8 October 2018

Dear Fellow Shareholder

TAKEOVER OFFER BY THE INFRATIL AND MERCURY JOINT VENTURE FOR YOUR SHARES IN TILT RENEWABLES LIMITED

The $2.30 per share takeover offer from the Infratil and Mercury Joint Venture (JV) for your Tilt Renewables shares (the Offer) is due to close at 11.59pm on October 15th (unless the Offer Period is extended by the JV).

At the time of writing this letter, acceptances of the Offer total less than 1% of the shares of Tilt Renewables (excluding the exercise of the option over the shares held by TECT Holdings Limited which was entered into prior to the Offer). It appears shareholders overwhelmingly agree with the Independent Directors that the Offer is inadequate and does not represent fair value for your Tilt Renewables shares.

Notwithstanding, there are three considerations that have been raised by Infratil in recent communications that I would like to address in this letter.

1. The Grant Thornton Report

You will have received a letter from Infratil that included an Executive Summary of a report by Grant Thornton. We have already communicated with you about this, but I want to reiterate that despite the Grant Thornton report being called "independent" by Infratil, it was commissioned, paid for and based on information provided by Infratil. Further, we do not agree with the analysis in the Grant Thornton report and in our view, its conclusions are incorrect. **In the Independent Directors' view the Grant Thornton report is not independent advice and you should not rely on it when making any decision in regard to the JV's Offer.**

There is only one "Independent Adviser's Report" and this was commissioned by the Independent Directors in accordance with the New Zealand Takeovers Code. It was prepared by Northington Partners and was attached to the Target Company Statement we sent to you dated 17 September 2018. The Independent Adviser's Report determined a fair value range for Tilt Renewables of $2.56 to $3.01 per share with a midpoint of $2.79. The Independent Adviser's view is that the Offer price *"is lower than the underlying value of the company"* and it concluded *"the Offer price is not compelling"*. **The Independent Adviser's Report supports the Independent Directors' recommendation that the Offer is inadequate and should not be accepted.**

2. Dundonnell Capital Raising

Throughout the period of the Offer process, the board of Tilt Renewables (Board) have continued to focus on growing the company for the benefit of all shareholders. In that context, I want to address statements made by Infratil about whether the proposed capital raising to support the Dundonnell Wind Farm development (Dundonnell) is a reason to accept the Offer.

As you will know, we were recently successful in our bid into the Victorian Renewable Energy Auction Scheme (VREAS) to secure a 15 year off-take agreement by the Victorian State Government for around 37% of the output of Dundonnell. Subject to a final investment decision from the Board, it is proposed that construction of Dundonnell will begin in early 2019. The VREAS announcement is great news for Tilt Renewables and, as was made clear in the announcement from the company at the time, the potential impact on company performance from Dundonnell is likely to be significant. The Independent Adviser believes the VREAS announcement (which occurred after the JV's Offer) has an incremental value alone of approximately 22c per share. Shareholders overwhelmingly approved the project at the recent Tilt Renewables AGM.

The total capital cost to construct Dundonnell is expected to be approximately A$560 million. If the Board approves the final investment decision, this will be funded by debt and by issuing new Tilt Renewables shares. It is the current intention that the capital raising will occur before the end of the year and be structured as a renounceable rights issue whereby all shareholders will receive rights to acquire new shares pro-rata to their existing holding. The proposed capital raising is fully supported by Infratil and Mercury, the two major shareholders, who will receive entitlements to approximately 80% of the new shares. Underwriting arrangements have been put in place for the remainder of the share issue.

While your Independent Directors are fully supportive of the proposed capital raising and intend to take up their rights, it is important to note that there is no obligation on shareholders to subscribe for all or any of the new shares they are entitled to if they do not wish to. One objective of structuring the rights issue as we intend is to target an outcome where shareholders who do not subscribe for new shares are no worse off from that decision. It is worth taking a few minutes to set out how we hope to achieve that.

If the capital raising is launched as anticipated, it is expected that the price at which the new shares will be offered will be set at a discount to the share price immediately prior to the rights offer commencing. Consequently, the rights to subscribe for the new shares are expected to have a positive value. At the end of the rights offer period, the company will sell all unexercised rights (i.e. rights that shareholders have decided not to take up) to other investors who do want to subscribe for the shares through a bidding process called a shortfall book-build. If you have rights you have not exercised, you will receive the value achieved in that sale for those rights. There can be no guarantee regarding the final price you receive for your rights as it depends on the outcome of the book-build process. However, an objective of structuring the proposed issue as we set out here is to target an outcome where shareholders who do not participate, or do not fully participate, are not financially worse off.

Importantly, if you do not wish to subscribe for new shares under the rights offer, the process is straightforward. You can do nothing, ignore the rights issue documents that will be sent to you and the company will take care of the rest.

In summary, there are two key things to note:

- The VREAS announcement, moving ahead with Dundonnell (subject to the Board making the final investment decision) and raising the capital to do this are positive steps for all shareholders. We remind you the Offer was made prior to the VREAS announcement; and
- There will be no obligation on shareholders to participate in the proposed capital raising. An objective of structuring the proposed issue as we intend to, is to target an outcome where shareholders who do not participate, or do not fully participate, are not financially worse off. **A preference to not participate in the capital raising is not a reason to accept an inadequate offer from the JV.**

3. The share price after the Offer

The JV has raised the prospect that when the Offer closes, Tilt Renewables shares may trade at a price below the Offer price. The share price immediately prior to the Offer was $2.13, and we note that the VREAS announcement occurred after the date of the Offer and the Independent Adviser regarded this as very positive. But no-one can say what the actual price may be when the Offer closes or how the shares may trade beyond that. There is a range of factors that influence the trading price of our shares, many of which are outside the control of the company.

What we can say is that both the Independent Adviser and the Independent Directors have expressed the view that the Offer price is below the underlying value of Tilt Renewables. Therefore, regardless of the immediate trading price once the Offer closes, we encourage shareholders to consider the company's longer-term prospects given the significant potential of our development pipeline and the quality of our existing operational assets.

Finally, I will take this opportunity to reiterate our advice to you:

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.

On behalf of the Independent Directors, I would like to thank you all very much for your continued support through this process. Your personal messages of support have been very welcome.

Yours sincerely

Fiona Oliver

Fiona Oliver
Chair of the Independent Directors