# **Tilt Renewables**
Annual Report 2017

# Here we are

**Snowtown Wind Farm**

We are exploring greenfield solar development options co-located with Snowtown Wind Farm in South Australia. The advantage of co-location is that it enables sharing of connection infrastructure and potentially complementary generation production profiles.

## Our Vision & Values

Tilt Renewables' vision is to be a leading developer and owner of renewable energy generation in Australia and New Zealand. We tilt with the wind, and will tilt towards the sun to generate greener energy. Our perspective is beyond the now and for the future. The way we do business is governed by our core values:

**Respect** – Respect for our shareholders, employees, stakeholders and the environment.

**Passion** – We're passionate about renewable energy and contributing to a cleaner, decarbonised world.

**Integrity** – We're straight up. We do what we say we'll do and value integrity in how we go about our work.

**Empowerment** – Our leaders will empower our people to consistently make good judgement calls and to successfully grow the business.

**Delivery** – Promises are to be kept, and we'll make each other accountable for delivering on promises made, to the highest possible standard.

**Innovation** – Innovation remains core to our business approach – doing things differently creates business advantage.

# we tilt for the future

Our goal is to more than double our current operating renewable generation capacity over the next five years, and then to position ourselves beyond 2020 with further wind and solar build if the policy framework is supportive.

In Australia that will mean completing consenting and preparation of the best sites in our development pipeline, looking at further acquisition of consented wind/solar sites to bolster that pipeline and maintaining our long dated development options as appropriate. Our goal is to have over 1,200 MW of consented projects in Australia and 530 MW in New Zealand by the end of 2017.

We are targeting a Financial Investment Decision (FID), on Salt Creek by mid-2017, positioning ourselves for a large project for FID by the end of this calendar year and identifying contracted revenue options once the Snowtown 1 Power Purchase Agreement matures in December 2018.

In New Zealand, we'll be looking to consent our North Island wind option at Waverley, maintain our existing consented options and undertake new build if this is competitive with the long-run marginal cost for new entrants, and if offtake agreements are available.

**Waddi Wind & Solar**
The proposed Waddi site is a good example of the potential benefits of co-located wind and solar developments—connection costs can be shared, reducing the overall cost of energy.

Our Highlights

# Standing together as one

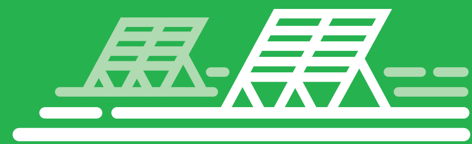
Our demerger from Trustpower was successfully completed on 31 October 2016. Tilt Renewables is now a stand-alone dual listed company on the NZX and ASX with generation and development assets across Australia and New Zealand and a corporate office established in Melbourne.

We own 582 MW of operating wind assets across New Zealand and Australia.

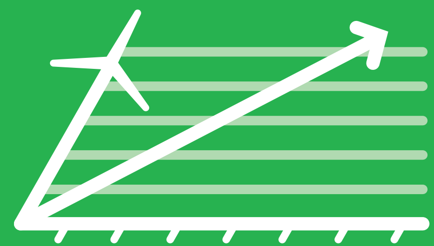
We have a significant renewables development pipeline of circa 2,700 MW of wind and solar projects. We have serious ambitions to grow our renewable generation portfolio to 1,500 MW by 2020.

**124m**

EBITDAF of $124m and net operating cashflow of $122m for the year to 31 March 2017.



The development pipeline has been expanded with 350 MW of early stage solar projects secured in central Queensland.



The 54 MW Salt Creek Wind Farm project in Victoria is well advanced and targeted to achieve Final Investment Decision by mid-2017.

**5.25c**

Final dividend payment of 2.25 cents per share which brings a total payout to investors for the year to 5.25 cents per share.





# Everything is flowing smoothly

Welcome to Tilt Renewables' first annual report. Our business was established following the demerger from Trustpower Group on 31 October 2016. In the short period since then, we have focused on establishing Tilt Renewables as a stand-alone listed company, recruiting a strong and experienced team and positioning the company for future growth.

We're looking to leverage off the long held values of Trustpower but with an increased focus on executing available development opportunities.

Our experienced Board and management team hail from diverse backgrounds. Between us, we have more than 250 years of renewable energy experience across the Board and wider corporate team.

Our full-year financial results include 7 months operating under Trustpower's stewardship and 5 months (31 October 2016 to 31 March 2017) under the stewardship of the Tilt Renewables' Board and management team.

**Happy with the results so far**

This year, earnings before interest tax depreciation and amortisation (EBITDAF) were $124.0 million, down 1% on the previous year but slightly above expectation. Our wind assets produced 2,049 GWh, 6% higher than the previous year and 95 GWh above long-term expectation. Net Profit After Tax was $16.4 million versus the previous year of $29.1 million.

**Clean energy's coming; it's just a matter of when**

Despite near term policy uncertainty, Australia's transition to a clean energy future seems unstoppable and will provide ongoing opportunities for renewable energy investors over at least the next decade, even though the current renewable energy target of 33,000 GWh by 2020 remains unchanged. That's because:

- Australia's base load thermal electricity assets which represent more than 80% of the market's generation capacity are ageing (most have exceeded their 30-year average operating life) and will become more expensive to maintain over time;
- The cost of new renewable energy generation such as wind and solar is falling rapidly and is quickly becoming the most competitive new entrant technology option;
- The recent significant increase in the price of gas across much of Australia brings into question whether gas is the most economic option to support a growing renewable energy base. This opens the door for deployment of a wider range of supporting storage technologies such as pumped hydro and large scale battery technology to support intermittent renewables such as wind and solar, where Australia is blessed with good quality resource close to major demand centres; and
- Following the closure of some base load coal plants in Victoria, forward wholesale electricity prices have firmed considerably making the prospect of investment in renewable energy more attractive.

**The policy and market environment**

Government energy and climate change policy in Australia is focused on finding solutions to address the so-called energy trilemma – policies that simultaneously provide a high level of energy security and reliability, affordable energy and reduced emissions.

Wind and solar are intermittent generation that create challenges for maintaining energy security and reliability. Fortunately technologies to complement these resources are developing rapidly, including batteries, expanded hydro pumped storage, smart grid technology and the 'internet of things related smarts', as well as flexible gas powered plants.

Tilt Renewables believes that it is important for the successful transition to clean energy in Australia that there is whole-of-system thinking applied to long-term energy and climate change policy and regulatory settings. If this is not well co-ordinated it could impact on the level and quality of investment in renewable energy over the medium term and harm the interest of consumers. This co-ordination needs to extend to both federal and state based mechanisms.

We believe that an important feature of whole-of-system thinking is to ensure that all market participants face incentives to minimise the cost of renewable energy while contributing to ensuring energy security and reliability.

**By the end of 2017 we are aiming to have 1,200 MW of fully consented wind projects in Australia with a further 350 MW of solar by June 2018.**

The federal Renewable Energy Target already aligns with this principle. However, we see potential for market distortions emerging around the structure of long-term power purchase agreements (PPAs), where some buyers are not commercially exposed to the costs of firming the intermittency of wind and solar generation. While such agreements may appear to reduce the cost of energy, they may not necessarily promote the objective of ensuring high levels of energy security and reliability at less cost.

We believe that if state and territory governments decide to introduce renewable energy schemes that bring intermittent renewables into the market through long-term PPAs, these schemes should include arrangements that promote energy security and reliability outcomes. This could be achieved by the schemes being required to staple similar term firming plant or cap contracts to the PPAs.

**A healthy development pipeline**

Our view is that holding a diverse portfolio of high quality proprietary development options is the best way to provide sufficient flexibility to execute a range of value accretive projects as market dynamics permit.

We now have a development pipeline in Australia of over 1,700 MW of wind projects across four states. The majority of these projects have strong fundamentals and generally have a degree of flexibility in the development approvals granted or being sought, allowing us to deploy the most cost efficient technology on these sites. By the end of 2017 we are aiming to have 1,200 MW of fully consented wind projects in Australia with a further 350 MW of solar by June 2018.

Our immediate focus is on reaching a final investment decision on the 54 MW Salt Creek Wind Farm in Western Victoria. The expected construction timeframe is around 12 months. We expect to fund the project from existing undrawn bank debt facilities arranged at the time of the demerger and available cash balances.

We have also secured three solar development sites in central Queensland in recent months with a potential combined installed capacity of approximately 350 MW. These sites have a strong solar resource, good transmission connection options and we expect to obtain the required development approvals within a 9-12 month timeframe.

We continue to explore further solar development opportunities in Queensland and New South Wales as well as co-located options adjacent to our existing or proposed wind developments, enabling sharing of connection infrastructure and potentially complimentary generation production profiles. These will be progressed further, subject to feasibility.

We have continued to make good progress since the demerger towards securing key development approvals for a number of projects in our wind development pipeline. The Palmer project located in South Australia has recently come out of an extensive appeal process in the Environment Resources and Development Court. Whilst we now wait for a final decision from the Court, expected in the next three months, we remain confident of securing the necessary approvals and being in a position to progress this project when the time is right.

On 22 March 2017 the New South Wales Planning Assessment Commission approved the Rye Park Wind Farm for a total of up to 92 turbines.

In mid-2016, we received a suite of key approvals from the State and Commonwealth for the Dundonnell Wind Farm in Victoria. This is a large, quality project and presents an exciting growth opportunity for Tilt Renewables.

In New Zealand the resource consent hearing for the Waverley Wind Farm located in South Taranaki was completed in late May 2017. It's possible that by the end of 2017, we will have all three of our New Zealand wind projects, some 530 MW, fully consented and available to take forward once the market is ready for further investment.

While we're confident that we have a strong development pipeline that can be progressively executed to increase the renewable energy mix, particularly in Australia, we're fully aware that there are many parties looking to do the same. Our challenge is to find innovative ways to deliver our projects, ensuring as always that returns meet the expectations of our shareholders. Part of our competitive edge we believe lies in the quality and experience of our team, our ability to execute well and the long standing relationships that we have with a range of external parties.

**It's possible that by the end of 2017, we will have all three of our New Zealand wind projects, some 530 MW, fully consented and available to take forward.**

**Assessing the need for further capital**

As we continue to define our near term development programme over the next few months we will also be examining the most appropriate pathway for raising further capital to support project investments beyond Salt Creek. As at 31 March, the Group had net debt of $544m and unutilised committed funding lines of $115m. Right now, we believe the Group is appropriately geared for our existing level of operational assets and the high level of contracted revenue produced by those assets, currently around 98%.

The pace and scale at which we look to deploy further capital will be determined by a number of important factors, including confidence in long-term policy settings, particularly in Australia, that are needed to support investment in long life renewable energy assets. Currently the policy environment in Australia remains uncertain and it is unclear how settings will be changed to support Australia's Paris Climate Accord obligations which require a reduction in national emissions of 26-28% below 2005 levels by 2030.

## Chair & CEO's Report

**Health and safety, environment, community and diversity**

Trustpower had achieved a good health and safety track record. However, there is always room for improvement, and the demerger has been a good opportunity to relook at how the Group's health and safety framework operates and to ready ourselves for a new wave of project construction activity. To that end, the Board has established a Health, Safety, Environment and Community Committee as part of its governance arrangements and to reflect the importance that we place on keeping our people safe and well.

**An intense focus on environmental and community matters is key to what we do and is an integral part of our social license to operate.**

We believe that tailoring our approach to community and environmental engagement to reflect local circumstances and the views of local stakeholders provides significant long term benefits.

We are proud to report that the business has achieved zero lost time injuries over the last 12 months, including our key contractors.

We believe that diversity of views and experience across the business is important to our success and we think that we have made good initial progress in recruiting a team that reflects this aspiration. Our diversity statistics are as follows:

| | Board Level | Executive | All Staff (excluding Board) |
|---|---|---|---|
| Number of Women | 1 | 0 | 8 |
| Number of Men | 5 | 4 | 20 |
| Total Number | 6 | 4 | 28 |
| Percentage of Women | 17% | 0% | 29% |
| Percentage of Men | 83% | 100% | 71% |

**Final dividend**

The Board has approved a final un-imputed, unfranked dividend of 2.25 cents per share with a record date of 26 May and payment date of 9 June 2017. Combined with the 3 cents per share interim dividend this amounts to a total payout of 5.25 cents per share for the year.

**Thanks**

Finally, we would like to thank members of the Board, the Senior Leadership Team, our hard working teams, partners and suppliers in assisting us to get established and to position ourselves for growth in the year ahead.

Thanks to all our shareholders for your continued investment and support of Tilt Renewables. We look forward to a busy and productive year ahead.

Bruce Harker
Chair

Robert Farron
Chief Executive Officer


we tilt for generations

**Tararua**
Wind Farm / Stage 3

## One hundred million kilowatt hours

Three of the Tararua Stage 3 turbines were the first Vestas V90 turbines in the world to produce more than 100,000,000 kWhs.





# Building powerful relationships

**Our assets are diverse**

With 307 turbines across seven different wind farms in Australia and New Zealand, there is no single point of failure risk for the 582 MW portfolio.

**Our assets are well managed**

Nearly 20 years of experience in operating and maintaining wind generation assets has helped us develop a different approach to asset management. The maintenance support we enjoy from our turbine suppliers draws on their experience from their huge operational fleets and associated supply chain efficiencies. It enables us to achieve cost effective maintenance services and very high turbine availability.

In fact, our oldest machines include the highest producing individual wind turbines in the world. Most having produced the total energy volume expected from their entire design-life after only half that time. They're still achieving availability above 97%, and thanks to quality maintenance work we expect them to remain in service for up to 50% longer than they were originally designed.

Three of the Tararua Stage 3 turbines were the first Vestas V90 turbines in the world to produce more than 100,000,000 kWhs. That's a world class performance on one of the most challenging sites available, achieved in year 7 of operation.

The extensive due diligence we did around our operations for the demerger indicated that our asset performance was at the top of the industry standards, our costs at the lower end and importantly our risks were appropriately allocated between service providers and the asset owners.

Something worth noting is that none of our operational wind farms have a Tilt Renewables employee on-site. Instead our service providers undertake all our site operations and maintenance tasks. It's a model that has produced exceptional results and forged strong relationships over many years. That high level of trust has benefited us in many ways. For example, it has meant that we've received many incremental innovations because our suppliers have felt comfortable to explore these opportunities with us.

