison & Co Infrastructure Management Limited is an associate of Bruce Harker, Paul Newfield and Vimal Vallabh.
3. This was the management fee paid for the financial year ended 31 March 2018 (as disclosed in Infratil's 2018 annual report).
4. H.R.L. Morrison & Co. is an associate of Bruce Harker, Paul Newfield and Vimal Vallabh.
5. Trustpower Limited is a related company of IFT, and Geoffrey Swier is an independent director of Trustpower Limited.

13.3 Infratil and its related companies are each an associate of Bruce Harker, Paul Newfield and Vimal Vallabh. Each such company inherently has an interest in all contracts to which it, and any related party of it, is a party (including those disclosed in paragraph 13A.1).

13A. INTERESTS OF TILT RENEWABLES' SUBSTANTIAL SECURITY HOLDERS IN MATERIAL CONTRACTS OF THE JV OR RELATED COMPANY

13A.1 The persons who, to the knowledge of the directors or the senior officers of Tilt Renewables, hold or control 5% or more of any class of equity securities of Tilt Renewables and who have an interest in a material contract to which the JV, or any related company of the JV, is a party, and the nature, extent and (if capable of quantification) monetary value of that interest, are set out in the table below:

PARTY TO THE MATERIAL CONTRACT TO WHICH THE JV OR A RELATED COMPANY OF THE JV IS A PARTY	PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST	MONETARY VALUE OF THE INTEREST (IF QUANTIFIABLE)
IFT, Mercury and Infratil	On 15 August 2018, IFT, Mercury, Infratil, RNL, IENZL and IIL entered into the Implementation Agreement. The particulars of the Implementation Agreement are summarised in paragraphs 6.1 and 8.3 of Appendix 1 of the Offer Document.	Not quantifiable.
The JV	The JV has an agreement on the terms set out in the Offer Document with every person that has accepted the Offer (including RNL, IENZL, IIL, Mercury and TECT Holdings Limited).	NZ$2.30 per Share

PARTY TO THE MATERIAL CONTRACT TO WHICH THE JV OR A RELATED COMPANY OF THE JV IS A PARTY	PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST	MONETARY VALUE OF THE INTEREST (IF QUANTIFIABLE)
Clayton Delmarter, Stephen Symons, Michael Wilson, Matthew Mumme, Mark Murray and Kripa Khatri	Party to an individual employment agreement with Tilt Renewables Australia Pty Ltd.	Not required to be disclosed.[1]

Note:

1. Clause 13A(4) of Schedule 2 of the Takeovers Code provides that a quantification of monetary value is not required if a contract was entered into in the ordinary course of the business of the offeror or its related company and on usual terms and conditions.

13A.2 Mercury itself holds 5% or more of Tilt Renewables Shares and inherently has an interest in all contracts to which Mercury, or any related company of Mercury, is a party.

13A.3 IFT itself holds 5% or more of Tilt Renewables Shares and inherently has an interest in all contracts to which IFT, or any related company of IFT, is a party.

13A.4 Infratil controls 5% or more of Tilt Renewables Shares and is a related company of IFT. Accordingly, it inherently has an interest in all contracts to which Infratil, or any related company of Infratil, is a party.

13A.5 Except as set out above, no person who, to the knowledge of the directors or the senior officers of Tilt Renewables, holds or controls 5% or more of any class of equity securities of Tilt Renewables, has an interest in any material contract to which the JV, or any related company of the JV, is a party.

14. ADDITIONAL INFORMATION

14.1 In the opinion of the directors of Tilt Renewables, no additional information within the knowledge of Tilt Renewables, other than that which is set out in this Target Company Statement, is required to make the information in the Offer Document correct or not misleading.

15. RECOMMENDATION

15.1 The Board has appointed a committee of independent directors (the "**Independent Directors Committee**") to attend to all matters associated with the Offer. The Independent Directors Committee comprises Fiona Oliver, Phillip Strachan, Geoffrey Swier and Anne Urlwin.

15.2 The recommendation of the Independent Directors Committee and the reasons for that recommendation are set out on pages 5 to 20 of this Target Company Statement. In reaching this recommendation, the Independent Directors Committee has carefully considered a full range of expert advice available to it (including the Independent Adviser's Report).

15.3 The Independent Directors Committee makes no recommendation in respect of the T1R Rights, T1A Rights, T2R Rights and the T2A Rights as the terms of the Performance Rights Plan do not permit such Performance Rights to be transferred. The Independent Directors Committee may change its recommendation in this regard if the Board exercises its discretion to allow transfer of all or any of such Performance Rights.

15.4 Bruce Harker, Paul Newfield and Vimal Vallabh are associated with IFT, being one of the members of the JV. Accordingly, they are not independent directors nor members of the Independent Directors Committee, and abstain from making a recommendation in respect of the Offer.

16. ACTIONS OF TILT RENEWABLES

16.1 Except for the arrangements summarised above at paragraphs 10, 11.1 and 13A, Tilt Renewables is not aware of any material agreements or arrangements (whether legally enforceable or not) of Tilt Renewables and its related companies entered into as a consequence of, in response to, or in connection with, the Offer.

16.2 Except as set out above in paragraphs 10, 11.1 and 13A, and as disclosed in paragraph 11 of Appendix 1 of the Offer Document, Tilt Renewables is not aware of any negotiations underway as a consequence of, in response to, or in connection with, the Offer that relate to or could result in:

(a) an extraordinary transaction, such as a merger, amalgamation, or reorganisation, involving Tilt Renewables or any of its related companies; or

(b) the acquisition or disposition of material assets by Tilt Renewables or any of its related companies; or

(c) an acquisition of equity securities by, or of, Tilt Renewables or any related company of Tilt Renewables; or

(d) any material change in the equity securities on issue, or policy relating to distributions, of Tilt Renewables.

17. EQUITY SECURITIES OF TILT RENEWABLES

Tilt Renewables Shares

17.1 Tilt Renewables currently has 312,973,000 Shares on issue. Subject to the NZX Main Board Listing Rules and Tilt Renewables' constitution, the rights of Tilt Renewables Shareholders in respect of capital, distributions and voting are as follows:

(a) the right to an equal share with other Tilt Renewables Shareholders in dividends authorised by the Board;

(b) the right to an equal share with other Tilt Renewables Shareholders in the distribution of surplus assets on liquidation of Tilt Renewables; and

(c) the right to cast one vote on a show of hands or the right to cast one vote for each share held on a poll, in each case at a meeting of Tilt Renewables Shareholders on any resolution, including a resolution to:

(i) appoint or remove a director or auditor;

(ii) alter Tilt Renewables' constitution;

(iii) approve a major transaction;

(iv) approve an amalgamation of Tilt Renewables; and

(v) put Tilt Renewables into liquidation.

Performance Rights

17.2 Tilt Renewables currently has the following 646,440 Performance Rights granted under its Performance Rights Plan:

PERFORMANCE RIGHT	GRANT DATE	COMMENCEMENT DATE	VESTING DATE	STARTING PRICE ON GRANT DATE	TOTAL
T1R Rights	28 Feb 2017	1 Nov 2016	31 Oct 2019	A$1.880	100,826

PERFORMANCE RIGHT	GRANT DATE	COMMENCEMENT DATE	VESTING DATE	STARTING PRICE ON GRANT DATE	TOTAL
T1A Rights	28 Feb 2017	1 Nov 2016	31 Oct 2019	A$1.880	151,238
T2R Rights	31 Aug 2017	3 Jul 2017	2 Jul 2020	A$2.000	157,750
T2A Rights	31 Aug 2017	3 Jul 2017	2 Jul 2020	A$2.000	236,626

17.3 The material terms of the Performance Rights are set out below:

(a) Each Performance Right entitles the holder to have one fully paid ordinary share in Tilt Renewables transferred or issued to them, subject to the satisfaction of the Performance Conditions (specified below) and the terms and conditions in the Performance Rights Plan. No payment or consideration is required for the grant of a Performance Right and no consideration is payable prior to the issue or transfer of shares under a Performance Right. Performance Rights are not listed on NZX or ASX.

(b) The Performance Rights are subject to the following performance conditions (the "**Performance Conditions**"):

(i) In order for a holder's Performance Rights to vest, the holder must be employed, and not have submitted notice of resignation, at the date this is tested (this will be shortly after the Vesting Date);

(ii) Performance Rights are subject to the following vesting schedule:

(aa) For the T1R Rights and the T2R Rights, the achievement of a relative TSR performance hurdle against the ASX 200 (excluding mining, financials, and any other companies at the discretion of the Board) measured by share price appreciation and dividends paid over a performance period starting from the day following the Commencement Date and ending on the Vesting Date, in accordance with the following vesting schedule:

RELATIVE TSR	PERCENTAGE OF PERFORMANCE RIGHTS VESTING
Less than 50^{th} Percentile	0%
50^{th} Percentile	50%
50^{th} Percentile to 75^{th} Percentile	Straight line vesting between 50 & 100%
75^{th} Percentile or more	100%

(bb) For the T1A Rights and the T2A Rights, the achievement of an absolute TSR performance hurdle over a performance period starting from the day following the Commencement Date and ending on the Vesting Date, in accordance with the following vesting schedule:

ABSOLUTE TSR	PERCENTAGE OF PERFORMANCE RIGHTS VESTING
Less than 7% annual compound TSR	0%
7% annual compound TSR to 30% annual compound TSR	Straight line vesting between 0% & 100%
More than 30% annual compound TSR	100%

(cc) In measuring the TSR performance under the above conditions, the following applies:

(A) The 30 day volume weighted average share price of Tilt Renewables ("**VWAP**"), measured at the Commencement Date, is used as the starting price for measuring performance for all Performance Rights;

(B) The 30 day VWAP up to the Vesting Date is used for measuring achievement against both performance measures;

(C) Dividends paid over the 3 year measurement period are included in the measurement of performance of Tilt Renewables and comparator companies for the relative TSR measure;

(D) The 30 day VWAP at the relevant commencement and testing dates will be used for other comparator companies when determining vesting under the relative TSR measure; and

(E) The Board retains the discretion to determine the treatment of any companies that are no longer in the comparator group at the testing time due to corporate takeover, merger, liquidation or any other reason.

(c) Upon exercise of a holder's Performance Rights, Tilt Renewables will issue or transfer to the holder one fully paid ordinary share in Tilt Renewables in respect of each vested Performance Right, subject to any adjustments made pursuant to the Performance Rights Plan.

(d) Each share is a fully paid ordinary share in Tilt Renewables, having the rights, privileges and conditions attaching to such shares as set out in Tilt Renewables' constitution.

(e) Unless the Board determines otherwise, a holder is not entitled to sell, transfer, mortgage, pledge, assign, alienate, create security over or otherwise deal with any interest in unvested Performance Rights.

(f) If a Control Event (as defined in paragraph 17.3(g) below) occurs and Infratil and its associates hold or control all of the voting rights in Tilt Renewables (or the Board determines that this is likely to occur) then the Board may determine that the Performance Rights will be altered as follows:

(i) changes to the Performance Conditions as the Board determines to recognise that Tilt Renewables will not be listed on a recognised stock exchange after the Control Event; and

(ii) upon a Performance Right becoming vested, the relevant participant will, upon exercise during the exercise period, receive a cash sum rather than Shares. Such cash sum will be determined to seek to equate to the value of a Share as at the commencement of the exercise period (or such time prior to that date as determined by the Board), with no discount for being a minority or unlisted Share. Such Share value shall be determined by dividing the net asset value of Tilt Renewables by the number of Shares and other shares on issue (excluding the number of preferred shares if any) as at the time for which the net asset value of Tilt Renewables is determined.

(g) A "**Control Event**" includes where:

(i) an offer is made for Tilt Renewables Shares pursuant to a takeover offer under the Takeovers Code by Infratil or any of its associates which:

(aa) offer is or becomes unconditional; and

(bb) results in Infratil and its associates collectively holding or controlling at least 90% of the voting rights in Tilt Renewables,

or

(cc) the Board otherwise determines that the requirements in sub-paragraphs (aa) and (bb) are likely to be satisfied.

17.4 The JV states in paragraph 11.3 of Appendix 1 of the Offer Document that it intends, if it becomes entitled to invoke compulsory acquisition under the Takeovers Code, the Board will exercise its discretion under the Performance Rights Plan to alter the Performance Rights so that if they vest they are settled in cash not Shares (ie, the option highlighted in paragraph 17.3(f) above). Tilt Renewables has agreed to this approach.

18. FINANCIAL INFORMATION

18.1 Every person to whom the Offer is made (each an "**Offeree**") is entitled to obtain from Tilt Renewables a copy of Tilt Renewables' most recent annual report (being the annual report for the year ended 31 March 2018) by making a written request to Tilt Renewables at ecomms@computershare.co.nz.

18.2 A copy of such annual report is also available from Tilt Renewables' website www.tiltrenewables.com.

18.3 Tilt Renewables has not released a half-yearly report or an interim report since the annual report referred to in paragraph 18.1. Accordingly, no such reports are included in this Target Company Statement.

18.4 There have been the following material changes in the financial or trading position, or prospects, of Tilt Renewables since the annual report referred to in paragraph 18.1:

(a) Tilt Renewables is currently working toward the development of Dundonnell, which will be located approximately 15 kilometres from the Salt Creek Wind Farm in Western Victoria. Dundonnell will comprise 80 turbines with nameplate capacity of 336MW, will increase Tilt Renewables' generation portfolio capacity by approximately 50%, and is expected to provide significant value for Tilt Renewables and its shareholders. Dundonnell has received all required planning and environmental approvals.

The Victorian Government committed to increase its renewable energy generation to 25% of energy generation in the state by 2020 and 40% by 2025. To meet these targets, the Victorian Government sought to contract up to 650MW of new renewable energy capacity under the VREAS. Tilt Renewables submitted a bid into the VREAS for a significant portion of output from Dundonnell (the "**Bid**"). The Bid has been accepted by the Victorian Government (as announced on 11 September 2018) and Tilt Renewables has accepted an offer from the Victorian Government to enter into a support agreement in relation to approximately 37% of the output from Dundonnell (the "**Support Agreement**"). 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. Further, Tilt Renewables is continuing to pursue contracting opportunities for the uncontracted portion of Dundonnell's output.

A final investment decision to proceed to financial close is expected in late 2018 with construction expected to begin early in 2019. Based on updated project costings undertaken by Tilt Renewables, the total construction cost of Dundonnell is expected to be approximately A$560 million. The construction cost will be funded using a combination of new corporate debt and an equity raising. Tilt Renewables has secured a fully committed debt package from National

Australia Bank Limited and MUFG Bank Ltd which, following completion of standard conditions, will be available to fund approximately A$300 million of Dundonnell construction costs. A further A$280 million is expected to be provided via a pro rata entitlement offer of new shares by Tilt Renewables. This capital raising has been underwritten (see paragraph 10.6 for more detail) and Infratil and Mercury have each provided conditional commitments to subscribe (or procure their subsidiaries subscribe) for their respective entitlements in the equity raising (these commitments are contained in "**Equity Commitment Letters**").

Further, other key commercial arrangements in relation to Dundonnell have been negotiated including (a) an EPC (engineering, procurement and construction) contract and an O&M (operation and maintenance) agreement with Vestas Wind Systems A/S, and (b) a transmission connection into the Mortlake Power Station with AusNet Services Limited.

At the annual meeting of Tilt Renewables held on 28 August 2018, the shareholders of Tilt Renewables approved Dundonnell and the entry into transactions to give effect to the project, including the entry into documents relating to the contracting and funding structure of the project.

(b) Tilt Renewables announced that the 15 wind turbines erected at the 54MW Salt Creek Wind Farm located in Western Victoria became fully operational in July 2018, coming in on time and under budget. This is the first project that Tilt Renewables has successfully completed since demerging from Trustpower Limited, and demonstrates that Tilt Renewables has the capability to achieve its strategic goals by executing on its development pipeline.

(c) Tilt Renewables announced on 5 July 2018 that in the three months to 30 June 2018 (the "**June 2018 quarter**") group production across the Tilt Renewables portfolio was 50% above the three months to 30 June 2017 (the "**June 2017 quarter**") result and approximately 7% ahead of long-term expectations. Production across the Australian portfolio was significantly higher compared to the June 2017 quarter due to the wind conditions reverting close to long term expectations and the generation achieved during the commissioning of Salt Creek Wind Farm (which was 6.9GWh in the month of June 2018). The June 2018 quarter production in Australia was also slightly reduced by constraints put in place by Australian Energy Market Operator on all South Australian non-synchronous generation (including Snowtown I and II wind farms) which resulted in approximately 10GWh of lost production during the quarter. These constraints were not in place in the June 2017 quarter. New Zealand production was 19% above long-term expectations in the June 2018 quarter, and significantly higher than the June 2017 quarter. The June 2017 quarter production in both Australia and New Zealand was very low as a result of well below long term expected wind speeds.

	JUNE 2018 QUARTER (GWH)	JUNE 2017 QUARTER (GWH)	PERIOD-TO-PERIOD % CHANGE	% CHANGE TO LONG-TERM EXPECTATION FOR THE PERIOD 1 APRIL 2018–30 JUNE 2018
Australia	291	199	46%	In line
New Zealand	189	121	56%	19%
Total	**480**	**320**	**50%**	**7%**

Since the end of the June 2018 quarter and up until 31 July 2018, group production across the Tilt Renewables portfolio has risen to be approximately 10% ahead of long-term expectations year-to-date, and the period-to-period % change has increased to 51% as set out in the table below:

	FY19 APRIL – JULY 2018	FY18 APRIL – JULY 2017	PERIOD-TO-PERIOD % CHANGE
Australia	449	346	30%
New Zealand	256	121	112%
Total	**705**	**467**	**51%**

(d) While the policy outlook for investment in Australian renewables appears uncertain at this time given the political climate (including the abandonment of the National Energy Guarantee), Australia appears committed to meeting its Paris Agreement emissions targets. Tilt Renewables believes that Australia's electricity sector will be relied upon for Australia to meet these targets (given lower cost carbon abatements are available in the electricity sector as compared to many other sectors). Further, regardless of federal policy changes, Tilt Renewables' view is that (a) the electricity market will continue to add renewable sources of energy because these are now the lowest cost form of energy, and costs are expected to decline further in the future, (b) many market players want to purchase, and to invest, away from carbon emitting forms of generation, and (c) Australia has an ageing fleet of coal fired generators which will need to be decommissioned in coming years.

18.5 Tilt Renewables believes that the following information about the assets, liabilities, profitability, and financial affairs of Tilt Renewables could reasonably be expected to be material to the making of a decision by the Offerees to accept or reject the Offer:

(a) There has been volatility in the forward price curve for electricity and LGCs (large scale generation certificates) in Australia. Due to this, Tilt Renewables has engaged an independent accountant to undertake a review of the carrying value of the operating assets within the Tilt Renewables portfolio to ascertain whether there has been an impairment trigger and, as a result, a requirement to reduce the carrying value of these operating assets; and

(b) There are a number of new accounting standards which will impact the financial statements of Tilt Renewables for the financial year ending 31 March 2019. The financial impact of these standards on the financial statements of Tilt Renewables is still being assessed as part of the half year audit process. However, it should be noted that any impact will not result in any change to the underlying sustainability of Tilt Renewables' business.

18.6 Other than as set out elsewhere in this Target Company Statement, or as contained in the Independent Adviser's Report:

(a) there have been no known material changes to the financial or trading position, or prospects, of Tilt Renewables since the annual report referred to in paragraph 18.1.

(b) there is no other information about the assets, liabilities, profitability, and financial affairs of Tilt Renewables that could reasonably be expected to be material to the making of a decision by the Offerees to accept or reject the Offer.

19. INDEPENDENT ADVICE ON MERITS OF OFFER

19.1 Northington Partners Limited, as independent adviser, has prepared a report on the merits of the Offer as required by Rule 21 of the Takeovers Code. A copy of Northington Partner Limited's full report is attached to this Target Company Statement as Appendix 1.

19.2 The Independent Adviser's Report includes:

(a) a statement of the qualifications and expertise of Northington Partners Limited; and

(b) a statement that Northington Partners Limited has no conflict of interest that could affect its ability to provide an unbiased report.

19A. DIFFERENT CLASSES OF SECURITIES

Attached as Appendix 2 to this Target Company Statement is a copy of the independent adviser's report prepared by Simmons Corporate Finance Limited which was obtained by the JV pursuant to Rule 22 of the Takeovers Code.

20. ASSET VALUATION

20.1 No information provided in this Target Company Statement refers to a valuation of any asset of Tilt Renewables.

20.2 The Independent Adviser's Report refers to the valuation of Tilt Renewables. The basis of computation and key assumptions on which that valuation is based is set out in the Independent Adviser's Report.

21. PROSPECTIVE FINANCIAL INFORMATION

21.1 Except as set out in paragraph 21.2, none of the information provided in this Target Company Statement refers to prospective financial information of Tilt Renewables.

21.2 The Independent Adviser's Report refers to prospective financial information of Tilt Renewables. The principal assumptions on which the prospective financial information is based are set out in the Independent Adviser's Report. While all due care has been taken with preparation and review of the prospective financial information, as with all forward looking statements, no assurance can be given that actual performance or results will meet or exceed such prospective financial information. At this stage of Tilt Renewables' financial year, there are many uncertainties which could materially impact Tilt Renewables' financial results. For the avoidance of doubt, the prospective financial information contained in the Independent Adviser's Report does not constitute a forecast.

22. SALES OF UNQUOTED EQUITY SECURITIES UNDER OFFER

22.1 The Performance Rights, which are the subject of the Offer, are not quoted on a stock exchange. No Performance Rights have been disposed of in the 12-month period ending on the latest practicable date before the date of this Target Company Statement (being 13 September 2018).

23. MARKET PRICES OF QUOTED EQUITY SECURITIES UNDER OFFER

23.1 The closing price on the NZX Main Board of Shares on:

(a) 13 September 2018, being the latest practicable working day before the date on which this Target Company Statement is sent to Tilt Renewables Shareholders, was NZ$2.30; and

(b) 14 August 2018, being the last day on which the NZX was open for business before the date on which Tilt Renewables received the JV's takeover notice, was NZ$2.13.

23.2 The closing price on the ASX of Shares on:

(a) 13 September 2018, being the latest practicable working day before the date on which this Target Company Statement is sent to Tilt Renewables Shareholders, was A$2.13; and

(b) 14 August 2018, being the last day on which the ASX was open for business before the date on which Tilt Renewables received the JV's takeover notice, was A$1.75.

23.3 The highest and lowest closing market price of Shares on the NZX Main Board (and the relevant dates) during the 6 months before the date on which Tilt Renewables received the JV's takeover notice (being 15 August 2018) were as follows:

(a) highest closing market price was NZ$2.17 (on 25 July 2018); and

(b) lowest closing market price was NZ$1.79 (on 29 March 2018).

23.4 The highest and lowest closing market price of Shares on the ASX (and the relevant dates) during the 6 months before the date on which Tilt Renewables received the JV's takeover notice (being 15 August 2018) were as follows:

(a) highest closing market price was A$2.00 (on 16 February 2018); and

(b) lowest closing market price was A$1.69 (on 21 March 2018).

23.5 On 8 June 2018, Tilt Renewables paid a dividend of $A0.018 per Share. This dividend payment may have affected the market price of Tilt Renewables' Shares referred to in this paragraph 23. There were, in the 6-month period prior to the date of this Target Company Statement, no issues of equity securities of Tilt Renewables or changes in the equity securities on issue that could have affected the market prices referred to in this paragraph 23.

23.6 Other than information set out elsewhere in this Target Company Statement, there is no other information about the market price of Shares that would reasonably be expected to be material to the making of a decision by Tilt Renewables Shareholders to accept or reject the Offer.

24. OTHER INFORMATION

24.1 All percentages in this Target Company Statement are rounded to two decimal places (except where a greater number of decimal places is indicated in which case the percentage is rounded to such greater number of decimal places).

24.2 In preparing this Target Company Statement, Tilt Renewables has relied on the completeness and accuracy of the information in Appendix 1 to the Offer Document and the information provided to it by or on behalf of various persons, including the directors and senior officers of Tilt Renewables, and the JV.

24.3 Under the Takeovers Code, if the JV becomes the holder or controller of 90% or more of the voting rights in Tilt Renewables then it will become a 'Dominant Owner' and be entitled to compulsorily acquire the then outstanding equity securities of Tilt Renewables in accordance with the Takeovers Code. The JV has indicated, in paragraph 11.1 of Appendix 1 of the Offer Document, its intention to implement the right to compulsorily acquire the then outstanding Shares of Tilt Renewables should the JV become a dominant owner (the terms of the Performance Rights will be altered as set out in paragraph 17.4 and will not be compulsorily acquired).

24.4 Other than as set out in paragraphs 24.1 to 24.3 or elsewhere in this Target Company Statement, Tilt Renewables is not aware of any other information that could reasonably be expected to be material to the making of a decision by the Offerees to accept or reject the Offer.

25. APPROVAL OF THIS TARGET COMPANY STATEMENT

25.1 The contents of this Target Company Statement have been unanimously approved by the Independent Directors Committee, which has been delegated with authority by the Board to do so. As disclosed in paragraph 15.4 above, the other directors of Tilt Renewables (Bruce Harker, Paul Newfield and Vimal Vallabh) are not members of the Independent Directors Committee because each of them has a potential conflict of interest in respect of the Offer. As a result, they have not approved this Target Company Statement.

26. INTERPRETATION

26.1 In this Target Company Statement:

"**A$**" means Australian dollars;

"**ASX**" means the Australian Securities Exchange operated by ASX Limited;

"**Board**" means the board of directors of Tilt Renewables;

"**Dundonnell**" has the meaning given to that term in the Letter from the Chair of the Independent Directors which is set out at the front of this Target Company Statement;

"**EBIT**" means earnings before interest and tax;

"**EBITDA**" means earnings before interest, tax, depreciation and amortisation;

"**EBITDAF**" means earnings before interest, tax, depreciation, amortisation and fair value movements of financial instruments;

"**EV**" means enterprise value, calculated as market capitalisation plus net debt;

"**Equity Commitment Letters**" has the meaning given to that term in paragraph 18.4(a) of this Target Company Statement;

"**IENZL**" means Infratil Energy New Zealand Limited, a company incorporated in New Zealand with company number 691537;

"**IFT**" means Infratil 2018 Limited, a company incorporated in New Zealand with company number 6930095;

"**IIL**" means Infratil Investments Limited, a company incorporated in New Zealand with company number 604956;

"**Independent Adviser's Report**" means the independent adviser's report provided by Northington Partners Limited under Rule 21 of the Takeovers Code and set out in Appendix 1 to this Target Company Statement;

"**Independent Directors Committee**" has the meaning given to that term in paragraph 15.1 of this Target Company Statement;

"**Infratil**" means Infratil Limited, a company incorporated in New Zealand with company number 597366;

"**JV**" means the unincorporated joint venture established by IFT and Mercury;

"**Mercury**" means Mercury NZ Limited, a company incorporated in New Zealand with company number 936901;

"**NZ$**" means New Zealand dollars;

"**NZX Main Board**" means the main board equity securities exchange operated by NZX;

"**NZX**" means NZX Limited;

"**Offer**" has the meaning given to that term in paragraph 2.1 of this Target Company Statement;

"**Offer Document**" has the meaning given to that term in paragraph 2.2 of this Target Company Statement;

"**Offerees**" has the meaning given to that term in paragraph 18.1 of this Target Company Statement;

"**Performance Rights**" means the T1R Rights, the T1A Rights, the T2R Rights and the T2A Rights;

"**Performance Rights Plan**" means the "Tilt Renewables Group Performance Rights Plan" which governs the grant of Performance Rights;

"**RNL**" means Renew Nominees Limited, a company incorporated in New Zealand with company number 1143115;

"**Shares**" has the meaning given to that term in paragraph 2.1(a) of this Target Company Statement;

"**T1A Rights**" has the meaning given to that term in paragraph 2.1(b)(ii) of this Target Company Statement;

"**T1R Rights**" has the meaning given to that term in paragraph 2.1(b)(i) of this Target Company Statement;

"**T2A Rights**" has the meaning given to that term in paragraph 2.1(b)(iv) of this Target Company Statement;

"**T2R Rights**" has the meaning given to that term in paragraph 2.1(b)(iii) of this Target Company Statement;

"**Takeovers Code**" means the takeovers code approved in the Takeovers Code Approval Order 2000 (SR 2000/210) as amended including by any applicable exemption granted by the Takeovers Panel under the Takeovers Act 1993;

"**Tilt Renewables**" means Tilt Renewables Limited, a company incorporated in New Zealand with company number 1212113;

"**Tilt Renewables Shareholders**" means the holders of Shares which are the subject of the Offer by the JV;

"**TSR**" has the meaning given to that term in paragraph 2.1(b)(i) of this Target Company Statement; and

"**VREAS**" has the meaning given to that term on page 7 of this Target Company Statement.

27. CERTIFICATE

27.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this Target Company Statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by Tilt Renewables under the Takeovers Code.

