28 November 2018

MEDIA STATEMENT

The Independent Directors encourage Tilt Renewables shareholders to ignore the most recent Infratil announcement and to continue to reject the takeover offer from the Infratil-led JV (the "Offer")

The current Offer from the JV looks like it is going to fail to meet the 90% compulsory acquisition threshold given the level of acceptances to date. In our view, the most likely course of action should the JV members continue to seek to privatise Tilt Renewables is a new takeover offer at a higher price. Tilt Renewables shares are currently trading above the current $2.30 Offer price.

In their announcement on Tuesday, Infratil suggested that a privatisation of Tilt Renewables was almost inevitable and referred to the possibility of compulsory acquisition of shares.

Fiona Oliver, the Chair of the Independent Directors of Tilt Renewables noted that, at the current level of acceptances, the JV comprising Infratil and Mercury owns around 85% of Tilt Renewables, but a party must own 90% or more of the shares before it can issue a notice of compulsory acquisition. Given the acceptances to date, it is unlikely that the JV will reach the 90% compulsory threshold with its current offer.

Ms Oliver also stated that shareholders do not need to be concerned about Infratil or the JV acquiring shares in the future by "creeping" and then forcing the compulsory sale of the remainder. "Given Mercury's shareholding, Infratil cannot creep to 90% unless Mercury sells part of its shareholding. In fact, Infratil cannot increase its level of shareholding for a period of approximately 12 months other than through a takeover offer", noted Ms Oliver. "By this time, we believe further benefit will have accrued to the company and its shareholders from our growth strategy which has clearly been successful to date and this should necessarily have to be reflected in any price paid by Infratil for further shares."

"Furthermore, the independent directors have been advised that the JV cannot acquire shares at all, other than through a new takeover offer, and also that any plan between the JV members of having Infratil acquire shares on market (after its 12-month stand-down) and then reforming the JV when it collectively owns more than 90% would imply an association between the parties and therefore may be a breach under the Takeovers Code" said Ms Oliver.

"Their strategic interest in taking Tilt Renewables private is clear for all to see, and in our view, the most likely course of action should the JV members wish to privatise Tilt Renewables is a new takeover offer in the future", said Ms Oliver. "To be successful, this should almost certainly require a higher price than the current $2.30 Offer".

In its release, Infratil also stated that small shareholders who do not participate in the proposed rights issue to support the Dundonnell Wind Farm project may be disadvantaged. Ms Oliver stated that "while there can be no guarantee regarding the final price shareholders receive for their rights (if they do not take them up), 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. This risk needs to be weighed against the very low price being offered by the JV. We do not believe that a preference to not participate in the capital raising should be grounds to accept the Offer price that is so far from being fair".

Ms Oliver concluded by stating that the view of the Independent Directors is unchanged. "The Offer remains inadequate and has become increasingly inadequate given the positive announcements that have been made by Tilt Renewables since the Offer was made. Shareholders should continue to not accept the Offer".

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