Examples include:

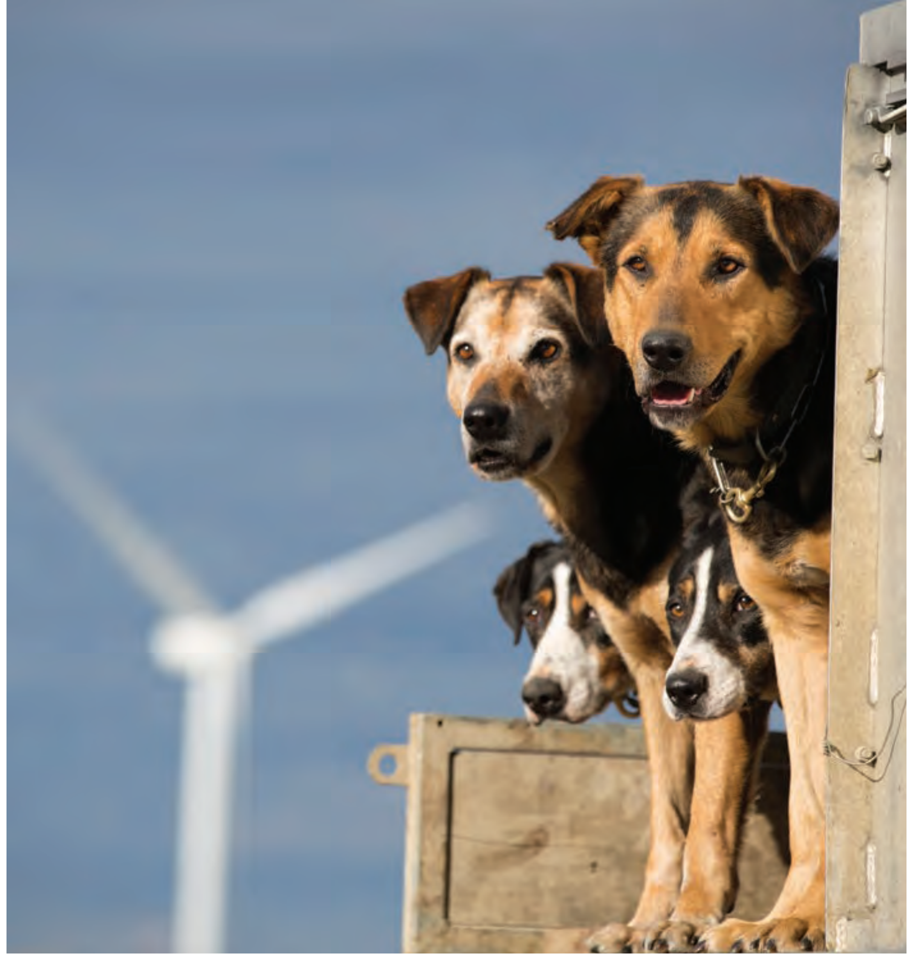
- 'High wind speed ride through', which is now standard on new machines, is operating on some of our older machines;
- We are trialling a control system upgrade that will allow for uprating of our machines at Tararua. This increased capacity will allow operating machines to fill the gaps when other machines are out for maintenance, increasing our overall annual yield;
- We've been replacing blade components onsite thanks to the first facility outside of the factory being installed at our Tararua workshop. This is significantly lowering our blade maintenance costs; and
- Repairing our mechanical components 'up tower' is reducing the down time and expense of crane activities.

In each case, appropriate discussions around risks, costs and sharing of benefits have seen us benefit from gains in production and in the life expectancy of our asset base.

# New Zealand

Wind Farms

Together, all three stages of the Tararua Wind Farms produce an average annual power output of over 560 GWh, making this New Zealand's largest wind farm.

## Tararua
Wind Farm / Stage 1 & 2

**Maximum capacity:**
103 Vestas V47-660 kW turbines totalling:

68 MW

**Commissioned:**
Stage 1 commissioned in 1999, Stage 2 in 2004

**Location:**
On 700 hectares of private farmland in the Tararua Ranges, in the lower North Island

**Estimated annual production:**
245 GWh

## Tararua 3
Wind Farm / Stage 3

**Maximum capacity:**
31 Vestas V90-3.0 MW turbines totalling:

93 MW

**Commissioned:**
2007

**Location:**
On the same site as Stages 1 & 2

**Estimated annual production:**
318 GWh

## Mahinerangi
Wind Farm / Stage 1

**Maximum capacity:**
12 Vestas V90-3.0 MW turbines totalling:

36 MW

**Commissioned:**
2011

**Location:**
7km north of Lake Mahinerangi, on a working farm in the South Island

**Estimated annual production:**
101 GWh

# Australian
Wind Farms

Together the two stages of the Snowtown Wind Farm produce 1,232 GWh of renewable energy per year, making it the second largest, and one of the best performing wind farms in Australia. That's enough to power over 200,000 South Australian homes and offset nearly one million tonnes of $CO_2$ produced by thermal electricity generation.


## Snowtown Wind Farm / Stage 1

**Maximum capacity:**
47 Suzlon S88-2.1 MW turbines and S95-2.1 MW turbine totalling:

**101 MW**

**Commissioned:**
2008

**Location:**
On the Barunga and Hummocks Ranges, 170km north of Adelaide, in South Australia

**Estimated annual production:**
357 GWh

## Snowtown Wind Farm / Stage 2

**Maximum capacity:**
10 Siemens SWT-101-3.0 MW and 80 Siemens SWT-108-3.0 MW turbines totalling:

**270 MW**

**Commissioned:**
2014

**Location:**
On the same site as Stage 1

**Estimated annual production:**
875 GWh

## Blayney Wind Farm

**Maximum capacity:**
15 Vestas V47-660 kW turbines totalling:

**10 MW**

**Commissioned:**
2000

**Location:**
Near Lake Carcoar, south of Blayney in New South Wales

**Estimated annual production:**
18 GWh

## Crookwell Wind Farm

**Maximum capacity:**
8 Vestas V44-600 kW wind turbines totalling:

**5 MW**

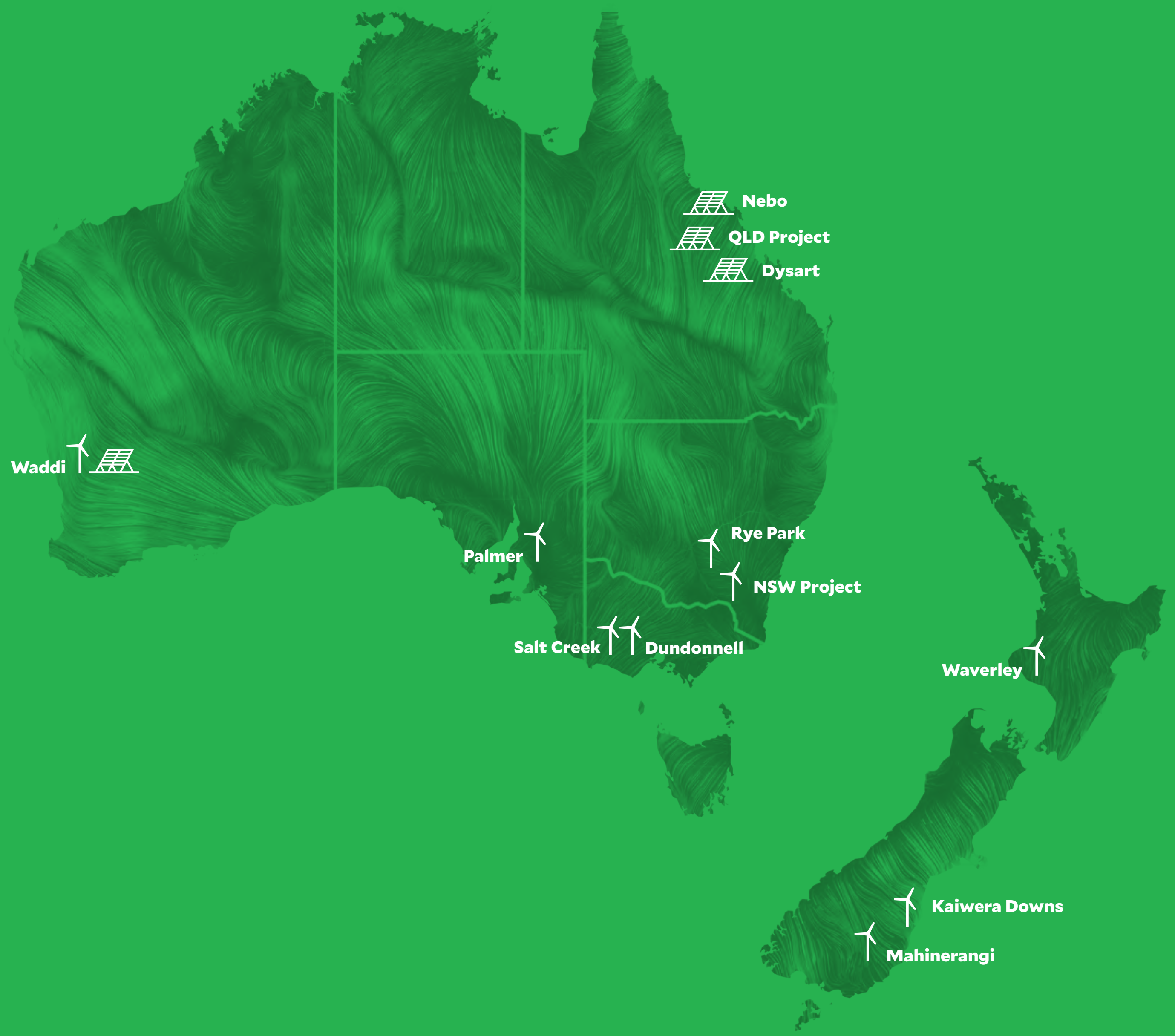
**Commissioned:**
1998. The first wind farm in the State to be connected to the electricity network

**Location:**
30km north-west of Goulburn in New South Wales

**Estimated annual production:**
8 GWh

# Projects in the pipeline

Our current development pipeline could produce a further 2,700 MW of renewable generation.






## Salt Creek Wind Farm

**Approximate capacity:**

54 MW

**Location:**
Victoria, Australia

**Environmental approvals:**
Fully secured

**Number of proposed turbines:**
Up to 15

Located on a merino stud farm in Western Victoria, near the small township of Woorndoo. The project first secured a planning permit in 2007 for the construction and operation of the wind farm. This permit has since been amended, primarily to accommodate development and construction timeframes, but also to support the use of the latest turbine technology. An amended permit, received in early 2016, allowed the project capacity to be increased significantly, and for the use of larger rotor turbines, significantly improving the efficiency and economic feasibility of the project.

The Salt Creek Wind Farm will connect to the existing Terang Terminal Station via a newly constructed overhead 66 kV line.

This project is well advanced and we are hoping to make an investment decision in mid-2017 following completion of the procurement phase and negotiation of key contracts.

## Dundonnell Wind Farm

**Approximate capacity:**

300 MW

**Location:**
Victoria, Australia

**Environmental approvals:**
Primary State and Federal approvals secured

**Number of proposed turbines:**
Up to 96

Located approximately 23km north east of Mortlake in Western Victoria. The project site sits on volcanic plains and comprises flat to gently undulating terrain, largely cleared of native vegetation.

Primary environmental approvals for the wind farm and transmission line were secured from the State and Commonwealth in mid-2016. These approvals allow for the installation of up to 96 turbines, subject as always to a range of strict conditions to manage the environmental impact of the project. On this particular site, there's the need to safeguard the Brolga, one of two indigenous crane species in Australia.

It's proposed that the Dundonnell Wind Farm connect at the existing Mortlake Power Station via a 38km 220 kV transmission line. There's also an option to connect a smaller project, in the order of 50-60 MW, via the Salt Creek Wind Farm if this project progresses to construction.

This project presents a very attractive growth option. We are currently focussed on progressing the transmission connection including technical studies and design and procurement of the necessary infrastructure, securing any remaining approvals, procurement of delivery of the wind farm via an EPC or turnkey contract and identifying a path to market for the energy and LGCs (Large-scale Generation Certificates) produced.

## Palmer Wind Farm

**Approximate capacity:**

300 MW

**Location:**
South Australia, Australia

**Environmental approvals:**
Awaiting decision from the Environment, Resources and Development Court

**Number of proposed turbines:**
Up to 103

Located in the northern sector of the Mount Lofty Ranges, in the vicinity of the Palmer township, approximately 50km east of Adelaide. The site has an excellent wind resource, and, being some 12km from the Tungkillo Substation, is close to the transmission network.

The project went through an intensive hearing in the Environment, Resources and Development (ERD) Court of South Australia over the course of four weeks throughout April and May, following a number of appeals against the approval granted by the Mid-Murray Council in late 2015.

We're confident that the Council's assessment of the project and its potential impacts is robust, that the effects can be appropriately managed and therefore we anticipate that we will secure the necessary approvals later in 2017.

We'll continue to progress this development towards a potential investment decision at an appropriate scale, subject to market conditions and obtaining the required approvals.

## Australia

### **Rye Park** Wind Farm

**Approximate capacity:**

300 MW

**Location:**
New South Wales, Australia

**Environmental approvals:**
Approved by the NSW Planning and Assessment Commission and seeking Commonwealth Approvals

**Number of proposed turbines:**
Up to 92

Located to the north of Yass and south east of Boorowa, New South Wales. The site sits on the edge of the Southern Tablelands and the South West Slopes in the vicinity of the township of Rye Park, approximately 250 km south west of Sydney. It's located on freehold and leasehold land predominantly used for grazing sheep and cattle.

On 22 March 2017 the New South Wales Planning Assessment Commission approved the Rye Park Wind Farm for a total of up to 92 turbines.

It's proposed that the development connect to the existing 330 kV transmission line spanning the southern end of the project area.

### **Waddi** Wind & Solar Farm

**Approximate capacity (Wind):**

105 MW

**Approximate capacity (Solar):**

40 MW

**Location:**
Western Australia, Australia

**Environmental approvals:**
Primary environmental approvals secured (wind and solar)

**Number of proposed turbines:**
Up to 57

Located approximately 15km north west of the township of Dandaragan and approximately 150km north of Perth, Western Australia in the mid-west region of the Wheatbelt. The site boasts excellent wind and solar resources, along with a cost-effective transmission connection option.

The market in Western Australia is currently clouded by some uncertainty, following delays in the implementation of proposed reforms arising from the Electricity Market Review undertaken by the Department of Finance, and a recent change in government.

The site is a good example of the potential benefits of co-located wind and solar developments—connection costs can be shared, reducing the overall cost of energy, and the wind and solar daily generation profiles are very complementary. The wind tends to blow through the night, while the solar generates during the day, enabling efficient sizing of the connection assets and resulting in a relatively 'flat' annual generation profile.

We will progress any outstanding minor approvals and network connection studies ready for when market conditions are supportive of an investment decision.

## New Zealand

### **Kaiwera Downs** Wind Farm

**Approximate capacity:**

240 MW

**Location:**
Southland, New Zealand

**Environmental approvals:**
Fully secured

**Number of proposed turbines:**
Up to 83

We obtained resource consents for the Kaiwera Downs Wind Farm in 2009. The site is rural in nature and located in the general vicinity of Kaiwera Downs, approximately 15km to the south east of Gore and 10km to the east of the township of Mataura.