Fiona Oliver Chair of Independent Directors Committee	Phillip Strachan Independent Director
Nigel Baker Acting Chief Executive	Stephen Symons Chief Financial Officer

Schedule 1

Ownership of equity securities of Tilt Renewables by (a) each director or senior officer of Tilt Renewables and their associates; and (b) any other person holding or controlling 5% or more of the class, to the knowledge of Tilt Renewables (paragraph 5.1).

NAME	DESCRIPTION	NUMBER OF EQUITY SECURITIES HELD OR CONTROLLED	DESIGNATION OF EQUITY SECURITY	PERCENTAGE OF CLASS
Infratil 2018 Limited[2]	Person holding 5% or more of the class	181,543,135	Ordinary shares	58.01%
Mercury NZ Limited	Person holding 5% or more of the class	62,563,302	Ordinary shares	19.99%
New Zealand Central Securities Depository Limited	Person holding 5% or more of the class	25,963,731	Ordinary shares	8.30%
Bruce Harker[3]	Director	164,167	Ordinary shares	0.05%
Geoffrey Swier[3]	Director	102,418	Ordinary shares	0.03%
Fiona Oliver[3]	Director	38,572	Ordinary shares	0.01%
Paul Newfield[3]	Director	38,572	Ordinary shares	0.01%
Phillip Strachan[3]	Director	38,572	Ordinary shares	0.01%
Vimal Vallabh[3]	Director	38,572	Ordinary shares	0.01%
Anne Urlwin[3]	Director	2,696	Ordinary shares	0.0009%
Susan Burgess[4]	Associate of senior officer	20,000	Ordinary shares	0.006%
Clayton Delmarter	Person holding 5% or more of the T1R Rights	35,533	T1R Rights	35.24%
Stephen Symons	Person holding 5% or more of the T1R Rights	46,543	T1R Rights	46.16%

NAME	DESCRIPTION	NUMBER OF EQUITY SECURITIES HELD OR CONTROLLED	DESIGNATION OF EQUITY SECURITY	PERCENTAGE OF CLASS
Michael Wilson	Person holding 5% or more of the T1R Rights	18,750	T1R Rights	18.60%
Clayton Delmarter	Person holding 5% or more of the T1A Rights	53,299	T1A Rights	35.24%
Stephen Symons	Person holding 5% or more of the T1A Rights	69,814	T1A Rights	46.16%
Michael Wilson	Person holding 5% or more of the T1A Rights	28,125	T1A Rights	18.60%
Clayton Delmarter	Person holding 5% or more of the T2R Rights	42,500	T2R Rights	26.94%
Stephen Symons	Person holding 5% or more of the T2R Rights	48,125	T2R Rights	30.51%
Michael Wilson	Person holding 5% or more of the T2R Rights	17,625	T2R Rights	11.17%
Matthew Mumme	Person holding 5% or more of the T2R Rights	16,500	T2R Rights	10.46%
Mark Murray	Person holding 5% or more of the T2R Rights	17,250	T2R Rights	10.94%
Kripa Khatri	Person holding 5% or more of the T2R Rights	15,750	T2R Rights	9.98%
Clayton Delmarter	Person holding 5% or more of the T2A Rights	63,750	T2A Rights	26.94%

NAME	DESCRIPTION	NUMBER OF EQUITY SECURITIES HELD OR CONTROLLED	DESIGNATION OF EQUITY SECURITY	PERCENTAGE OF CLASS
Stephen Symons	Person holding 5% or more of the T2A Rights	72,188	T2A Rights	30.51%
Michael Wilson	Person holding 5% or more of the T2A Rights	26,438	T2A Rights	11.17%
Matthew Mumme	Person holding 5% or more of the T2A Rights	24,750	T2A Rights	10.46%
Mark Murray	Person holding 5% or more of the T2A Rights	25,875	T2A Rights	10.93%
Kripa Khatri	Person holding 5% or more of the T2A Rights	23,625	T2A Rights	9.98%

Notes:

1. The information in the above table relating to (a) directors and senior officers of Tilt Renewables was provided by or on behalf of such persons in response to questionnaires circulated by Tilt Renewables after receipt of the JV's Offer Document, and (b) holders or controllers of 5% or more of any class of equity securities was obtained from Appendix 1 to the Offer Document and in substantial product holder notices filed with NZX. The information in the above table is given as at 13 September 2018 (being the latest practicable date before the date of this Target Company Statement).
2. This company is a wholly-owned subsidiary of Infratil and therefore Infratil controls this company's Shares in Tilt Renewables, resulting in Infratil controlling in total 181,543,135 Shares and 58.01% of all Shares (excluding treasury stock). Further, this company and Infratil are associates of Paul Newfield, Bruce Harker and Vimal Vallabh.
3. Bruce Harker, Fiona Oliver, Paul Newfield, Phillip Strachan, Vimal Vallabh, Geoffrey Swier and Anne Urlwin are directors of Tilt Renewables. The registered holder of 77,946 of Bruce Harker's shares are the trustees of BJ & JS Harker Trust and the registered holder of 86,221 of Bruce Harker's shares is Bell Gully Trustee Company Limited. The registered holder of Fiona Oliver's shares are the trustees of the Bella Vista Trust. The registered holder of Paul Newfield's shares is Bell Gully Trustee Company Limited. The registered holder of Phillip Strachan's shares are the trustees of the Bosisto Trust. The registered holder of Vimal Vallabh's shares is Bell Gully Trustee Company Limited. The registered holder of Geoffrey Swier's shares is MacLagen Pty Ltd as trustee of Swier Family Trust. The registered holder of Anne Urlwin's shares is Maigold Holdings Limited. Each director on whose behalf Bell Gully Trustee Company Limited holds shares does not hold or control the voting rights attaching to such shares but does have a "relevant interest" (as defined in the Financial Markets Conduct Act 2013) in those shares.
4. Susan Burgess is the wife of Deion Campbell.

Schedule 2

Equity securities of Tilt Renewables (a) that have in the past two years been issued to the directors and senior officers of Tilt Renewables or their associates, and (b) in which the directors and senior officers of Tilt Renewables or their associates have in the past two years obtained a beneficial interest under any employee share scheme or other remuneration arrangement (paragraph 5.3).

NAME AND POSITION	DATE OF RELEVANT EVENT	NUMBER OF EQUITY SECURITIES	DESIGNATION OF EQUITY SECURITY	PRICE AT WHICH EQUITY SECURITIES WERE ISSUED OR PROVIDED
Bruce Harker[1]	1 August 2017	31,398	Ordinary shares	NZ$2.13
(Director)	8 August 2017	3,752	Ordinary shares	NZ$2.23
	31 August 2017	4,156	Ordinary shares	NZ$2.06
	5 October 2017	4,150	Ordinary shares	NZ$2.06
	2 November 2017	4,502	Ordinary shares	NZ$1.95
	5 December 2017	4,224	Ordinary shares	NZ$2.05
	3 January 2018	4,145	Ordinary shares	NZ$2.08
	31 January 2018	4,331	Ordinary shares	NZ$1.99
	6 March 2018	4,509	Ordinary shares	NZ$1.86
	5 April 2018	4,525	Ordinary shares	NZ$1.8283
	1 May 2018	4,383	Ordinary shares	NZ$1.91
	1 June 2018	4,080	Ordinary shares	NZ$2.08
	4 July 2018	4,081	Ordinary shares	NZ$2.089
	1 August 2018	3,985	Ordinary shares	NZ$2.13
Paul Newfield[1]	1 August 2017	14,046	Ordinary shares	NZ$2.13
(Director)	8 August 2017	1,678	Ordinary shares	NZ$2.23
	31 August 2017	1,859	Ordinary shares	NZ$2.06
	5 October 2017	1,857	Ordinary shares	NZ$2.06
	2 November 2017	2,014	Ordinary shares	NZ$1.95

NAME AND POSITION	DATE OF RELEVANT EVENT	NUMBER OF EQUITY SECURITIES	DESIGNATION OF EQUITY SECURITY	PRICE AT WHICH EQUITY SECURITIES WERE ISSUED OR PROVIDED
	5 December 2017	1,890	Ordinary shares	NZ$2.05
	3 January 2018	1,854	Ordinary shares	NZ$2.08
	31 January 2018	1,938	Ordinary shares	NZ$1.99
	6 March 2018	2,017	Ordinary shares	NZ$1.86
	5 April 2018	2,024	Ordinary shares	NZ$1.8283
	1 May 2018	1,961	Ordinary shares	NZ$1.91
	1 June 2018	1,825	Ordinary shares	NZ$2.08
	4 July 2018	1,826	Ordinary shares	NZ$2.089
	1 August 2018	1,783	Ordinary shares	NZ$2.13
Fiona Oliver[1]	1 August 2017	14,046	Ordinary shares	NZ$2.13
(Director)	7 August 2017	1,678	Ordinary shares	NZ$2.23
	31 August 2017	1,859	Ordinary shares	NZ$2.06
	5 October 2017	1,857	Ordinary shares	NZ$2.06
	2 November 2017	2,014	Ordinary shares	NZ$1.95
	5 December 2017	1,890	Ordinary shares	NZ$2.05
	3 January 2018	1,854	Ordinary shares	NZ$2.08
	31 January 2018	1,938	Ordinary shares	NZ$1.99
	6 March 2018	2,017	Ordinary shares	NZ$1.86
	5 April 2018	2,024	Ordinary shares	NZ$1.8283
	1 May 2018	1,961	Ordinary shares	NZ$1.91
	1 June 2018	1,825	Ordinary shares	NZ$2.08
	4 July 2018	1,826	Ordinary shares	NZ$2.089
	1 August 2018	1,783	Ordinary shares	NZ$2.13

NAME AND POSITION	DATE OF RELEVANT EVENT	NUMBER OF EQUITY SECURITIES	DESIGNATION OF EQUITY SECURITY	PRICE AT WHICH EQUITY SECURITIES WERE ISSUED OR PROVIDED
Geoffrey Swier[1]	1 August 2017	14,046	Ordinary shares	NZ$2.13
(Director)	8 August 2017	1,678	Ordinary shares	NZ$2.23
	31 August 2017	1,859	Ordinary shares	NZ$2.06
	5 October 2017	1,857	Ordinary shares	NZ$2.06
	2 November 2017	2,014	Ordinary shares	NZ$1.95
	5 December 2017	1,890	Ordinary shares	NZ$2.05
	3 January 2018	1,854	Ordinary shares	NZ$2.08
	31 January 2018	1,938	Ordinary shares	NZ$1.99
	6 March 2018	2,017	Ordinary shares	NZ$1.86
	5 April 2018	2,024	Ordinary shares	NZ$1.8283
	1 May 2018	1,961	Ordinary shares	NZ$1.91
	1 June 2018	1,825	Ordinary shares	NZ$2.08
	4 July 2018	1,826	Ordinary shares	NZ$2.089
	1 August 2018	1,783	Ordinary shares	NZ$2.13
Phillip Strachan[1]	1 August 2017	14,046	Ordinary shares	NZ$2.13
(Director)	8 August 2017	1,678	Ordinary shares	NZ$2.23
	31 August 2017	1,859	Ordinary shares	NZ$2.06
	5 October 2017	1,857	Ordinary shares	NZ$2.06
	2 November 2017	2,014	Ordinary shares	NZ$1.95
	5 December 2017	1,890	Ordinary shares	NZ$2.05
	3 January 2018	1,854	Ordinary shares	NZ$2.08
	31 January 2018	1,938	Ordinary shares	NZ$1.99
	6 March 2018	2,017	Ordinary shares	NZ$1.86

NAME AND POSITION	DATE OF RELEVANT EVENT	NUMBER OF EQUITY SECURITIES	DESIGNATION OF EQUITY SECURITY	PRICE AT WHICH EQUITY SECURITIES WERE ISSUED OR PROVIDED
	5 April 2018	2,024	Ordinary shares	NZ$1.8283
	1 May 2018	1,961	Ordinary shares	NZ$1.91
	1 June 2018	1,825	Ordinary shares	NZ$2.08
	4 July 2018	1,826	Ordinary shares	NZ$2.089
	1 August 2018	1,783	Ordinary shares	NZ$2.13
Vimal Vallabh[1]	1 August 2017	14,046	Ordinary shares	NZ$2.13
(Director)	8 August 2017	1,678	Ordinary shares	NZ$2.23
	31 August 2017	1,859	Ordinary shares	NZ$2.06
	5 October 2017	1,857	Ordinary shares	NZ$2.06
	2 November 2017	2,014	Ordinary shares	NZ$1.95
	5 December 2017	1,890	Ordinary shares	NZ$2.05
	3 January 2018	1,854	Ordinary shares	NZ$2.08
	31 January 2018	1,938	Ordinary shares	NZ$1.99
	6 March 2018	2,017	Ordinary shares	NZ$1.86
	5 April 2018	2,024	Ordinary shares	NZ$1.8283
	1 May 2018	1,961	Ordinary shares	NZ$1.91
	1 June 2018	1,825	Ordinary shares	NZ$2.08
	4 July 2018	1,826	Ordinary shares	NZ$2.089
	1 August 2018	1,783	Ordinary shares	NZ$2.13
Anne Urlwin[1]	4 July 2018	913	Ordinary shares	NZ$2.089
(Director)	1 August 2018	1,783	Ordinary shares	NZ$2.13
Clayton Delmarter	28 February 2017	35,533	T1R Rights	Nil[2]
(Senior Officer)	28 February 2017	53,299	T1A Rights	Nil[2]

NAME AND POSITION	DATE OF RELEVANT EVENT	NUMBER OF EQUITY SECURITIES	DESIGNATION OF EQUITY SECURITY	PRICE AT WHICH EQUITY SECURITIES WERE ISSUED OR PROVIDED
	31 August 2017	42,500	T2R Rights	Nil[2]
	31 August 2017	63,750	T2A Rights	Nil[2]
Stephen Symons	28 February 2017	46,543	T1R Rights	Nil[2]
(Senior Officer)	28 February 2017	69,814	T1A Rights	Nil[2]
	31 August 2017	48,125	T2R Rights	Nil[2]
	31 August 2017	72,188	T2A Rights	Nil[2]

Notes:

1. The registered holder of 77,946 of Bruce Harker's shares are the trustees of BJ & JS Harker Trust and the registered holder of 86,221 of Bruce Harker's shares is Bell Gully Trustee Company Limited. The registered holder of Fiona Oliver's shares are the trustees of the Bella Vista Trust. The registered holder of Paul Newfield's shares is Bell Gully Trustee Company Limited. The registered holder of Phillip Strachan's shares are the trustees of the Bosisto Trust. The registered holder of Vimal Vallabh's shares is Bell Gully Trustee Company Limited. The registered holder of Geoffrey Swier's shares is MacLagen Pty Ltd as trustee of Swier Family Trust. The registered holder of Anne Urlwin's shares is Maigold Holdings Limited. Each director on whose behalf Bell Gully Trustee Company Limited holds shares does not hold or control the voting rights attaching to such shares but does have a "relevant interest" (as defined in the Financial Markets Conduct Act 2013) in those shares.
2. The Performance Rights were issued to participating employees at nil cash consideration under the Performance Rights Plan.

Schedule 3

Acquisitions or dispositions of equity securities in Tilt Renewables during the 6-month period ending on 13 September 2018 by any person referred to in paragraph 5.1 (paragraph 6.1).

NAME AND DESCRIPTION	ACQUISITION OR DISPOSAL	NUMBER OF EQUITY SECURITIES ACQUIRED OR DISPOSED OF	DESIGNATION OF EQUITY SECURITY	DATE OF ACQUISITION OR DISPOSAL	CONSIDERATION PER EQUITY SECURITY[5]
Infratil 2018 Limited[1] (Person holding 5% or more of the class)	Acquisition	181,543,135	Ordinary shares	12 September 2018	NZ$2.30
Mercury NZ Limited[2] (Person holding 5% or more of the class)	Acquisition/ Disposal	62,563,302	Ordinary Shares	11 May 2018	NZ$2.30
Bruce Harker[3]	Acquisition	4,525	Ordinary Shares	5 April 2018	NZ$1.8283
(Director)[4]	Acquisition	4,383	Ordinary Shares	1 May 2018	NZ$1.91
	Acquisition	4,080	Ordinary Shares	1 June 2018	NZ$2.08
	Acquisition	4,081	Ordinary Shares	4 July 2018	NZ$2.089
	Acquisition	3,985	Ordinary Shares	1 August 2018	NZ$2.13
Paul Newfield[3]	Acquisition	2,024	Ordinary Shares	5 April 2018	NZ$1.8283
(Director)[4]	Acquisition	1,961	Ordinary Shares	1 May 2018	NZ$1.91
	Acquisition	1,825	Ordinary Shares	1 June 2018	NZ$2.08
	Acquisition	1,826	Ordinary Shares	4 July 2018	NZ$2.089
	Acquisition	1,783	Ordinary Shares	1 August 2018	NZ$2.13

NAME AND DESCRIPTION	ACQUISITION OR DISPOSAL	NUMBER OF EQUITY SECURITIES ACQUIRED OR DISPOSED OF	DESIGNATION OF EQUITY SECURITY	DATE OF ACQUISITION OR DISPOSAL	CONSIDERATION PER EQUITY SECURITY[5]
Fiona Oliver[3]	Acquisition	2,024	Ordinary Shares	5 April 2018	NZ$1.8283
(Director)[4]	Acquisition	1,961	Ordinary Shares	1 May 2018	NZ$1.91
	Acquisition	1,825	Ordinary Shares	1 June 2018	NZ$2.08
	Acquisition	1,826	Ordinary Shares	4 July 2018	NZ$2.089
	Acquisition	1,783	Ordinary Shares	1 August 2018	NZ$2.13
Geoffrey Swier[3]	Acquisition	2,024	Ordinary Shares	5 April 2018	NZ$1.8283
(Director)[4]	Acquisition	1,961	Ordinary Shares	1 May 2018	NZ$1.91
	Acquisition	1,825	Ordinary Shares	1 June 2018	NZ$2.08
	Acquisition	1,826	Ordinary Shares	4 July 2018	NZ$2.089
	Acquisition	1,783	Ordinary Shares	1 August 2018	NZ$2.13
Phillip Strachan[3]	Acquisition	2,024	Ordinary Shares	5 April 2018	NZ$1.8283
(Director)[4]	Acquisition	1,961	Ordinary Shares	1 May 2018	NZ$1.91
	Acquisition	1,825	Ordinary Shares	1 June 2018	NZ$2.08
	Acquisition	1,826	Ordinary Shares	4 July 2018	NZ$2.089
	Acquisition	1,783	Ordinary Shares	1 August 2018	NZ$2.13

NAME AND DESCRIPTION	ACQUISITION OR DISPOSAL	NUMBER OF EQUITY SECURITIES ACQUIRED OR DISPOSED OF	DESIGNATION OF EQUITY SECURITY	DATE OF ACQUISITION OR DISPOSAL	CONSIDERATION PER EQUITY SECURITY[5]
Vimal Vallabh[3]	Acquisition	2,024	Ordinary Shares	5 April 2018	NZ$1.8283
(Director)[4]	Acquisition	1,961	Ordinary Shares	1 May 2018	NZ$1.91
	Acquisition	1,825	Ordinary Shares	1 June 2018	NZ$2.08
	Acquisition	1,826	Ordinary Shares	4 July 2018	NZ$2.089
	Acquisition	1,783	Ordinary Shares	1 August 2018	NZ$2.13
Anne Urlwin[3]	Acquisition	913	Ordinary Shares	4 July 2018	NZ$2.089
(Director)[4]	Acquisition	1,783	Ordinary Shares	1 August 2018	NZ$2.13

Notes:

1. 181,057,925 Shares were acquired from RNL, IENZL, IIL and TECT Holdings Limited respectively upon their acceptance of the Offer for NZ$2.30.
2. Mercury accepted the Offer on 6 September 2018 in respect of these Shares for NZ$2.30. These Shares were, however, registered back into the name of Mercury.
3. The registered holder of the shares acquired by Bruce Harker is Bell Gully Trustee Company Limited. The registered holder of Fiona Oliver's shares are the trustees of the Bella Vista Trust. The registered holder of Paul Newfield's shares is Bell Gully Trustee Company Limited. The registered holder of Phillip Strachan's shares are the trustees of the Bosisto Trust. The registered holder of Vimal Vallabh's shares is Bell Gully Trustee Company Limited. The registered holder of Geoffrey Swier's shares is MacLagen Pty Ltd as trustee of Swier Family Trust. The registered holder of Anne Urlwin's shares is Maigold Holdings Limited. Each director on whose behalf Bell Gully Trustee Company Limited holds shares does not hold or control the voting rights attaching to such shares but does have a "relevant interest" (as defined in the Financial Markets Conduct Act 2013) in those shares.
4. In the 6-month period ending on 13 September 2018, the total number of ordinary shares acquired by (a) Bruce Harker is 21,054, (b) Paul Newfield is 9,419, (c) Fiona Oliver is 9,419, (d) Geoffrey Swier is 9,419, (e) Phillip Strachan is 9,419, (f) Vimal Vallabh is 9,419, and (g) Anne Urlwin is 2,696.
5. The consideration per security has been calculated by reference to the aggregate consideration payable for the acquisition divided by the aggregate number of equity securities acquired.

Schedule 4

Directors / senior officers of Tilt Renewables that are also directors of a subsidiary of Tilt Renewables.

SUBSIDIARY OF TILT RENEWABLES	COUNTRY OF INCORPORATION	PERCENTAGE OWNED BY TILT RENEWABLES	DIRECTORS / SENIOR OFFICERS OF TILT RENEWABLES THAT ARE ALSO DIRECTORS OF SUCH SUBSIDIARY
Tilt Renewables Australia Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Tilt Renewables Financing Partnership	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Tilt Renewables Market Services Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Tilt Renewables Investments Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Snowtown South Wind Farm Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Snowtown Wind Farm Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Snowtown Wind Farm Stage 2 Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Blayney and Crookwell WindFarm Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Church Lane Wind Farm Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Dundonnell Wind Farm Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)

SUBSIDIARY OF TILT RENEWABLES	COUNTRY OF INCORPORATION	PERCENTAGE OWNED BY TILT RENEWABLES	DIRECTORS / SENIOR OFFICERS OF TILT RENEWABLES THAT ARE ALSO DIRECTORS OF SUCH SUBSIDIARY
Salt Creek Wind Farm Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Wingeel Wind Farm Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Waddi Wind Farm Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Rye Park Renewable Energy Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Nebo 1 Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Dysart 1 Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Snowtown North Solar Pty Ltd	Australia	100	Deion Campbell, Geoffrey Swier and Nigel Baker (as alternate for Deion Campbell)
Tararua Wind Power Limited	New Zealand	100	Bruce Harker, Fiona Oliver and Anne Urlwin (as alternate for Bruce Harker)
Waverley Wind Farm Limited	New Zealand	100	Bruce Harker, Fiona Oliver and Anne Urlwin (as alternate for Bruce Harker)

APPENDIX 1:

Independent Adviser's Report

Northington Partners

Tilt Renewables Limited

Independent Adviser's Report Prepared in Relation to the Takeover of Tilt Renewables Limited by Mercury NZ Limited and Infratil 2018 Limited

September 2018

Statement of Independence

Northington Partners Limited confirms that it:

- Has no conflict of interest that could affect its ability to provide an unbiased report; and
- Has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Northington Partners Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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Abbreviations and Definitions

$ and A$	Australian dollars unless otherwise stated
ACOT	Avoided Cost of Transmission charges
ASX	ASX Limited, or the financial market operated by the ASX Limited as the context requires
Code	The Takeovers Code
CAPM	Capital Asset Pricing Model
DCF	Discounted Cash Flow
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDAF	Earnings before interest, tax, depreciation, amortisation and fair value adjustments
EPC	Engineering, procurement and construction – a form of construction contracting
EV	Enterprise Value
FY	Financial year ending 31 March
GWh	Gigawatt hour, a measurement of electrical energy being 1,000 MW of electrical energy used continuously for one hour
Independent Adviser's Report	This report prepared by Northington Partners
Infigen	Infigen Energy Limited
Infratil	Infratil Limited and Infratil 2018 Limited
IPO	Initial Public Offering
LGC	Large-scale generation certificates created under Australia's RET scheme, with one LGC representing one MWh of renewable electricity
Mercury	Mercury NZ Limited
MW	Megawatt, a unit of power being one million watts
MWh	Megawatt hour, a measurement of electrical energy being one million watts of electrical energy used continuously for one hour
NEG	National Energy Guarantee
Northington Partners	Northington Partners Limited
NPAT	Net Profit After Tax
NPV	Net Present Value
NZ$	New Zealand dollars
NZX	NZX Limited
NZX Main Board	The main board equity securities market operated by NZX
O&M	Operating and maintenance
OEM	Original equipment manufacturer
Offer	The full takeover offer from Tilt JV dated 2 September 2018
Offer Price	NZ$2.30
Origin	Origin Energy Limited
PPA	Power purchase agreement, being an agreement for the purchase of electricity and LGCs (if applicable)
Performance Rights	Rights issued by TLT pursuant to its Performance Rights Plan
RET	Australia's Renewable Energy Target, a scheme to incentivise investment in renewable energy
TECT	Tauranga Energy Consumer Trust
TLT, Tilt Renewables or the Company	Tilt Renewables Limited
Tilt JV	The unincorporated joint venture between Infratil and Mercury
Trustpower	Trustpower Limited
VRET	Victorian State Renewable Energy Targets
WACC	Weighted Average Cost of Capital

1.0 Overview of the Offer

1.1. Introduction

Tilt Renewables Limited ("**TLT**", "**Tilt Renewables**" or the "**Company**") is an Australasian renewable energy owner, operator and developer that owns several operational wind farms in New Zealand and Australia and a significant development pipeline of renewable energy projects. TLT shareholders received a full takeover offer dated 2 September 2018 ("**Offer**") from an unincorporated joint venture ("**Tilt JV**") established by Infratil 2018 Limited ("**Infratil**") and Mercury NZ Limited ("**Mercury**"). At the time of the Offer, the Tilt JV already owned or controlled approximately 78%[1] of the shares on issue.

Key terms of the Offer are as follows:

- A cash offer for 100% of the ordinary shares of TLT at $2.30 per share ("**Offer Price**");
- A range of cash consideration for four tranches of performance rights granted under TLT's performance rights plan;
- When the Offer was first made, it was conditional on reaching a 50% acceptance level and subject to receiving an Australian regulatory approval. However, the Tilt JV sent notice on 6 September 2018 that all conditions have either been met or waived and the Offer was therefore declared unconditional; and
- The Offer closes at 11:59pm on 15 October 2018 (unless extended in accordance with the New Zealand Takeovers Code (the "**Code**")).

TLT's shares are listed on both the main board of the NZX and the ASX, meaning that TLT is a "Code Company" for the purposes of the Code. The Tilt JV's Offer and the Company's response to the Offer must therefore comply with the provisions set out in the Code.

Rule 21 of the Code requires that the directors of TLT must obtain a report from an independent adviser on the merits of the Offer. The Company's directors requested Northington Partners Limited ("**Northington Partners**") to prepare the Rule 21 report, and our appointment was subsequently approved by the Takeovers Panel.

This report will accompany the Target Company Statement to be sent to all TLT shareholders and sets out our opinion on the merits of the Offer. This report should not be used for any other purpose and should be read in conjunction with the declarations, qualifications and consents set out in Appendix 4.

1.2. Summary of our Assessment of the Offer

Our full assessment of the merits of the Offer for TLT's shareholders is set out in Section 4 and summarised below in Table 1.

Table 1: Summary of Merits of the Offer

Item	Key Conclusions	Further Information
Value of the Offer	▪ We have valued the TLT shares in a range between NZ$2.56 and NZ$3.01. This is based on a separate assessment of the component parts of the business and assumes a 100% control position. ▪ Our valuation incorporates the announcement made on 11 September 2018 regarding the Dundonnell wind farm development, whereby TLT has entered into a support agreement with the Victoria Government in relation to approximately 37% of the expected generation output from the completed wind farm at a fixed price. In our view, this agreement	**Section 4.1**

[1] Including Mercury's option to acquire approximately 7% of the shares held by TECT.