The site boasts an outstanding wind resource, and is close to both the national grid (220 kV) and the local distribution network (33 kV) which gives us additional flexibility with regard to project size and configuration.

We will maintain the resource consents and land options and progress this opportunity when market conditions allow.

### **Mahinerangi** Wind Farm Stage 2

**Approximate capacity:**

160 MW

**Location:**
Otago, New Zealand

**Environmental approvals:**
Fully secured

**Number of proposed turbines:**
Up to 88

Stage 1 of the Mahinerangi Wind Farm was completed in 2011, when 12 Vestas-V90-3.0 MW turbines (36 MW) were constructed. We have consents to allow for the installation of a further 88 turbines across the remainder of the site.

The Mahinerangi Wind Farm is located approximately 50km directly west, or 70km by road, from Dunedin in Otago, New Zealand, north of Lake Mahinerangi and north west of the Waipori Hydroelectric Power Scheme. Stage 2 of the wind farm is proposed to connect into an existing 110 kV transmission line some 6km to the south of the site.

### **Waverley** Wind Farm

**Approximate capacity:**

130 MW

**Location:**
South Taranaki, New Zealand

**Environmental approvals:**
Seeking resource consents

**Number of proposed turbines:**
Up to 48

Tilt Renewables is currently seeking resource consents from the South Taranaki District Council for the Waverley Wind Farm. The site is located partly adjacent to the Tasman Sea and the Whenuakura River, approximately 6km south east of Patea and 7km south west of the township of Waverley.

We're proposing the construction, operation and maintenance of up to 48 turbines within a project envelope, each with a maximum height up to 160m above ground level (to the blade tip). We're also proposing that the site connect at 110 kV to a substation located within the Waverley township, approximately 13km from the project site.

Unusually for New Zealand, the site is very flat and was the location of extensive iron sand mining operations in the 1970s-1980s. With excellent exposure to the prevailing winds and well located with respect to the transmission network and load centres, this will be an excellent addition to our quality New Zealand development portfolio.

# Tilt towards the sun

Australia is blessed with outstanding solar resources in a number of areas close to the transmission network. Utility-scale solar generation is becoming increasingly competitive, as costs continue to decline and technology advances and efficiencies improve. Our solar development portfolio was established in late FY17. In recent months, we've made solid progress in securing and advancing a number of credible solar options.

**Queensland**

Earlier this year, we acquired two early stage developments — the Dysart and Nebo sites — and secured access to a further site, all in Central Queensland.

With potential capacity in excess of 350 MW, these sites are strategically positioned close to the network, have an excellent solar resource and are located appropriately for environmental, community and other potential impacts. They are simple sites with minimal vegetation, and we are working with supportive landowners, community and local councils.

We're progressing these sites with a view to completing the necessary technical and environmental studies and securing any required approvals over the next 9-12 months.

**Other solar opportunities**

We're also exploring other greenfield solar development options, predominantly throughout Queensland and New South Wales, as well as co-located options adjacent to existing or proposed wind developments (including the Waddi Wind Farm in Western Australia and the Snowtown Wind Farm in South Australia). The advantage of co-location is that it enables sharing of connection infrastructure and potentially complementary generation production profiles.

We will progress these sites subject to technical and commercial feasibility. Through securing land access, confirming optimal project sizing and connection options, and obtaining the required approvals.

# we tilt for our people

Our team is small compared to other companies our size. That not only keeps our costs down, it means we can work faster and take less time to make decisions. Our distinctive way of doing things stems from employing people who want to take a fresh approach.

# Our Board & Executive Team

**Geoffrey Swier**
Director

**Steve Symons**
Chief Financial Officer & Company Secretary

**Deion Campbell**
General Manager Generation & Trading

**Vimal Vallabh**
Director

**Fiona Oliver**
Director

**Robert Farron**
Chief Executive Officer

**Clayton Delmarter**
General Manager Renewable Development

**Bruce Harker**
Chair

**Paul Newfield**
Director

**Phillip Strachan**
Director

## Our Board

**Bruce Harker**
Chair

**Chair, Remuneration Committee and Member, Health, Safety, Environment, and Community Committee**

PhD (Elec, Eng), BE (Hons), Dist FIPENZ

Bruce has extensive experience in corporate governance and energy markets with a focus on renewable energy development. He is an executive of H.R.L. Morrison & Co. Bruce previously chaired the Australian hydro business, Southern Hydro Partnership and was deputy chair of ASX listed Energy Developments Limited. He was a Director of Trustpower Limited from 2000 and Board Chair from 2007 to 2015. He also chaired start up electricity retailer, Lumo, previously Victoria Electricity over the period from 2004 to 2012 from its first signed customer through to 500,000 customers.

**Vimal Vallabh**
Director

BCom, LLB, CFA IMC

Vimal has been involved in the development and acquisition of power and renewable energy projects and related supply chain companies across Europe, the US and South Africa. He is currently Investment Director at H.R.L. Morrison & Co and a Director at Longroad Energy (USA). He was a Director in PwC's UK Corporate Finance Infrastructure team, and has previously held roles in the energy industry, private equity and investment banking.

**Phillip Strachan**
Director

**Chair, Health, Safety, Environment and Community Committee, Member, Remuneration Committee**

BCom, FCPA

Phillip has extensive experience in operations and governance at the executive level. He is the Chair of Queensland Rail and a Director of the Great Barrier Reef Foundation. He was the President of the Australian Aluminium Council and held a number of executive roles over a 36 year career with the Rio Tinto Group, including the Chief Executive Officer of the global Bauxite and Alumina businesses based in Brisbane, and Chief Financial Officer at the Rio Tinto global aluminium product group based in Montreal.

**Fiona Oliver**
Director

**Chair, Audit and Risk Committee**

LLB, BA

Fiona is an experienced Board Director with operational experience at an Executive level in asset management, funds management and private equity. She is currently the Chair of Vinta Funds Management Limited, Deputy Chair of Public Trust and a Board member of Wynyard Group Limited and the National Provident Fund. Fiona is also a member of the Inland Revenue Department's Risk and Assurance Committee. Previously, Fiona was the Chief Operating Officer of Westpac New Zealand's investment arm, BT Funds Management and she also managed the Risk and Operations function for AMP Limited's Sydney and London based private equity division. Fiona was also General Manager, Wealth Management at AMP New Zealand. She practiced as a corporate and commercial lawyer at a senior level in New Zealand, New South Wales and England, specialising in corporate finance.

**Geoffrey Swier**
Director

**Member, Audit and Risk Committee Member, Health, Safety, Environment and Community Committee**

MCom (Econ)

Geoffrey has over 25 years of experience in micro-economic reform, notably in the establishment of competitive energy markets, privatisation and the development of water industries. He is an independent Director of Trustpower Limited, a Director of Melbourne consulting firm, Farrier Swier Consulting, Board member of Health Purchasing Victoria and a member of the ARENA Advisory Panel. Geoff's past roles include being a Member of the Australian Energy Regulator and Associate Member of the Australian Competition and Consumer Commission.

**Paul Newfield**
Director

**Member, Audit and Risk Committee**

MA (Hons), MPhil

Paul's experience includes managing listed and unlisted investments across the energy, utilities and infrastructure sectors in Australia, New Zealand, North America and Europe. He is the Chief Investment Officer of H.R.L.Morrison & Co, where he has overall responsibility for analysing investment markets, directing origination activity and assessing specific investment opportunities. Before that, Paul was a Principal at The Boston Consulting Group.

## Our Executive Team

**Robert Farron**
Chief Executive Officer

BBS, CA, CFIPNZ, CMInstD

Robert has held senior roles in corporate and institutional banking and renewable energy development in emerging markets. Previously he was Chief Financial Officer and Company Secretary at Trustpower where he was responsible for over $1.3 billion of debt funding facilities, capital raising, investor relations, treasury, financial reporting, group insurance and risk management. He is a member of the Institute of Chartered Accountants New Zealand and Australia and a chartered member of the New Zealand Institute of Directors.

**Steve Symons**
Chief Financial Officer & Company Secretary

BBus (Acc) CPA

Steve is an senior executive in the Australian energy sector. He took up his current role after working as the interim Chief Financial Officer as part of the Trustpower demerger process. Steve previously held senior financial and general management roles at Palisade Investment Partners, Roaring 40's, Epic Energy and what is now Energy Australia. He is a Certified Practicing Accountant and a member of the Australian Institute of Company Directors.

**Deion Campbell**
General Manager, Generation & Trading

BE (Elect, HONS), ME (MGMT), FIPENZ, CMInstD

Deion has worked extensively in generation operations and development. Before joining Tilt Renewables, Deion held management roles at Trustpower where he had responsibility for safety, environment, development, maintenance and operations activities for 50 power stations across Australia and New Zealand. He also worked with leading turbine suppliers to drive innovation in wind farm maintenance strategies and commercial frameworks. As Major Projects Manager, Deion also led the development, construction and operation of wind and hydro generation projects worth over $1 billion in New Zealand and Australia.

**Clayton Delmarter**
General Manager Renewable Development

BSc(Tech), GDipBus(Fin)

Clayton has had extensive input into Tilt Renewables' development projects. Previously he worked at Trustpower where his roles included Project Delivery Manager, responsible for a number of successful wind and hydro projects, as well as Acting General Manager Generation, and Engineering Manager. Before that, Clayton spent time in North America working on large scale renewable developments.

# we tilt for community

We are committed to being a positive community member and are proud of our record of providing support that makes a difference locally. That starts with listening to stakeholders and then doing what we can, where we can, to make differences that matter for communities.


# We tilt for our communities

We develop and operate assets that are part of communities for several decades. It's important for us to be recognised as a positive community member and we are proud of our record of providing support that makes a difference locally. We understand that we have obligations through the planning approval process, but being part of a community is about more than doing the minimum.

Our approach is to start listening to stakeholders early in the development process so we can tailor our involvement to make a difference where it matters.

At the Mahinerangi Wind Farm, this included ensuring the safety of the children travelling to school by bus during construction. We equipped the bus with a radio to allow communication relating to large truck movements. We also helped fund special projects at the school, including a vegetation planting day, to reinstate plants as required under our resource consent.

The Tararua Wind Farm includes turbines located on a university research farm, so every year we provide bursaries to two students studying the environment, renewable energy or sustainability so that they have the opportunity to learn how working farms and renewable generation assets influence each other.

At the Snowtown Wind Farm, the community was interested in how the project could support them via the 'Lend a Hand' Foundation. Every year we contribute funds to the Foundation for the community to allocate to projects or people that they see as important. This annual contribution has meant funding certainty for the foundation and resulted in many new facilities and other special outcomes for the people of the region.

This year, as we make progress on the Salt Creek Wind Farm, we're already looking for ways to contribute to that community that are well beyond the obligations we have under the planning approval. The wind farm land owner has also agreed to provide a level of community support, echoing our interest in the wind farm being well received by the locals.

### Health and safety

Ensuring the wellbeing of our people, our contractors and the general public is a major focus for Tilt Renewables, including at governance level. Our Board are engaged with site visits, have access to incident reports and there is clear support for the business to put safety at the top of the priority list. Lead indicator targets are being set to drive positive outcomes and manage critical risk across our business.

For our staff we have developed lone worker procedures, provided flu injections and established an Employee Assistance Program. We also support flexible working where possible, with several of our team working part weeks and our IT systems deliberately designed to allow for working from anywhere to provide further flexibility.

Our sites are operated by contractors, all of whom have health and safety cultures that align with ours. We work together to improve safety outcomes by holding safety BBQ meetings, reviewing incidents and ensuring training and competencies are up to date for the work performed.

Public safety management is also provided for with specific public safety audits in both countries allowing us to review how we warn and otherwise educate the public about the risks associated with our assets.

We believe it is important to differentiate between various hazards, with a risk based approach to mitigation, targeting both likelihood and consequence and encouraging individuals to take responsibility for safety outcomes.

We are proud that, at the time of going to print, we have achieved 447 Lost Time Injury (LTI) free days across our business, including our contractors.

**Safety performance**
12 months ending 31 March 2017

| Measure | FY17 Performance |
|---|---|
| Total recordable injury frequency rate (TRIFR) [1] | 0 per million work hours |
| Lost time injury frequency rate (LTIFR) [2] | 0 per million work hours |
| Lost time injuries (LTI) | 0 |

**Notes:**

Safety incident frequency rates are measured on a rolling 12 month basis including contractor statistics.

(1) TRIFR is calculated as the number of lost time injuries and applicable medical treatment incidents multiplied by 1 million divided by total hours worked

(2) LTIFR is calculated as the number of LTIs multiplied by 1 million divided by total hours worked

### The environment

Our business relies on natural resources so we are very aware of the effect our activities have on the environment. Starting at the planning approval stage, we look for opportunities to reduce our impact and once a site is operational we ensure we comply with the conditions of the planning approvals we have received.

Ongoing focus on compliance and reporting means we take care of issues quickly and our contractors are aware of our obligations at each site. Each site has an Environmental Management Plan in place to ensure consistency in reporting and response to any environment related incidents.

This year we recorded zero breaches of the conditions of our environmental approvals.

# Corporate Governance

### Role of the board of Directors

The Directors are elected by the shareholders and are responsible to the shareholders for the performance of the Group. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed. The Board draws on relevant corporate governance best practice principles to assist and contribute to the performance of the Group.

The Board has developed a charter that outlines responsibilities that encompass the following:

- Setting the strategic direction of Tilt Renewables and monitoring management's implementation of that strategy;
- Selecting and appointing (and, if appropriate, removing from office) the Chief Executive, determining his/her conditions of service and monitoring his/her performance against established objectives;
- Ratifying the appointment (and, if appropriate, removing from office) the Chief Financial Officer and Company Secretary;
- Ratifying the remuneration of senior management consistent with their employment agreements;
- Monitoring financial outcomes and the integrity of reporting, and, in particular, approving annual budgets and longer-term strategic and business plans;
- Setting specific limits of authority for management to commit to new expenditure, enter contracts or acquire businesses without prior Board approval;
- Ensuring that effective audit, risk management and compliance systems are in place to protect the Group's assets and to minimise the possibility of the Group operating beyond legal requirements or beyond acceptable risk parameters;
- Monitoring compliance with regulatory requirements (including continuous disclosure) and setting ethical standards and then monitoring compliance with those standards;
- Reviewing, on a regular basis, senior management succession planning and development;
- Ensuring effective and timely reporting to shareholders; and
- Ensuring the Group has a strong health and safety culture and complies with health and safety legislation.

Each year the Board has eight scheduled one day meetings, at least one extended strategic planning meeting, at least four Audit and Risk Committee meetings and several unscheduled meetings to consider and/or review substantial projects and any other special circumstances that may arise from time to time.

The full Board determines the Board size and composition, subject to limits imposed by the Company's Constitution which is required to comply with the NZX Listing Rules. The Constitution provides for a minimum of three Directors and a maximum of seven.

The Constitution and NZX Listing Rules also require that while there are a total of six or seven Directors, two must be independent Directors. As at 31 March 2017, the Board has determined that the independent Directors of Tilt Renewables are P. Strachan, G. Swier and F. Oliver and the non-independent Directors of Tilt Renewables B. Harker (Chair), V. Vallabh and P. Newfield.

The Board has established three standing Subcommittees being; the Audit and Risk Committee, the Remuneration Committee and the Health, Safety, Environment and Community Committee.

### Audit and risk committee

The committee meets at least four times a year. Members of the Committee are F. Oliver (Chair), G. Swier and P. Newfield.

The role of the Audit and Risk Committee is formally recorded in a charter document approved by the Board of Directors. The primary objective of the Committee, as set out in the charter, is to assist the Board in fulfilling its responsibilities relating to account and reporting practices of the Group.

The overall objectives of the Committee are to:

- Oversee and appraise the quality of audits conducted by the internal and external auditors of the Group;
- Maintain open lines of communication among the Board, management and the internal and external auditors;
- Review the financial information presented by management to shareholders, regulators and the general public;
- Determine the adequacy of the Group's administrative, operating internal and accounting controls, including the detection and prevention of fraud;
- Monitor compliance with statutory and regulatory matters relating to financial and corporate reporting;
- Provide strategic guidance and feedback to the Board and management on the Group's risk management framework; and
- Assist the Board to discharge its responsibilities to exercise due care, diligence and skill in relation to the oversight of the effective management of the Group's material business risks.

In fulfilling its responsibilities, the Audit and Risk Committee receives regular reports from management and the internal and external auditors. The internal and external auditors have a clear line of communication at any time to either the Chair of the Audit and Risk Committee or the Chair of the Board.

### The remuneration committee

The Board has established a Remuneration Committee which has two Directors as members, B. Harker (Chair) and P. Strachan. The role of the Remuneration Committee is formally recorded in a charter document approved by the Board of Directors.

The primary objectives of the Remuneration Committee are to:

- Help enable the Group to attract, retain and motivate executives and Directors who will create value for shareholders;
- Fairly and reasonably reward executives having regard to the performance of the Group, the performance of the executives and the general pay environment; and
- Help the Group comply with the provisions of relevant employment legislation and Listing Rules and any other relevant legal requirements.

The responsibilities of the Committee include:

- Reviewing and recommending to the Board for approval the remuneration policy for Directors and senior executives and ensuring that the structure of the policy allows the Group to attract and retain Directors and senior executives of sufficient calibre to facilitate the efficient and effective management of the Group's operations;
- Annual review and recommendation to the Board for approval of the remuneration packages of all Directors and senior executives of the Group;
- With reference to the Board, managing the employment or removal of the Chief Executive and negotiation of employment terms;
- Participation in the process of employment of the Chief Financial Officer and recommendation to the Board of its confidence in any appointment; and
- Establishment of appropriate performance criteria, from time to time, for short and long term employee incentive schemes and to make recommendations to the Board.

### Health, safety, environment and community committee

The Board has established a Health, Safety, Environment and Community Committee (HSEC) which has three Directors as members P. Strachan (Chair), B. Harker and G. Swier. The role of the HSEC Committee is documented in the charter which has been approved by the Board of Directors.

The primary responsibilities and duties of the HSEC Committee are to:

- Acquire and maintain up-to-date knowledge of HSEC matters that are relevant to the Group;
- Understand the Group's operations and hazards and risks associated with these operations;
- Ensure the integrity of the HSEC data and review reporting to ensure useful information is presented from the data;
- Reviewing HSEC outcomes from the Group's operations and activities ensuring that improvement options and plans are developed and monitor implementation;
- Ensure the Group has appropriate resources and processes to eliminate or minimise HSEC operational risks arising from the Group's activities;
- Ensure there are appropriate processes for receiving and considering information about incidents, hazards and risks and for responding to that information;
- Ensure there are processes for complying with relevant HSEC duties, and that these are implemented;
- Verify that the appropriate resources and processes are in place and being used at Tilt Renewables and within the Group; and
- Ensure there are appropriate early stage go/no-go screening and evaluation frameworks for HSEC for early stage new projects and ensure the Board is fully informed on HSEC risks when it is considering new investments.

### Review of board performance

An annual review of the performance of the Board and individual Directors is undertaken by the Chair.

### Compliance with NZX corporate governance best practice code and other guidelines

As a listed issuer Tilt Renewables is required to disclose in its Annual Report whether, and to what extent, its corporate governance principles materially differ from the NZX Corporate Governance Best Practice Code.

Tilt Renewables believes that it complies in all material respects with the Code. However, it should be noted that the Tilt Renewables Board has chosen not to constitute a Nominations Committee as recommended by the Code. The Board has decided that Director nominations are able to be handled more effectively by the full Board.

### Code of ethics

A Code of Ethics has been developed and approved by the Board. Tilt Renewables is committed to maintaining the highest standards of honesty, integrity and ethical conduct and has adopted a Code of Ethics to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents filed by the Company and in other public communications made by the Company;
- Compliance with applicable laws, rules and regulations;
- Internal reporting to the Board of Directors of violations of this Code of Ethics; and
- Accountability for adherence to the Code of Ethics. The Code of Ethics is not an exhaustive list of acceptable or non-acceptable behaviour, rather it is intended to guide decisions so they are consistent with Tilt Renewables values, business goals and legal and policy obligations. Failure to follow the Code of Ethics may lead to disciplinary action being taken, which may include dismissal. The Code of Ethics applies to the Board of Directors and the Company's employees.



### Internal control

The Group has adopted a system of internal control. The system is based upon written procedures, policies, guidelines and organisational structures that provide an appropriate division of responsibility, sound risk management, a programme of internal audit, and the careful selection and training of qualified personnel. While the Board acknowledges that it is responsible for the overall control framework of the Group, it recognises that no cost effective internal control system will preclude all errors and irregularities.

### Risk management

The Group has developed a comprehensive, enterprise wide risk management framework. Management actively participates in the identification, assessment, and monitoring of new and existing risks. Particular attention is given to market risks that could impact on the Group. Management undertakes regular reporting to appraise the Audit and Risk Committee and the Board of the Company's risks and the treatment of those risks.

### Electricity and energy trading policy

The Group has adopted an Electricity and LGC Trading Policy to manage the risk related to the sale and of purchase of electricity and LGC in the whole markets. Derivative instruments, including Power Purchase Agreements, are used to set the price of electricity and LGCs at a future nominated time. The Electricity and LGC Trading Policy allows wholesale electricity and LGC trading to occur within risk limits set by the Board.

### Treasury policy

The Group has a Board approved Treasury Policy to manage finance, interest rate and foreign exchange. The Policy approves the use of certain instruments for risk management purposes, and it prohibits any activity that is purely speculative in nature. It also sets out exposure limits, delegated authorities and internal controls. The Policy is reviewed by management annually and independently every three years.

### Delegation and authority policy

The Group has Delegated Authorities Policies in place for its New Zealand and Australian activities that have been approved by the Board. The Policies provide limited authority to certain Group employees to purchase goods and services, enter into sales contracts and approve credit, sign deeds, indemnities and guarantees, and sign other contracts and documents. The Policies are reviewed annually.

### Environmental policy

The Group is committed to managing the environmental impacts of our business operations and complying with obligations of our planning approvals. To help achieve this commitment, the Group has in place an Environmental Policy and each operating asset has an Environmental Management Plan to ensure any issues are notified and controlled effectively.

Together these documents allow Tilt Renewables to:

- Monitor compliance with all the legal environmental obligations for each project, including assets under construction;
- Ensure its activities do not lead to environmental pollution and minimise other environmental impacts of its activities;
- Continually improve its environmental performance by periodically reviewing its environmental policy, impacts and management systems; and
- Communicate and promote environmental awareness and work with stakeholders to ensure positive environmental outcomes.

### Conflicts of interest

Where any Tilt Renewables Director has a conflict of interest or is otherwise interested in any transaction, that Director is required to disclose his or her conflict of interest, and thereafter neither participate in the discussion nor vote in relation to the relevant matter. The Company maintains a register of disclosed interests.

### Insider trading

In order to protect Tilt Renewables reputation and safeguard employees who may want to buy or sell Tilt Renewables securities, the Company's Securities Trading Policy requires an approved procedure to be followed by all staff and Directors. Certain employees of the Company are required to make additional disclosures under the Financial Markets Conduct Act 2013.

### Whistleblowing policy

Tilt Renewables has established a Whistleblowing Policy in order to facilitate the disclosure and impartial investigation of any serious wrongdoing. This policy advises employees of their right to disclose serious wrongdoing, and sets out Tilt Renewables internal procedures for receiving and dealing with such disclosures. The policy is consistent with, and facilitates, the Protected Disclosures Act 2000.

### Other corporate policies

The Group has a number of other policies. These policies are regularly reviewed and approved by senior management and where appropriate by the Board.

### Internal audit

The Group has established an internal audit function that is responsible for monitoring the Group's system of internal financial control and the integrity of the financial information reported to the Board. Internal audit operates independently from the Board and reports its findings directly to the Audit and Risk Committee. Internal audit liaises closely with the external auditor, who reviews the internal audit work undertaken to the extent necessary to support its audit opinion.

### The role of shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders in the annual and interim reports and various announcements to NZX. Quarterly production information is also provided following the end of each quarter via NZX announcement. The Board encourages full participation of shareholders at the annual meeting to ensure a high level of accountability and identification with the Group's strategies and goals.



# Financial Statements

For the year ended 31 March 2017

Tilt Renewables is pleased to present its audited financial statements. These financial statements have been prepared as if the demerged Tilt Renewables had been a stand alone entity since 1 April 2015, at the start of the prior year comparative period. More information on how the pre-demerger financial information was prepared can be found in note 1.

The notes to our financial statements have been grouped into the broad categories that the Directors consider most relevant when evaluating the performance of Tilt Renewables.

**The categories are:**

| | | |
|---|---|---|
| Generation | Notes | 3–8 |
| Funding | Notes | 9–11 |
| Equity | Notes | 12–16 |
| Tax, related parties and other notes | Notes | 17–22 |

There is also an appendix, from notes A1 to A19, which contains additional detailed disclosures that readers may wish to consider to supplement the disclosures in the primary sections of notes listed above.

There is also a profitability analysis for the generation segment included in note 3.

**Note index**



**Appendix index**



Accounting policies can be found throughout the notes to the financial statements and are denoted by a shaded box surrounding them.

# Key Metrics

Financial Statements
For the year ended 31 March 2017

| Key metrics | 2017 | 2016 |
|---|---|---|
| Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements of Financial Instruments, Asset Impairments and Discount on Acquisition (EBITDAF) ($M) | 124,046 | 124,680 |
| Profit after tax ($M) | 16,371 | 29,149 |
| Underlying earnings after tax ($M) | 8,621 | 25,330 |
| Basic earnings per share (cents per share) | 5.23 | 9.31 |
| Dividends paid during the year (cents per share) | 6.46 | 7.20 |
| Gearing ratio | 51% | 56% |
| **Generation production** | | |
| Australian generation production (GWh) | 1,305 | 1,201 |
| New Zealand generation production (GWh) | 744 | 724 |
| | **2,049** | **1,925** |





# Directors' Responsibility Statement

Financial Statements 2017

The Directors are pleased to present the financial statements of Tilt Renewables Limited and subsidiaries for the year ended 31 March 2017.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group as at 31 March 2017 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

**Bruce Harker**
Chair

**Fiona Oliver**
Director

Company Registration Number 1212113
Dated: 11 May 2017

# Independent Auditor's Report

To the shareholders of Tilt Renewables Limited

## Report on the audit of the consolidated financial statements

### Our opinion

In our opinion, the consolidated financial statements of Tilt Renewables Limited (the Company), including its controlled entities (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2017, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

#### What we have audited

The consolidated financial statements comprise:

- the statement of financial position as at 31 March 2017;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

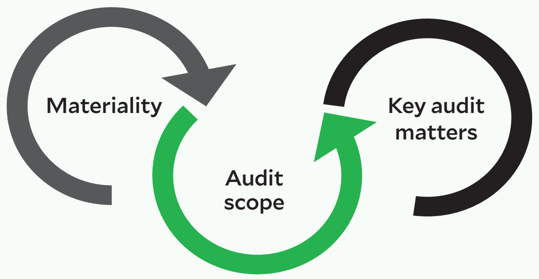
We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the area of tax compliance. The provision of these other services has not impaired our independence as auditor of the Group.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, Southbank VIC 3006, GPO Box 1331, Melbourne VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au


## Our audit approach

An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.




#### Materiality

- For the purpose of our audit we used overall Group quantitative materiality of $1.2 million, which represents 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the consolidated financial statements as a whole.
- We chose Group profit before tax because, in our view, it is the metric against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark.
- We selected 5% based on our professional judgement noting that it is also within the range of commonly acceptable profit related thresholds.

#### Audit scope

- Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We audited the consolidated Australian and New Zealand operations using an overall Group materiality.
- The Group has operations and assets across Australia and New Zealand, with its head office based in Melbourne, where we performed most of our procedures.
- Our team included, amongst others, valuation experts in relation to our audit of the carrying value of generation assets.