Item	Key Conclusions	Further Information
	makes it very likely the development will proceed and materially adds to the current value of the opportunity. ▪ Our assessed value range is considerably higher than the Offer Price of NZ$2.30. The low end of our range is 11% higher than the Offer Price, while the top end of our range reflects a premium of approximately 30%. ▪ On the basis of this comparison, we conclude that the Offer Price is not compelling.	
Potential Outcomes of the Offer	▪ The Offer is now unconditional. That means that if any shareholder accepts the Offer, they will be committed to selling their shares to the Tilt JV. ▪ If the Tilt JV receives sufficient acceptances under the Offer such that it owns or controls more than 90% of the shares on issue, it has indicated that it will exercise its rights under the Code to compulsorily acquire all remaining shares. TLT will then apply to have its shares delisted from the NZX and ASX and will continue to operate as a private company. ▪ The potential outcomes of the Offer for all shareholders are therefore dependent on whether the Tilt JV reaches the 90% threshold.	**Section 4.2**
Implications if the Offer does not Reach the 90% Threshold	▪ The Tilt JV already controls approximately 78% of the voting rights in TLT and therefore has effective control. This means that the Tilt JV can determine the future strategy and dividend policy of the Company. ▪ We expect that if the 90% threshold is not reached, the Company will continue to pursue its current strategy of investing in its development pipeline, with a view to growing its operational asset base and increasing shareholder value. This includes confirming commitment to the Dundonnell project before the end of CY2018, with the corresponding need to raise sufficient capital to fund the estimated development cost of A$560m. ▪ Shareholders who do not accept the Offer will be able to maintain their exposure to the TLT business and participate in any value upside that successful implementation of the growth strategy may deliver. Shareholders should however be aware that: - They will have minimal influence on the future direction or decision making of the business; - There are likely to be on-going capital raises to fund new developments, and minority shareholders' ownership in TLT will be diluted if they are unable to participate in the capital raisings; - Depending on the level of acceptances under the Offer, the liquidity of TLT's shares may deteriorate (from an already low level) and shareholders may not be able to sell their shares at a reasonable value in a timely manner.	**Section 4.3**
Potential Variations to the Offer	▪ We believe that the Tilt JV will be strongly motivated to reach the 90% ownership threshold so that it can acquire 100% of the shares on issue. If acceptances under the Offer are not high enough to reach the threshold, the Tilt JV has a number of options. ▪ The Tilt JV could do nothing and allow the Offer to close without reaching the threshold. We understand that the Tilt JV will cease at this time but Infratil could then use the creep provisions of the Code to increase its shareholding position by 5% each year. The Tilt JV may also decide to increase the current Offer Price or make another offer at a later date in order to achieve a higher level of acceptances.	**Section 4.4**

Item	Key Conclusions	Further Information
Conclusion	▪ We believe that the Offer Price of $2.30 per share is lower than the underlying value of the Company. ▪ Shareholders without any short-term liquidity requirements could therefore consider rejecting the Offer in order to potentially capture some of the value upside. That upside may be achieved by either a higher offer price (under either this Offer or a subsequent new offer) or by maintaining a shareholding in the Company. ▪ However, we note that there are a wide range of factors that will affect the potential timing and quantum of any value upside. Shareholders who do not accept the Offer may also not realise any upside at all.	**Section 4.5**

1.3. Acceptance or Rejection of the Offer

This report represents one source of information that TLT shareholders may wish to consider when forming their own view on whether to accept or reject the Offer. It is not possible to contemplate all shareholders' personal circumstances or investment objectives and our assessment is therefore general in nature. The appropriate course of action for each shareholder is dependent on their own unique situation. If appropriate, shareholders should consult their own professional adviser(s).

2.0 Profile of Tilt Renewables

2.1. Overview

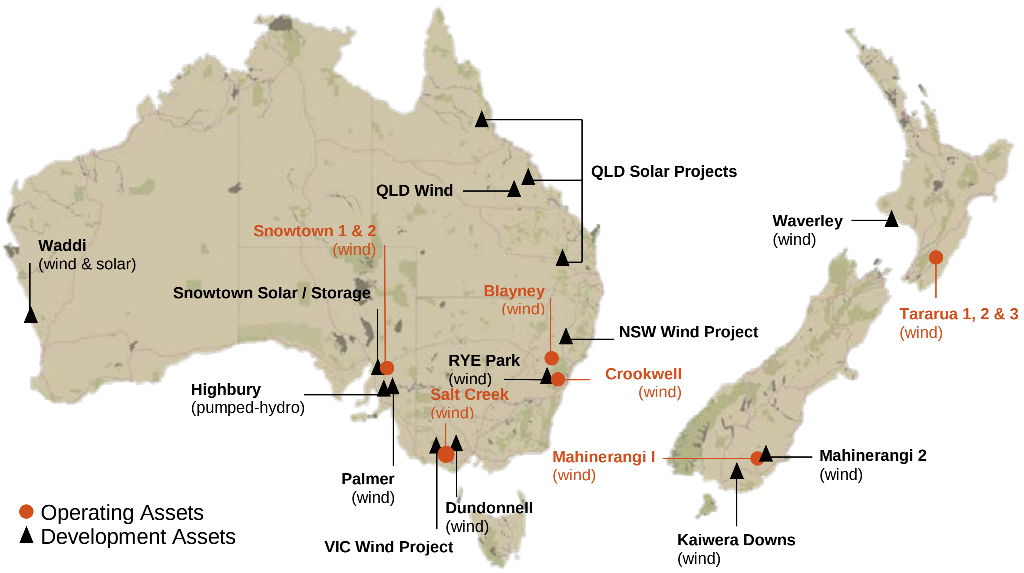
TLT is a renewable energy owner, operator and developer that was formed following its demerger from Trustpower Limited in October 2016. The demerger split Trustpower into two listed entities, as follows:

- TLT, which took control of all operational wind assets and the wind and solar development pipeline; and
- Trustpower Limited, which retained the hydro-electricity generation assets and Trustpower's retail business which includes electricity, gas and telecommunications assets and services.

The demerger was approved by Trustpower shareholders on 9 September 2016 and was granted final approval by the Court on 31 October 2016. All shareholders received 1 share in TLT for every share held in Trustpower.

Figure 1 below shows the location of TLT's operating wind farms and development pipeline assets. TLT has operating wind farms across two locations in New Zealand and four locations in Australia. The development pipeline consists of 18 renewable projects in Australia (predominantly wind and solar but also including battery storage and pumped-hydro), and three wind farm development projects in New Zealand.

Figure 1: Location of TLT Generation Assets



Source: TLT.

Table 2 sets out the installed capacity and estimated average production for each of TLT's operating wind farm assets.

Table 2: Installed Capacity and Average Production of TLT's Operational Wind Farm Assets

Location	Asset	Commissioned	Installed Capacity	Estimated Ave. Production
NZ	Tararua 1 & 2	1999, 2004	68 MW	245 GWh
NZ	Tararua 3	2007	93 MW	318 GWh
NZ	Mahinerangi 1	2011	36 MW	101 GWh
NZ Total			**197 MW**	**664 GWh**
Aust	Snowtown 1	2008	101 MW	357 GWh

Aust	Snowtown 2	2014	270 MW	875 GWh
Aust	Blayney	2000	10 MW	18 GWh
Aust	Crookwell	1998	5 MW	8 GWh
Aust	Salt Creek	2018	54 MW	172 GWh
Aust Total			**440 MW**	**1,430 GWh**
Total			**636 MW**	**2,094 GWh**

Source: TLT.

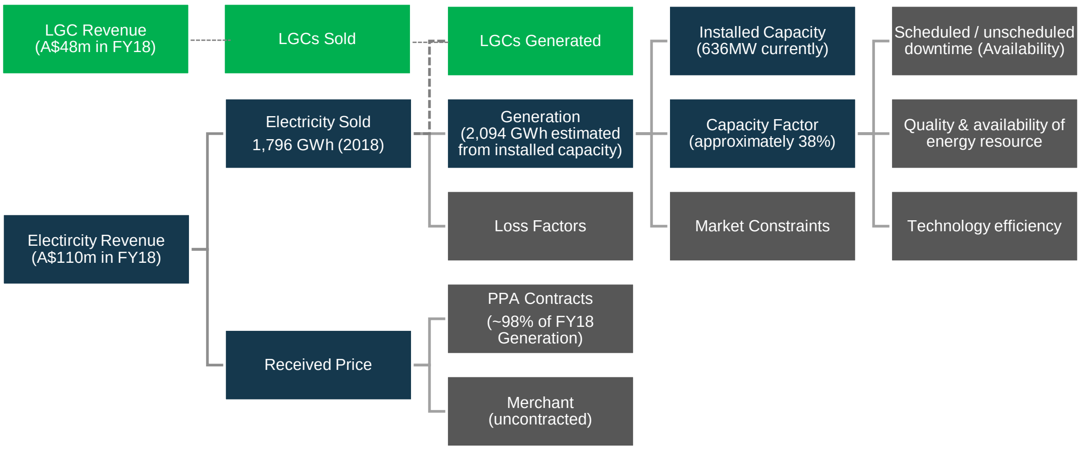
2.2. Key Earnings Drivers

As distinct from Trustpower and other Australasian electricity generators / retailers, TLT derives its income exclusively from the generation of electricity and does not have any retail operations. Renewable energy generators derive revenue through the sale of:

- Electricity (often referred to as “Black” revenue), and where applicable;
- Renewable energy credits (referred to as “Green” revenue) which are generated by participation in government supported renewable and environmental policy.

A summary of the key earnings drivers for a renewable generator, including relevant metrics for TLT and some of terminology referred to in this report is summarised in Figure 3 below.

Figure 2: High Level Summary of TLT’s Key Revenue Drivers



Source: Northington Partners.

As set out in Figure 3 and Figure 4 below, the majority of TLT’s revenue and earnings are derived from Australia, in line with the concentration of operating assets. This also partly reflects Australia’s renewable energy policy where large-scale renewable energy generators receive renewable energy credits - no such policy currently exists in New Zealand as New Zealand already sources the majority of its electricity from renewable sources. TLT’s historical revenue and earnings from Australia have increased at a greater rate over recent years following commissioning of Snowtown Stage 2 (and the more recent commissioning of Salt Creek). Earnings from Australia now represent a significantly greater proportion of total earnings than those from New Zealand.

Figure 3: Operating Revenue by Geography

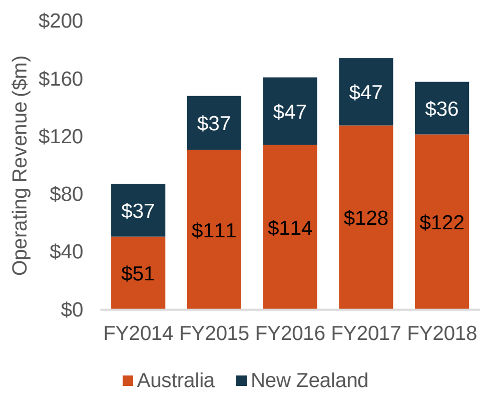
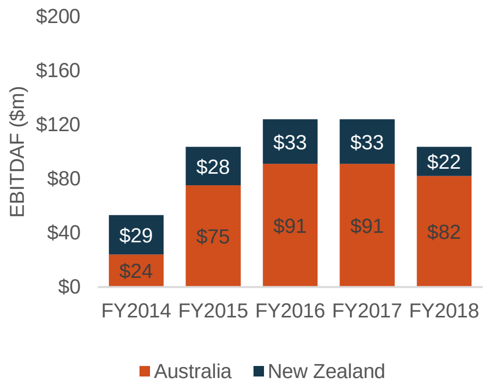


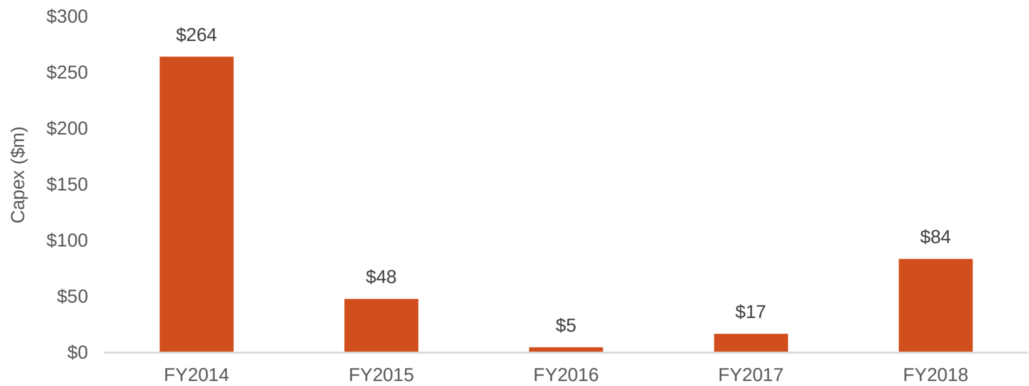
Figure 4: EBITDAF by Geography



Source: TLT.

Historical capital expenditure for the last five years is set out below in Figure 5. Significant investment occurred in 2014 / 2015 with the development of Snowtown Stage 2 (total project cost was A$424 million). In FY2018, a material portion of the development cost for Salt Creek wind farm was incurred. The project was completed in July 2018, and the balance of the associated development capex for this project will fall into FY2019.

Figure 5: Capital Expenditure FY2014 - FY2018



Note: Capital Expenditure: FY2014 and FY2015 net cash used in investing activities, FY2016 – FY2018 generation capital expenditure

TLT utilises off-take agreements known as power purchase agreements ("**PPA**") to cover a high proportion of its future electricity production. Under a PPA, TLT contracts to sell electricity to a counterparty in line with structured pricing arrangements, providing the Company with greater revenue and cashflow certainty.

In the Australian electricity market, accredited renewable energy generators are also entitled to Large Scale-generation Certificates ("**LGCs**"), which can be sold in a tradable market. LGCs are a key component of the Australian Government's incentive scheme to encourage the development of renewable energy generation, and the sale of these certificates can also be contracted under PPAs.

Table 3 summarises the key PPA terms for each of TLT's operating wind farm assets, showing the contracted offtake for both energy production and LGCs (noting that LGCs are only applicable to the Australian assets). Overall, approximately 94% of TLT's estimated annual production is contracted under PPAs (for FY2019).

Table 3: PPA Arrangements for Existing Operating Assets

Location	Asset	Estimated Ave. Annual Production	Production sold under PPA	LGCs sold under PPA
NZ	Tararua 1 & 2	245 GWh	100% contracted for asset life	n/a
NZ	Tararua 3	318 GWh	100% contracted for asset life	n/a
NZ	Mahinerangi 1	101 GWh	100% contracted for asset life	n/a
Aust	Snowtown 1	357 GWh	89% contracted to Dec 2018	89% contracted to Dec 2018
Aust	Snowtown 2	875 GWh	100% contracted to Dec 2030	100% contracted to Dec 2030
Aust	Blayney	18 GWh	100% contracted to Oct 2020	100% contracted to Oct 2020
Aust	Crookwell	8 GWh	100% contracted to Jul 2023	Uncontracted
Aust	Salt Creek	172 GWh	50% contracted to Dec 2018, then 100% contracted to Dec 2030	Uncontracted
Total		**2,094 GWh**	1,863 GWh (est. for FY19)	

Source: TLT.

2.3. Significant Historical Events

Key milestones in TLT's corporate history are set out below in Table 4:

Table 4: TLT's Corporate History

Date	Event
1999	Tararua 1 (Manawatu, NZ) wind farm commissioned
2004	Tararua 2 (Manawatu, NZ) wind farm commissioned
2007	Tararua 3 (Manawatu, NZ) wind farm commissioned
2008	Snowtown 1 (SA) wind farm commissioned
2011	Mahinerangi 1 (Otago, NZ) wind farm commissioned
2014	Snowtown 2 (SA) wind farm commissioned
2014	Acquisition of 105MW of Australian hydro and wind assets previously owned by Green State Power (New South Wales). This transaction included (inter alia) the acquisition of the Crookwell and Blayney assets.
2016	Demerger of Trustpower into Tilt Renewables and "new" Trustpower
2018	54 MW Salt Creek Wind Farm commissioned in July 2018. This is the first development under the Tilt Renewables name.
2018	Total installed capacity reaches 636MW TLT successful in obtaining a Support Agreement from the Victorian government in relation to approximately 37% of the output from TLT's Dundonnell development, providing the foundation contract to advance the development to financial close (although still subject to final board approval).

2.4. Capital Structure and Ownership

2.4.1. Ordinary Shares

TLT currently has a total of 312,973,000 ordinary shares on issue. The Company is controlled by interests associated with Infratil and Mercury, which now own approximately 78% of the shares on issue. The remaining shares are held by approximately 11,000 shareholders. We note that Mercury acquired its initial shareholding in May 2018, when it agreed to acquire its 19.99% stake in the Company from TECT Holdings Limited ("**TECT**") at NZ$2.30 per share. In addition, Mercury obtained an option to acquire TECT's remaining 6.81% shareholding in the Company and that option has been exercised as part of the Offer process. As a result, the Tilt JV now owns approximately 78% of the shares in TLT.

The top 10 shareholders prior to the Offer are set out below in Table 5. We also highlight the shares now owned by the Tilt JV following acceptance of the Offer by both Infratil and Mercury, as well as the exercise of the option over the remaining TECT shares.

Table 5: Top Shareholders as at 10 August 2018

Shareholder	Holding Balance	Shareholding Percentage
Renew Nominees Limited[1]	110,399,170	35.27%
Mercury NZ[1]	62,563,302	19.99%
Infratil Energy[1]	48,470,446	15.49%
New Zealand Central Securities Depository	25,232,119	8.06%
TECT Holdings[1]	21,315,536	6.81%
Custodial Services Limited	2,348,285	0.75%
FNZ Custodians Limited	2,270,935	0.73%
Custodial Services Limited	1,168,932	0.37%
Forsyth Barr Custodians Limited	1,143,559	0.37%
JB Were NZ Nominees Limited	920,258	0.29%
Top 10	**275,832,542**	**88.13%**
Remaining Shares	37,140,458	11.87%
Total Shares on Issue	**312,973,000**	**100.00%**

Source: IRESS.
[1]Represents interests associated with Infratil Limited and Mercury NZ Limited.

2.4.2. Performance Rights

TLT has issued 646,440 performance rights ("**Performance Rights**") to eligible staff and executives pursuant to its Performance Rights Plan. Subject to satisfactory total shareholder returns (calculated on either a relative or an absolute basis, as stipulated by the terms of each class of Performance Right), holders are entitled to be issued or transferred shares in TLT, on a one-for-one basis.

A summary of the Performance Rights is shown in Table 6.

Table 6: Summary of the Performance Rights

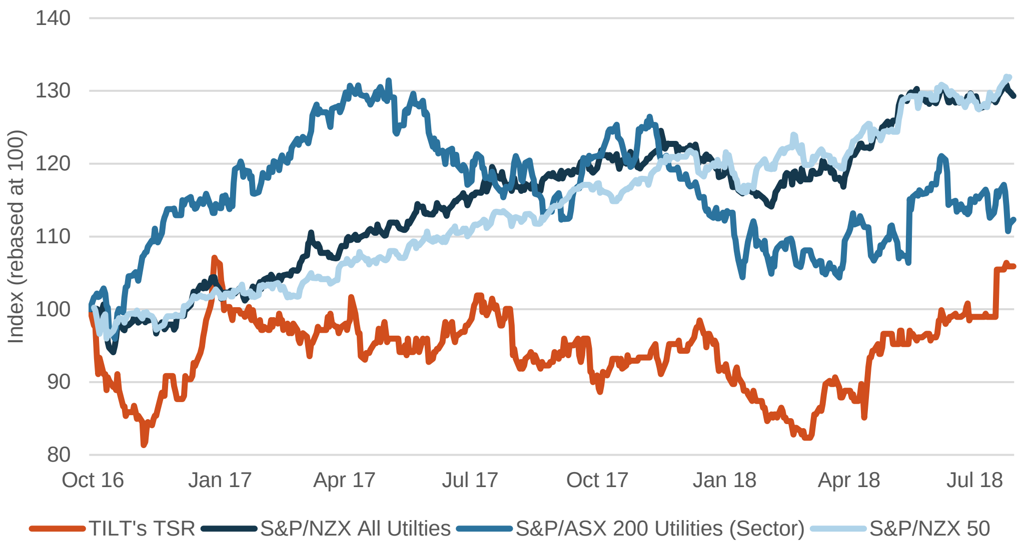
Class of Performance Right	Performance Measure	Grant Date	Vesting Date	Price	Total Holding
T1R	Relative TSR	28 Feb 2017	31 Oct 2019	1.88	100,826
T1A	Absolute TSR	28 Feb 2017	31 Oct 2019	1.88	151,238
T2R	Relative TSR	31 Aug 2017	2 Jul 2020	2.00	157,750
T2A	Absolute TSR	31 Aug 2017	2 Jul 2020	2.00	236,626
Total					**646,440**

2.5. Share Price Performance and Liquidity

2.5.1. Share Price Performance

TLT's share price has shown significant volatility following the demerger, primarily as a function of the relatively low level of trading volume and a period of establishing a more stable valuation basis in the market.

Figure 6: TLT's Total Shareholder Returns Relative to Relevant Gross Indexes



Source: IRESS: S&P/NZX All Utilities, S&P/ASX 200 Utilities (Sector) and NZX50 are gross indexes (gross indexes assume all dividends have been reinvested).

Figure 6 shows TLT's total shareholder returns (including dividends) relative to comparative gross indices since the establishment of the Company in October 2016. A description of each index is detailed below:

- The S&P/NZX All Utilities Index represents a market index for the utilities companies listed on the NZX;
- The S&P/ASX 200 Utilities Index is a sector benchmark that reflects those companies included in the S&P/ASX index which are classified as members of the utilities sector and sub-industries.
- The NZX 50 index measures the performance of the 50 largest eligible stocks listed on the Main Board of the NZX.

Since TLT's inception, total shareholder returns have been largely flat, excluding the recent price appreciation following the Offer. However, we note:

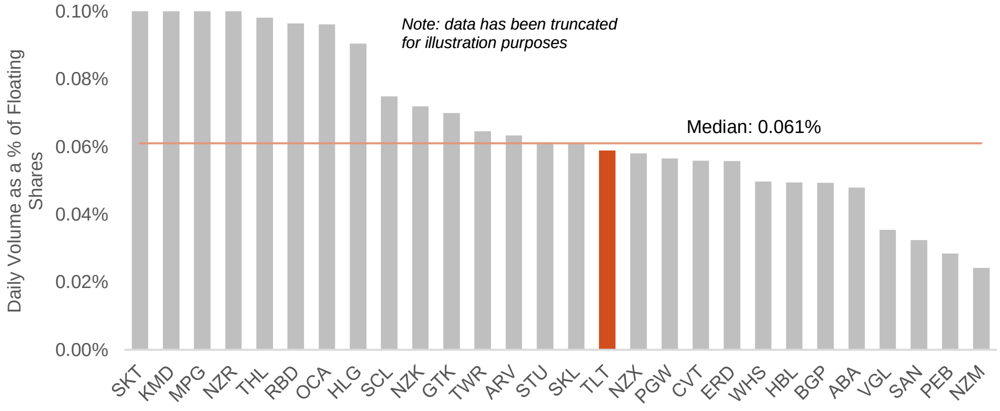
- TLT significantly underperformed its benchmarks immediately following the demerger from Trustpower, although this was not entirely unexpected given the demerger process and the potential value uncertainty while the Company established itself as a standalone entity;
- Since January 2017, TLT has performed broadly in-line with its Australian utility peers; and
- While TLT has underperformed the New Zealand benchmarks (NZX50 and S&P/NZX All Utilities Index), these are less relevant given that TLT's operations are primarily located in Australia.

2.5.2. Liquidity

Figure 7 and Table 7 below compares TLT's median daily trading volume with that of other selected companies listed on the NZX (relative to the free float of each company). Free float represents the number of shares freely available to trade, excluding strategic shareholdings in each company. For TLT, the free float excludes the Infratil, Mercury and TECT shareholdings, collectively representing approximately 78% of the total shares on issue.

This measure shows that TLT's relative liquidity is on par with other, similar sized companies listed on the NZX.

Figure 7: Median Daily Trading Volume of Selected NZX Listed Companies Relative to Free Float



Source: IRESS, Capital IQ, Northington Partners' analysis based on median trading value over 12 months to 10 August 2018 including ASX trading volumes for dual listed stocks. Companies with similar sized free float market cap to TLT were selected.

Another useful measure of relative liquidity is the comparison of the number of times an average shareholding parcel is traded daily. In Table 7 we note that the average TLT shareholding is traded only 6.1x times per day, compared with an average of 154.5x times for the NZX50. This illustrates TLT's illiquidity relative to companies with a larger market capitalisation listed on the NZX.

Table 7: Liquidity Analysis

	TLT	NZX50 Average
Free Float Market Capitalisation (NZD)	$149.6m	$1,910.8m
Average TLT Shareholder Parcel Value (NZD)	$13,468	
Median Daily Value Traded (NZD)	$81,697	$2,081,094
Median Daily Turnover / Average TLT Shareholder Parcel Value	6.1x	154.5x

Source: Capital IQ, IRESS, Northington Partners' estimates based on median trading value over 12 months to 10 August 2018. NZX50 average excludes ANZ and Westpac Banks.

2.6. Historic Financial Results

2.6.1. Production Volume and Average Price

Production levels and average prices for the last five years are summarised in Table 8. We note that the "bundled" price in the Australian market includes both an electricity price component and an LGC component (further information regarding LGCs is included in Section 2.7.1).

Table 8: New Zealand and Australia Generation Volume and Price

Year Ended 31 March	FY2014	FY2015	FY2016	FY2017	FY2018
Australian Assets					
Production Volume (GWh)	536	1,187	1,201	1,305	1,225
Electricity Price (AUD $ / MWh)			$59	$61	$60
Average Bundled Price (AUD $ / MWh)	$95	$93	$95	$98	$99
NZ Assets					
Production Volume (GWh)	673	650	724	744	571
Average Price (AUD $ / MWh)	$54	$57	$66	$63	$64
Total Assets					
Production Volume (GWh)	1,209	1,837	1,925	2,049	1,796
Average Price (AUD $ / MWh)	$72	$81	$84	$85	$88

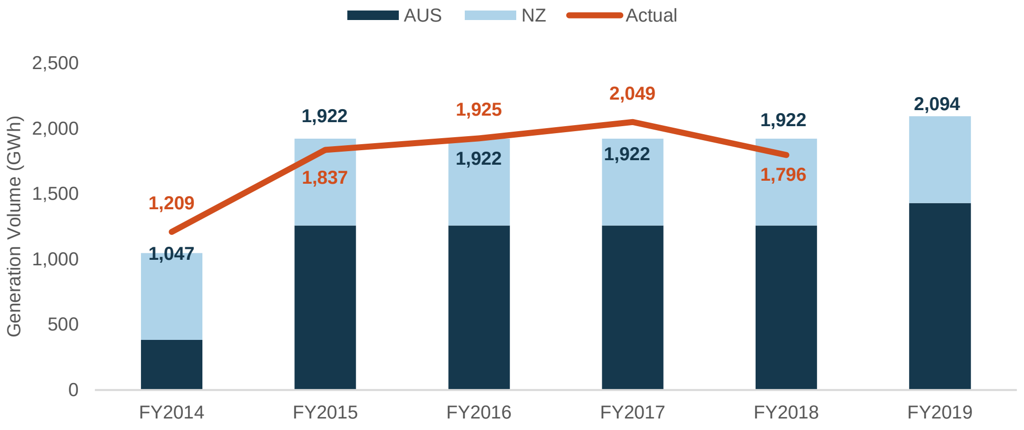
Source: FY2016, FY2017 and FY2018 sourced from Annual Reports, FY2014 and FY2015 sourced from Trustpower

Figure 8 below illustrates the expected annual generation from TLT's operating assets (based on a full year of operations) compared to actual production. The increase in expected output from

1,047GWh in FY2014 to 1,922GWh in FY2015 is due to the commissioning of Snowtown Stage 2. The estimated annual generation is then relatively stable until the commissioning of Salt Creek in FY2019, after which the expected production level increased to 2,094GWh. Key points to note:

- TLT's actual production was higher than expected production in FY2014 and FY2017 but significantly lower than average annual generation in FY2018 due to lower than normal wind conditions in both Australia and New Zealand; and
- Average production for the three fully operational years of Snowtown Stage 2 from FY2016 – FY2018 of 1,923GWh was in line with the expected average of 1,922GWh. This highlights that while wind farms will demonstrate year-to-year variability, over the longer-term they tend to operate at expected generation volumes.

Figure 8: Estimated Annual Average Generation by Geography vs Actual Generation



Note: FY2015 estimated annual production based on a full year of operations estimate for Snowtown Stage 2.

2.6.2. Financial Performance

A summary of TLT's financial performance for the 5-year period between FY2014 and FY2018 is set out in Table 9 below. Financial information for FY2016 – FY2018 has been sourced from TLT's financial statements. Financial information for the TLT business in FY2014 and FY2015 (prior to the demerger and formal separation / recognition of the TLT assets and business) has been sourced from Trustpower and was supplied on a summary, pro-forma basis. Some of the data for these years is not available.