#### Key audit matters

- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:
  - Carrying value of Generation assets
  - Accounting for the demerger
- These are further described in the *Key audit matters* section of our report.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. The key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| **Carrying value of generation assets**<br>*Refer note 4 & 5 ($1,231m)*<br><br>Generation assets are carried at fair value and the Group's policy is that they are re-valued at least every 3 years by an independent valuer. As a result of the demerger, the directors decided that a full independent valuation of generation assets would be performed at 31 March 2017.<br><br>The valuation of generation assets requires a number of significant assumptions, including assumptions about forward electricity prices, future generation volumes, forecast operating costs and the rate used to discount future cash flows. All of these assumptions involve judgements about the future.<br><br>The Group has considered the valuation and concluded that it was appropriate to revalue the generation assets to this amount, resulting in an increase of $132.6m.<br><br>We considered this a key audit matter due to the significance of generation assets and the judgement required in determining the key assumptions. | Our procedures included:<br><br>• We considered the key assumptions used in the valuation, including the following:<br>– Compared the forward electricity price path used for the 2017 valuation to current externally derived market forecast data and corresponding purchase price agreements.<br>– Compared the future generation volumes to the historical actual levels achieved.<br>– We also considered if there were any changes to the operating cost structure of generation sites that may impact the expected future cash flows by comparing forecast operating costs with historical actual operating costs incurred.<br>– Together with our internal valuation experts, we assessed the discount rates used in the valuation by comparing it to our view of an acceptable range based on market data, comparable companies and industry research.<br><br>We also performed the following:<br><br>• Compared the forecast cash flows for 2018 used in the valuation model with the FY2018 budget formally approved by the Board, and found them to be consistent.<br>• Assessed the cash flow forecasts utilised in the valuation for each asset by obtaining an understanding of the key factors and underlying drivers for growth, including inflation and market share assumptions, in the context of the Group's future plans.<br>• Together with our internal valuation experts, we assessed the equity multiples that resulted from the valuation and compared these to other recent transactions within the industry.<br><br>Because of the subjectivity involved in determining valuations for individual generation assets and the existence of alternative assumptions we assessed the sensitivity to the overall asset valuation of adjusting the key assumptions described above. |

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| **Accounting for the demerger**<br>*Refer note 1 – Basis of preparation*<br><br>The Trustpower Group underwent a demerger on 31 October 2016 which split Trustpower Limited into two new Groups being New Trustpower Limited and Tilt Renewables Limited.<br><br>Prior to the demerger Trustpower reorganised the Group in accordance with the Implementation Plan contained within the Separation Deed. The demerger was voted on by the shareholders on 9 September 2016 and was implemented effective 31 October 2016. The reorganisation was accomplished by allocating assets, liabilities and contracts existing under Old Trustpower Limited between the two new Groups.<br><br>The carve-out financial information of Tilt Renewables for the year ended 31 March 2016 and for the seven month period ended 31 October 2016 has been prepared on a carve-out basis from Old Trustpower's consolidated financial statements, which are prepared in accordance with NZ IFRS, comprising the historical income and expenses, assets and liabilities and cash flows attributable to Tilt Renewables.<br><br>The reorganisation was a common control transaction, in that the two new Groups were controlled by the same party at the time of the reorganisation. Under common control accounting rules the Group was able to utilise existing book values in the allocation of assets and liabilities to the two new Groups.<br><br>Tilt Renewables Limited has presented historic financial information as though the demerger had occurred on 1 April 2015.<br><br>Demerger accounting is included as a key audit matter due to the significance of the transaction to the reporting group and level of audit effort involved. | We assessed the application of the common control accounting principles to the reorganisation by performing our own assessment of the appropriateness of its use.<br><br>We performed the following procedures to test that the assets and liabilities were appropriately allocated between the two new Groups in preparation for the demerger:<br><br>• Compared the transfer of assets and liabilities to the Implementation Plan and post reorganisation accounting records.<br>• Sighted supporting documentation that intercompany balances, novations, advances, share redemptions, debt financing and dividends were properly reflected in post reorganisation accounting records and occurred as detailed in the Implementation Plan.<br><br>With respect to the pre-demerger activity for the 2016 comparative period and the seven month period ended 31 October 2016, we tested that the financial information contained within the previously audited Old Trustpower Limited consolidation schedules and underlying accounting records was accurately reflected in the Tilt Renewables Limited financial statements, using the lower materiality applied to the standalone group. |

### Other information

The directors are responsible for the other information. The other information comprises the Company Strategy, Highlights, Chair and CEO Report, Summary of Assets and Projects, Board and Executive Team, Corporate Governance and Statutory information included in the Group's annual report for the year ended 31 March 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

**https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx**

This description forms part of our auditor's report.

### Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Charles Christie.

For and on behalf of:

**Chartered Accountants** Melbourne
11 May 2017

I, Charles Christie am currently a member of the Institute of Chartered Accountants in Australia and my membership number is 77665.

PricewaterhouseCoopers was the audit firm appointed to undertake the audit of Tilt Renewables Limited for the year ended 31 March 2017. I was responsible for the execution of the audit and delivery of our firm's auditor's report. The audit work was completed on 11 May 2017 and an unqualified opinion was issued.

**Charles Christie**
Partner





# Income Statement

Financial Statements
For the year ended 31 March 2017

| | Note | 2017 $000 | 2016 $000 |
|---|---|---|---|
| **Operating revenue** | | | |
| Electricity revenue | 3 | 174,269 | 162,238 |
| Other operating revenue | | 198 | – |
| | 2 | **174,467** | **162,238** |
| **Operating expenses** | | | |
| Generation costs | | 36,285 | 27,104 |
| Employee benefits | | 3,853 | 1,321 |
| Other operating expenses | A5 | 10,283 | 9,133 |
| | | **50,421** | **37,558** |
| **EBITDAF** | A2 | 124,046 | 124,680 |
| Net fair value (gains) / losses on financial instruments | A9 | (7,750) | (3,819) |
| Amortisation of intangible assets | | 12 | 1 |
| Depreciation | 4 | 73,984 | 68,520 |
| **Operating profit** | | **57,800** | **59,978** |
| Interest paid | 10 | 32,160 | 34,593 |
| Interest received | 10 | (272) | (390) |
| Net finance costs | | **31,888** | **34,203** |
| **Profit before income tax** | | **25,912** | **25,775** |
| Income tax (expense) / income | 17 | (9,541) | 3,374 |
| **Profit after tax** | | **16,371** | **29,149** |
| Profit after tax attributable to the shareholders of the Company | | 16,371 | 29,149 |
| Basic and diluted earnings per share (cents per share) | A3 | **5.23** | **9.31** |

*The accompanying notes form part of these financial statements*

# Statement of Comprehensive Income

Financial Statements
For the year ended 31 March 2017

| | Note | 2017 $000 | 2016 $000 |
|---|---|---|---|
| Profit after tax | | 16,371 | 29,149 |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to profit or loss:** | | | |
| Revaluation gains on generation assets | 12 | 132,603 | 3,458 |
| Other currency translation differences | 12 | 8,010 | (15,143) |
| **Tax effect of the following:** | | | |
| Revaluation gains on generation assets | 12 | (38,538) | (1,493) |
| Other currency translation differences | 12 | 667 | 14,541 |
| **Total other comprehensive income** | | **102,742** | **1,363** |
| **Total comprehensive income** | | **119,113** | **30,512** |
| Attributable to shareholders of the Company | | **119,113** | **30,512** |

*The accompanying notes form part of these financial statements*



Tilt Renewables Limited and Subsidiaries

# Statement of Financial Position

Financial Statements
For the year ended 31 March 2017

| | Note | 2017 $000 | 2016 $000 |
|---|---|---|---|
| Equity | | | |
| *Capital and reserves attributable to shareholders of the Company* | | | |
| Share capital | 12 | - | - |
| Invested capital | 12 | - | 90,286 |
| Revaluation reserve | 12 | 450,148 | 356,083 |
| Retained earnings | 12 | 79,047 | - |
| Foreign currency translation reserve | 12 | (9,767) | (21,055) |
| **Total equity** | | **519,428** | **425,314** |
| *Represented by:* | | | |
| **Current assets** | | | |
| Cash at bank | | 27,008 | 5,136 |
| Receivable from related parties | 22 | 3,281 | - |
| Accounts receivable and prepayments | A7 | 16,549 | 26,371 |
| Derivative financial instruments | A10 | - | 21 |
| | | **46,838** | **31,528** |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 1,241,025 | 1,161,719 |
| Derivative financial instruments | A10 | 4,654 | 31 |
| Intangible assets | 5 | 569 | 23 |
| | | **1,246,248** | **1,161,773** |
| **Total assets** | | **1,293,086** | **1,193,301** |
| **Current liabilities** | | | |
| Accounts payable and accruals | A8 | 9,363 | 10,318 |
| Payable to related parties | 22 | 6,238 | 68,243 |
| Borrowings | 9 | 35,086 | 26,000 |
| Derivative financial instruments | A10 | 1,448 | 1,097 |
| Taxation payable | | 7,297 | 948 |
| | | **59,432** | **106,606** |
| **Non-current liabilities** | | | |
| Borrowings | 9 | 535,675 | 512,762 |
| Derivative financial instruments | A10 | 7,666 | 11,164 |
| Accounts payable and accruals | A8 | 2,952 | 3,098 |
| Deferred tax liability | 18 | 167,933 | 134,357 |
| | | 714,226 | 661,381 |
| **Total liabilities** | | **773,658** | **767,987** |
| **Net assets** | | **519,428** | **425,314** |

*The accompanying notes form part of these financial statements*

# Statement of Changes in Equity

Financial Statements
For the year ended 31 March 2017

| | Note | Share Capital $000 | Invested Capital $000 | Revaluation Reserve $000 | Foreign Currency Translation Reserve $000 | Retained Earnings $000 | Total Equity $000 |
|---|---|---|---|---|---|---|---|
| **Opening balance as at 1 April 2015** | | - | 80,794 | 354,118 | (17,842) | - | 417,070 |
| Total comprehensive income for the period | | - | 29,149 | 1,965 | (602) | - | 30,512 |
| *Transactions with owners recorded directly in equity* | | | | | | | |
| Dividends paid | 14 | - | (22,268) | - | - | - | (22,268) |
| Total transactions with owners recorded directly in equity | | **-** | **(22,268)** | **-** | **-** | **-** | **(22,268)** |
| **Closing balance as at 31 March 2016** | | **-** | **87,675** | **356,083** | **(18,444)** | **-** | **425,314** |
| **Movements 1 April 2016 – 31 October 2016** | | | | | | | |
| Total comprehensive income for the period | 12 | - | 16,489 | - | 11,504 | - | 27,993 |
| Disposal of revalued assets | | - | - | - | - | - | - |
| *Transactions with owners recorded directly in equity* | | | | | | | |
| Dividends paid | 14 | - | (11,134) | - | - | - | (11,134) |
| Total transactions with owners recorded directly in equity | | **-** | **(11,134)** | **-** | **-** | **-** | **(11,134)** |
| Demerger on 31 October 2016 | | - | (93,030) | - | - | 93,030 | - |
| **Balance as at 31 October 2016** | | **-** | **-** | **356,083** | **(6,940)** | **93,030** | **442,173** |
| **Movements 1 November 2016 – 31 March 2017** | | | | | | | |
| Total comprehensive income for the period | 12 | - | - | 94,065 | (2,827) | (118) | 91,120 |
| Settlement of demerger related party charges | | - | - | - | - | (4,906) | (4,906) |
| *Transactions with owners recorded directly in equity* | | | | | | | |
| Dividends paid | 14 | - | - | - | - | (8,959) | (8,959) |
| Total transactions with owners recorded directly in equity | | **-** | **-** | **-** | **-** | **(8,959)** | **(8,959)** |
| **Closing balance as at 31 March 2017** | | **-** | **-** | **450,148** | **(9,767)** | **79,047** | **519,428** |

*The accompanying notes form part of these financial statements*



Tilt Renewables Limited and Subsidiaries

# Cash Flow Statement

Financial Statements
For the year ended 31 March 2017

| | Note | 2017 $000 | 2016 $000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| *Cash was provided from:* | | | |
| Receipts from customers (inclusive of GST) | | 203,434 | 177,328 |
| | | **203,434** | **177,328** |
| *Cash was applied to:* | | | |
| Payments to suppliers and employees (inclusive of GST) | | 74,870 | 50,961 |
| Taxation paid | | 6,407 | 13,628 |
| | | **81,277** | **64,589** |
| **Net cash from operating activities** | A13 | **122,158** | **112,739** |
| **Cash flows from investing activities** | | | |
| *Cash was provided from:* | | | |
| Interest received | | 272 | 390 |
| | | **272** | **390** |
| *Cash was applied to:* | | | |
| Lodgement of electricity market security deposits | | - | 2 |
| Purchase of property, plant and equipment | | 16,769 | 4,465 |
| Purchase of intangible assets | | 546 | 25 |
| | | **17,316** | **4,492** |
| **Net cash used in investing activities** | | **(17,044)** | **(4,102)** |
| **Cash flows from financing activities** | | | |
| *Cash was provided from:* | | | |
| Secured loan proceeds | | 442,477 | 27,000 |
| | | **442,477** | **27,000** |
| *Cash was applied to:* | | | |
| Repayment of loans | | 409,118 | 87,978 |
| Loan from related parties | | - | (5,204) |
| Repayment of related parties | | 64,594 | - |
| Interest paid | | 32,397 | 34,726 |
| Dividends paid | | 20,093 | 22,268 |
| | | **526,202** | **139,768** |
| **Net cash used in financing activities** | | **(83,724)** | **(112,768)** |
| **Net increase / (decrease) in cash and cash equivalents** | | **21,390** | **(4,131)** |
| Cash and cash equivalents at beginning of the year | | 5,136 | 8,819 |
| Exchange gains/(losses) on cash and cash equivalents | | 482 | 448 |
| **Cash and cash equivalents at end of the year** | | **27,008** | **5,136** |

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

For the year ended 31 March 2017

## Note 1: Basis of preparation

### Reporting entity

The reporting entity is the consolidated group comprising Tilt Renewables Limited and its subsidiaries together referred to as Tilt Renewables. Tilt Renewables Limited is a limited liability company incorporated and domiciled in New Zealand. The principal activities of Tilt Renewables are the development, ownership and operating of electricity generation facilities from renewable energy sources.

Tilt Renewables Limited is registered under the Companies Act 1993, and is listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX). It is an FMC Reporting Entity under the Financial Markets Conducts Act 2013.

The financial statements are presented for the year ended 31 March 2017.

On 31 October 2016, the demerger of Scarlett Limited (previously known as Trustpower Limited, "Old Trustpower") became effective. At this date, all of the assets and liabilities directly related to the development and operation of wind and solar generation assets were transferred to Tilt Renewables. The remaining assets and liabilities, related to the ownership and operation of hydro generation assets and the retail sale of energy and telecommunications services, were transferred to Trustpower Limited.

The financial information presented in these consolidated financial statements is based on actual figures as an independent group after the demerger and carve-out figures prior to the demerger. The carve-out financial information presented in these consolidated financial statements reflects the financial performance of the business units responsible for the development, ownership and operation of wind and solar generation assets (Tilt Renewables). Accordingly, the consolidated statement of financial position as at 31 March 2017, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period November 2016 – March 2017 and the related key figures are based on actual figures as an independent group. The financial information for the periods before 31 October 2016 are a carve-out of the financials for Tilt Renewables from information provided by Old Trustpower.

### Basis of preparation

The financial statements are prepared in accordance with:

- The Financial Markets Conduct Act 2013, and NZX equity listing rules
- New Zealand Generally Accepted Accounting Practice (NZGAAP)
- New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS)
- Other applicable New Zealand Financial Reporting Standards, as appropriate for profit oriented entities.

The financial statements have been prepared as follows:

- All transactions at the actual amount incurred (historical cost convention), except for generation assets and derivatives which have been revalued to fair value
- All figures have been reported in Australian Dollars (AUD) and reported to the nearest thousand.

An index to all of the accounting policies is available in note A1. Changes to accounting policies and standards are shown in note A19.

Estimates and judgements made in preparing the financial statements are frequently evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Tilt Renewables makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

## Note 1: Basis of preparation (continued)

### Judgements and key assumptions

The areas involving a higher degree of judgement or complexity are disclosed below:

- Fair value of Tilt Renewables generation assets (Note 6)
- Useful lives of generation assets for depreciation (Note 6)
- Fair value of derivatives and other financial instruments (Note A17).