Table 9: TLT Historical Finance Performance

Year Ended 31 March (A$000s)	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2018**
Total Generation Production (GWh)	*1,209*	*1,837*	*1,925*	*2,049*	*1,796*
Implied Average Electricity Price ($ / MWh)	*$72.19*	*$80.66*	*$84.28*	*$85.05*	*$87.95*
Operating Revenue	87,274	148,168	162,238	174,467	157,957
Operating Expenses	(34,073)	(44,600)	(37,558)	(50,421)	(54,185)
EBITDAF	**53,201**	**103,568**	**124,680**	**124,046**	**103,772**
EBITDAF Margin %	*61.0%*	*69.9%*	*76.9%*	*71.1%*	*65.7%*
Net Fair Value gains / (losses) on financial instruments			3,819	7,750	1,198
Amortisation of intangible assets			(1)	(12)	(48)
Depreciation			(68,520)	(73,984)	(80,146)
Operating Profit			**59,978**	**57,800**	**24,776**
Net Finance Costs			(34,203)	(31,888)	(29,437)
Income Tax Expense			3,374	(9,541)	1,886
Profit after tax			**29,149**	**16,371**	**(2,775)**

Source: FY2016, FY2017 and FY2018 sourced from Annual Reports, FY2014 and FY2015 sourced from Trustpower

The key features of TLT's historical financial performance can be summarised as follows:

- The increase in operating revenue from A$87.3m in FY2014 to A$148.2m in FY2015 was primarily due to the commissioning of Snowtown Stage 2. The volume generated by TLT increased from 1,209 GWh in FY2014 to 1,837 GWh in FY2015 as a result. This increase in volume accounted for approximately 74% of the revenue increase, with the remaining 26% due to an increase in average electricity prices. FY2016 was the first full year of production from Snowtown Stage 2. Generation subsequently increased to 1,925GWh, in line with expectations of 1,922GWh based on average wind conditions.
- The increase in revenue in FY2016 and FY2017, and the decrease in revenue in FY2018 is primarily due to the variations in generation volume with FY2018 being an abnormally low year for generation (~7% below expectation).
- The EBITDAF margin increased from 61.0% in FY2014 to 76.9% in FY2016 due to a decrease in operating costs per MWh. This was largely as a result of scale economies, with fixed costs being spread over a larger generation base. However, operational costs are generally variable and based on output. The five-year average EBITDAF margin from FY2014 – FY2018 has been approximately 70%.
- EBITDAF decreased from A$124.0m in FY2017 to A$103.8m in FY2018 due to reduced generation volumes as discussed above and increased generation development expenditure (A$8.3m in FY2018), which accounted for 15.3% of operational expenses (up from 9.0% in FY2017). Adjusting for normal wind conditions alone, we estimate TLT would have delivered EBITDAF in excess of $110m in FY2018.
- An increase in Net Fair Value gains on financial instruments from FY2016 to FY2017 was offset by higher depreciation. As a result, operating profit was largely consistent in FY2016 and FY2017 (A$60.0m and A$57.8m respectively). In FY2018, operating profit decreased to A$23.8m, commensurate with the lower production revenue and EBITDAF.
- Net finance costs reduced from A$34.2m in FY2016 to A$29.4m in FY2018, in line with a reduction in the weighted average interest costs (including loans from other parties); this reduction occurred as a result of new facility arrangements that were implemented following the de-merger from Trustpower.

2.6.3. Financial Position

As at 31 March (A$000s)	FY2014	FY2015	FY2016	FY2017	FY2018
Cash at bank			5,136	27,008	45,913
Receivable from related parties			-	3,281	2,090
Accounts receivable and prepayments			26,371	16,549	31,827
Current assets	**55,410**	**32,384**	**31,528**	**46,838**	**79,830**
Property, plant and equipment			1,161,719	1,241,025	1,251,530
Derivative financial instruments			52	4,654	2,471
Intangible assets			23	569	597
Non-current assets	**944,374**	**1,246,374**	**1,161,794**	**1,246,248**	**1,254,598**
Total Assets	**999,784**	**1,278,758**	**1,193,301**	**1,293,086**	**1,334,428**
Accounts payable and accruals			10,318	9,363	15,652
Payable to related parties			68,243	6,238	367
Borrowings			26,000	35,086	36,781
Derivative financial instruments			1,097	1,448	264
Taxation payable			948	7,297	2,044
Current liabilities	**189,156**	**49,461**	**106,606**	**59,432**	**55,108**
Borrowings			512,762	535,675	602,269
Derivative financial instruments			11,164	7,666	5,469
Accounts payable and accruals			3,098	2,952	2,837
Deferred tax liability			134,357	167,933	160,742
Non-current liabilities	**526,882**	**729,329**	**661,381**	**714,226**	**771,317**

Total liabilities	**716,038**	**778,790**	**767,987**	**773,658**	**826,425**
Net Assets	**283,746**	**499,968**	**425,314**	**519,428**	**508,003**
Equity					
Share capital			-	-	-
Invested Capital			90,286	-	-
Revaluation reserve			356,083	450,148	450,148
Retained earnings			-	79,047	65,317
Share based payments reserve			-	-	89
Foreign currency translation reserve			(21,055)	(9,767)	(7,551)
Total equity	**283,746**	**499,968**	**425,314**	**519,428**	**508,003**

Source: FY2016, FY2017 and FY2018 sourced from Annual Reports, FY2014 and FY2015 sourced from Trustpower.

Key features of TLT's historical financial position are as follows:

- TLT's total assets have increased from A$999.8m to A$1,334.4m over the period FY2014 to FY2018. The uplift in value during FY2015 is attributable to the investment in Snowtown Stage 2. The increase in value for Property, Plant and Equipment in FY2017 was due to a $132.6m revaluation of generation assets and the increase in Property, Plant and Equipment in FY2018 was due to $83.6m of additions, made up of maintenance capital expenditure and the development of Salt Creek.
- Non-current liabilities increased from A$526.9m in FY2014 to A$729.3m in FY2015 due to an increase in bank debt used to fund the Snowtown Stage 2 development and commissioning.
- Long term borrowings have increased by approximately A$90m since FY2016. The increase in borrowings primarily relates to the funding of the development of the Salt Creek assets. Debt / Assets (measured as borrowings / operational assets) has subsequently risen from 46.4% in FY2016 to 51.1% in FY2018.
- Net Assets has increased significantly from A$283.8m to A$508.0m over the period to FY2018. The FY2015 increase was largely due to the revaluation uplift of TLT's operating assets following the purchase of the Green State Power Assets and development of Snowtown Stage 2. The increase in net assets in FY2016 (from $425.3m to $519.4m) was also primarily due to the revaluations on TLT's operating assets.

2.6.4. Cash Flows

As at 31 March (A$000s)	FY2014	FY2015	FY2016	FY2017	FY2018
Cash was provided from:					
Receipts from customers (inclusive of GST)			177,328	203,434	168,335
Cash was applied to:					
Payments to suppliers and employees (inclusive of GST)			(50,961)	(74,870)	(69,953)
Taxation paid			(13,628)	(6,407)	(12,445)
Net cash from operating activities			**112,739**	**122,158**	**85,937**
Cash was provided from:					
Interest received			390	272	1,069
Cash was applied to:					
Purchase of property, plant and equipment			(4,465)	(16,769)	(83,575)
Purchase of intangible assets			(25)	(546)	-
Net cash used in investing activities	**(264,027)**	**(47,856)**	**(4,102)**	**(17,044)**	**(82,506)**
Cash was provided from:					
Secured loan proceeds			27,000	442,477	100,000
Cash was applied to:					
Repayment of loans			(87,978)	(409,118)	(37,380)
Repayment of related parties			-	(64,594)	(5,610)
Interest paid			(34,726)	(32,397)	(30,506)

Dividends paid		(22,268)	(20,093)	(10,954)
Net cash used in financing activities		**(112,768)**	**(83,724)**	**15,550**
Net increase / (decrease) in cash and cash equivalents		(4,131)	21,390	18,981
Cash and cash equivalents at beginning of the year		8,819	5,136	27,008
Exchange gains / (losses) on cash and cash equivalents		448	482	(75)
Cash and cash equivalents at end of the year		**5,136**	**27,008**	**45,913**

Source: FY2016, FY2017 and FY2018 sourced from Annual Reports, FY2014 and FY2015 sourced from Trustpower.

The key features of TLT's historical cash flows can be summarised as follows:

- Cash flows from operating activities has decreased between FY2017 and FY2018 in line with the reduction in EBITDAF ($122.2m in FY2017 to $85.9m in FY2018).
- Capital Expenditure, as recognised in the purchase of plant, property and equipment was relatively low in FY2016 and FY2017 following completion of Snowtown Stage 2. Purchases of property, plant and equipment in FY2016 and FY2017 related primarily to maintenance capital expenditure with FY2018 also reflecting the substantial investment in Salt Creek.
- Secured loan proceeds of $442.5m in FY2017 relate to the debt facility implemented post demerger in October 2016 for the purpose of refinancing Trustpower debt.
- Dividends paid from FY2016 – FY2018 were $22.3m, $20.1m and $10.9m respectively, decreasing in line with reducing EBITDAF and TLT's dividend policy reflecting its funding requirements for Salt Creek.

2.7. Key Issues and Outlook

2.7.1. Australia – Wholesale Electricity Prices and PPA Market

TLT has utilised PPAs for its wind developments in order to mitigate its development risks and assist with the process of raising development funding. Wholesale electricity prices and the Australian market for LGCs can be volatile, and renewable energy developers therefore often utilise long-term fixed price PPAs to counter this risk. In the case of TLT's Snowtown Stage 1 and Snowtown Stage 2 projects, the Company has PPA contracts with Origin Energy Limited ("**Origin**"), one of Australia's leading integrated energy companies. The price paid under the PPA represents the "bundled" price for electricity and LGCs on a fixed price per MWh basis.

Currently LGCs make up a significant portion of the bundled price for TLT's PPAs and are therefore a material component of revenue. Australia's Renewable Energy Target (**"RET"**) scheme is designed to incentivise renewable energy development by making it cheaper relative to supply generated from fossil fuels.

The dynamic between wholesale electricity prices and LGCs is effectively driven by the long-run marginal cost of renewable energy (the cost to produce renewable energy over the life of the project) and the current shortage of renewable energy generation capacity to meet Australia's RET. Consequently, the availability of LGCs is critical to ensure that PPA pricing is at a level that will support the economics of capital-intensive wind development projects.

The outlook for electricity prices in Australia is uncertain and will be impacted by several key factors. Australia's current RET scheme expires in 2030 and the price for LGCs is therefore expected to converge to zero in the absence of a new scheme. In addition, long-run electricity prices will be impacted by the retirement of Australia's aging fleet of coal powered stations and the long-run marginal cost of new, largely renewable, generation capacity that replaces them.

As the RET expiry in 2030 draws closer, the term for fixed price PPAs has condensed with shorter contract terms anticipated. It is therefore unlikely that TLT will commence new wind developments unless it can obtain PPA terms supportive of investment and financing or greater confidence around market pricing beyond PPA expiry. There is no certainty that TLT will be able to obtain suitable PPA contract terms to support new wind developments, although it may be prepared to take more market risk for its development pipeline which will impact the nature and risk profile of future developments.

2.7.2. Australia – Regulatory Risks

The Australian Government's RET scheme is the primary mechanism designed to stimulate the development of renewable energy generation. The scheme has been in place since 2001, and as discussed above, is scheduled to terminate in 2030.

The RET creates a financial incentive for the establishment or expansion of renewable energy power stations, such as wind and solar farms or hydro-electric power stations. It does this by legislating demand for LGCs. One LGC can be created for each megawatt-hour of eligible renewable electricity produced by an accredited renewable power station. LGCs can be sold to entities (mainly electricity retailers) who surrender them annually to the Clean Energy Regulator to demonstrate their compliance with the RET scheme's annual targets. The revenue earned by the power station for the sale of LGCs is additional to that received for the sale of the electricity generated. LGCs are traded at a rate determined by supply and demand of the market, and certificate revenues contribute to the commercial viability of renewable generation. Failure to surrender adequate LGCs results in a shortfall charge.

Since inception, the scheme has been modified by various Governments to adjust the staged minimum targets and provide incentives for both large-scale generation development (e.g. wind and solar farms) and small-scale generation and efficient consumption practices (e.g. installation of solar panels, solar water heaters and air source heat pumps). The latest changes to the scheme were adopted by the Government in 2015 and incorporated a reduction to the RET in 2020, from an initial target of 41,000GWh down to a revised target of 33,000GWh.Since resetting the RET, enough renewable projects have already been built or are under construction to ensure that the 2020 target is met.

More recently, the Federal Government proposed an energy policy called the National Energy Guarantee ("**NEG**"), designed to provide increased confidence for energy companies to invest in energy infrastructure. The goal of NEG was to ultimately lower energy prices, make the system more robust, and lower emissions. It was proposed that subsidies and incentives for renewable energy would be removed under NEG, and recent Governments have suggested that subsidies are not required for Australia to meet its targets under the Paris Agreement. However, following the recent leadership change in the Government, NEG has been formally shelved.

It remains uncertain whether a modified version of NEG or a new national energy policy will be proposed at some point in the short term. In absence of more certainty, significant regulatory risk exists. However, provided the Federal Government remains committed to the Paris Agreement and individual State Governments continue to provide renewable energy incentives, the overall environment is likely to be supportive of new renewable energy projects.

2.7.3. Australia – Development Opportunities

A summary of TLT's Australian development pipeline is shown in Table 10 below.

Table 10: Development Opportunities in Australia

Location	Asset	Stage / Consent	Technology	Planned Installed Capacity	Estimated Ave. Production
VIC	Dundonnell	Late / Secured	Wind	336 MW	1,250 GWh
WA	Waddi	Late / Secured	Wind	50 MW	185 GWh
WA	Waddi	Late / Secured	Solar	25 MW	61 GWh
NSW	Rye Park	Late / Secured	Wind	319 MW	1,005 GWh
SA	Palmer	Mid / Pending appeal	Wind	300 MW	1,104 GWh
SA	Snowtown	Mid / Secured	BESS	21 MW	-
QLD	Western Downs	Mid / Secured	Solar	250 MW	636 GWh
SA	Highbury PHES	Early / Feasibility	PHES	300 MW	-
SA	Snowtown North	Early / Secured	Solar	45 MW	110 GWh
SA	Snowtown South	Early / Feasibility	Solar	100 MW	248 GWh
QLD	Dysart	Early / Secured	Solar	100 MW	252 GWh

QLD	Nebo	Early / Feasibility	Solar	80 MW	200 GWh
QLD	North Creek	Early / Imminent	Solar	80 MW	201 GWh
QLD	Chewko	Early / Secured	Solar	75 MW	148 GWh
QLD	Fiery Creek	Early / Feasibility	Wind	70 MW	221 GWh
QLD	Coppabella	Early / Feasibility	Wind	70 MW	221 GWh
VIC	Church Lane	Early / Feasibility	Wind	400 MW	1,416 GWh
NSW	Liverpool Range	Early / Secured	Wind	493 MW	1,599 GWh
AU Total				**3,114 MW**	**8,857 GWh**

Source: TLT. BESS being battery energy storage system and PHES, pumped hydro energy storage.

TLT has a large development pipeline in Australia, including both wind farm and solar farm projects. In total, approximately 1,600 MW of renewable energy capacity has been consented across nine projects, with a further 1,600 MW of projects in feasibility stages. The total cost to develop the full pipeline of consented projects would cost in excess of A$2 billion and would clearly require significant new equity funding (although we note that not all of the projects will necessarily be developed).

The Company completed and commissioned the Salt Creek wind farm development (54 MW in South Australia) in July 2018 and is now considering development of the Dundonnell wind farm project in Victoria. See section 3.4.1 for further details on the Dundonnell development.

The scale and speed of development of the remaining projects is difficult to accurately predict. Future development decisions will be determined by a range of factors including developments in the regulatory landscape and Government energy policy, the rate at which transmission capacity and connectivity potential improves to support new large-scale generation assets, and market supply / demand / risk management dynamics.

2.7.4. New Zealand – Wholesale Electricity Prices and PPA Market

Following a period of relative uncertainty with respect to future electricity demand growth, the New Zealand market is now forecasting a doubling of energy requirements over the next 30 years. Contributing to this increase in demand is a more certain outlook for the Tiwai Point aluminium smelter, the ageing thermal capacity (particularly the potential closure of Genesis' Huntly coal and gas fired steam units beyond 2022), and the forecast widespread electrification of industry and growing prevalence of electric vehicles.

The dynamics of this forecast increase and the energy sector's ability to increase generation capacity to meet these requirements will have a significant bearing of future electricity prices.

The Company has entered into PPA offtake agreements with Trustpower for 100% of the production from TLT's New Zealand wind farms for the remaining life of the assets. Under the PPAs, prices are fixed for a five-year period (until 2023) and then referenced to the ASX Futures Otahuhu or Benmore baseload prices, with a pricing floor.

2.7.5. New Zealand – Regulatory Risks

The regulatory framework for electricity generators in New Zealand is relatively stable, and supportive of the development of new renewable energy generation.

Recent changes to modify the framework for Avoided Cost of Transmission ("**ACOT**") payments from Transpower to generators with assets embedded into local electricity distribution networks have now been enacted. Under the changes, both Tararua Wind Farm and Mahinerangi Wind Farm will continue to receive ACOT payments (but these payments will likely reduce at some point in the future).

The new Government has recently set the ambitious goal of the country becoming 100% reliant on energy generated from renewable sources by 2035. The Company reasonably believes this will be supportive of new project development in the medium to long term.

2.7.6. New Zealand – Development Opportunities

TLT currently has three consented development opportunities in New Zealand, consisting of one in the North Island and two in the South Island. In total, these projects have potential to add 540MW of installed capacity. The estimated cost of fully developing all consented wind farms would be approximately NZ$1 billion.

We understand that, at this stage, only the Waverley development in the North Island (up to 48 wind turbines / installed capacity of 130 MW) is the most likely to proceed within the near term, but subject to market conditions and necessary approvals. The other two developments are in the South Island, and the timeframe for their development is yet to be determined.

A summary of TLT's New Zealand development pipeline is shown in Table 11 below.

Table 11: Development Opportunities in New Zealand

Location	Asset	Stage / Consent	Technology	Planned Installed Capacity (up to)	Estimated Ave. Production (p.a.)
NI	Waverley	Late / Secured	Wind	130 MW	478 GWh
SI	Mahinerangi 2	Mid / Secured	Wind	170 MW	596 GWh
SI	Kaiwera Downs	Mid / Secured	Wind	240 MW	967 GWh
NZ Total				**540 MW**	**2,041 GWh**

Source: TLT.

3.0 Valuation of Tilt Renewables

3.1. Valuation Summary

As summarised in Table 12 below, our base case Enterprise Value range for TLT is between A$1,299 million and A$1,427 million, which corresponds to an equity value of NZ$2.56 to NZ$3.01 per TLT share.

The proposed Dundonnell wind farm asset represents a significant portion of the current development pipeline, and we have therefore valued this asset separately (for further information please see section 3.4 below).

Table 12: Valuation Summary

Valuation Component	Valuation Range		Implied EV/FY19 EBITDA	Implied EV/MW (A$m)
	Low	High		
Australian Assets	A$920m	A$978m	*8.5x – 9.0x*[1]	*$2.1 - $2.2*
New Zealand Assets	A$238m	A$254m	*8.8x – 9.4x*[1]	*$1.2 -$1.3*
EV – Operational Portfolio	**A$1,158m**	**A$1,232m**	**8.6x – 9.1x**[1]	**$1.8 - $1.9**
336MW Dundonnell	A$94m	A$124m	-	*$0.28 - $0.37*
Remaining Development Assets (>3,000MW)	A$47m	A$71m	-	*$0.01 - $0.02*
EV – Development Pipeline	**A$141m**	**A$195m**	**-**	**$0.04 - $0.05**
Total Enterprise Value	**A$1,299m**	**A$1,427m**	**10.2x – 11.2x**[2]	-
Net Debt (Forecast 30 September)	(A$571m)	(A$571m)	-	-
Equity Value	**A$728m**	**A$856m**	-	-
Fully Diluted Shares on Issue (million)	312.973m	312.973m	-	-
Equity Value / Share (AUD)	A$2.33	A$2.74	-	-
***Equity Value / Share* (NZD)**	**NZ$2.56**	**NZ$3.01**	-	-

Source: NPL Analysis. Valuation is based in Australian dollars, with share price converted to New Zealand dollars using an NZD/AUD exchange rate of 0.91.

[1] Based on FY2019 forecasts (actual Q1 EBITDA and forecast Q2 to Q4 EBITDA), with an allocation of overheads between the Australian and New Zealand assets.

[2] Reflects overall adjusted EBITDA forecast of $127 million after normalising for average expected development costs as detailed in Section 3.7.2.

3.2. Valuation Methodology

For most assets, value should be determined as a function of the estimated level of cash returns that the assets are expected to generate in the future. The specific approach that is used to estimate this value is dependent on the nature of the asset and the expectations regarding future performance. The two main approaches usually adopted in the valuation of larger assets and companies are summarised as follows:

- Earnings Multiple: This method determines value by applying a valuation multiple to the assessed level of maintainable annual earnings (or cash flows), where the multiple is chosen to reflect the risk associated with the future performance of the asset. Depending on the nature of the business, earnings can be appropriately measured at the EBITDA, EBITA, EBIT, or NPAT levels.
- Discounted Cash flows: A DCF approach is based on an explicit forecast of the periodic cash flows that will be generated over a specified forecast period (typically between 5 and 10 years). The value of cash flows that may occur after the end of the explicit forecast period is

incorporated into the valuation process by capitalising an estimate of maintainable cash flows for the terminal period. A DCF model is therefore usually made up of two components:

(i) The present value of the projected cash flows during the forecast period; and

(ii) The present value of all other cash flows projected to occur after the explicit forecast period. This component is commonly referred to as the terminal value.

Each approach has some advantages and disadvantages, and the most appropriate choice is dependent on the characteristics of the business under consideration and the quality of the market data that is available. The key advantage of the earnings multiple approach is its simplicity. Value can be determined on the basis of the actual earnings results for the most recent financial reporting period or the equivalent projection for next year. Companies with well-established operations should be in a position to supply reasonably reliable earnings projections for the next one or two years, and the valuation model is therefore only reliant on an independent assessment of the appropriate earnings multiple. Estimates of an appropriate multiple are typically based on data derived from other companies that are considered to be comparable to the target company in relation to growth prospects, capital expenditure requirements, and risk profiles.

Unfortunately, it is extremely rare that the target company will have any close comparables with respect to all of these important characteristics. In many cases, earnings multiples extracted from a set of businesses within exactly the same industry will have a wide range of values that reflect company specific factors rather than the underlying risk level of the industry itself. It then becomes a matter of judgement to make a series of adjustments to the implied multiples to properly account for the differences between the companies.

In the majority of cases, the earnings multiple approach is therefore most suited to businesses with a relatively stable earnings outlook, low capital expenditure requirements, and largely organic growth opportunities. For companies with these characteristics, the multiples derived from market data are more likely to accurately reflect the market's perception of the underlying quality of the projected earnings stream.

The DCF approach can provide a better valuation treatment for companies with high differing risk profiles and high capital expenditure requirements. Because each of these factors can be explicitly incorporated into the valuation process, the DCF model directly accounts for many important value drivers of the business under consideration. Accessing the necessary data for a DCF model can however be problematic, especially when there is a high degree of uncertainty around the future forecasts of free cash flows (for example, uncontracted revenue from TLT's operational assets). The discounting process is also reliant on an estimate for the required rate of return. Because this estimate is not directly observable and must be derived from data collected from other comparable companies, the DCF value is also reliant on the existence of other companies that have the same risk profile.

Given the nature of TLT's wind assets, a DCF approach is most appropriate and has been adopted as our primary valuation method. Reflecting the finite life of the assets, our valuation comprises the present value of the projected cash flows over the remaining design life of the asset together with a relatively small allowance for a terminal value. This treatment reflects that wind turbines have a design life of 20 – 25 years but often have an economic life of 25 – 30 years.

We have also benchmarked the implied earnings multiples from our DCF valuation against earnings multiples from a number of comparable companies.

3.2.1. Sum of the Parts Valuation Approach

We believe that any potential acquirer of TLT would separately assess the component parts of the business, allocating each asset into one of several categories and utilising a number of valuation methodologies. Table 13 below summarises our assessed component parts of TLT and the valuation approach applied to each component.

Table 13: Valuation Component and Framework for Assessing Value

	Component	Comment	Valuation Approach
	Value of Operating Portfolio	Represents the aggregate value of the operating assets of the business across Australia and New Zealand, with overheads allocated by asset.	DCF
plus	Value of Dundonnell Project	An estimate of the value of the Dundonnell development today after taking into account the development cost to commissioning and future contracted and uncontracted cash flows assuming the development proceeds to completion.	DCF
plus	Value of Remaining Development Pipeline	An estimate of the value of TLT's development pipeline having consideration to the costs of progressing various options, prevailing market conditions and the likelihood of proceeding to construction and completion.	Multiples of generation capacity (MW), based on market benchmarks
plus	Acquisition Premium	An estimate of the appropriate level of synergy gains available to the acquirer that could be shared with TLT's shareholders and the propensity for the acquirer to share those gains.	DCF of available synergies and assessment of propensity to pay
equals	Acquisition Value	Equivalent to the total value a willing buyer would be prepared to pay to acquire the business.	

Source: Northington Partners analysis.

3.3. Operating Portfolio Valuation

3.3.1. Overview

Our DCF framework for TLT is based on cash flow models prepared by TLT management, with a range of modifications to reflect our assessment of the key input parameter values. Given the nature of the assets, we have also relied on a range of specialist technical reports in relation to the electricity and LGC price forecasts and power generation profiles.

Details of the model structure are set out in Table 14, and a summary of the input parameters is presented in the following section.

Table 14: DCF Model Structure

Assumption	Discussion
Valuation Date	30 September 2018
Model Term	30 Years
Cash Flow Basis	Post-tax nominal
Cash Flow Timing	Mid-period discounting

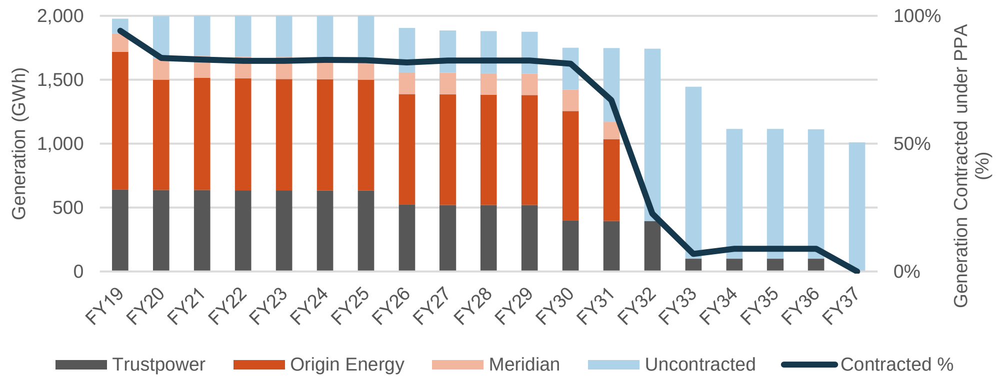
3.3.2. Key Cash Flow Assumptions

Table 15 below summarises the key assumptions and variables used to forecast TLT's future cash flows.

Table 15: Key DCF Model Assumptions

Assumption	Discussion
Electricity Generation Profile	TLT's revenue relies on the generation output of its current generation portfolio. This is dependent on a number of factors including the availability of its wind farms (servicing will render them inoperable for periods of time) and wind conditions which drive capacity factors for each site (actual output relative to potential capacity). Availability is warranted by the OEM under O&M contracts, but capacity factors vary from site to site depending on the wind resource. However, capacity factors are largely based on an extensive period of historical site performance or wind modelling and therefore represent average generation output expectations. While generation over the short-term may vary significantly around the average (as it did for TLT in FY18), over the long-run the wind farms will tend to operate at average generation as illustrated in Section 2.6.1. Figure 9 below illustrates TLT's forecast generation for its existing fleet based on contracted availability and average capacity factors relative to the percentage volume contracted under PPAs. This highlights that more than 80% of TLT's expected generation is contracted under PPAs until 2030.

Figure 9: Forecast Generation Volume (GWh) – Operating Assets

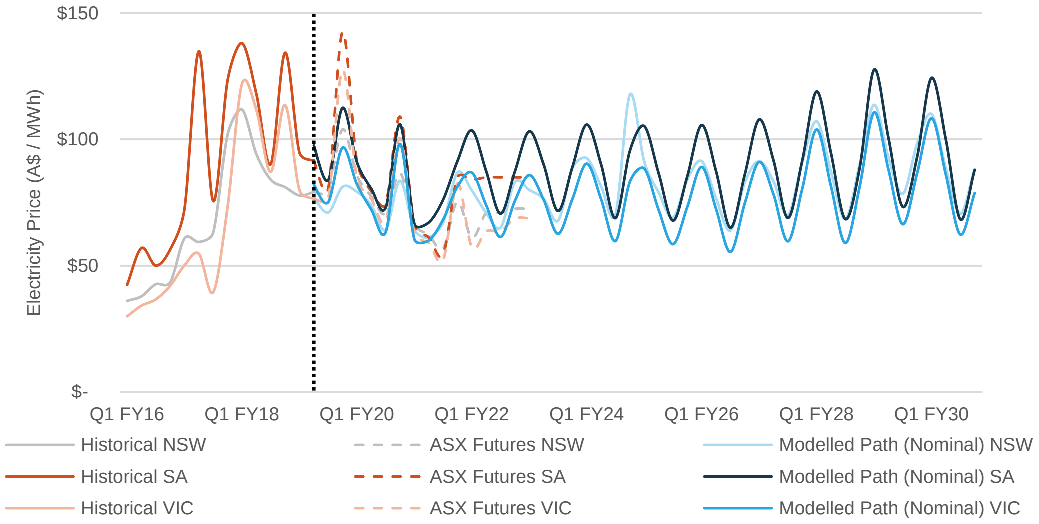


Source: TLT, Northington Partners.