### Basis of accounting for the carve-out financial information

The carve-out financial information of Tilt Renewables for the year ended 31 March 2016 and for the seven month period ended 31 October 2016 has been prepared on a carve-out basis from Old Trustpower's consolidated financial statements, which comply with NZ IFRS, comprising the historical income and expenses, assets and liabilities and cash flows attributable to Tilt Renewables. Tilt Renewables carve-out financial information includes all those legal entities that have historically comprised the Tilt Renewables aspects of Old Trustpower.

Where the operations of Old Trustpower entities transferred in their entirety to Trustpower Limited or Tilt Renewables the financial information of those entities have been assigned wholly to Trustpower Limited or Tilt Renewables respectively. Where the operations of an Old Trustpower entity comprised both the operations of Trustpower Limited and Tilt Renewables the income and expenses have been allocated based on the business units that generated the income and expenditure. Assets and liabilities have been allocated based on methods specific to each line item. Where a line item has required additional adjustments or recalculations an explanation is given below.

The carve-out financial information may not be indicative of Tilt Renewables future performance and it does not necessarily reflect what its combined results of operations, financial position and cash flows would have been have Trustpower operated as an independent group and had it presented standalone financial statements during the periods presented.

The following summarises the main carve-out adjustments and allocations made in preparing the carve-out financial information. The Directors of Tilt Renewables consider that the allocations described below have been made on a reasonable basis but are not necessarily indicative of the costs that would have been incurred if Tilt Renewables had been a standalone entity.

#### Intercompany transactions and related party transactions

Intercompany transactions and assets and liabilities between Tilt Renewables entities have been eliminated in the carve-out financial information. Transactions with other Old Trustpower companies transferred to Trustpower Limited have been treated as related party transactions. Accounts receivable from and payables to other group companies as at 31 March 2016 reflect the accounts receivable and payable between Tilt Renewables entities and Trustpower Limited entities. Some carve-out adjustments have been applied to these balances reflecting the fact that the operations of some Old Trustpower entities were split between Tilt Renewables and Trustpower Limited.

#### Invested capital

The net assets of Tilt Renewables are represented firstly by share capital, revaluation reserve and foreign currency translation reserve where these components of equity relate directly to the entities comprising of Tilt Renewables. The surplus of net assets over these components of equity is represented by capital invested in Tilt Renewables and shown as "invested capital". The consolidated statement of changes in equity shows that contributed equity is transferred to retained earnings on 31 October 2016.

## Note 1: Basis of preparation (continued)

### Financing

Treasury management was centralised within Old Trustpower so that all external debt was held within one New Zealand entity and one Australian entity. Upon demerger all debt facilities of Old Trustpower were refinanced and new debt facilities were implemented by Tilt Renewables and Old Trustpower.

The external debt financing and related interest expenses of the demerging Old Trustpower group that were directly attributable to the operations of Tilt Renewables, were included in the carve-out financial information. This carve-out allocation was also consistent with the debt allocations that occurred upon the implementation of the demerger.

### Income tax

Where 100% of the operations of an Old Trustpower entity were transferred to Tilt Renewables or Trustpower Limited, the tax expenses and tax liabilities and receivables in the carve-out financial information is based on actual taxation.

Where the operations of an entity were split between Tilt Renewables and Trustpower Limited the taxes allocated to Tilt Renewables have been recalculated as if it had been a separate taxpayer. The remaining taxes have been allocated to Trustpower.

### Dividends

Dividends were allocated to Tilt Renewables based on the dividend policy articulated prior to the demerger. All remaining dividends have been allocated to Trustpower.

## Note 2: Segment information

The leadership team of the group, consisting of the Chief Executive Officer, Chief Financial Officer, General Manager for Operations & Trading and the General Manager for Renewable Development, examines the group's performance from a geographic perspective and has identified the following reporting segments for the group.

For internal reporting purposes, Tilt Renewables is organised into two reporting segments.
The main activities of each segment are:

- 2.1 Australian generation – the generation of renewable electricity by wind power schemes across Australia
- 2.2 New Zealand generation – the generation of renewable electricity by wind power schemes across New Zealand.

The leadership team primarily use a measure of EBITDAF to assess the performance of the operating segments. They also receive information about the segments' revenue, assets and financing on a monthly basis. Information about segment revenue and significant customers is disclosed in note 3.

The segment results for the year ended 31 March 2017 are as follows:

| | Generation New Zealand $000 | Generation Australia $000 | Total $000 |
|---|---|---|---|
| **Revenue from external customers** | 46,765 | 127,702 | 174,467 |
| **EBITDAF** | 32,975 | 91,071 | 124,046 |
| Amortisation of intangible assets | - | 12 | 12 |
| Depreciation | 23,941 | 50,043 | 73,984 |
| Capital expenditure | 11,473 | 5,296 | 16,769 |

## Note 2: Segment information (continued)

The segment results for the year ended 31 March 2016 are as follows:

| | Generation New Zealand $000 | Generation Australia $000 | Total $000 |
|---|---|---|---|
| **Revenue from external customers** | 47,986 | 114,252 | 162,238 |
| **EBITDAF** | 40,708 | 83,972 | 124,680 |
| Amortisation of intangible assets | - | 1 | 1 |
| Depreciation | 19,800 | 48,720 | 68,520 |
| Capital expenditure | 2,276 | 2,564 | 4,840 |

**Revenue recognition**

Revenue comprises the fair value of consideration received or receivable for the sale of the energy and environmental products outlined below in the ordinary course of the Group's activities:

- sale of electricity generated from the Group's wind farms; and
- generation of Large-scale Generation Certificates (LGC's) in Australia. These are recognised at fair value when they are generated and in the same period as the costs are incurred.

Revenues are recognised on an accrual basis net of GST unless not recoverable from the taxation authority.

The Group recognises revenue when the amount of revenue can be reliably measured, when the significant risks and rewards of ownership of the products have passed to the buyer, and the Group obtains the right to be compensated.

Revenue is not reliably measured until all sale contingencies have been resolved.

## Note 3: Profitability analysis

Tilt Renewables owns 386 MW of wind generation assets throughout Australia as well as 196 MW of wind generation assets in New Zealand.

### Australia

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Operating revenue** | | |
| Electricity revenue | 80,146 | 71,421 |
| LGC revenue | 47,358 | 42,831 |
| Net other operating revenue | 198 | - |
| | **127,702** | **114,252** |
| **Operating expenses** | | |
| Generation production costs | 26,743 | 20,964 |
| Employee benefits | 2,883 | 925 |
| Other operating expenses | 7,005 | 8,391 |
| | **36,631** | **30,280** |
| **EBITDAF** | **91,071** | **83,972** |

## Note 3: Profitability analysis (continued)

### New Zealand

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Operating revenue** | | |
| Electricity revenue | 46,765 | 47,986 |
| | **46,765** | **47,986** |
| **Operating expenses** | | |
| Generation production costs | 9,542 | 6,140 |
| Employee benefits | 970 | 396 |
| Other operating expenses | 3,278 | 742 |
| | **13,790** | **7,278** |
| **EBITDAF** | **32,975** | **40,708** |

**Generation development**

An ongoing part of Tilt Renewables' business is the development of new generation assets. All costs incurred, prior to our assessment to move forward with the building of a new asset are expensed, including exploration, evaluation and consenting costs. All costs from the point when a project transitions into a build phase are capitalised if appropriate (see note A5 for further details).

**Generation lease revenue**

In accordance with *UIG 4 Determining whether an Asset Contains a Lease*, revenue that is generated under certain power purchase agreements, where Tilt Renewables sells substantially all of the related electricity to one customer, is classified as lease income.

Over 95% of the electricity generated by Tilt Renewables Australian wind farms is sold via power purchase agreements to a large Australian electricity retailer. Almost all of the electricity generated by Tilt Renewables New Zealand is sold via a power purchase agreement to Trustpower. These agreements have been deemed as operating leases of the wind farms under NZ IFRS and all revenue under these contracts are accounted for as lease revenue (2017: $148,509,000 2016: $110,214,000).

The volume of energy supplied is dependent on the actual generation of the wind farms, therefore, the future minimum payments under the terms of the contracts, that expire between 31 December 2018 and 31 December 2030, are not able to be quantified with sufficient reliability for disclosure in the financial statements.

## Note 4: Property, plant and equipment

Generation assets include land and buildings which are not separately identifiable from other generation assets. Generation assets were independently revalued, using a discounted cash flow methodology, as at 31 March 2017, to their estimated market value as assessed by an independent expert. See note A15 for historical cost information and see note 6 for details of the fair value of the generation assets.

Other property, plant and equipment assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying value amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## Note 4: Property, plant and equipment (continued)

| | Generation Assets $000 | Other Plant and Equipment $000 | WIP $000 | Total $000 |
|---|---|---|---|---|
| **Opening balance as at 1 April 2015** | | | | |
| Fair value | 1,241,014 | - | - | 1,241,014 |
| Cost | 326 | 4,787 | 3,465 | 8,578 |
| Accumulated depreciation | (1,790) | (1,279) | - | (3,069) |
| | **1,239,550** | **3,508** | **3,465** | **1,246,523** |
| Additions at cost | 2,988 | 1,852 | - | 4,840 |
| Depreciation | (68,116) | (404) | - | (68,520) |
| Foreign exchange movements | (24,622) | 40 | - | (24,582) |
| Revaluations | 3,458 | - | - | 3,458 |
| **Closing balance as at 31 March 2016** | | | | |
| Fair value | 1,153,180 | - | - | 1,153,180 |
| Cost | 88 | 6,590 | 3,465 | 10,143 |
| Accumulated depreciation | (10) | (1,594) | - | (1,604) |
| | **1,153,258** | **4,996** | **3,465** | **1,161,719** |
| Additions at cost | 12,652 | 894 | 3,223 | 16,769 |
| Depreciation | (73,558) | (426) | - | (73,984) |
| Disposals at net book value | (22) | (39) | - | (61) |
| Foreign exchange movements | 3,977 | 2 | - | 3,979 |
| Revaluations | 132,571 | 32 | - | 132,603 |
| **Closing balance as at 31 March 2017** | | | | |
| Fair value | 1,228,844 | 243 | - | 1,229,087 |
| Cost | 34 | 6,915 | 6,688 | 13,637 |
| Accumulated depreciation | - | (1,699) | - | (1,699) |
| | **1,228,878** | **5,459** | **6,688** | **1,241,025** |
| **Closing balance as at 31 March 2017 by country** | | | | |
| Australia | 995,209 | 5,360 | 6,663 | 1,007,232 |
| New Zealand | 233,669 | 99 | 25 | 233,793 |
| | **1,228,878** | **5,459** | **6,688** | **1,241,025** |
| **Closing balance as at 31 March 2016 by country** | | | | |
| Australia | 922,570 | 4,888 | 3,452 | 930,910 |
| New Zealand | 230,688 | 108 | 13 | 230,809 |
| | **1,153,258** | **4,996** | **3,465** | **1,161,719** |

**Property, plant and equipment**

Generation assets are revalued, by independent external valuers, every three years or more frequently if there is evidence of a significant change in value. All other property, plant and equipment is stated at its original cost less depreciation and impairment.

Land is not depreciated. Depreciation on all other property, plant and equipment is calculated using the straight-line method at the following rates:

| | |
|---|---|
| Generation assets | 1–8% |
| Freehold buildings | 2% |
| Plant and equipment | 5 –33% |

**Note 5: Intangible assets**

On 17 March 2017 Tilt Renewables purchased two solar development projects in Queensland for $546,000.

**Note 6: Key assumptions and judgements**

**Fair value of generation property, plant and equipment**

The valuation of Tilt Renewables generation assets is sensitive to the inputs used in the discounted cash flow valuation model.

A sensitivity analysis around some key inputs is given in the table below. The valuation is based on a combination of values that are generally at the midpoint of the range. The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant. In addition to the tests below, a separate sensitivity analysis has been conducted to assess the impact of varying future cash flows for increases or decreases of up to 10% in market prices (including New Zealand market prices beyond the fixed price period to March 2022).

| Assumption | Low | High | Valuation Impact |
|---|---|---|---|
| **Australian Assets** | | | **AUD** |
| Forward electricity price path (including renewable energy credits)<br>*Note: the valuation impact of changes in price path is reduced by the fixed price agreements in place.* | Lower South Australia spot prices over a 10-year period (15% below the base case on average), reverting to real $93/MWh beyond 2030 | Higher South Australia spot prices over a 10-year period (23% above the base case on average) reflecting current market fundamentals without short-term energy policy intervention | -$57,500,000/ +$77,300,000 |
| Generation volume | 10% reduction in future production | 10% increase in future production | -/+ $115,400,000 |
| Weighted average cost of capital | 7.10% | 8.10% | +$40,600,000/ -$38,100,000 |
| **New Zealand Assets** | | | **NZD** |
| Generation volume | 10% reduction in future production | 10% increase in future production | -/+ $33,900,000 |
| Operating costs | 10% increase in future operating expenditure | 10% decrease in future operating expenditure | -/+ $9,000,000 |
| Weighted average cost of capital | 7.40% | 8.40% | +$9,100,000 / -$8,600,000 |

Some of these inputs are not based on inputs observable in the market, and so under IFRS they are classified within level 2 of the fair value hierarchy. See note A17 for more information of IFRS fair value hierarchy.



**Note 6: Key assumptions and judgements** (continued)

**Depreciation expense**

Management judgement is involved in determining the useful lives of Tilt Renewables generation assets based on engineering knowledge and expertise. The lives of longer lived assets are subject to a greater degree of judgement.

**Sensitivity analysis**

If the estimated useful lives of generation assets were 10% higher/lower, operating profit for the year would have increased/(decreased) by $6,445,000/$(7,089,000) (2016: $6,192,000/$(7,568,000)).

**Note 7: Business combinations**

On 17 March 2017 Tilt Renewables purchased two solar development projects in Queensland for $546,000.

**Note 8: Financial risk management – generation**

**Exchange rate risk**

Tilt Renewables typically contracts with local and international suppliers when building a new generation asset. Some of these suppliers may require payment to be made in a foreign currency. To manage the risk of a moving foreign exchange rate, Tilt Renewables will fully hedge large transactions in accordance with Tilt Renewables treasury policy. The total notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2017 was nil (31 March 2016: nil).

**Electricity price risk**

In Australia over 95% and in New Zealand 100% of output is contracted to a large retailers which ensures Tilt Renewables receives a fixed price for this portion of its generation. This risk management strategy assumes that the current electricity wholesale markets operating in New Zealand and Australia, including the renewable energy credit market, will continue to do so in the future. There is a possibility that future regulatory intervention may fundamentally alter the structure of these markets. The likelihood and potential impact of such a change is unquantifiable. However, such an occurrence would likely necessitate a change to Tilt Renewables's electricity price risk management policies and require a review of assets and liabilities held at fair value where electricity price is a key assumption in their value.

**Volume risk**

In both Australia and New Zealand, 100% of generation comes from wind farms that depend on weather conditions which vary significantly from year to year. Tilt Renewables accepts that this risk will cause a degree of volatility to its earnings and does not attempt to mitigate it.

**Credit risk**

A large proportion of the Australian and New Zealand revenue comes from three counterparties.

In Australia, one of these is the Australian Electricity Market Operator and the other is a major electricity retailer which holds an investment grade credit rating. As at 31 March 2017 $10,151,407 was owed to Tilt Renewables by these Australian counterparties (31 March 2016: $9,807,369).

In New Zealand the sole counterparty is Trustpower. As at 31 March 2017, for electricity generation, $3,167,369 was owed to Tilt Renewables by Trustpower (31 March 2016: nil).

**Damage to generation assets risk**

There is potential for Tilt Renewables to sustain major losses through damage to its generation plant and the resulting loss of earnings. The major portion of this risk has been mitigated by taking out appropriate insurance policies with insurers of high creditworthiness. This insurance covers both the repair and or replacement of the plant as well as the lost earnings.

## Note 8: Financial risk management – generation (continued)

### Funding

This section details the borrowings of Tilt Renewables.

Tilt Renewables is debt funded by a combination of bank facilities in New Zealand and Australia and this section should be read in conjunction with the equity section.

This section includes the following notes:

**Note 9:** Borrowings

**Note 10:** Finance income and costs

**Note 11:** Financial risk management – funding

## Note 9: Borrowings

On 7 September 2016, Tilt Renewables signed financing documents in order to enable the funding of the demerger from Old Trustpower. These financing documents included a new syndicated bank debt facility along with the continuation of the EKF Facilities which were historically used to fund a number of the Tilt Renewables operating wind farms. These facilities were drawn down at implementation of the demerger on 31 October 2016 for the purpose of refinancing Old Trustpower debt. In addition to the facilities which were drawn down upon the demerger occurring, there is also an additional expansion facility which remains undrawn and is available to fund future growth opportunities.

At 31 March 2017 Tilt Renewables has drawn down secured loan borrowings against the following facilities:

| Facility | Limit – AUD |
|---|---|
| Facility A – expiry date: 31 October 2019 | $185,000,000 |
| Facility B – expiry date: 31 October 2020 | $180,957,900 |
| EKF Facility I – expiry date: 30 November 2035 | $171,900,000 |
| EKF Facility II – expiry date: 12 July 2021 | $101,316,905 |
| EKF Facility III – expiry date: 30 November 2026 | $45,675,750 |



## Note 9: Borrowings (continued)

| | 2017 Secured Loans | | |
|---|---|---|---|
| | New Zealand Dollar Facilities # $000 | Australian Dollar Facilities $000 | Total Facilities $000 |
| **Repayment terms:** | | | |
| Less than one year | 13,957 | 23,030 | 36,987 |
| One to two years | 14,216 | 24,065 | 38,281 |
| Two to five years | 91,557 | 282,707 | 374,264 |
| Over five years | 13,703 | 113,793 | 127,496 |
| Facility establishment costs | (1,075) | (5,192) | (6,267) |
| | **132,358** | **438,403** | **570,761** |
| Current portion | 13,631 | 21,455 | 35,086 |
| Non-current portion | 118,727 | 416,948 | 535,675 |
| | **132,358** | **438,403** | **570,761** |
| **Undrawn facilities:** | | | |
| Less than one year | - | - | - |
| One to two years | - | - | - |
| Two to five years | - | 115,000 | 115,000 |
| Over five years | - | - | - |
| | **-** | **115,000** | **115,000** |
| **Weighted average interest:** | | | |
| Less than one year | 2.9% | 3.8% | |
| One to two years | 2.9% | 3.8% | |
| Two to five years | 3.4% | 3.5% | |
| Over five years | 3.6% | 4.5% | |
| | **3.3%** | **3.8%** | |

## Note 9: Borrowings (continued)

| | 2016 Unsecured Loans | | |
|---|---|---|---|
| | New Zealand Dollar Facilities # $000 | Australian Dollar Facilities $000 | Total Facilities $000 |
| **Repayment terms:** | | | |
| Less than one year | - | 67,000 | 67,000 |
| One to two years | - | 130,000 | 130,000 |
| Two to five years | - | 179,000 | 179,000 |
| Over five years | 70,772 | 93,598 | 164,370 |
| Facility establishment costs | (1,608) | - | (1,608) |
| | **69,164** | **469,598** | **538,762** |
| Current portion | - | 26,000 | 26,000 |
| Non-current portion | 69,164 | 443,598 | 512,762 |
| | **69,164** | **469,598** | **538,762** |
| **Undrawn facilities:** | | | |
| Less than one year | - | 8,000 | 8,000 |
| One to two years | - | - | - |
| Two to five years | - | 136,000 | 136,000 |
| Over five years | - | - | - |
| | **-** | **144,000** | **144,000** |
| **Weighted average interest:** | | | |
| Less than one year | - | 3.2% | |
| One to two years | - | 3.2% | |
| Two to five years | - | 3.2% | |
| Over five years | 3.4% | 4.9% | |
| | **3.4%** | **3.5%** | |

*# New Zealand dollar facilities are drawn down and repaid in NZD and presented in the financial statements in AUD.*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowings using the effective interest method.

Facility establishment costs are amortised over the life and debt profile of the borrowings facility.

A loan that matures within a year will still be considered non-current if Tilt Renewables has an unconditional right to refinance the loan through non-current undrawn facilities with the same lender.

The fair value of Tilt Renewables bank loans and bonds is not materially different to the carrying values above.

## Note 10: Finance income and costs

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Interest paid on bank loans | 21,842 | 22,327 |
| Other interest costs and fees | 10,318 | 7,772 |
| Interest paid to related parties | - | 4,494 |
| **Total interest expense** | **32,160** | **34,593** |
| Interest received on cash at bank | 272 | 390 |
| **Total interest income** | **272** | **390** |

There was no capitalised interest in the year ended 31 March 2017 (31 March 2016: nil).

## Note 11: Financial risk management – funding

### Interest rate risk

All of Tilt Renewables borrowings are a series of floating interest rate facilities. Tilt Renewables uses Interest Rate Swaps (IRS) to fix the interest costs of the Group. This stabilises Tilt Renewables debt servicing costs. However for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage of a potential fall in market interest rates. Payments made or received by IRS are recognised as a part of "Interest paid on bank loans", except for an immaterial number of these IRS which are instead hedge accounted.

The amount of interest rate risk taken in the current and future years is managed in accordance with a Board approved Treasury Policy. The policy is independently reviewed every three years.

### Liquidity risk

The Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management requires maintaining sufficient cash, marketable securities or unutilised committed credit facilities to provide cover for reasonably conceivable adverse conditions. The Group operates under a Board approved treasury policy which dictates the level of available committed facilities to be maintained. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels.

### Exchange rate risk

Approximately 23% of Tilt Renewables debt is denominated in New Zealand dollars.

### Refinancing risk

From time to time Tilt Renewables debt facilities mature and need to be refinanced. There is a risk that this could occur during adverse market conditions resulting in increased interest rates or, in extreme events, a complete inability to refinance. The Treasury Policy requires a spread of debt maturities to minimise the impact of this risk should it occur. This is measured by the proportion of debt maturing in various time bands.

### Credit risk

Tilt Renewables Australian and New Zealand dollar facilities are with institutions that all have a Standard and Poor's long-term credit rating of A+ or higher.

### Equity

This section outlines the equity structure of Tilt Renewables. Tilt Renewables is listed on the New Zealand Stock Exchange under the code TLT. Tilt Renewables has over 11,800 shareholders, the two largest shareholders are Infratil Limited (51.0%) and the Tauranga Energy Consumer Trust (26.8%).

This section includes the following notes:

**Note 12:** Equity

**Note 13:** Share capital

**Note 14:** Dividends on ordinary shares

**Note 15:** Imputation and franking credit account

**Note 16:** Financial risk management – equity

## Note 12: Equity

| | Share Capital $000 | Invested Capital $000 | Revaluation Reserve $000 | Foreign Currency Translation Reserve $000 | Retained Earnings $000 | Total Equity $000 |
|---|---|---|---|---|---|---|
| **Opening balance as at 1 April 2015** | - | 80,794 | 354,118 | (17,842) | - | 417,070 |
| Profit after tax attributable to the shareholders of the Company | - | 29,149 | - | - | - | 29,149 |
| Other comprehensive income – items that may be reclassified to the profit or loss | | | | | | |
| Revaluation gains on generation assets | - | - | 3,458 | - | - | 3,458 |
| Currency translation differences on revaluation reserve | | | | | | |
| Other currency translation differences | - | - | - | (15,143) | - | (15,143) |
| Tax effect of the following: | | | | | | |
| Revaluation gains on generation assets | - | - | (1,493) | - | - | (1,493) |
| Other currency translation differences | - | - | - | 14,541 | - | 14,541 |
| **Total other comprehensive income** | **-** | **-** | **1,965** | **(602)** | **-** | **1,363** |
| **Transactions with owners recorded directly in equity** | | | | | | |
| Dividends paid | - | (22,268) | - | - | - | (22,268) |
| **Total transactions with owners recorded directly in equity** | **-** | **(22,268)** | **-** | **-** | **-** | **(22,268)** |
| **Closing balance as at 31 March 2016** | **-** | **87,675** | **356,083** | **(18,444)** | **-** | **425,314** |



## Note 12: Equity (continued)

| | Share Capital $000 | Invested Capital $000 | Revaluation Reserve $000 | Foreign Currency Translation Reserve $000 | Retained Earnings $000 | Total Equity $000 |
|---|---|---|---|---|---|---|
| **Opening balance as at 1 April 2016** | **-** | **87,675** | **356,083** | **(18,444)** | **-** | **425,314** |
| **Movements 1 April 2016 – 31 October 2016** | | | | | | |
| Profit after tax attributable to the shareholders of the Company | - | 16,489 | - | - | - | 16,489 |
| **Other comprehensive income - items that may be reclassified to the profit or loss** | | | | | | |
| Other currency translation differences | - | - | - | 10,837 | - | 10,837 |
| Tax effect of the following: | | | | | | |
| Other currency translation differences | - | - | - | 667 | - | 667 |
| **Movements 1 April 2016 – 31 October 2016** | | | | | | |
| **Total other comprehensive income** | **-** | **-** | **-** | **11,504** | **-** | **11,504** |
| Transactions with owners recorded directly in equity | | | | | | |
| Dividends paid | - | (11,134) | - | - | - | (11,134) |
| **Total transactions with owners recorded directly in equity** | **-** | **(11,134)** | **-** | **-** | **-** | **(11,134)** |
| Demerger on 31 October 2016 | - | (93,030) | - | - | 93,030 | - |
| **Balance as at 31 October 2016** | **-** | **-** | **356,083** | **(6,940)** | **93,030** | **442,173** |
| **Movements 1 November 2016 – 31 March 2017** | | | | | | |
| Profit after tax attributable to the shareholders of the Company | - | - | - | - | (118) | (118) |
| **Other comprehensive income – items that may be reclassified to the profit or loss** | | | | | | |
| Revaluation gains on generation assets | - | - | 132,603 | - | - | 132,603 |
| Other currency translation differences | - | - | - | (2,827) | - | (2,827) |
| Tax effect of the following: | | | | | | |
| Revaluation gains on generation assets | - | - | (38,538) | - | - | (38,538) |
| Other currency translation differences | - | - | - | - | - | - |
| **Total other comprehensive income** | **-** | **-** | **94,065** | **(2,827)** | **(118)** | **91,120** |
| Settlement of demerger related party charges | - | - | - | - | (4,906) | (4,906) |
| **Transactions with owners recorded directly in equity** | | | | | | |
| Dividends paid | - | - | - | - | (8,959) | (8,959) |
| **Total transactions with owners recorded directly in equity** | **-** | **-** | **-** | **-** | **(8,959)** | **(8,959)** |
| **Closing balance as at 31 March 2017** | **-** | **-** | **450,148** | **(9,767)** | **79,047** | **519,428** |

### Note 13: Share capital

| | 2017 000's of Shares | 2016 000's of Shares | 2017 $000 | 2016 $000 |
|---|---|---|---|---|
| Authorised and issued ordinary shares at beginning of period | - | - | - | - |
| Shares issued on demerger | 312,973 | - | - | - |
| | **312,973** | **-** | **-** | **-** |

All shares rank equally with one vote per share, have no par value and are fully paid.

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

### Note 14: Dividends on ordinary shares

| | 2017 Cents Per Share | 2016 Cents Per Share | 2017 $000 | 2016 $000 |
|---|---|---|---|---|
| Final dividend prior period | 3.60 | 3.60 | 11,134 | 11,134 |
| Interim dividend paid current period | 3.00 | 3.60 | 8,959 | 11,134 |
| | **6.60** | **7.20** | **20,093** | **22,268** |
| Final dividend declared subsequent to the end of the reporting period payable 9 June 2017 to all shareholders on the register at 26 May 2017. | **2.25** | **-** | **7,042** | **-** |

**Dividend distribution**

Dividends payable to Tilt Renewables shareholders are recognised as a liability in the financial statements in the period in which the dividend is approved by the Board.

### Note 15: Imputation and franking credit account

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Imputation credits available for use in subsequent reporting periods | 376 | - |
| Franking credits available for use in subsequent reporting periods | 25,507 | 13,881 |
| | **25,883** | **13,881** |

The above amounts represent the balance of these accounts as at the end of the reporting period, adjusted for respective credits that will arise from the payment of the amount of taxation payable.

### Note 16: Financial risk management – equity

**Capital risk management objectives**

When managing capital, Tilt Renewables objectives are to ensure sufficient funds are available to pay liabilities when they fall due and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, Tilt Renewables has discretion to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, Tilt Renewables monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by net debt plus equity.

The gearing ratio is calculated below:

| | Note | 2017 $000 | 2016 $000 |
|---|---|---|---|
| **Net debt** | | | |
| Bank and other debt | 9 | 570,761 | 538,762 |
| Cash and cash equivalents | | (27,008) | (5,136) |
| | | **543,753** | **533,626** |
| **Equity** | | | |
| Total equity | | 519,428 | 425,314 |
| | | **519,428** | **425,314** |
| **Total capital funding** | | **1,063,181** | **958,940** |
| Gearing ratio | | 51% | 56% |

**Tax, related party and other notes**

This section details tax disclosures, contingent liabilities, operating lease commitments and related party transactions.

Tilt Renewables' wholly owned New Zealand resident subsidiaries are not members of a consolidated group for New Zealand tax purposes. Tilt Renewables' wholly owned Australian resident subsidiaries are currently members of a consolidated group for Australian tax purposes.

Tilt Renewables' wholly owned subsidiaries are not in a group of companies for New Zealand or Australia GST purposes.