Assumption	Discussion
Electricity Pricing and PPAs	100% of New Zealand electricity generation output is contracted under PPAs for the economic life of the existing New Zealand wind farms with prices fixed for a 5-year period at which stage they are reset based on ASX Futures prices (subject to a price floor). Approximately 75% of Australia generation output is contracted under PPAs until 2030, meaning that the remaining 25% of TLT's Australian generation output is exposed to wholesale electricity prices in the Australian National Energy Market with increasing exposure beyond 2030. Development projects including Dundonnell may be exposed to higher levels of merchant price risk to the extent that TLT cannot obtain new PPAs to cover this production volume. Consequently, it is necessary to forecast regional Australian electricity prices for each of TLT's operational asset locations within the National Energy Market in order to derive revenue forecasts for the generation not covered by PPAs. TLT relies on a number of sources for its internal modelling of merchant electricity revenue including: • In the short term, electricity prices are largely based on forward curves derived from the ASX Futures market which extend out to the end of the quarter ending June 2022. However, due to the illiquidity in the longer-dated futures market, TLT only references ASX Futures prices until the quarter ending December 2021; and • For long-term prices (beyond December 2021), TLT uses a number of third-party electricity pricing forecasts. These have been developed by market recognised independent technical experts with significant experience in the provision of electricity pricing forecasts, and their analysis takes into account changes in industry wide capacity, carbon pricing, regulatory schemes, market demand and the long-run marginal cost of new generation. We have reviewed the range of price curve scenarios used by TLT in deriving base case electricity forecasts for each of TLT's operational assets in South Australia, Victoria and NSW. Figure 10 below summarises the forecast wholesale price curve (in nominal terms) we have utilised relative to historical electricity prices and ASX

Assumption	Discussion
	Futures prices in each regional market. These prices illustrate fluctuations during peak demand periods (summer in Australia) but highlight that Australian wholesale prices are forecast to remain flat for an extended period of time resulting in effective price declines in real terms (after adjusting for inflation).

Figure 10: Australian Electricity Price Paths (Nominal Prices)



Source: IRESS, ASX, Northington Partners.

The above electricity prices represent base load power prices – effectively the average price which supports the minimum level of demand on the regional grid over the quarter. The actual electricity price received by TLT depends on 2 additional key factors:

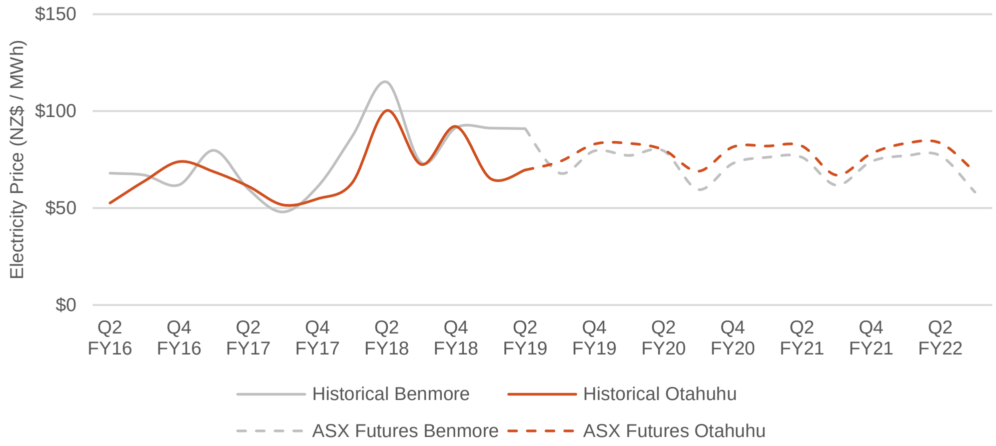
- Peaking factors: electricity prices fluctuate significantly around base load prices largely reflecting demand relative to supply during peak electricity usage. The peaking factor is related to the timing of electricity generation relative to the timing of higher spot power prices. As wind farms have low short-run marginal cost of production and rank low in the merit order, they can generally bid lower prices than other generation resulting in peaking factors below base load prices. Consequently, TLT's generation assets generally experience prices below base load prices.
- Location factors: the prices received by generators is also impacted by the location of generation relative to load (demand), the location relative to other generation and grid capacity. Generally speaking, a generator located within an unconstrained grid closer to load will receive better pricing than a generator located within a capacity constrained grid far away from load. This is particularly an issue in parts of Australia where grid capacity constraints and increasing renewable generation may result in higher marginal loss factors (effectively electricity generation being lost on the grid) and the risk of curtailment (reduction in generation output due to grid constraints or turbine loading).

Each of the above factors has been factored into TLT's overall "dispatch weighted pricing" after adjusting for individual peaking and location factors. These factors have been forecast by the same third parties who have provided forecast price curves based on historical results and impacts of assumed new generation and grid capacity investment. We have utilised a blend of third party peaking and location factors for each individual asset.

Prices after March 2023 for the Tararua and Mahinerangi wind farms are based on real price forecasts referenced to Benmore and Otahuhu ASX Futures prices, third party forecasts and Ministry of Business Innovation and Employment long-run forecasts. These allow for forecast supply and demand scenarios, the long-run marginal cost of new generation and carbon costs. Broadly speaking, the assumed forecast New Zealand electricity prices translate to real prices of between NZ$70 - NZ$80 per MWh prior to adjusting for peaking and location factors for Tararua and Mahinerangi (pursuant to the terms of the PPA). Combined peaking and location factor adjustments are based on three years of historical peaking and location factors at the time of setting the 5 year forward contract price under the PPA. Figure 11

Assumption	Discussion
	below summarises historical and ASX Futures prices for the key reference prices in New Zealand, highlighting that forecast prices sit within the current range of ASX Futures pricing.

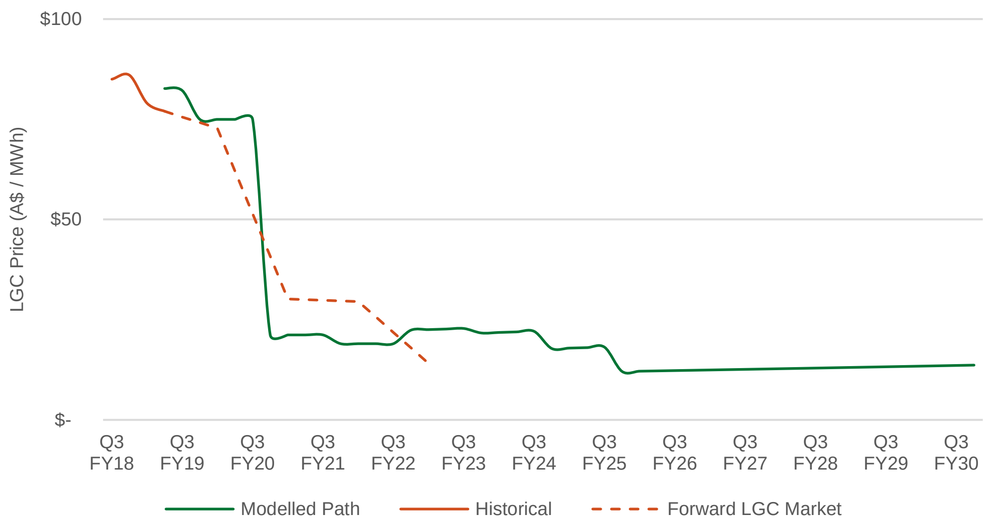
Figure 11: New Zealand Forecast Electricity Price Paths



Source: IRESS, ASX.

Australian LGC Pricing	Similar to Australian uncontracted electricity revenue, a portion of TLT's generation output is exposed to merchant LGC prices. Uncontracted LGC price curve forecasts have been assumed with reference to curves provided by the same technical experts used in referencing electricity price forecasts. However, given anticipated new renewable generation that will be built to meet Australia's renewable energy targets, there is a high degree of uncertainty surrounding LGC prices to 2030 (when the RET Scheme ends). While some forecasts assume a price converging towards $0 around 2027 or 2028, we have assumed a $10 real price from 2026 for TLT's uncontracted LGCs ($0 beyond 2030) and consider in the sensitivity analysis a price of $0 in Section 3.3.5. Figure 12 below summarises forward LGC prices relative to our assumed forecast.

Figure 12: Australian LGC Price Path (Nominal)



Source: Mecari, Northington Partners.

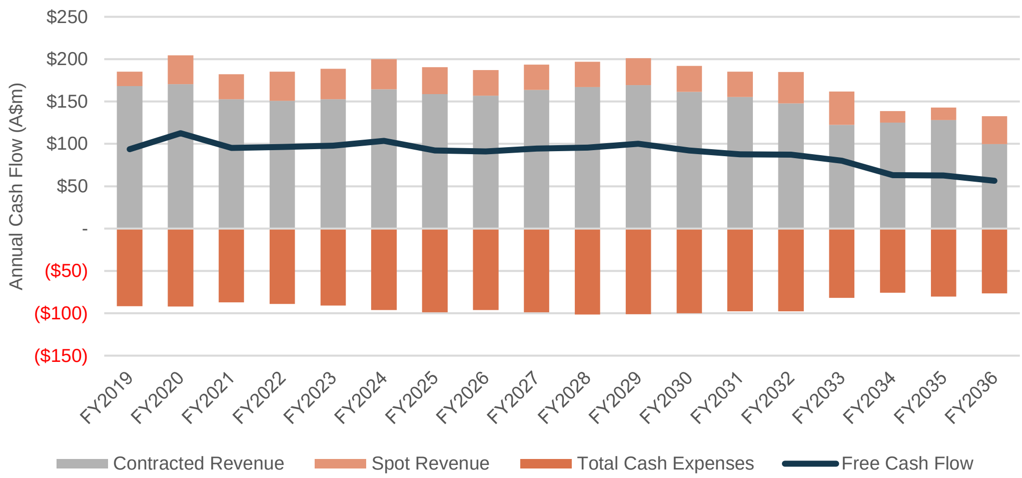
ACOT Revenue	Recent changes to modify the framework for Avoided Cost of Transmission ("**ACOT**") payments from Transpower to generators with assets embedded into local electricity distribution networks have now been enacted. Under the changes, both Tararua Wind Farm and Mahinerangi Wind Farm will continue to receive ACOT payments. We have assumed that both assets will continue to receive ACOT payments until the end of their economic life (assumed at 2028 and 2035 respectively) but declining significantly from 2025. In aggregate, forecast ACOT payments are approximately NZD$2.5m per annum in FY2019.
Generation Costs / Operating & Maintenance Costs	**Australian Assets** Assumed costs are based on the O&M agreements during the initial design life for each asset, with escalation in line with the agreed contracts (average of ~$7per MWh in FY2019). Our forecast includes an additional allowance for non-contracted operating cost as per management forecasts (~$10.0 per MWh in FY2019). Operating costs are assumed to increase at 2.5% per annum. **New Zealand Assets** Costs based on the O&M agreements during the initial design life for each asset, with escalation as per the agreed contracts (average of ~$13 per MWh in FY2019). Our forecast includes an additional operating cost as per management forecast (~$6 per MWh in FY2019). New Zealand based operating costs are assumed to increase at 2.0% per annum.
Overheads / Administration Costs	Our valuation includes an allocation for overheads, with ~$9.1m of annual overheads in FY2019 comprising ~$5.7m of business support costs and ~$3.4m of corporate overheads. We have allocated overheads between Australia and New Zealand based on relative earnings. Administrative overheads are assumed to increase at 2.5% per annum. TLT's development costs may be significant (A$8.3m in FY2018) depending on whether TLT continues to develop projects to financial close (e.g. Dundonnell). However, our valuation for operating assets excludes the forecast development costs as these are implicitly included in our value assessment for pipeline assets.
Capital Expenditure	As per the management forecast, we have assumed that between 20% – 30% of Snowtown, Tararua and Mahinerangi O&M contracts are capitalised, along with a small provision for uncontracted capital expenditure (less than $0.5m per annum).
Tax	A corporate tax rate of 30% and 28% has been applied to TLT's Australian and New Zealand ungeared cash flows respectively.
Extended Asset Life	While wind turbines typically have a design life of 20 – 25 years, a well-maintained turbine will often have a lifespan beyond 25 years depending on site wind exposure and turbulence. The wind turbines are also often supported by O&M contracts by the original equipment manufacturer that guarantee availability and performance over the design life. At the end of the design life, operators are often faced with the decision of i) decommissioning the site, ii) life extension, or iii) repowering the assets which involves replacing turbines. The end-of-life solution for individual wind farms will depend on a number of factors including the prevailing electricity market conditions and technological advancements in wind turbines (i.e. efficiency and power improvements). While wind turbines may operate beyond their design life and O&M contract, a decision on lifetime extension is complex and may require significant capital expenditure (possibly turbine replacement). However, TLT has already demonstrated that some of its existing assets may operate beyond their design life. Stage 1 of TLT's Tararua wind farm in New Zealand was commissioned in 1999, with a design life and O&M contract from the OEM (Vestas) of 20 years. TLT may elect to extend the contract for a new 5-year term which, at this stage, looks likely. However, any contract extension is also likely to result in higher O&M costs. For valuation purposes, we have assumed that all assets continue to operate for a further 5 years at generation levels consistent with the generation output in the final year of design life, but with higher operating costs. We have made no allowance for scrap value / option value of the site beyond the additional 5 years based on the assumption that these will be offset by abandonment costs associated with decommissioning.

3.3.3. Summary Operating Cash Flow Forecasts

Figure 13 below summarises the forecast free cash flows available to debt and equity providers for TLT's operational portfolio based on the assumptions set out above. The projections show:

- The majority of forecast revenue over the remaining life of the operational portfolio is contracted under PPA agreements, leaving a relatively small component subject to greater volatility in the spot pricing market.
- Revenue forecasts reflect the estimated forecast production and assumed price path, with appropriate modification for the contracted and non-contracted components.
- Forecast operational expenses are reasonably predictable and stable relative to production (typically in the range of 35% - 40% of forecast revenue).
- In the latter part of the projection period, forecast revenue and cashflow reduces as operating assets reach the end of their assumed economic lifespan and cease production.

Figure 13: Forecast Operating Cash Flows for Operating Assets (FY2019 – FY2036)



Source: Northington Partners' analysis based on P50 generation output for operating assets only, excluding forecast cash flows beyond the stated design life for each asset.

3.3.4. Required Rate of Return

The discount rates used in our DCF valuation are based on the Weighted Average Cost of Capital ("**WACC**") model. We have adopted separate WACCs for TLT's Australian and New Zealand operational assets, primarily reflecting different cost of equity parameters in each country.

In selecting the appropriate WACC we have also reflected on the relative risk profiles of the forecast cash flows in each jurisdiction. This is fundamentally a matter of judgement involving the consideration of the inherent risk in the cash flows contracted under PPAs vis-à-vis the cash flows subject to merchant price risk. However, given we are assessing a portfolio of operating assets, the WACCs we have applied reflect the overall risk profile of the portfolio cashflows, which are largely contracted under PPAs.

Table 16 summarises the inputs used for deriving WACCs for TLT's Australian and New Zealand generation assets.

Table 16: WACC Parameters

Parameter	Australia WACC Inputs	New Zealand WACC Inputs	Description
Leverage (Wd / Wd + We)	45%	45%	Based on TLT's long-term target gearing of ~50%, incorporating some allowance for the debt amortisation profile
Risk Free Rate (R_f)	2.60%	2.50%	The prevailing 10-year government bond rates in each market

Parameter	Australia WACC Inputs	New Zealand WACC Inputs	Description
Corporate Tax Rate (T)	30%	28%	The prevailing corporate tax rate in each market
Cost of Equity:			
CAPM Model Structure	Sharp-Lintner	Simplified Brennan-Lally	Reflects the cost of equity models predominantly used in each market (Sharp-Lintner as commonly used by the Australian Energy Regulator and the Simplified Brennan-Lally as commonly used by the New Zealand Commerce Commission).
Unlevered Beta ($ß_a$)	0.50 – 0.60	0.50 – 0.60	Represents our assessment of the systematic risk for TLT considering its risk profile relative to the asset betas for a range of Australasian and international comparable companies assessed (see Appendix 1)
Debt / Equity (D/E)	82%	82%	Debt / Equity ratio based on TLT's target leverage (debt to enterprise value) of 45%.
Levered Beta ($ß_e$)	0.79 – 0.94	0.91 – 1.09	Australia: $(1 + D/E(1 – T))ß_a$ New Zealand: $(1 + D/E)ß_a$
Equity Market Risk Premium (MRP)	6.50%	7.00%	Our view of the equity market risk premium is consistent with rates widely adopted by valuation practitioners in each market (including the Australian Energy Regulator and New Zealand Commerce Commission)
Specific Risk Factor	0%	0%	No company specific risk premium has been included for the operational assets. Given TLT's size, liquidity and asset diversification, we suggest that the appropriate risk level is captured in the beta estimate.
Cost of Equity (K_e)	**7.6% - 8.6%**	**8.1% - 9.4%**	Australia: $R_f + ß_e(MRP)$ New Zealand: $R_f (1 – T) + ß_e (MRP)$
Debt Premium	2.40%	2.40%	Reflects an assessment of TLT's existing debt margins, the credit margins for comparable investment grade (BBB- and above) issuers, the margin differential between reference 10-year swap rates and government bond yields (20-30bp) and debt issuance costs (20bp)
Pre-tax Cost of Debt (K_d)	5.0%	4.9%	Equal to the risk free rate plus the debt premium
WACC	**5.8% - 6.4%**	**6.1% - 6.8%**	**WACC = K_d * Wd * (1 – T) + K_e * We**

Source: Northington Partners' Analysis.

3.3.5. Estimated Value Range and Sensitivity Analysis for Operational Portfolio

We have determined an enterprise valuation range of A$1,158 million - A$1,232 million for TLT's operational portfolio, equal to NZ$2.06 - NZ$2.32 per share. The value components are set out in Table 17.

Table 17: Operational Asset Valuation

Valuation Component	EV Valuation Range		Implied EV / FY19 EBITDA[1]	Implied EV / MW (A$/MW)	Value (NZ$ / Share)
	Low	High			
Australian Assets	A$920m	A$978m	*8.5x – 9.0x*	*$2.1 - $2.2*	-

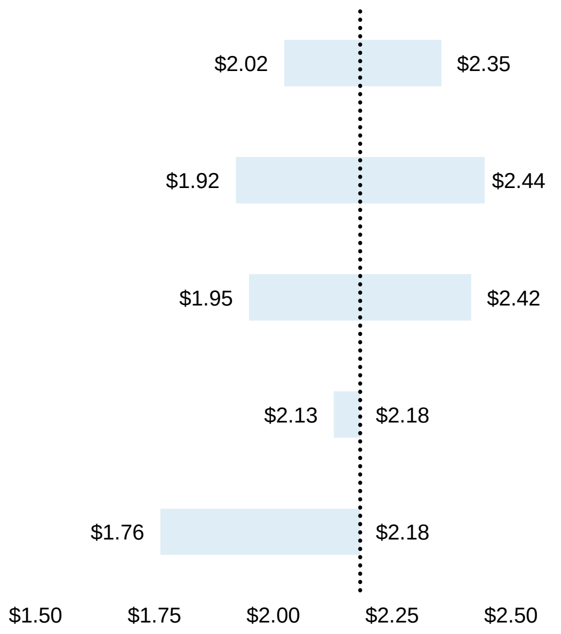
Valuation Component	EV Valuation Range		Implied EV / FY19 EBITDA[1]	Implied EV / MW (A$/MW)	Value (NZ$ / Share)
	Low	High			
New Zealand Assets	A$238m	A$254m	*8.8x – 9.4x*	*$1.2 -$1.3*	-
Operational Portfolio	**A$1,158m**	**A$1,232m**	**8.6x – 9.1x**	**$1.8 - $1.9**	**$2.06 - $2.32**

[1] Based on FY2019 forecasts (actual Q1 EBITDA and forecast Q2 to Q4 EBITDA), with an allocation of overheads between the Australian and New Zealand assets as detailed in Section 3.7.2.

Our assessed valuation range is sensitive to a wide range of factors, including the required rate of return and possible future scenarios for production volumes, energy prices and the residual value attributed to each asset following the end of the specified design life. Figure 14 shows the relative value impact for reasonable changes to each of the key assumptions (calculated on an independent, stand-alone basis).

Figure 14: Sensitivity Analysis on Operating Assets

Key Factor	Comments	Value (NZ$ / Share) Low	Value (NZ$ / Share) High
WACC Range (+ / - 0.5%)	Based on our assessed WACC ranges for TLT as set out in Table 10 above.	$2.02	$2.35
P50 Production Sensitivity (+ / - 5%)	Sensitivity to P50 production, assumes 5% higher or lower production for the entire asset life.	$1.92	$2.44
Merchant curve sensitivity (+ / - 10%)	Assumes +/- 10% on uncontracted energy revenues.	$1.95	$2.42
Zero LGC price from FY2020 – FY2030	Base case LGC price path assumes $10 floor price from FY2020 – FY2030.	$2.13	$2.18
No Extended Asset Life	Downside scenario assumes no value attributed to any of the assets at the end of the design life.	$1.76	$2.18



Source: Northington Partners' analysis.

This analysis shows that our valuation is highly sensitive to the extension of asset life for existing operating assets. However, we noted earlier that TLT has a number of options available for each asset at the end of its stated design life, and although it is not possible at this stage to accurately determine the exact post-design life strategy for each asset, we think some allowance for terminal value is needed. TLT is likely to have legitimate options to extend the asset lives on the basis that a suitable O&M contract can be obtained. Therefore, our base case assumes that operation assets continue for five years beyond the stated end of the design life.

3.4. Development Pipeline

TLT has a significant pipeline of development opportunities in both Australia and New Zealand, with a broad range of options regarding location and technologies. Valuing the development pipeline is difficult given the various stage of development for each project, individual asset characteristics, uncertainty around development timeframes and uncertainty as to the future uncontracted energy and environmental revenue.

However, the 336 MW Dundonnell wind farm project in Victoria is likely to commence development in early 2019, with funding, engineering, procurement and construction ("**EPC**") and operation agreements well advanced. TLT bid to sell approximately 37% of its estimated production from the Dundonnell project under the Victorian Renewable Energy Auction Scheme to support VRET for 15 years through a "contract-for-difference" mechanism – effectively fixed pricing (adjusted for inflation). TLT was advised on 11 September 2018 that is was successful in the VRET auction.

3.4.1. Valuation of Dundonnell

About Dundonnell

The Dundonnell development is a significant asset relative to TLT's existing portfolio of operational assets, comprising 80 4.2MW turbines that will provide a total installed capacity of 336 MW (the generation capacity of the current operating portfolio is 636 MW). The cost of the Dundonnell development is estimated at A$560 million (including capitalised interest). EPC services for development of the wind farm, O&M contracts and connection services agreements are well advanced and close to being execution ready along with funding certainty through debt commitments and equity underwriting. First generation for Dundonnell is targeted for second half 2020.

The Victorian Government Energy Auction Scheme was established in 2016 to support a target of generating 25% of the State's energy by 2020 and 40% by 2025. As a result of its successful outcome from the VRET process, TLT has secured a foundation contract underpinning 37% of the estimated production from Dundonnell. This outcome has significantly de-risked the Dundonnell project in terms of exposure to future fluctuations in electricity prices and provides necessary certainty for funding providers to enable TLT to proceed with the project. TLT has proposed to proceed Dundonnell to financial close on a merchant basis for the ~63% of volume not covered by the State Support Agreement with the Victorian government. However, TLT will continue to pursue contracting opportunities for this uncontracted portion similar to the strategy successfully adopted for the recently completed Salt Creek wind farm.

While final Board approval to proceed to financial close is not expected until October – November, shareholder approval has already been obtained for the project and we consider it is fair to assume that the Dundonnell development will now almost certainly proceed.

Valuation Approach

Reflecting that TLT is likely to proceed with Dundonnell, we have valued the asset using a standard DCF approach. We have estimated the NPV of the project assuming a 9.5% – 10.5% cost of equity (a ~2.0% premium to our assessed cost of equity for TLT's Australian operating assets to reflect the remaining development risk). This approach results in a total current value of A$94m - A$124m, with an implied value of A$280,000 - A$370,000 per MW.

Table 18 below summarises our valuation approach for Dundonnell.

Table 18: Valuation Approach for Dundonnell

	Valuation
Methodology	NPV for 25-year design life with 5-year option for extension post design life.
Cost of Equity (K_e)	9.5% - 10.5%
Total Capex	Total funding requirements (including capitalised interest) of $560m consistent with conditional EPC and other contracts obtained by TLT for project development.
Generation Volume	Average annual generation of 1,250 GWh.
Assumed Energy Pricing	Assumes ~37% of offtake contracted with Victorian State government at an assumed fixed real price of approximately A$57/MWh (electricity and LGCs) for 15 years, with uncontracted revenue based on our merchant electricity and LGC curve estimates adjusted for estimated peaking and location factors (see Section 3.3.2). No allowance for further PPA contracts during operational lifetime although we expect that TLT will continue to pursue and consider further PPAs.
Operating Expenditure	Total operating expenditure (primarily O&M and transmission charges) as advised by management, based on currently drafted contract terms, increasing 2.5% per

	Valuation
	annum with allowance for additional non-routine operating expenditure over Dundonnell's economic life.
Depreciation	Development costs assumed to be depreciated over assumed economic life.
Assessed Value Range	**A$94m - A$124m**
Implied Value per MW (A$m)	**A$0.28 – A$0.37**
Valuation Range (NZ$ / Share)	**NZ$0.33 – NZ$0.44**

Source: Northington Partners.

3.4.2. Valuation of Remaining Pipeline Portfolio

Valuation of earlier-stage development opportunities is not straight forward, and there is a very limited amount of transactional evidence available for benchmarking purposes. The only relevant publicly disclosed benchmarks for these sorts of assets are summarised as follows (with more discussion in Section 3.7 below and Appendix 2):

- the July 2015 IPO of Genex on the ASX, which implied a valuation of ~A$50,000 per MW for its development assets;
- Ratch Australia's purchase of the Mt Emerald wind farm development project in June 2016 for ~A$100,000 per MW; and
- Goldwind's purchase of the Stockyard Hill wind farm development project in May 2017 for ~A$200,000 per MW.

Based on this information and some high-level modelling, we assumed a value range of A$10,000 to A$20,000 per MW for TLT's early and mid-stage development projects, with some early stage projects ascribed nil value. For late stage development projects (Rye Park, Waddi and Waverley), we have assumed a value range between A$50,000 - A$80,000 per MW reflecting a probability weighted development value based an overall assessment of the likelihood of proceeding to completion. This results in an overall implied value range of A$13,000 to A$21,000 per MW for TLT's development pipeline excluding Dundonnell.

Our valuation for the development pipeline assets implicitly includes the forecast development costs associated with progressing them to completion.

3.4.3. Valuation Summary of Development Assets

As set out in Table 19, our current valuation for TLT's overall development pipeline is between A$141 - A$195 million, equal to NZ$0.49 – NZ$0.68 per share. This aggregate value consists of:

- A$94 – A$124 million for Dundonnell (NZ$0.33 – NZ$0.44 per share); and
- A$47 - A$71 million for the remaining development projects consisting of approximately four late stage and 14 early stage development projects, with potential production capacity of over 3,000 MW (NZ$0.17 – NZ$0.25 per share).

Table 19: Development Pipeline Valuation

Valuation Component	Implied EV (A$ million)	EV / MW (A$ million)	Value per Share (NZD)	Comments
336MW Dundonnell	$94m - $124m	*$0.28 - $0.37*	*$0.33 – $0.44*	*Based on DCF as described above.*
Remaining Development Pipeline (>3,000MW)	$47m - $71m	*$0.01 - $0.02*	*$0.17 – $0.25*	*Valuation range of $10k – $80k per MW, with some development options ascribed no value.*

Valuation Component	Implied EV (A$ million)	EV / MW (A$ million)	Value per Share (NZD)	Comments
Development Pipeline Value	**$141m - $195m**	**$0.04 - $0.05**	**$0.50 – $0.69**	**Total value cross checked with market evidence.**

3.5. Acquisition Premium

We believe that a fair value assessment of TLT's shares should consider the potential acquisition premium that may be available to potential acquirers within the context of this particular transaction. The appropriate size of any premium is largely dependent on two key questions: what is the value of synergies potentially available to prospective purchasers of TLT, and; what proportion of that value increment should be "paid away" to the existing shareholders of the Company?

In this particular case, we believe that there are a number of synergies that are potentially available to most prospective purchasers of TLT:

- TLT's overheads include costs associated with its share market listings which would not be incurred if the purchaser acquired 100% of TLT and the Company was then de-listed. TLT management estimates these costs are in a range between A$0.7 - A$1.0 million per annum; and
- TLT is forecast to generate significant future imputation credits in both Australia and New Zealand based on its forecast future tax payments and the associated franking / imputation credits that can be attached to income distributions. Under the current Australian and New Zealand imputation tax systems, investors can receive an imputation credit for income tax paid at the company level. For eligible investors, this credit offsets their Australian or New Zealand income tax liabilities. At the moment, we note that TLT does not pay imputation credits on its dividends. Furthermore, because its shareholders are predominantly based in New Zealand, they would not be able to utilise franking credits on TLT's Australian tax paid income (and no franking credits have been distributed to date).

We believe that the total potential value of the overhead cost savings is minimal relative to the potential value of future imputation credits. In relation to the value of the tax credits, we note that:

- the value of the New Zealand imputation credits is implicit in our DCF valuation for TLT's New Zealand assets, given the Brennan-Lally form of the CAPM incorporates an allowance for the impact of imputation credits in the cost of equity; and
- the value of the Australian franking credits largely depends on the Company's dividend payout ratio and the ability for shareholders to utilise them. Infratil has significant Australian operations and may therefore be able to utilize the franking credits if the Offer is successful. But if TLT continues to invest in its large development pipeline over the medium term, future capital investment levels will remain high for some time and we would expect that dividend payments will be limited to assist with the funding requirements. In that case, the value of the franking credits will not be captured for a long time and the current value of the credits is therefore reduced.

Determining a fair allocation of the total synergy value is not straight forward. As discussed previously, the allocation of value to the existing shareholders should be related to the degree to which the benefits that will be captured by the bidder can be replicated by other potential investors. In general, we believe that the higher the level of benefits that can be accessed by a range of alternative bidders, the higher the proportion of synergy value that should be shared with the existing minority shareholders in the target company. We suggest that even in fully competitive takeover situations involving several bidders who can extract similar synergy benefits, the acquirer may only be prepared to pay away a portion of the total synergy benefits.

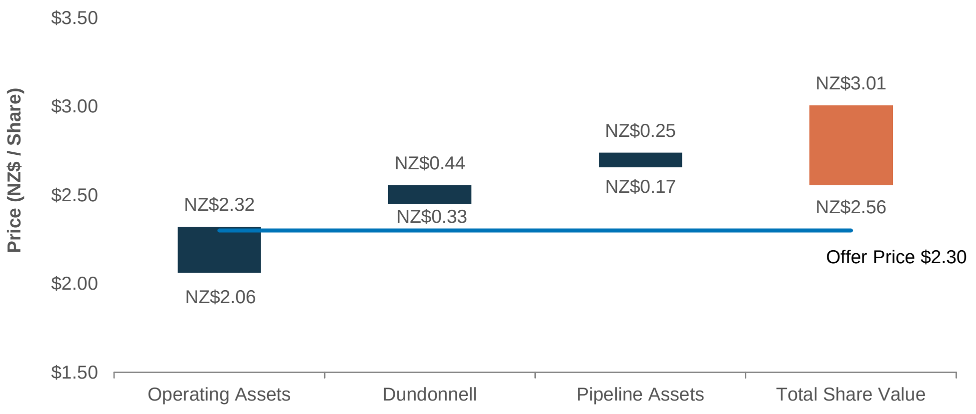
In this case, we note that while the potential overhead savings could be captured by most potential acquirers and should therefore be considered as part of the acquisition premium, the quantum of the savings is small. Once a suitable allocation of the total value has been made to the existing shareholders, the corresponding value premium is de minimis relative to the standalone value range and we have therefore made no adjustment to our assessment.

Determining an appropriate allowance for the potential value of the Australian tax credits is more difficult. In fact, because the estimated value of the credits is a function of several assumptions that may sensibly vary across a range of prospective purchasers, we conclude that it is not possible to reasonably allocate a portion of the franking credits into our assessed acquisition value. Even without the issues discussed above in relation to the timing of realizing the benefits, there is no market consensus as to what value (if any) prospective purchasers are prepared to pay for tax credits as part of an acquisition. For these reasons, we conclude that no allowance for the value of future franking credits should be factored into our acquisition value range for TLT.

3.6. Summary Equity Value for Tilt Renewables

Our base case Enterprise Value range for TLT is A$1,299 million to A$1,427 million, which corresponds to an equity value of NZ$2.56 to NZ$3.01 per share. A summary of our value components is set out in Figure 7 below.

Figure 15: Summary Valuation Components



Source: Northington Partners. Valuation is based in Australian dollars, with share price converted to New Zealand dollars using an NZD/AUD exchange rate of 0.91.

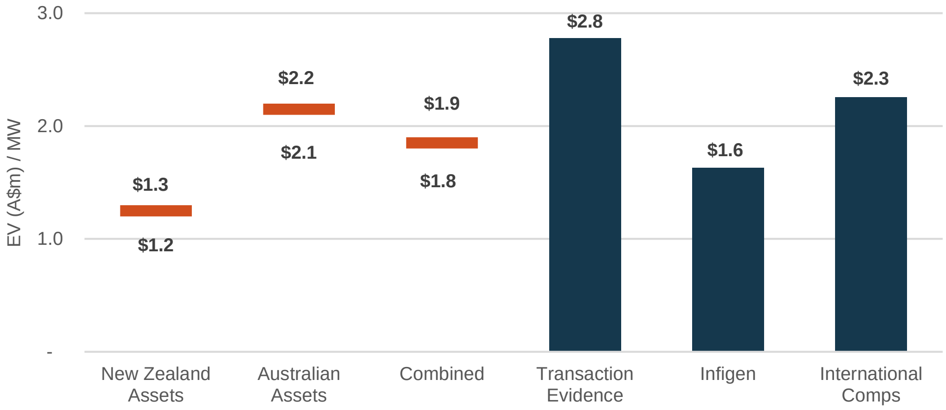
3.7. Valuation Benchmarking

The implied valuation multiples for TLT have been assessed relative to the trading and transaction multiples for a range of comparable companies and transactions. We have benchmarked our valuation based on a range of multiples including EBITDA, MW of installed capacity and GWh of production for comparable listed entities and transactions involving relevant electricity generation businesses. These multiples are summarised below and set out in more detail in Appendix 1.

3.7.1. EV / MW Benchmarking

Figure 16 below illustrates the implied EV multiples to installed capacity (MW) for relevant Australian renewable energy transactions, Infigen (the only other pure-play wind focussed generator in Australia) and international wind-focussed renewable companies, relative to the implied multiples for TLT's operational assets.

Figure 16: Benchmarking Our Operating Asset Valuation (EV / MW Multiples)



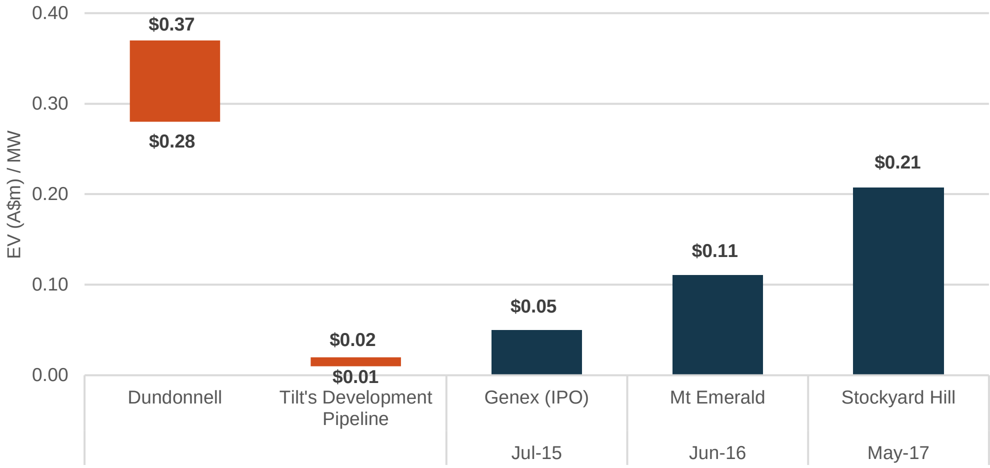
Note: New Zealand and Australian Assets are the operating assets of TLT in each respective country. See Appendix 2 for details on transaction evidence and international comparable companies.

In relation to the evidence above, we note the following:

- Our valuation range for TLT implies a higher EV / MW multiple than Infigen. While Infigen is a useful benchmark, we note that it offers a significantly different risk / return profile to TLT (as discussed further in Section 3.7.3).
- Australian transaction evidence involving renewable energy generation (predominantly wind) indicates multiples of A$2.8 million per MW of installed capacity, significantly higher than the implied multiples from our valuation of TLT's operational assets. Similar to TLT's portfolio, many of these transactions include generation with contracted PPAs. However, they generally represent transactions early in the economic life of the wind farm relative to TLT (average fleet age of 7-8 years);
- The transaction evidence is generally for single assets rather than diversified portfolios of assets;
- Much of the transaction evidence occurred in a market where there was a higher degree of confidence in the regulatory environment. Current market conditions and uncertainty with respect to Australia's regulatory environment may, all else equal, suggest lower multiples. However, potentially offsetting this is the current low cost of capital environment; and
- The international comparable companies represent operating wind portfolios with development pipelines similar to TLT, but which operate in a range of markets and regulatory environments that may be significantly different to the Australian landscape.

Establishing relevant comparable companies or transactions for TLT's development pipeline is more difficult, as discussed in Section 3.4. However, we have assessed the implied EV multiples to development pipeline capacity (MW) for a number of relevant transactions summarised in Figure 17 below and set out in more detail in Appendix 2.

Figure 17: Benchmarking Our Development Asset Valuation (EV / MW Multiples)



*Note: Genex IPO and Xinjiang Goldwind Science & Technology (**"Goldwind"**) transaction details are listed in Appendix 2.*

In relation to the limited evidence above, we note the following:

- Goldwind's A$110 million acquisition of the Stockyard Hill development (530 MW wind farm) from Origin in May 2017 was done when the project was "shovel ready". It was also completed with the certainty of 100% PPA offtake for both electricity and LGCs with Origin until the end of 2030 at a price indicated by Origin at a "market-leading PPA price" of below A$60 / MWh;
- Construction of Stockyard Hill has since commenced and will be the largest wind farm in Australia when completed. We also note that an associate company of Goldwind is providing the engineering, procurement and construction services ("**EPC**") for development of the wind farm with an O&M contract post construction. Therefore, the value attributed to the acquisition may also include value relating to the EPC and O&M contract as well as the wind farm itself;
- In light of the above factors, the value attributed to the Stockyard Hill development potential is likely to represent a benchmark which is beyond the top end of an appropriate range for a single development asset without the benefit of broader portfolio benefits;
- Similar to Stockyard Hill, Ratch Australia's acquisition of the Mt Emerald development project (180 MW wind farm) from its former JV partner, Port Bajool, was completed when the development project was at an advanced stage. It had the necessary consents and a 100% PPA offtake for both electricity and LGCs with Ergon Energy until the end of 2030. Construction of the development commenced in April 2017 and is nearing completion;
- The Genex IPO in July 2015 represented an earlier stage development pipeline than both Stockyard Hill and Mt Emerald with no PPA contract and none of the other potential value benefits involved with the above transactions. While the Genex development assets at IPO related to hydro development, it successfully raised $8 million with an implied IPO valuation of A$0.05 million per MW of development pipeline. This outcome illustrated that the market is clearly willing to attribute value to early-stage renewable developers;
- We note that subsequent to IPO, Genex has successfully developed its first 50 MW solar project and is currently trading at an implied multiple of A$3.5 million per MW of installed capacity. This is relative to a build cost for the solar project of approximately A$2.3 million per MW. We believe that this trading evidence illustrates that the market continues to attribute value to its current future development pipeline of an additional 670 MW; and
- While our Dundonnell value range is significantly above the implied multiples for other development projects, this reflects its advanced stage and considers its potential value within TLT's broader portfolio of generation assets where a significant portion of generation is contracted under PPAs post completion (i.e. portfolio and scale benefits). The above valuation of Dundonnell results in an implied value per MW of developed capacity of $0.28 - $0.37 million. Given the construction cost of approximately $1.6 million per MW (excluding capitalised interest) and the transaction evidence for completed wind farms of $2.8 million

per MW, we consider this value is supportable after allowing for the present value impact and potential development risk.

3.7.2. EV / EBITDA Benchmarking

We have also benchmarked our implied EBITDA multiples against the implied multiple for Mercury's minority 20% investment in TLT in May 2018 and traded multiples for listed Australasian gentailers, Infigen and international renewable companies. Assumed EBITDA is based on the forecast FY2019 EBITDA for TLT's operational assets and overall portfolio summarised in Table 20 (largely reflecting TLT forecasts adjusted for "normalised" levels of development expenditure). The resulting implied TLT EBITDA multiples relative to traded multiple evidence are summarised in Figure 18 below.

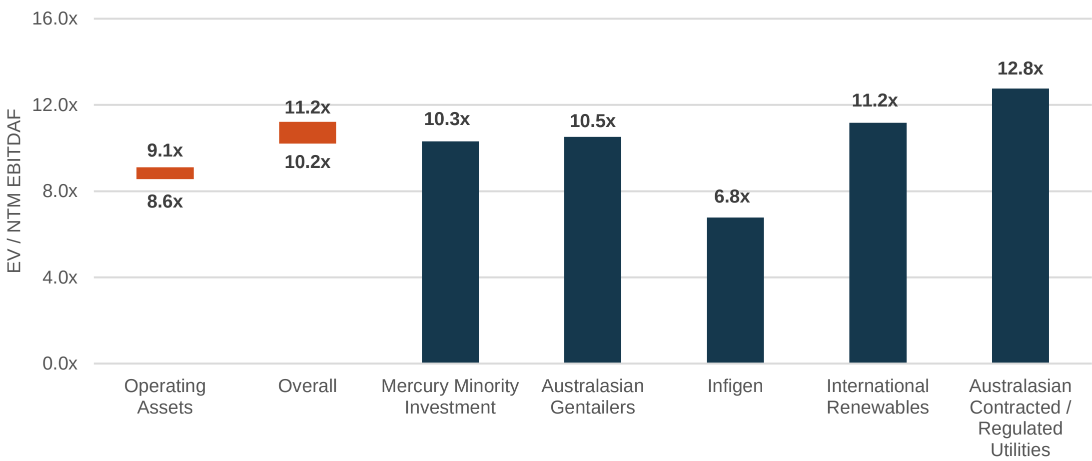
Table 20: FY2019 Adjusted EBITDA

A$m	FY2019 Forecast
Revenue	**$185.3**
EBITDA:	
Operating Assets (Pre-Overhead Allocation)	$144.4
Overheads	($9.1)
Normalised Development Costs[1]	($8.0)
Adjusted EBITDA for Value Purposes	**$127.3**

Source: Northington Partners' estimates.

[1] TLT's FY2019 forecast development costs are higher than this value but include significant costs relating to Dundonnell. We have assumed $8m of normalised development costs per annum based on historical and forecast average development expenditure.

Figure 18: EV / EBITDA Benchmarking



Source: Northington Partners' analysis.
Note: Mercury multiple based on TLT's EV at May 2018 for Mercury's minority investment. Australasian Gentailers, Infigen, International Renewables and Australasian Contracted / Regulated Utilities details are listed in Appendix 1.

In relation to the market evidence above, we note the following:

- Mercury was prepared to pay NZ$2.30 for a non-controlling minority position in TLT in May 2018, an implied multiple of 10.3x adjusted EBITDA. Given TLT has retained earnings of approximately A$22 million (equivalent to the reduction in net debt from 31 March to 30 September 2018) since Mercury's investment, all else equal, Mercury's minority investment is equivalent to NZ$2.37 as of 30 September 2018 (NZ$2.30 plus NZ$0.07 of retained earnings). Furthermore, given the Tilt JV Offer is for a controlling position in TLT and TLT has substantially de-risked the Dundonnell project following its successful bid in the VRET,

- we would expect a higher value and implied multiple to the value ascribed by Mercury for its minority position;
- These multiples are based on share market prices and, therefore, do not include a control premium that would otherwise be observed in the context of a takeover offer;
- Our valuation multiple range is broadly in line with Australasian gentailers and international renewable businesses;
- The implied multiple for Infigen is significantly below our valuation range, but we are comfortable with the relativities for reasons discussed in the following section; and
- Our valuation multiples are significantly lower than those of Australasian utilities with contracted or regulated cash flows providing a high degree of income certainty similar to TLT. However, we note these companies have longer life assets without the same level of underlying customer credit risk.

3.7.3. Comparison of Tilt Renewables and Infigen

Infigen is an Australian ASX-listed wind farm owner, operator and developer. It is arguably the most comparable listed company to TLT, with a broadly similar asset base and development exposure. Infigen does however offer a different risk/return profile because a higher portion of its electricity generation and LGC output is un-contracted -only 32% of production for FY19 is covered by PPAs, relative to approximately 84% for TLT. While Infigen does have other shorter term commercial and wholesale contracts, its revenues are more exposed to spot market price fluctuations.

Table 21 compares some of the key operational and valuation parameters for Infigen relative to TLT.

Table 21: Operational and Financial Comparison of TLT relative to Infigen

	Infigen	**TLT**
Operational Metrics		
Generation Facilities	7 wind, 1 demonstration solar facility	8 wind (5 Australia, 3 NZ)
Installed Generation Capacity	670MW[1]	636MW
Generation Volume (estimated annual)	1,910GWh[1]	2,094GWh
Implied Capacity Factor	33%	38%
Annual Electricity Production Contracted under PPAs[2]	32% (FY19 estimate)	~98% FY18 ~84% (from FY20)
Development Pipeline	1,100 MW	3,114 MW Australia 540 MW New Zealand
Financial (A$m) FY2018		
Revenue	$223.8	$158.0
EBITDA	$149.1	$103.8
EBITDA Margin	66.6%	65.7%
Valuation Parameters (A$m)		**Based on Mid-Point Valuation**
Market Capitalisation	$560 (as of 10 September 2018)	$791
Net Debt	$531 (30 June 2018)	$571 (30 September 2018)
Enterprise Value	$1,091	$1,362
EV / NTM EBITDA[3]	6.8x	10.7x
EV / Installed capacity (A$m/MW)	$1.6m/MW	$2.1m/MW
EV / Estimated Generation (A$m/GWh)	$0.57m/GWh	$0.65m/GWh

Source: CapIQ, Infigen Annual Reports / Investor Presentations, TLT.
[1]Infigen installed capacity and estimated annual production based on position post commissioning of the 113 MW Bodangora wind farm which has largely completed construction but yet to be fully commissioned (Bodangora included as $158m of funding costs associated with Bodangora are also included in net debt / EV).
[2]Represents PPA contracted annual production as a percentage of estimated annual production.
[3]Infigen NTM EBITDA based on consensus forecast estimates calendarized to 31 March, TLT based on adjusted FY2019 forecast EBITDA of $127m.

Although Infigen trades at a significantly lower multiple of EBITDA and MW, we note that:

- Given Infigen's higher exposure to merchant pricing, we would expect the market to apply a higher cost of capital to Infigen, implying a lower EV / EBITDA multiple;
- TLT has a substantially larger development pipeline and Dundonnell is arguably more advanced than Infigen's development options;
- TLT has a significantly higher implied average capacity factor (representing the expected level of output for each MW of installed capacity). With all else being equal, we would therefore expect a lower multiple of installed MW capacity for Infigen relative to TLT; and
- A better "capacity value" measure of the two companies is the multiple of EV to average GWh of production. On this basis, our TLT valuation represents a higher multiple of $0.65 million per GWh compared to Infigen's implied multiple of $0.57 million per GWh. However, we would expect Infigen to have a lower multiple for the reasons set out above and given Infigen's traded multiple does not include any premium for control.

3.8. Value of the Performance Rights

The Tilt JV is proposing that TLT "cash settle" the Performance Rights if the Tilt JV reaches 90%. Nonetheless, the Tilt JV has offered $0.021 for T1R rights, $0.025 for T2R rights, and $0.005 for T1A and T2A rights.

Simmons Corporate Finance ("**Simmons**") has been engaged by Tilt JV to evaluate whether the Offer is fair and reasonable between all classes of TLT securities, in accordance with the Takeover Code requirements pursuant to Rule 22.

As part of its assessment, Simmons has valued the Performance Rights under alternative scenarios, and has concluded that, relative to the offer to all TLT securities holders, the offer to Performance Rights holders is fair and reasonable.

We have not replicated the assessment performed by Simmons in its Rule 22 report, nor have we independently valued the Performance Rights.

For the purposes of this report, we note that the aggregate consideration for all Performance Rights under the Offer is approximately $8,000 and is therefore de minimis in the context of the overall Offer. We have not made any adjustment to account for the value of the Performance rights in our valuation assessment of TLT.

4.0 Assessment of the Merits of the Offer

4.1. Comparison of the Offer Price to the Underlying Value of Tilt Renewables

As set out in Section 3.0, we have assessed the full underlying value for TLT shares in a range of NZ$2.56 to NZ$3.01, with a mid-point of NZ$2.79 per share. Our valuation includes an allowance for the value impact of TLT's recent success with the VRET auction process, which we believe will provide TLT with the necessary confidence to proceed with its Dundonnell development. This development opportunity contributes a total of NZ$0.33 to NZ$0.44 per share to our valuation range, and we attribute approximately NZ$0.22 of that value to the successful VRET outcome.

Figure 19 compares the Offer Price to our assessed valuation of the TLT shares and our value range for TLT's operating assets.

Figure 19: Comparison of Offer Price to Assessed Value

In summary, the Offer Price of NZ$2.30 per share:

- Is lower than the bottom of our value range for TLT of NZ$2.56 and 18% below our mid-point of NZ$2.79;
- In our view effectively represents the value of TLT's operational assets, with limited value upside attributed to the Dundonnell asset as a result of the VRET outcome or the other opportunities included in TLT's considerable development pipeline; and
- Is the same price paid by Mercury for a minority position in TLT in May 2018. Allowing for progress that has been made since then and considering that the Offer Price should reflect the 100% control value of the Company, we would expect the Offer Price to incorporate a premium to the price previously paid by Mercury.

Based on this comparison, we conclude that the Offer Price undervalues the standalone value of the Company.

4.2. Potential Outcomes of the Offer

The Offer was declared unconditional on 6 September. That means that the Tilt JV will acquire any shares that are accepted into the Offer, irrespective of what level of acceptances is ultimately received. Accepting shareholders will receive payment for their shares no later than seven days after the acceptance is received, and in the event that the Offer Price is increased during the Offer period, all shareholders will receive the same price.

The key high-level uncertainty therefore relates to whether acceptances under the Offer will provide the Tilt JV with sufficient shares to exceed the 90% ownership threshold, and then be in a position to invoke the compulsory acquisition provisions of the Code. If this threshold is reached, the Tilt JV has indicated that it will exercise its right and acquire all remaining shares in the Company. TLT will then be delisted and continue to operate as a private company under 100% ownership of the Tilt JV.

If the Tilt JV does not reach the 90% threshold, TLT will continue as a listed company and the current shareholders who do not accept the Offer will remain as minority shareholders in the Company. The implications of this outcome for the remaining shareholders are discussed in the following section.

4.3. Implications if the Offer does not Reach 90% Threshold

The Tilt JV is guaranteed to have control of TLT when the Offer closes, no matter what level of acceptances is received during the Offer period. When the Offer was declared unconditional on 6 September, the Tilt JV beneficially owned approximately 78% of the shares on issue and is therefore in a position to control all key decisions regarding the future management of the Company. That includes being in a position to unilaterally pass both ordinary and special resolutions of TLT (which require more than 50% and 75% of the voting rights, respectively). This will provide the Tilt JV with the ability to determine the business plan, capital structure and dividend policy of the Company. For example, the Tilt JV may adopt a policy to pay no dividends in the short to medium term, instead reinvesting profits into the continued development of the business.

We expect that the Tilt JV will continue to pursue the business strategy that was outlined to the market in April 2018. This includes continued support for the development of Dundonnell, as initially signalled by Infratil's early equity funding support for the project announced in February 2018. We note that TLT now has a volume underwriting agreement in place with Citigroup Global Markets Limited and Forsyth Barr Group Limited for an entitlement offer of A$280 million, with conditional support from Infratil and Mercury to subscribe for their full pro-rata entitlement. Any such equity raising is likely to occur soon after all final approvals have been obtained to commence with the Dundonnell development.

Consequently, if the TLT Board determines that proceeding with the Dundonnell project is in the best interests of all shareholders and likely to be value enhancing to the Company, an equity capital raising is almost certainly required. While the exact terms of the capital raising are yet to be determined, it is likely to be in the form of a pro rata accelerated entitlement offer and require significant additional investment by existing shareholders in order to maintain their pro rata shareholding (in the order of greater than 40% of shareholders' existing investment value). Shareholders will then have the option to participate in the entitlement offer in full, in part, or not at all. Given TLT is likely to proceed with an entitlement offer, existing shareholders who do not participate in the capital raising can potentially avoid economic dilution by selling their rights at market value (although we note that there is no guarantee that the rights will trade at full value).

We also note that in addition to Dundonnell, TLT has a considerable pipeline of further development projects which it may pursue in the future. Any decision to proceed with these projects will be subject to the same investment scrutiny as Dundonnell and only be pursued if they meet the Company's value objectives. If all of TLT's development pipeline was pursued, it would require several billion dollars of additional investment, including new equity from shareholders. Therefore, in order for minority shareholders to maintain their current shareholding in TLT, substantial follow-on investment may be required in the future.

Subject to the level of acceptances under the Offer, the ability for shareholders to trade their shares, or receive a market price for the shares in the event of a sale may reduce. As detailed in Section 2.5.2, TLT shares are already relatively illiquid. While liquidity post-Offer is hard to determine, shareholders should consider that their ability to trade their shares may be reduced.

4.4. Potential for Variations to the Offer or Another Takeover Offer

Given the Tilt JV's current ownership level in TLT and the JV partners' stated intentions, we suggest that is extremely unlikely that another party will make a takeover offer for the TLT shares.

However, we believe that the Tilt JV is strongly incentivised to reach the 90% ownership threshold and be in a position to compulsorily acquire all of the remaining shares outstanding. Achieving 100% ownership of the shares will allow the Company to apply for delisting of the shares and to access all of the synergy benefits discussed in Section 3.5. Those synergy benefits may have a significant value to the Tilt JV partners.

If acceptances under the current Offer are not sufficient to reach the 90% threshold, the Tilt JV has a number of alternatives to consider. It could:

i. Increase the Offer Price in an attempt to convince more shareholders to accept the current Offer;
ii. Continue to operate the Company with the remaining minority shareholders in place (and, potentially, consider a further takeover offer at some point in the future (which may be at a price which is above, below or equal to the Offer Price); or
iii. Continue to operate the Company with the remaining minority shareholders in place. We understand the Tilt JV will cease after the Offer closes but Infratil could use the "creep" provisions of the Code to increase its shareholding position by up to 5% per annum.

Even though we think the acquisition value of TLT's shares is higher than the Offer Price, it is difficult to determine whether the Tilt JV will increase the Offer Price. Ultimately, we think the Tilt JV's strategy will be determined by the number of shares accepted into the Offer under the current Offer Price. If acceptances are reasonably high (but still not sufficient to reach the 90% threshold), then it might be in the best interests of the Tilt JV to not increase the Offer Price and for the Tilt JV to be reconstituted and make a new offer at some point in the future.

Conversely, if acceptances under this Offer are low, the Tilt JV may be more inclined to increase the Offer Price towards the end of the Offer period in order to improve acceptance levels.

4.5. Conclusion

We conclude that the Offer Price of NZ$2.30 per share is not compelling when compared to our assessed value range of NZ$2.56 to NZ$3.01. Shareholders who do not accept the Offer may be in a position to realise greater value than NZ$2.30 at some point in the future from either a higher offer or from their ongoing shareholding in the Company.

However, that value upside is by no means assured and the timeframe needed to realise the potential upside is uncertain. If shareholders need to realise their investment in TLT in the short term to meet personal liquidity requirements, the Offer does provide an opportunity to sell their shares at a known price.

Appendix 1. Comparable Company Information

The tables below summarise selected valuation trading multiples of listed companies that are broadly comparable to TLT.

Table 22 outlines trading multiples of listed Australasian renewable energy companies that are comparable with TLT.

Table 22: Listed Australasian Comparable Renewable Energy Companies

					EV / EBITDA		EV / EBIT		EV / Operating Cash Flow	
Company	**Country**	**Installed Capacity (MW)**	**EV (A$m)**	**Market Cap (A$m)**	**FY18**	**FY19**	**FY18**	**FY19**	**FY19**	**EV ($m)/ MW**
TLT	Australia	636	$1,243	$660	12.0x	9.8x	52.7x	27.7x	13.3x	$2.0
NZ Windfarms	New Zealand	49	$42	$33	16.9x	n/a	n/a	n/a	n/a	$0.9
Infigen	Australia	670	$1,091	$560	7.4x	6.8x	11.5x	17.4x	10.5x	$1.6
Windlab	Australia	n/a	$81	$87	7.2x	n/a	7.3x	n/a	n/a	n/a
Genex Power	Australia	50	$175	$82	n/a	n/a	n/a	n/a	n/a	$3.5
Average					**10.9x**	**8.3x**	**23.8x**	**22.6x**	**11.9x**	**$2.0**
Median					**9.7x**	**8.3x**	**11.5x**	**22.6x**	**11.9x**	**$1.8**

Source: CapitalIQ, Northington Partners' estimates.

Table 23 outlines trading multiples of listed Australasian Gentailer companies.

Table 23: Listed Australasian Gentailer Comparable Company Earnings Multiples

				EV / EBITDA		EV / EBIT		EV / Operating Cash Flow
Company	**Country**	**EV (A$m)**	**Market Cap (A$m)**	**FY18**	**FY19**	**FY18**	**FY19**	**FY19**
Trustpower	New Zealand	$2,185	$1,724	9.9x	10.8x	12.2x	13.3x	17.2x
Meridian Energy	New Zealand	$8,919	$7,578	15.5x	13.9x	26.9x	22.6x	17.0x
Mercury Power	New Zealand	$5,460	$4,197	10.8x	11.2x	16.7x	18.0x	16.1x
Contact Energy	New Zealand	$5,021	$3,664	11.9x	11.1x	22.7x	19.6x	14.6x
Genesis Energy	New Zealand	$3,379	$2,271	10.4x	10.2x	23.7x	23.4x	14.1x
AGL	Australia	$15,360	$12,880	7.2x	6.9x	9.6x	9.3x	9.2x
Origin	Australia	$20,531	$13,583	14.7x	7.2x	20.1x	13.5x	13.6x
ERM Power	Australia	$568	$413	6.1x	6.1x	9.0x	9.4x	4.7x
Average				**10.8x**	**9.7x**	**17.6x**	**16.1x**	**13.3x**
Median				**10.6x**	**10.5x**	**18.4x**	**15.7x**	**14.3x**

Source: CapitalIQ, Northington Partners' estimates.

Table 24 provides a broader peer group of international renewable businesses with a focus on wind generation (although many also have hydro and other business components). While these provide useful cross-check benchmarks for TLT, the renewable energy regulatory policies, market dynamics and growth prospects in each market will differ and make direct comparison more difficult.

Table 24: Listed International Wind Generation Comparable Companies

Company	Country	Installed Capacity (MW)	EV (A$m)	Market Cap (A$m)	EV / EBITDA FY18	EV / EBITDA FY19	EV / EBIT FY18	EV / EBIT FY19	EV / Op. Cash Flow FY19	EV ($m)/ MW
Iberdrola, S.A.	Spain	n/a	$128,184	$64,115	16.1x	n/a	31.4x	55.8x	11.0x	n/a
Northland Power	Canada	2,548 MW	$12,874	$4,116	12.5x	13.0x	19.7x	18.7x	10.6x	$5.1
Brookfield Renewable Partners	Bermuda	17,364 MW	$38,852	$7,786	16.5x	13.6x	31.2x	22.7x	23.8x	$2.2
TransAlta Renewables	Canada	2,316 MW	$4,449	$3,347	13.5x	9.8x	25.1x	20.8x	11.8x	$1.9
Innergex Renewable Energy	Canada	1,957 MW	$6,214	$1,894	18.1x	14.1x	31.8x	23.8x	20.9x	$3.2
EDP Renováveis	Spain	11,000 MW	$20,805	$11,964	11.2x	9.4x	21.3x	15.9x	13.1x	$1.9
TerraForm Power	United States	2,606 MW	$12,309	$3,222	21.4x	14.8x	96.3x	49.8x	23.0x	$4.7
Falck Renewables	Italy	970 MW	$2,010	$967	8.9x	7.6x	16.0x	13.7x	10.8x	$2.1
NRG Yield	United States	5,118 MW	$11,552	$949	10.4x	8.3x	21.9x	15.6x	11.3x	$2.3
Acciona	Spain	n/a	$14,656	$6,580	7.5x	7.3x	14.8x	14.2x	9.7x	n/a
Pattern Energy Group	United States	2,860 MW	$7,116	$2,698	19.8x	12.6x	n/a	n/a	20.1x	$2.5
Average					**14.2x**	**11.0x**	**31.0x**	**25.1x**	**15.1x**	**$2.9**
Median					**13.5x**	**11.2x**	**23.5x**	**19.7x**	**11.8x**	**$2.3**

Source: CapitalIQ, Northington Partners' estimates.

Table 25 outlines assessed equity and asset betas for the comparable companies considered in determining TLT's asset beta.

Table 25: Comparable Company Beta Estimates

Company	Equity Beta (5yr monthly)	Equity Beta (2yr weekly)	ND/EV	D/E	Asset Beta (5yr monthly)	Asset Beta (2yr weekly)
Trustpower	0.38	0.69	22%	28%	0.29	0.54
Meridian Energy	0.79	0.77	16%	20%	0.66	0.65
Mercury Power	0.81	0.63	25%	34%	0.61	0.47
Contact Energy	0.90	0.48	29%	42%	0.64	0.34
Genesis Energy	0.53	0.78	36%	56%	0.34	0.50
AGL	0.64	0.91	16%	19%	0.54	0.76
Origin	1.18	1.36	34%	51%	0.78	0.90
ERM Power	0.31	-0.49	27%	38%	0.23	-0.35
Australasia Gentailer Average	**0.69**	**0.64**	**26%**	**36%**	**0.51**	**0.48**
Australasia Gentailer Median	**0.71**	**0.73**	**26%**	**36%**	**0.57**	**0.52**
Tilt	1.01	0.01	48%	93%	0.52	0.00
NZ Windfarms	1.00	0.67	22%	29%	0.78	0.52
Infigen	0.55	0.52	49%	95%	0.28	0.27
Windlab	0.11	-0.10	-7%	-6%	0.12	-0.11
Australasia Wind Average	**0.67**	**0.27**	**28%**	**53%**	**0.43**	**0.17**
Australasia Wind Median	**0.78**	**0.27**	**35%**	**61%**	**0.40**	**0.14**
APA Group	0.97	1.27	46%	85%	0.53	0.69
AusNet Services	0.72	0.72	55%	123%	0.32	0.32

Spark Infrastructure	0.38	0.80	20%	24%	0.30	0.64
Vector	0.46	0.49	44%	80%	0.25	0.27
Australasia Utility Average	**0.63**	**0.82**	**41%**	**78%**	**0.35**	**0.48**
Australasia Utility Median	**0.59**	**0.76**	**45%**	**82%**	**0.31**	**0.48**
Iberdrola	0.62	0.90	26%	36%	0.46	0.66
Northland Power	0.51	0.50	58%	139%	0.21	0.21
Brookfield Renewable Partners	0.02	0.10	27%	38%	0.01	0.07
TransAlta Renewables	0.86	0.38	22%	29%	0.67	0.30
Innergex Renewable Energy	0.43	0.33	58%	137%	0.18	0.14
EDP Renováveis	0.55	0.26	18%	23%	0.45	0.21
TerraForm Power	0.94	0.53	46%	87%	0.50	0.28
Falck Renewables	1.13	1.26	30%	42%	0.80	0.89
NRG Yield	1.80	0.60	50%	100%	0.90	0.30
Acciona	1.13	0.92	33%	48%	0.76	0.62
Pattern Energy Group	1.07	0.86	29%	42%	0.75	0.60
International Wind Average	**0.82**	**0.60**	**36%**	**65%**	**0.52**	**0.39**
International Wind Median	**0.86**	**0.53**	**30%**	**42%**	**0.50**	**0.30**

Source: CapitalIQ, Northington Partners' estimates.

Appendix 2. Transaction Evidence

Table 26 below summarises selected comparable transaction evidence for Australian wind farms and other Australian renewable energy companies.

Table 26: Comparable Transactions – Operating Renewable Energy Companies

Date	Target	Acquirer	Country of Target	Percent Acquired	EV (100% basis A$m)	Attributable Capacity	EV (A$m) / MW
Feb 2017	Bald Hills	ICG	Australia	100%	$350	107 MW	3.0
Jun 2016	Cullerin Range Wind Farm	Energy Developments Limited	Australia	100%	$72	30 MW	2.4
Mar 2016	Taralga Wind Farm	Pacific Hydro	Australia	100%	$300	107 MW	2.8
Dec 2015	Pacific Hydro	China State Power Investment	Australia & overseas	100%	$3,000	900 MW	3.3
Sep 2015	Macarthur Wind Farm	C'wealth	Australia	50%	$532	420 MW	2.5
Apr 2014	Hallett 5 Wind Farm	Eurus Energy	Australia	100%	$159	53 MW	3.0
Jun 2013	Macarthur Wind Farm	Malakoff Corporation Berhad	Australia	50%	$1,300	420 MW	3.1
Jun 2013	Boco Rock Wind Farm	Electricity Generating	Australia	100%	$350	114 MW	3.1
May 2013	Clare Valley (Waterloo) Wind Farm	Palisade Investment Partners Limited; Northleaf Capital Partners	Australia	75%	$350	111 MW	2.7
Sep 2012	Musselroe	Guohua Energy	Australia	75%	$394	168 MW	2.4
May 2012	Hallett 5	Eurus Energy	Australia	100%	$174	53 MW	3.3
Dec 2011	Bluff Point wind farm and Studland Bay wind farm	Shenhua Group Corporation Limited	Australia	75%	$282	140 MW	2.0
Jun 2011	Emu Downs	APA Group	Australia	100%	$171	80 MW	2.1
Jun 2011	Oaklands Hill	Challenger Life	Australia	100%	$202	63 MW	3.2
Mar 2011	Flyers Creek, Bodangora, Cherry Tree and Woakwine wind farms	Infigen Energy	Australia	50%	n/a	675 MW - 720 MW	n/a
May 2010	Mt Millar Wind Farm	Meridian Energy Limited	Australia	100%	$191	70 MW	2.8
Average						**189 MW**	**2.8**
Median						**107 MW**	**2.8**

Source: CapitalIQ, company announcements, Northington Partners' estimates.

Table 27 outlines the transaction EV / MW multiples for development assets.

Table 27: Comparable Transactions - Development Assets

Date	Target	Acquirer	Transaction Details	Country of Target	EV (A$m)	Attributable Capacity	EV ($m) / MW
Oct 2017	Future Energy	Baywa	Acquisition	Australia	n/a	300 MW	n/a
May 2017	Stockyard Hill Wind Farm	Xinjiang Goldwind Science & Technology Co., Ltd.; Goldwind International	Acquisition	Australia	$110	530 MW	0.21

Dec 2016	Lincoln Gap Project and Glen Innes Project and 32% stake in RPVD Development	Nexif	Acquisition	Australia	n/a	300 MW	n/a
Jun 2016	Mt Emerald Wind Farm Pty Ltd.	Ratch	Australia	Australia	20 m	181 MW	0.11
Jul 2015	Genex	n / a	IPO	Australia	$17	330 MW	0.05
Jun 2012	Mortons Lane Windfarm	CGN Wind Energy	Acquisition	Australia	$2	20 MW	0.09
Average						**277 MW**	**0.11 MW**
Median						**300 MW**	**0.10 MW**

Source: CapitalIQ, company announcements, Northington Partners' estimates.

Appendix 3. Comparable Company Descriptions

Table 28: Listed Australasian Renewable Energy Companies

Company	Country	Description
NZ Windfarms	New Zealand	NZ Windfarms Limited generates and sells electricity to the national grid in New Zealand. It operates the Te Rere Hau wind farm, a 48.5 megawatts wind farm located in the North Range road in the Taraua Ranges. The company was incorporated in 2002 and is based in Palmerston North, New Zealand.
Infigen	Australia	Infigen Energy Limited develops, owns, and operates renewable energy generation assets in Australia. It has 557 megawatts of installed generation capacity in New South Wales, South Australia, and Western Australia. The company's development pipeline comprises approximately 1,100 megawatts of wind and solar projects in Australia. Infigen Energy Limited was founded in 2003 and is headquartered in Sydney, Australia.
Windlab Limited	Australia	Windlab Limited develops, finances, constructs, and operates wind farms in Australia. It also provides asset management services to various wind projects. The company has a development portfolio of 50 projects with a capacity of approximately 7,000 megawatts. Windlab Limited was founded in 2003 and is headquartered in Canberra, Australia.
Genex Power	Australia	Genex Power Limited operates as a power generation development company in Australia. It focuses on the generation of power through hydro and solar projects; and storage of renewable energy. The company was formerly known as Allied Resources Limited and changed its name to Genex Power Limited in August 2013. Genex Power Limited was incorporated in 2011 and is based in Sydney, Australia.
Trustpower	New Zealand	Trustpower Limited engages in the development, ownership, and operation of electricity generation facilities in Australia and New Zealand. The company operates in two segments, Generation and Retail. The company is also involved in the retail sale of electricity, gas, and telecommunications services to homes and businesses. As of May 14, 2018, it operated approximately 273,000 electricity customer connections, 37,000 gas customer connections, and 87,000 telecommunications customer connections, as well as owned 27 hydro power schemes with a total installed capacity of 487 megawatt. The company was founded in 1915 and is headquartered in Tauranga, New Zealand. Trustpower Limited is a subsidiary of Infratil Limited.
Meridian Energy	New Zealand	Meridian Energy Limited engages in the generation, trading, and retail of electricity. It generates electricity through seven hydro power stations and five wind farms in New Zealand; three hydro power stations and two wind farms in Australia; and a solar farm in Tongatapu, Tonga. The company sells its electricity to residential, business, and industrial customers under the Meridian and Powershop brand names. It also provides management, insurance, financing, professional, trustee, and software development services, as well as holds licenses. The company was incorporated in 1998 and is based in Wellington, New Zealand.
Mercury Power	New Zealand	Mercury NZ Limited, together with its subsidiaries, engages in the production, trading, and sale of electricity in New Zealand. The company operates through Energy Markets and Other segments. It operates nine hydro generation stations on the Waikato River; and five geothermal generation stations in the central North Island. The company sells electricity to residential, commercial, and industrial customers through GLOBUG brands. It also provides metering infrastructure solutions to electricity retailers; and sells solar equipment. The company was formerly known as Mighty River Power Limited and changed its name to Mercury NZ Limited in July 2016. Mercury NZ Limited was founded in 1998 and is based in Auckland, New Zealand.
Contact Energy	New Zealand	Contact Energy Limited generates and retails electricity, natural gas, and liquefied petroleum gas in New Zealand. The company generates electricity through hydro, geothermal, and thermal sources. It also provides broadband services. The company serves approximately 570,000 customers, such as small business, commercial, and industrial customers. The company was founded in 1995 and is headquartered in Wellington, New Zealand.
Genesis Energy	New Zealand	Genesis Energy Limited generates, trades in, and sells electricity to homes and businesses in New Zealand. The company generates electricity from thermal, hydro, and wind sources. Its Customer segment supplies energy, including electricity, gas, and LPG to end-users, as well as provides related services. The company's Wholesale segment engages in the supply of electricity to the wholesale electricity market; supply of gas, LPG, and coal to wholesale customers and the customer segment; and purchase and sale of derivatives to fix the price of electricity, as well as offers solar energy to residential customers. Its Kupe segment is involved in the exploration, development, and production of gas and petroleum products; and supply of gas and LPG to the wholesale segment, and light oil. Genesis Energy Limited also offers solar power products to residential customers, and bottled gas to residential and

		business customers. The company's generation asset portfolio includes the Huntly power station with a generation capacity of 953 MW; three Tongariro hydro power stations with a generation capacity of 361.8 MW; Waikaremoana hydro power scheme comprising three power stations with a generation capacity of 36 MW, 60 MW, and 42 MW respectively; Tekapo power station with 187 MW generation capacity; and Hau Nui wind farm with 15 wind turbines. It sells electricity, natural gas, and LPG to approximately 505,000 customers under the Genesis Energy and Energy Online brands; and holds a 46% interest in the Kupe oil and gas fields located in Taranaki. The company was formerly known as Genesis Power Limited and changed its name to Genesis Energy Limited in September 2013. Genesis Energy Limited was incorporated in 1998 and is headquartered in Auckland, New Zealand.
AGL	Australia	AGL Energy Limited provides energy to residential and business customers in Australia. The company operates in four segments: Customer Markets, Wholesale Markets, Group Operations, and Investments segments. It is involved in generating electricity through thermal, hydro, wind, and solar power generation plants; gas storage activities; and the retail sale of electricity, gas, solar, and energy products and services. The company operates electricity generation portfolio of 10,245 megawatts; the Newcastle gas storage facility in New South Wales; the Silver Springs underground gas storage facility in Queensland; natural gas production assets at Camden in New South Wales; and the North Queensland gas assets. It serves 3.6 million customer accounts. AGL Energy Limited was founded in 1837 and is based in Sydney, Australia.
Origin	Australia	Origin Energy Limited, an integrated energy company, engages in energy retailing, power generation, and natural gas production businesses in Australia, New Zealand, and internationally. The company operates through Energy Markets and Integrated Gas segments. Its exploration and production portfolio includes the Bowen and Surat basins in Central Australia; the Browse basin in Western Australia; and the Beetaloo Basin in the Northern Territory. The company also generates electricity from coal, wind, pumped water storage, solar, and cogeneration plants; sells electricity, natural gas, and LPG; provides GreenPower and green gas products; and supplies LPG to homes and businesses. In addition, it offers electric and gas hot water systems, as well as hot water systems repair and replacement services; split system air conditioners; ducted heating solutions; and ducted evaporative cooling systems. The company serves approximately 4.2 million gas, electricity, and LPG customers; and has a power generation portfolio of approximately 7,000 MW. Origin Energy Limited was founded in 2000 and is based in Barangaroo, Australia.
ERM Power	Australia	ERM Power Limited, a diversified energy company, engages in the generation and sale of electricity in Australia and the United States. It operates through Business Energy Australia, Generation Assets, and Other segments. The company operates 662 megawatts of low emission gas-fired power stations in Western Australia and Queensland. It is also involved in the gas, metering, data analytics, and lighting solutions businesses, as well as retailing of electricity. The company sells electricity to the commercial and industrial customers, and small to medium enterprises. ERM Power Limited was founded in 1980 and is headquartered in Brisbane, Australia.

Table 29: Listed International Wind Generation Companies

Company	Country	Description
Iberdrola, S.A.	Spain	Iberdrola, S.A., through its subsidiaries, engages in the generation, transmission, distribution, sale, and retail of electricity in Spain, Portugal, the United Kingdom, North America, the United Sates, Brazil, and internationally. It operates through Network Business, Deregulated Business, Renewable Business, and Other Businesses segments. The company generates electricity through hydroelectric, nuclear, coal, gas combined cycle, and cogeneration facilities; and electricity from onshore and offshore wind, mini-hydro, solar thermal, photovoltaic, biomass, etc. It also stores, trades in, and retails natural gas. In addition, the company provides engineering and construction services for power generation facilities; and sells and rents housing, offices, and commercials. Further, it engages in services, data management, general networking, asset management, marketing, telecommunications, real estate, material merchandising, purchase agency, finance, insurance, and other businesses. The company is headquartered in Bilbao, Spain.
Northland Power Inc.	Canada	Northland Power Inc. develops, builds, owns, and operates green power projects primarily in Canada and Europe. It generates electricity from thermal, wind, solar, hydro, and biomass power plants. As of December 2017, the company owned or had a net economic interest in power producing facilities with a total capacity of approximately 2,029 megawatts. The company was founded in 1987 and is headquartered in Toronto, Canada.
Brookfield Renewable Partners L.P.	Bermuda	Brookfield Renewable Partners L.P. owns a portfolio of renewable power generating facilities in the North America, Colombia, Brazil, Europe, and internationally. The company operates through Hydroelectric; Wind; and Solar, Storage, and “other” segments. It operates 840 generation facilities using hydro, solar, wind, biomass, and other renewable technologies. Brookfield Renewable Partners Limited operates as the general partner of Brookfield Renewable Partners L.P. The company was formerly known as Brookfield Renewable Energy Partners L.P. and changed its name to Brookfield Renewable Partners L.P. in May 2016. The company was founded in 1999 and is based in Hamilton, Bermuda. Brookfield Renewable Partners L.P. is a subsidiary of Brookfield Renewable Partners Limited.
TransAlta Renewables Inc.	Canada	TransAlta Renewables Inc. develops, owns, and operates renewable power generation facilities. The company’s portfolio consists of wind, hydro, and gas facilities. It owns and operates 18 wind facilities, 13 hydroelectric facilities, 7 natural gas generation facilities, and 1 natural gas pipeline comprising an ownership interest of 2316 megawatts of net generating capacity located in the provinces of British Columbia, Alberta, Ontario, Québec, New Brunswick, the State of Wyoming, and the State of Western Australia. The company was founded in 2013 and is headquartered in Calgary, Canada. TransAlta Renewables Inc. is a subsidiary of TransAlta Corporation.
Innergex Renewable Energy Inc.	Canada	Innergex Renewable Energy Inc. operates as an independent renewable power producer. It develops, owns, and operates run-of-river hydroelectric facilities, wind farms, solar photovoltaic farms, and geothermal power facilities. The company operates through four segments: Hydroelectric Generation, Wind Power Generation, Solar Power Generation, and Site Development. As of July 2, 2018, it had interests in 64 operating facilities with a net installed capacity of 1,957 megawatt (MW), including 34 hydroelectric facilities, 25 wind farms, 3 solar farm, and 2 geothermal power facilities, as well as 2 development projects with net installed capacity of 670 MW and prospective projects with net installed capacity of 8,180 MW. The company has operations in Quebec, Ontario, and British Columbia, Canada; and the United States, France, and Iceland. Innergex Renewable Energy Inc. was founded in 1990 and is headquartered in Longueuil, Canada.
EDP Renováveis, S.A.	Spain	EDP Renováveis, S.A., a renewable energy company, plans, constructs, maintains, and manages electricity production facilities primarily in Spain. The company operates wind farms and solar plants to generate and deliver clean electricity. It also has operations in Portugal, Belgium, France, Italy, the Netherlands, Poland, Romania, the United Kingdom, the United States, Canada, and Brazil. The company was incorporated in 2007 and is headquartered in Oviedo, Spain. EDP Renováveis, S.A. is a subsidiary of EDP-Energias de Portugal, S.A.
TerraForm Power, Inc.	United States	TerraForm Power, Inc., together with its subsidiaries, owns and operates clean power generation assets. As of December 31, 2017, its portfolio consisted of solar and wind projects located in the United States, Canada, the United Kingdom, and Chile with a combined nameplate capacity of 2,606.4 megawatts. The company was formerly known as SunEdison Yieldco, Inc. and changed its name to TerraForm Power, Inc. in May 2014. TerraForm Power, Inc. was founded in 2014 and is headquartered in New York, New York.

Falck Renewables S.p.A.	Italy	Falck Renewables S.p.A., together with its subsidiaries, finances, develops, constructs, and manages renewable energy plants. The company operates wind energy, biomass energy, waste-to-energy, photovoltaic energy, and waste treatment plants. It also provides renewable energy plant management services; and engineering and consulting services to develop projects for electricity generation primarily in solar and wind energy sectors. The company has an installed capacity of approximately 970 MW. It operates in Italy, the United Kingdom, France, Spain, the United States, the Netherlands, Japan, Chile, the United Arab Emirates, Mexico, and Bulgaria. The company was formerly known as Actelios SpA and changed its name to Falck Renewables S.p.A. in August 2010. Falck Renewables S.p.A. was founded in 2002 and is headquartered in Milan, Italy. Falck Renewables S.p.A. is a subsidiary of Falck SpA.
NRG Yield, Inc.	United States	Clearway Energy, Inc., through its subsidiaries, acquires, owns, and operates contracted renewable and conventional generation, and thermal infrastructure assets in the United States. As of December 31, 2017, it had contracted renewable and conventional generation portfolio of 5,118 net megawatt (MW). The company also owns thermal infrastructure assets with an aggregate steam and chilled water capacity of 1,319 net MW thermal equivalents, and electric generation capacity of 123 net MW. Its thermal infrastructure assets provide steam, hot water and/or chilled water, and electricity to commercial businesses, universities, hospitals, and governmental units. The company was founded in 2012 and is based in Princeton, New Jersey. NRG Yield, Inc. is a subsidiary of Global Infrastructure Partners.
Acciona, S.A.	Spain	Acciona, S.A. engages in the development and management of infrastructure, renewable energy, water, and services in Spain and internationally. The company develops, constructs, operates, and maintains wind, solar photovoltaic, solar thermal, hydro, and biomass plants; operates a 9,000 megawatt project; develops energy projects with an installed capacity of approximately 2,000 megawatts for third parties; operates substations and transmission networks, as well as is involved in installation activities; markets electricity of renewable origin; and develops wind turbine-generators. It also engages in the construction, engineering, performance, maintenance, and management of public work concessions primarily in the field of transport and social infrastructures; railroads and tunnels; and hospital and university projects, irrigation, and ports and hydro projects, as well as projects in engineering, concessions, and other businesses. In addition, the company designs, constructs, and operates drinking water treatment plants, desalination facilities, wastewater treatment plants, and tertiary treatment plants for water reuse; and offers end-to-end service management services comprising water treatment, delivering it to inhabitants, treating urban and industrial wastewater, and billing end-users, as well as undertakes industrial projects. Further, it provides facility, airport handling, waste collection and management, logistics, technical, energy, forwarding, rail, urban and environmental maintenance, healthcare, smart city, and event and museum services. Additionally, the company engages in the financial, fund management, real estate, stock broking, winery, freight and passenger's transport by sea, housing development, and other businesses. Acciona, S.A. is headquartered in Alcobendas, Spain.
Pattern Energy Group Inc.	United States	Pattern Energy Group Inc., an independent power company, focuses on the construction, ownership, and operation of various power projects in the United States, Canada, and Chile. It holds interests in various wind and solar power projects. The company sells electricity and renewable energy credits primarily to local utilities and local liquid independent system organizations markets. Pattern Energy Group Inc. was founded in 2012 and is headquartered in San Francisco, California.

Appendix 4. Declarations, Qualifications and Consents

Declarations

This report is dated 14 September 2018 and has been prepared by Northington Partners at the request of the independent directors of Tilt Renewables to fulfil the reporting requirements pursuant to Rule 21 of the Code. This report, or any part of it, should not be reproduced or used for any other purpose. Northington Partners specifically disclaims any obligation or liability to any party whatsoever in the event that this report is supplied or applied for any purpose other than that for which it is intended.

Prior drafts of this report were provided to Tilt Renewables for review and discussion. Although minor factual changes to the report were made after the release of the first draft, there were no changes to our methodology, analysis, or conclusions.

This report is provided for the benefit of all of the shareholders of TLT that are subject to the Offer, and Northington Partners consents to the distribution of this report to those people.

Our engagement terms did not contain any term which materially restricted the scope of our work.

Qualifications

Northington Partners provides an independent corporate advisory service to companies operating throughout New Zealand. The company specialises in mergers and acquisitions, capital raising support, expert opinions, financial instrument valuations, and business and share valuations. Northington Partners is retained by a mix of publicly listed companies, substantial privately held companies, and state-owned enterprises.

The individuals responsible for preparing this report are Greg Anderson B.Com, M.Com (Hons) and Ph.D and Jonathan Burke B.Com (Hons), BCM. Each individual has a wealth of experience in providing independent advice to clients relating to the value of business assets and equity instruments, as well as the choice of appropriate financial structures and governance issues.

Northington Partners has been responsible for the preparation of numerous independent reports in relation to takeovers, mergers, and a range of other transactions subject to the Takeovers Code and NZX Listing Rules.

Independence

Northington Partners has not been previously engaged on any matter by Tilt Renewables or (to the best of our knowledge) by any other party to the Offer that could affect our independence. None of the Directors or employees of Northington Partners have any other relationship with any of the directors or substantial security holders of the parties involved in the Offer.

The preparation of this independent report will be Northington Partners' only involvement in relation to the Offer. Northington Partners will be paid a fixed fee for its services which is in no way contingent on the outcome of our analysis or the content of our report.

Northington Partners does not have any conflict of interest that could affect its ability to provide an unbiased report.

Disclaimer and Restrictions on the Scope of Our Work

In preparing this report, Northington Partners has relied on information provided by Tilt Renewables. Northington Partners has not performed anything in the nature of an audit of that information, and does not express any opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

Northington Partners has used the provided information on the basis that it is true and accurate in material respects and not misleading by reason of omission or otherwise. Accordingly, neither Northington Partners nor its directors, employees or agents, accept any responsibility or liability for any such information being inaccurate, incomplete, unreliable or not soundly based or for any errors in the analysis, statements and opinions provided in this report resulting directly or indirectly from any such circumstances or from any assumptions upon which this report is based proving unjustified.

We reserve the right, but will be under no obligation, to review or amend our report if any additional information which was in existence on the date of this report was not brought to our attention, or subsequently comes to light.

Indemnity

Tilt Renewables has agreed to indemnify Northington Partners (to the maximum extent permitted by law) for all claims, proceedings, damages, losses (including consequential losses), fines, penalties, costs, charges and expenses (including legal fees and disbursements) suffered or incurred by Northington Partners in relation to the preparation of this report, except to the extent resulting from any act or omission of Northington Partners finally determined by a New Zealand Court of competent jurisdiction to constitute negligence or bad faith by Northington Partners.

Tilt Renewables has also agreed to promptly fund Northington Partners for its reasonable costs and expenses (including legal fees and expenses) in dealing with such claims or proceedings upon presentation by Northington Partners of the relevant invoices.

Northington
Partners

APPENDIX 2:

Simmons Corporate Finance report obtained by the JV pursuant to Rule 22 of the Takeovers Code

Tilt Renewables Joint Venture

Independent Adviser's Report

Prepared Pursuant to Rule 22 of the Takeovers Code in Relation to a Full Takeover Offer for Tilt Renewables Limited

August 2018

Purpose of the Report

This report is **not** a report on the merits of the offer.

This report has been obtained by the offeror.

The purpose of this report is solely to compare the consideration and terms offered for the different classes of financial products and to certify as to the fairness and reasonableness of that consideration and terms as between the different classes.

A separate Independent Adviser's Report on the merits of the offer, commissioned by the directors of Tilt Renewables Limited, must accompany Tilt Renewables Limited's target company statement.

The offer should be read in conjunction with this report and the separate Independent Adviser's Report on the merits of the offer.

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in the report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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Section **Page**

1. Introduction

1.1 Background

Tilt Renewables Limited (**Tilt**) develops, owns and operates electricity generation facilities in New Zealand and Australia. It generates electricity from renewable energy sources such as wind and solar energy sources. The company owns 440 megawatts (**MW**) of wind generation assets in Australia and 197 MW of wind generation assets in New Zealand. The company is headquartered in Melbourne, Australia.

Tilt's ordinary shares are listed on the main equities security market operated by NZX Limited (the **NZX Main Board**) and the Australian Securities Exchange (the **ASX**). Tilt had a market capitalisation of $714 million as at 23 August 2018.

1.2 TLT JV Offer

Tilt Renewables Joint Venture

Infratil 2018 Limited (**Infratil 2018**) and Mercury NZ Limited (**Mercury**) are parties to an implementation agreement (the **Implementation Agreement**) establishing an unincorporated joint venture named Tilt Renewables Joint Venture (**TLT JV**). Infratil 2018 is a wholly owned subsidiary of Infratil Limited (**Infratil**).

Takeover Notice

TLT JV issued a notice of its intention to make a full takeover offer for the equity securities on issue in Tilt on 15 August 2018 (the **Takeover Notice**) which, if successful, will result in the TLT JV holding or controlling all of the voting rights in Tilt (the **TLT JV Offer**).

Tilt Capital Structure

Tilt's share capital consists of:

- 312,973,000 ordinary shares (the **Ordinary Shares**)
- 646,440 performance rights (the **Performance Rights**).

Ordinary Shares

On 31 October 2016, a Court Approved Scheme of Arrangement was implemented to effect the demerger of Trustpower Limited (**Old Trustpower**) whereby Old Trustpower was liquidated and the shareholders of Old Trustpower received an in specie distribution of one Tilt share and one New Trustpower share for every share that they held in Old Trustpower.

Performance Rights

The Performance Rights have been issued to eligible employees under Tilt's Performance Rights Plan (the **Plan**).

Each Performance Right entitles the holder to have one fully paid ordinary share in Tilt transferred or issued to them, subject to the satisfaction of prescribed performance conditions in respect of relative or absolute total shareholder return (**TSR**) and the terms and conditions in the Plan rules (the **Performance Conditions**).

The Performance Rights are not listed on the NZX Main Board or the ASX.

The Performance Rights constitute a separate class of non-voting securities for the purposes of the Takeovers Code (the **Code**).

TLT JV Shareholding in Tilt

TLT JV currently holds or controls 222,305,691 Ordinary Shares, representing 71.03% of the Ordinary Shares through:

- Infratil – 159,742,389 Ordinary Shares (51.04%)
- Mercury – 62,563,302 Ordinary Shares (19.99%).

TECT Holdings Limited (**TECT**) is Tilt's third largest shareholder, holding 21,315,536 Ordinary Shares, representing 6.81% of the Ordinary Shares. TECT has granted Mercury an option over these shares. If the TLT JV Offer becomes fully unconditional, Mercury has agreed to exercise the option to acquire all of these shares in a manner which complies with the Code, with Infratil ultimately to become the holder of those Ordinary Shares.

The Ordinary Shares held by TECT, when combined with the Ordinary Shares held or controlled by TLT JV, represent 77.84% of the Ordinary Shares.

TLT JV currently does not hold or control any Performance Rights.

Terms of the TLT JV Offer

Full Offer

The TLT JV Offer is for 100% of the Ordinary Shares and Performance Rights that TLT JV currently does not hold or control.

Consideration

TLT JV will offer cash of $2.30 for each Ordinary Share (the **Ordinary Shares Offer Price**).

TLT JV will offer cash of between $0.005 and $0.025 for each Performance Right (the **Performance Rights Offer Prices**).

Performance Rights Offer Prices		
Tranche	**Performance Condition**	**Performance Rights Offer Price**
1	Relative TSR	$0.021
1	Absolute TSR	$0.005
2	Relative TSR	$0.025
2	Absolute TSR	$0.005

Conditions

The TLT JV Offer is conditional upon TLT JV receiving acceptances that would, when taken together with the voting securities already held or controlled by TLT JV, confer more than 50% of the voting rights in Tilt (the **Minimum Acceptance Condition**). Parties to the Implementation Agreement have agreed to accept the TLT JV Offer within 2 working days of the offer being made, which will enable the Minimum Acceptance Condition to be promptly satisfied.

The TLT JV Offer is also conditional on a series of other conditions that are standard for an offer of this type, including approval of the acquisition of securities under the offer by the Treasurer of the Commonwealth of Australia.

1.3 Regulatory Requirements

Tilt is a *code company* as defined by Rule 3 of the Code. The takeover process contemplated by TLT JV must therefore comply with the provisions set out in the Code.

Rule 8(2) of the Code prescribes that a full offer must be extended to all holders of equity securities (whether voting or non-voting) of the target company other than the offeror.

Furthermore, Rule 8(4) of the Code prescribes that if non-voting securities are included in a full offer, the consideration and terms offered for the non-voting securities must be fair and reasonable in comparison with the consideration and terms offered for voting securities and as between classes of non-voting securities.

In this particular case, the Code requires that the consideration and terms offered for the Performance Rights must be fair and reasonable compared with the consideration and terms offered for the Ordinary Shares.

As the offeror, TLT JV must obtain a report pursuant to Rule 22 of the Code from an independent adviser which certifies that, in the adviser's opinion, the offer complies with Rule 8(4).

1.4 Purpose of the Report

TLT JV has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report to opine on whether the consideration and terms offered for the Ordinary Shares and the Performance Rights are fair and reasonable as between the Ordinary Shares and the Performance Rights and as between the 4 tranches of Performance Rights under the TLT JV Offer in accordance with Rule 22 of the Code.

A Rule 22 Independent Adviser's Report is not required to consider the merits of the TLT JV Offer and we offer no opinion on whether the Ordinary Shares Offer Price is fair and reasonable.

Simmons Corporate Finance was approved by the Takeovers Panel on 22 August 2018 to prepare the Independent Adviser's Report.

The Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

1.5 Currency References

References to $ are to New Zealand dollars unless otherwise specified (eg A$ for Australian dollars).

2. Evaluation of the TLT JV Offer as Between the Ordinary Shares and the Performance Rights

2.1 Basis of Evaluation

Rule 22 of the Code requires that the Independent Adviser's Report certifies that the consideration and terms offered for the Ordinary Shares and the Performance Rights are *fair and reasonable* as between the Ordinary Shares and the Performance Rights and as between the 4 tranches of Performance Rights.

There is no legal definition of the term *fair and reasonable* in either the Code or in any statute dealing with securities or commercial law in New Zealand.

In the absence of an explicit definition of *fair and reasonable*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers and the Takeovers Code* dated 1 March 2018
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *fair and reasonable*.

The Australian Securities & Investments Commission Regulatory Guide 111 – *Content of Expert Reports* sets out some fundamental requirements for a report that is completed in similar circumstances to those relating to the TLT JV Offer.

According to the regulatory guide, an offer is *fair* if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject to the offer. An offer is deemed to be *reasonable* if it is fair. An offer may also be *reasonable* if, despite it being not fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We are of the view that these definitions provide a useful starting point for assessing the fairness and reasonableness of the consideration offered for the Ordinary Shares and the Performance Rights. Fairness is determined largely from the results of a comparative valuation exercise, while the reasonableness of the TLT JV Offer is related to a general assessment of a range of other non-price terms that may be relevant in this case.

In our view, the fairness of the Performance Rights Offer Prices is only indirectly related to the Ordinary Shares Offer Price. We consider that the fairness of the Performance Rights Offer Prices cannot be sensibly considered by direct comparison with the Ordinary Shares Offer Price but rather by a comparison with the assessed value of the Performance Rights (with the assumption that the current market price of the Ordinary Shares is equal to the Ordinary Shares Offer Price).

In our view, the assessment of the terms of the TLT JV Offer relating to the Ordinary Shares in comparison with the terms relating to the Performance Rights is inconsequential in this case. Both the holders of the Ordinary Shares and the holders of the Performance Rights will receive cash consideration if they are capable of accepting and accept the TLT JV Offer and the TLT JV Offer to each group of security holders is effectively contingent on the same set of conditions. Accordingly, we are of the view that the terms of the TLT JV Offer are equivalent as between the Ordinary Shares and the Performance Rights.

2.2 Opinion

In our opinion, the consideration and terms offered for the Performance Rights are fair and reasonable in comparison with the consideration and terms offered for the Ordinary Shares and as between the 4 tranches of Performance Rights.

We certify that in our opinion, the TLT JV Offer complies with Rule 8(4).

2.3 Terms of the Performance Rights

Grant of Performance Rights

A total of 646,440 Performance Rights (which were granted in 2 tranches between 28 February 2017 and 31 August 2017) remain on issue at the date of this report.

Performance Rights

Tranche	Performance Condition	Grant Date	Commencement Date	Vesting Date	Price	No. of Performance Rights
1	Relative TSR	28 Feb 2017	1 Nov 2016	31 Oct 2019	A$1.88	100,826
1	Absolute TSR	28 Feb 2017	1 Nov 2016	31 Oct 2019	A$1.88	151,238
2	Relative TSR	31 Aug 2017	3 Jul 2017	2 Jul 2020	A$2.00	157,750
2	Absolute TSR	31 Aug 2017	3 Jul 2017	2 Jul 2020	A$2.00	236,626
						646,440

Source: Tilt Rule 42A Class Notice dated 20 August 2018 (the ***Rule 42A Class Notice****)*

Terms

The key terms of the Performance Rights are:

- a Performance Right is an entitlement to subscribe for, acquire and / or be transferred an Ordinary Share, subject to the satisfaction of any applicable Performance Condition
- a Performance Right has no entitlement to any dividend and no voting rights
- a Performance Right is not transferable, transmissible or assignable
- if a Control Event occurs, all of a holder's Performance Rights become available for immediate vesting subject to an accelerated testing against the Performance Conditions measured at the date of the Control Event. Any Performance Rights that do not meet the Performance Conditions will lapse. A Control Event includes:
  - a takeover offer by Infratil or any of its associates which becomes unconditional and results in Infratil and its associates holding or controlling at least 90% of the voting rights in Tilt

– a takeover offer by a person other than Infratil and its associates which becomes unconditional and results in the bidder holding or controlling at least 50% of the voting rights in Tilt

- upon vesting of the Performance Rights and exercise of the Performance Rights by the holder, Tilt must issue to or procure the transfer to the holder the number of Ordinary Shares in respect of which Performance Rights have vested and have been exercised
- the Tilt board of directors (the **Board**) may determine at any time that any Performance Rights are no longer subject to a particular Performance Condition and that specified Performance Conditions are waived
- a Performance Right will lapse and be immediately forfeited if the Performance Conditions are not met within the prescribed period or if the holder ceases to be employed by Tilt prior to the date that any Performance Condition is satisfied (except where the Board determines otherwise).

Performance Conditions

The Rule 42A Class Notice sets out the basis for calculating the relative TSR Performance Condition and the vesting schedule for the Performance Rights.

Relative TSR Performance Condition

Vesting of the 258,576 relative TSR Performance Rights is subject to the achievement of a relative TSR performance hurdle against the S&P/ASX 200 Index (excluding mining, financials and any other companies at the discretion of the Board), measured by share price appreciation and dividends paid over a performance period starting from the day following the Commencement Date and ending on the Vesting Date, in accordance with the vesting schedule set out below.

Relative TSR Performance Condition Vesting Schedule	
Relative TSR	**Percentage of Performance Rights Vesting**
< 50th Percentile	0%
50th Percentile	50%
50th Percentile to 75th Percentile	Straight line vesting between 50% and 100%
≥ 75th Percentile	100%

Source: Rule 42A Class Notice

Absolute TSR Performance Condition

Vesting of the 387,864 absolute TSR Performance Rights is subject to the achievement of an absolute TSR performance hurdle over a performance period starting from the day following the Commencement Date and ending on the Vesting Date, in accordance with the vesting schedule set out below.

Absolute TSR Performance Condition Vesting Schedule	
Absolute TSR	**Percentage of Performance Rights Vesting**
< 7% annual compound TSR	0%
7% annual compound TSR to 30% annual compound TSR	Straight line vesting between 0% and 100%
> 30% annual compound TSR	100%

Source: Rule 42A Class Notice

Measuring TSR

In measuring the TSR performance under the above Performance Conditions, the following applies:

- Tilt's 30 day volume weighted average share price (**VWAP**), measured at the Commencement Date, is used as the starting price for measuring performance for both relative TSR and absolute TSR
- the 30 day VWAP up to the Vesting Date is used for measuring achievement against both Performance Conditions
- dividends paid over the 3 year measurement period are included in the measurement of performance of Tilt and comparator companies for the relative TSR measure
- the 30 day VWAP at the relevant Commencement Dates and Vesting Dates will be used for other comparator companies when determining vesting under the relative TSR measure
- the Board retains the discretion to determine the treatment of any companies that are no longer in the comparator group at the testing time due to corporate takeover, merger, liquidation or any other reason.

2.4 Valuation of the Performance Rights

Valuation Approach

In order to assess the fair values of the Performance Rights, we have assessed their values under 2 scenarios:

- assuming that the Performance Rights become available for immediate vesting
- assuming that the Performance Rights are not available for immediate vesting.

We have then determined the fair value of the Performance Rights based on the likelihood of either scenario occurring and taking into account the restrictive features of the Performance Rights.

Accelerated Testing Valuation

The Plan rules stipulate that in the event of a Control Event, all of a holder's Performance Rights become available for immediate vesting subject to an accelerated testing against the Performance Conditions measured at the date of the Control Event. Any Performance Rights that do not meet the Performance Conditions will lapse.

Included in the definition of a Control Event is a takeover offer by Infratil or any of its associates which becomes unconditional and results in Infratil and its associates holding or controlling at least 90% of the voting rights in Tilt.

At this point in time, it is not possible to predict whether the TLT JV Offer will result in TLT JV reaching the 90% threshold. However, as discussed in section 1.2, given that TLT JV will receive acceptances of at least 77.84% of the Ordinary Shares, we assume that there is a reasonable probability that the 90% threshold will be reached.

On this basis, an appropriate approach to assessing the value of the Performance Rights is to assume that the Performance Rights become available for immediate vesting subject to testing against the Performance Conditions as at the date of the Control Event. Thus, the value of a Performance Right will be a function of whether it vests. If it does vest, then its value will be equivalent to the Ordinary Shares Offer Price. We refer to this as the **Accelerated Testing Valuation**.

3 Year Vesting Period Valuation

As there is no certainty that the 90% threshold will be reached, an alternative valuation approach must be applied.

Under the alternative valuation approach, we have assumed that the Performance Rights are retained until their respective Vesting Dates. Option pricing is applied to assess the value of the Performance Rights under this scenario.

We refer to this as the **3 Year Vesting Period Valuation**.

Fair Value

We then assess the fair value of the Performance Rights based on the valuation outcomes from the Accelerated Testing Valuation and the 3 Year Vesting Period Valuation, adjusted for the probability of the respective scenarios occurring and taking into account the restrictive features of the Performance Rights.

Accelerated Testing Valuation Assessment

Valuation Approach

The Accelerated Testing Valuation assumes that Performance Rights become available for immediate vesting subject to testing against the Performance Conditions as at the date of the Control Event.

The first step of the valuation assessment is to determine whether the Performance Conditions are met, which determines the number of Performance Rights that vest.

We have based our calculations on the date of the Control Event being 14 August 2018, being the date before the Takeover Notice was issued.

Performance Conditions

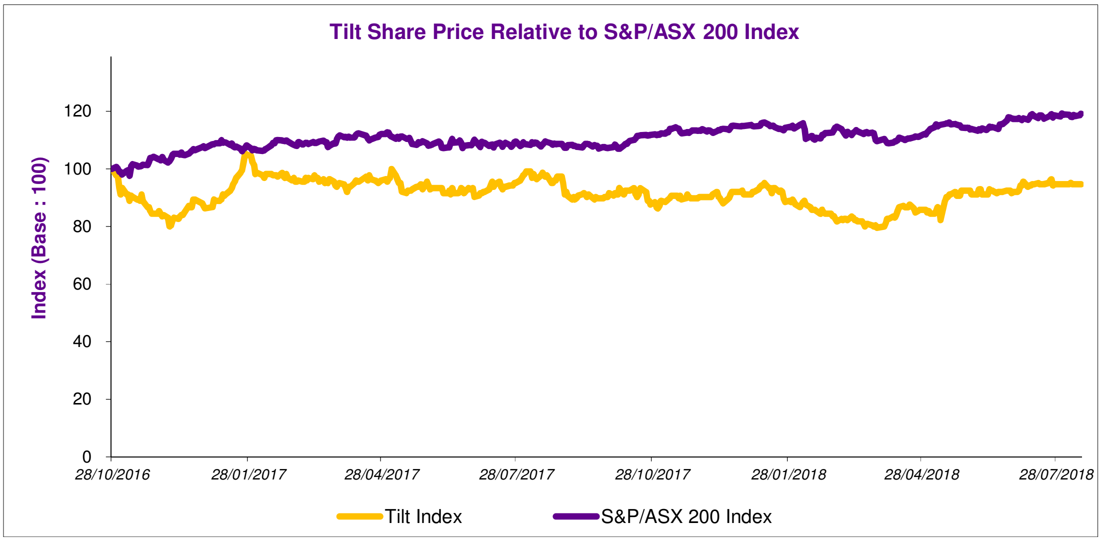
Based on our analysis, none of the Performance Conditions are met. Tilt's absolute TSR and relative TSR are below the minimum thresholds that would result in the vesting of any Performance Rights.

Accelerated Testing Performance Conditions

		Relative TSR		Absolute TSR		
Tranche	**Performance Condition**	**Tilt**	**S&P/ASX 200[1] 50th Percentile**	**Tilt**	**Target**	**Performance Condition Met?**
1	Relative TSR	12.8%	23.3%			No
1	Absolute TSR			6.8%	> 7.0%	No
2	Relative TSR	3.9%	12.8%			No
2	Absolute TSR			3.4%	> 7.0%	No

1 Excluding selected mining and financials companies

The graph below shows that Tilt's share price has underperformed the S&P/ASX 200 Index since its listing on the NZX Main Board and ASX. Tilt's shares have traded between $1.79 and $2.37.



Valuation Assessment

We assess the value of the Performance Rights to be nil under the Accelerated Testing Valuation.

Accelerated Testing Valuation Assessment				
Tranche	**Performance Condition**	**Performance Condition Met?**	**No. of Performance Rights Vested**	**Value of Performance Rights**
1	Relative TSR	No	0	$0.000
1	Absolute TSR	No	0	$0.000
2	Relative TSR	No	0	$0.000
2	Absolute TSR	No	0	$0.000

3 Year Vesting Period Valuation Assessment

Valuation Approach

The Performance Rights will only have value if the TSR for Tilt over the performance period (starting from the day following the Commencement Date and ending on the Vesting Date) exceeds the respective relative TSR and absolute TSR Performance Conditions. The relative TSR threshold is by its nature uncertain, being dependent on the future performance of the companies included in the S&P/ASX 200 Index. If the relative TSR or absolute TSR Performance Conditions are achieved and the Performance Rights vest and become exercisable, then the payoff will equal the value of the Ordinary Shares at the Vesting Date.

The TSR for Tilt is a function of its share price performance and dividend payments. As shown in the preceding graph, Tilt's share price has lagged the performance of the S&P/ASX 200 Index.

The Performance Rights can be characterised as a variant of an asset-or-nothing binary option. Standard asset-or-nothing call options pay the option holder the value of the asset at maturity if the asset price exceeds a prescribed exercise price and nothing if that exercise price is not achieved.

In the case of the Performance Rights, the exercise threshold can be thought of as the future Tilt share price that will need to be achieved at the Vesting Date such that:

- the relative TSR for Tilt exceeds the expected TSR for the 50th percentile of companies included in the S&P/ASX 200 Index
- the absolute TSR for Tilt exceeds 7% annual compound.

Within this framework, the current value of the Performance Rights is therefore broadly dependent on the probability that the Tilt share price will exceed the target price at the Vesting Date.

As set out in the Accelerated Testing Valuation assessment, the Performance Conditions were not met as at 14 August 2018 and therefore the probability that the Performance Conditions will be achieved at the prescribed Vesting Dates is likely to be relatively low.

Based on the characterisation of the Performance Rights, the 3 Year Vesting Period Valuation approach values can be determined using the following closed-form solution for an asset-or-nothing call option:

Value per Performance Right = $S_0e^{-qT}N(d_1)$

where $d_1 = \frac{ln\,(\frac{S_0}{K})+(r-q+\frac{\sigma^2}{2})T}{\sigma\sqrt{T}}$

S_0 = current Tilt share price

T = time to maturity in years

K = effective exercise price

q = continuously compounded dividend yield of Tilt

r = risk free rate

σ = volatility of Tilt's returns

$N(\ )$ = standard normal cumulative distribution function

Valuation Inputs

Our estimates for the key input parameters are summarised below.

3 Year Vesting Period Valuation Inputs			
Input Parameter		**Assumed Value**	**Commentary**
Current Tilt share price		$2.30	Ordinary Shares Offer Price
Time to maturity	- Tranche 1 - Tranche 2	1.2 years 1.9 years	Based on the Vesting Dates
Risk free rate		1.8%	Based on 20-day average observed yield on NZ Government bonds with maturity closest to the time to maturity
Dividend yield		1.46%	Based on actual dividends over the last 12 months and the Ordinary Shares Offer Price
Exercise price	- Tranche 1 Relative - Tranche 1 Absolute - Tranche 2 Relative - Tranche 2 Absolute	$2.71 - $3.32 $2.42 - $4.33 $2.78 - $3.36 $2.56 - $4.58	The estimated Tilt share price at maturity required to meet the Performance Condition. For the relative TSR tranches, this is based on expected TSR for Tilt and companies included in the S&P/ASX 200 Index between the Commencement Date and Vesting Date
Volatility	- Tranche 1 - Tranche 2	19.5% 18.2%	Based on the annualised standard deviation of Tilt's daily returns since listing (Tranche 1) and since the Commencement Date (Tranche 2)

Valuation Assessment

Based on these inputs, we assess the 3 Year Vesting Period Valuation range for the Performance Rights as set out below.

3 Year Vesting Period Valuation Assessment				
		Value of Performance Rights		
Tranche	**Performance Condition**	**Low**	**Mid**	**High**
1	Relative TSR	$0.127	$.0210	$0.294
1	Absolute TSR	$0.004	$0.058	$0.112
2	Relative TSR	$0.189	$0.245	$0.301
2	Absolute TSR	$0.004	$0.054	$0.103

Fair Value Assessment

We consider the Accelerated Testing Valuation to represent an appropriate basis for setting the lower end of the fair value range. Given that it is not certain that the Performance Rights will become available for immediate vesting, we have adopted a negligibly higher value of $0.001 per Performance Right for the lower end of the fair value range.

The 3 Year Vesting Period Valuation is based on an estimate of market value, effectively assuming that the Plan remains in place and that the TLT JV Offer will have no impact on the future operation of the Plan. The asset-or-nothing call option model also implicitly assumes that the option (in this case the Performance Right) is freely tradeable.

Given the Plan rules regarding accelerated testing if a Control Event occurs, we do not consider the values derived from the 3 Year Vesting Period Valuation to be appropriate for setting the upper end of the fair value range.

Furthermore, the 3 Year Vesting Period Valuation does not take into account the restrictions associated with the Performance Rights:

- a holder is not entitled to sell, transfer, mortgage, pledge, assign, alienate, create security over or otherwise deal with any interest in unvested Performance Rights
- the Performance Rights may lapse if the holder ceases to be employed by Tilt.

In our view, a significant discount should be applied to the values assessed under the 3 Year Vesting Period Valuation to reflect the possibility of accelerated testing, the possibility of changes to the Plan in the future following a Control Event and the restrictive nature of the Performance Rights.

The quantum of the discount is subjective and is a matter of judgement. We consider a discount of 80% to the values assessed under the 3 Year Vesting Period Valuation to be appropriate to establish the upper end of the fair value range.

Based on the above, we assess the fair values of the Performance Rights as set out below.

Fair Value Valuation Assessment						
Tranche	Performance Condition	Accelerated Testing Value	3 Year Vesting Period Value	Fair Value Low	Fair Value High	Performance Rights Offer Prices
1	Relative TSR	$0.000	$0.210	$0.001	$0.042	$0.021
1	Absolute TSR	$0.000	$0.058	$0.001	$0.012	$0.005
2	Relative TSR	$0.000	$0.245	$0.001	$0.049	$0.025
2	Absolute TSR	$0.000	$0.054	$0.001	$0.011	$0.005

The Performance Rights Offer Prices equate to the approximate midpoints of our fair value ranges.

2.5 Conclusion

In our opinion, the consideration and terms offered for the Performance Rights are fair and reasonable in comparison with the consideration and terms offered for the Ordinary Shares and as between the 4 tranches of Performance Rights:

- the Performance Right Offer Prices are fair as they sit within our valuation ranges
- the holders of both the Ordinary Shares and the Performance Rights will be paid cash if they accept the TLT JV Offer
- the TLT JV Offer to the holders of both the Ordinary Shares and the Performance Rights is effectively conditional on the same set of general conditions.

3. Sources of Information, Reliance on Information, Disclaimer and Indemnity

3.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the Takeover Notice
- the Rule 42A Class Notice
- the Tilt annual report for the year ended 31 March 2018
- the Plan rules
- data in respect of Tilt from NZX Company Research and S&P Capital IQ
- data in respect of the S&P/ASX 200 Index from S&P Capital IQ.

During the course of preparing this report, we have had discussions with and / or received information from TLT JV's financial and legal advisers.

TLT JV has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the TLT JV Offer that is known to it and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report.

3.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by TLT JV and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Tilt. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

3.3 Disclaimer

It is not intended that this report should be used or relied upon for any purpose other than as an expression of our opinion as to whether the consideration and terms offered for the Ordinary Shares and the Performance Rights are fair and reasonable as between the Ordinary Shares and the Performance Rights and as between the 4 tranches of Performance Rights.

This report is not a valuation of the Ordinary Shares or the Performance Rights. We expressly disclaim any liability to any Tilt shareholder that relies or purports to rely on this report for any purpose other than that referred to in the paragraph above.

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Tilt will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Tilt and its directors and management team. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith or which cannot be disclaimed by law.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the Takeover Notice and have not verified or approved the contents of the Takeover Notice. We do not accept any responsibility for the contents of the Takeover Notice except for this report.

3.4 Indemnity

TLT JV has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. TLT JV has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

4. Qualifications and Expertise, Independence, Declarations and Consents

4.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

4.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with TLT JV or Tilt or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the TLT JV Offer.

Simmons Corporate Finance has not had any part in the formulation of the TLT JV Offer or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the TLT JV Offer. We will receive no other benefit from the preparation of this report.

4.3 Declarations

An advance draft of this report was provided to TLT JV for its comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

4.4 Consents

We consent to the issuing of this report in the form and context in which it is to be attached to Tilt's target company statement to be sent to Tilt's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Peter Simmons
Director
Simmons Corporate Finance Limited
24 August 2018

renewables