This section includes the following notes:

**Note 17:** Income tax expense

**Note 18:** Deferred income tax

**Note 19:** Key assumptions and judgements – tax

**Note 20:** Contingent liabilities and subsequent events

**Note 21:** Other commitments

**Note 22:** Related party transactions

## Note 17: Income tax expense

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Profit before income tax | **25,912** | **25,775** |
| Tax on profit | 7,774 | 7,733 |
| Tax effect of non-assessable revenue | 1,856 | (10,974) |
| Reconciliation difference between tax jurisdictions | (89) | - |
| Income tax over/(under) provided in prior year | - | (133) |
| | **9,541** | **(3,374)** |
| *Represented by:* | | |
| Current tax | 13,914 | 4,434 |
| Deferred tax | (4,373) | (7,808) |
| | **9,541** | **(3,374)** |

A corporate tax rate of 28% is payable by New Zealand corporate entities on taxable profit under New Zealand tax law. A corporate tax rate of 30% is payable by Australian corporate entities on taxable profit under Australian tax law.

## Note 18: Deferred income tax

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Balance at beginning of period | 134,357 | 157,711 |
| Current year changes in temporary differences recognised in profit or loss | (4,373) | (7,808) |
| Current year changes in temporary differences recognised in other comprehensive income | 38,538 | 8,021 |
| Reclassification of prior year temporary differences | - | 76 |
| Exchange rate movements on foreign denominated deferred tax | (589) | (23,643) |
| Total deferred tax liabilities | **167,933** | **134,357** |
| Comprising: | | |
| Deferred tax liabilities to be recovered after more than 12 months | 162,624 | 113,921 |
| Deferred tax liabilities to be recovered within 12 months | 5,309 | 20,436 |
| | **167,933** | **134,357** |

## Note 18: Deferred income tax (continued)

The tables below show the break down of the temporary differences that make up the deferred tax liabilities and their movement for the year.

| | Opening Balance $000 | Recognised In Profit or Loss $000 | Recognised In Other Comprehensive Income $000 | Closing Balance $000 |
|---|---|---|---|---|
| **For the year ended 31 March 2017** | | | | |
| Revaluations | 147,806 | - | 38,538 | 186,344 |
| Other property, plant and equipment movements | (10,441) | (6,333) | 89 | (16,685) |
| Employee benefits | (13) | (13) | - | (26) |
| Financial instruments | (3,662) | 2,289 | - | (1,373) |
| Unrealised losses on Australian dollar loan | 667 | - | (667) | - |
| Other | - | (316) | (11) | (327) |
| | **134,357** | **(4,373)** | **37,949** | **167,933** |
| **For the year ended 31 March 2016** | | | | |
| Revaluations | 146,313 | - | 1,493 | 147,806 |
| Other property, plant and equipment movements | 1,002 | (8,969) | (2,474) | (10,441) |
| Employee benefits | (13) | - | - | (13) |
| Financial instruments | (4,800) | 1,161 | (23) | (3,662) |
| Unrealised losses on Australian dollar loan | 15,208 | - | (14,541) | 667 |
| | **157,710** | **(7,808)** | **(15,545)** | **134,357** |

## Note 19: Key assumptions and judgements – tax

The Group is subject to income taxes in Australia and New Zealand.

### Tax consolidation

Tilt Renewables' wholly owned New Zealand resident subsidiaries are not members of a consolidated group for New Zealand tax purposes. Tilt Renewables' wholly owned Australian resident subsidiaries are currently members of a consolidated group for Australian tax purposes.

Tilt Renewables' wholly owned subsidiaries are not in a group of companies for Australia GST purposes and they are in a group of companies for New Zealand GST purposes.

### Current tax

Current tax expense is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Applicable tax rates and laws are enacted.

## Note 19: Key assumptions and judgements – tax (continued)

### Deferred tax

Deferred tax expense is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities and the corresponding tax base of these items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that future taxable amounts will be available.

Deferred tax assets and liabilities are measured at expected tax rates and enacted tax laws at the applicable reporting date.

Deferred tax is recognised for taxable temporary differences between accounting carrying value amounts and tax bases of assets and liabilities.

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to equity items where it is recognised as an equity transaction.

Deferred tax assets and liabilities are offset when relating to the same tax authority and the Group intends to settle current tax assets and liabilities on a net basis.

Tax returns for Tilt Renewables and the detailed calculations that are required for filing tax returns are not prepared until after the financial statements are prepared. Estimates of these calculations are made for the purpose of calculating income tax expense, current tax and deferred tax balances. As well as this, an assessment of the result of tax audit issues is also made. Any difference between the final tax outcomes and the estimations made in previous years will affect current year balances.

## Note 20: Contingent liabilities and subsequent events

The Group is not aware of any material contingent liabilities at the balance date that have not been disclosed elsewhere in these financial statements (2016: nil).

Other than disclosed in note 21 the Group is not party to any material operating leases at balance date (2016: nil).

The Group is not aware of any significant events that have occurred subsequent to balance date but prior to the signing of these financial statements.

## Note 21: Other commitments

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Operating leases** | | |
| Not later than 1 year | 331 | 61 |
| Later than 1 year and not later than 5 years | 1,177 | 36 |
| Total operating lease commitments | **1,508** | **97** |

The operating leases relate to the rental agreements for two office buildings in Australia which includes the Tilt Renewables corporate office in Melbourne.

## Note 22: Related party transactions

### Key management personnel compensation

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Short-term employee benefits | 962 | - |
| | **962** | **-** |

As at 31 March 2017 $251,904 (2016: nil) has been accrued and is subject to further approval.

### Transactions with other related parties

| | 2017 $000 | 2016 $000 |
|---|---|---|
| *Sales and purchases of goods and services* | | |
| Supply of electricity to related parties | 17,275 | - |
| Purchase of management services from parent | 14 | - |
| Purchase of management services from related party | 297 | - |
| *Other transactions* | | |
| Settlement of demerger transactions with related party | 6,452 | - |
| **Outstanding balances with other related parties** | | |
| *Sales and purchases of goods and services* | | |
| Supply of electricity and services to related party | 3,281 | - |
| *Other transactions* | | |
| Funding prior to demerger provided by related party | - | 68,243 |
| Settlement of demerger transactions with related party | 6,238 | - |

### Shareholders

Tilt Renewables is controlled by Infratil Limited (incorporated in New Zealand) which owns 51.0% of Tilt Renewables Limited's voting shares. The Tauranga Energy Consumer Trust owns 26.8% and the residual balance of 22.2% is widely held.

H.R.L. Morrison & Co Limited manages Infratil Limited where the following Board members of Tilt Renewables Limited hold senior executive positions:

- Mr B. Harker
- Mr P. Newfield
- Mr V. Vallabh.

Other transactions represent the current estimate of final settlement transactions owed to Trustpower.

Except as noted above, no transactions took place with related parties during the year. All transactions with related parties took place on an arm's length basis. No related party debts were forgiven or written off during the year (2016: nil), and there are no amounts outstanding at 31 March 2017 (2016: nil).

# Appendix

Financial Statements
For the year ended 31 March 2017

## Note A1: Significant accounting policies index



Apart from note A18, accounting policies are denoted by the box surrounding them.

## Note A2: Non-gaap measures

### Underlying earnings after tax

| | Note | 2017 $000 | 2016 $000 |
|---|---|---|---|
| Profit after tax attributable to the shareholders of the Company | | 16,371 | 29,149 |
| Fair value losses / (gains) on financial instruments | A9 | (7,750) | (3,819) |
| Adjustments before income tax | | **(7,750)** | **(3,819)** |
| Adjustments after income tax | | - | - |
| Underlying earnings after tax | | **8,621** | **25,330** |

Underlying earnings is a non-GAAP (Generally Accepted Accounting Principles) financial measure. Tilt Renewables believes that this measure is an important additional financial measure to disclose as it excludes movements in the fair value of financial instruments which can be volatile year to year depending on movement in long term interest rate and or electricity future prices. Also excluded in this measure are items considered to be one off and not related to core business such as changes to the company tax rate or gain/impairment of generation assets.

### Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments and asset impairments (EBITDAF)

EBITDAF is a non-GAAP financial measure but is commonly used within the electricity industry as a measure of performance as it shows the level of earnings before the impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use the measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector.

## Note A3: Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of Tilt Renewables Limited by the weighted average number of ordinary shares on issue during the year.

| | 2017 | 2016 |
|---|---|---|
| Profit after tax attributable to the shareholders of the Company ($000) | 16,371 | 29,149 |
| Weighted average number of ordinary shares in issue ('000s) | 312,973 | 312,973 |
| **Basic and diluted earnings per share (cents per share)** | **5.23** | **9.31** |
| Underlying earnings after tax ($000) | 8,621 | 25,330 |
| Weighted average number of ordinary shares in issue ('000s) | 312,973 | 312,973 |
| **Underlying earnings per share (cents per share)** | **2.75** | **8.09** |

## Note A4: Net tangible assets per share

| | Note | 2017 | 2016 |
|---|---|---|---|
| Total net assets ($000) | | 519,428 | 425,314 |
| Less intangible assets($000) | | (569) | (23) |
| Net tangible assets attributed to shareholders ($000) | | 518,859 | 425,291 |
| Number of ordinary shares in issue ('000s) | 13 | 312,973 | 312,973 |
| **Net tangible assets per share ($ per share)** | | **1.66** | **1.36** |

## Note A5: Other operating expenses

| | Note | 2017 $000 | 2016 $000 |
|---|---|---|---|
| Remuneration of auditors | A6 | 120 | 62 |
| Directors' fees | | 279 | - |
| Donations | | 29 | 31 |
| Generation development expenditure | | 4,556 | 5,803 |
| Bank facility and commitment costs | | 434 | - |
| Other administration costs | | 4,865 | 3,237 |
| | | **10,283** | **9,133** |

## Note A6: Remuneration of auditors

During the year the following fees were payable to the auditors of Tilt Renewables, PricewaterhouseCoopers:

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Audit and other assurance services** | | |
| Audit of financial statements | 120 | 62 |
| | **120** | **62** |
| **Taxation services** | | |
| Tax compliance services | 13 | - |
| Tax compliance advice | 2 | - |
| | **15** | **-** |
| **Other services** | | |
| Other consulting services | 39 | - |
| | **39** | **-** |
| **Total remuneration of PricewaterhouseCoopers** | **174** | **62** |

## Note A7: Accounts receivable and prepayments

| | 2017 $000 | 2016 $000 |
|---|---|---|
| *Current portion:* | | |
| Electricity market receivables | 14,750 | 15,091 |
| Other receivables and prepayments | 1,799 | 11,280 |
| | **16,549** | **26,371** |

**Trade receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that Tilt Renewables will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the income statement. The criteria that Tilt Renewables uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Trustpower, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; and
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

## Note A8: Accounts payable and accruals

| | 2017 $000 | 2016 $000 |
|---|---|---|
| *Current portion* | | |
| Employee entitlements | 307 | 67 |
| Interest accruals | 3,728 | 3,965 |
| GST payable | 1,105 | 52 |
| Other accounts payable and accruals | 4,223 | 6,234 |
| | **9,363** | **10,318** |
| *Non-current portion* | | |
| Other accounts payable and accruals | 2,952 | 3,098 |
| | **2,952** | **3,098** |

**Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## Note A9: Fair value (gains)/losses on financial instruments

The changes in the fair value of financial instruments recognised in the income statement for the year to 31 March 2017 are summarised below:

**Recognised in the income statement**

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Interest rate derivatives | (7,750) | (3,819) |
| | **(7,750)** | **(3,819)** |

## Note A10: Derivative financial instruments

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Current** | | |
| Interest rate derivative assets | - | 21 |
| | **-** | **21** |
| Interest rate derivative liabilities | 1,448 | 1,097 |
| | **1,448** | **1,097** |
| **Non-current** | | |
| Interest rate derivative assets | 4,654 | 31 |
| | **4,654** | **31** |
| Interest rate derivative liabilities | 7,666 | 11,164 |
| | **7,666** | **11,164** |

## Note A11: Investments in subsidiaries

| | Parent and Group | Country of Incorporation and Place of Business | % Owned by Tilt Renewables Ltd | | Nature of Business |
|---|---|---|---|---|---|
| *Significant subsidiaries (31 March balance dates)* | | | 2017 | 2016 | |
| # | Tilt Renewables Australia Pty Ltd | Australia | 100 | 100 | Holding company |
| # ^ | Tilt Renewables Financing Partnership | Australia | 100 | 100 | Financial services |
| # | Tilt Renewables Market Services Pty Ltd | Australia | 100 | 100 | Financial services |
| # | Tilt Renewables Investments Pty Ltd | Australia | 100 | 100 | Financial services |
| # | Snowtown South Wind Farm Pty Ltd | Australia | 100 | 100 | Electricity generation |
| # | Snowtown Wind Farm Pty Ltd | Australia | 100 | 100 | Electricity generation |
| # | Snowtown Wind Farm Stage 2 Pty Ltd | Australia | 100 | 100 | Electricity generation |
| # | Blayney and Crookwell WindFarm Pty Ltd | Australia | 100 | 100 | Electricity generation |
| # | Tararua Wind Power Limited | New Zealand | 100 | 100 | Electricity generation and generation development |
| # | Church Lane Wind Farm Pty Ltd | Australia | 100 | 100 | Generation development |
| # | Dundonnell Wind Farm Pty Ltd | Australia | 100 | 100 | Generation development |
| | Salt Creek Wind Farm Pty Ltd | Australia | 100 | 100 | Generation development |
| # | Wingeel Wind Farm Pty Ltd | Australia | 100 | 100 | Generation development |
| # | Waddi Wind Farm Pty Ltd | Australia | 100 | 100 | Generation development |
| # | Rye Park Renewable Energy Pty Ltd | Australia | 100 | 100 | Generation development |
| | Nebo 1 Pty Ltd | Australia | 100 | - | Generation development |
| | Dysart 1 Pty Ltd | Australia | 100 | - | Generation development |

*# Entered into a Deed of Cross Guarantee with Tilt Renewables Limited removing the requirement for the preparation of separate financial statements where preparation of a separate financial statement is required (refer to Note A12).*

*^ On 31 March 2017, Tilt Renewables Limited transferred its Limited Partner interest in the Tilt Renewables Financing Partnership to Tilt Renewables Investments Pty Ltd.*

Except as noted under note 9 there are no other guarantees or restrictions that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the Group.

## Note A12: Deed of cross guarantee

A Deed of Cross Guarantee was entered into on 31 March 2017.

Note A11 outlines the entities that are parties to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed.

The following entities are not included in the Deed of Cross Guarantee:

- Salt Creek Wind Farm Pty Ltd
- Nebo 1 Pty Ltd
- Dysart 1 Pty Ltd.

No consolidated income statement or statement of financial position has been prepared for the legal entities which are parties to the Deed of Cross Guarantee as all excluded legal entities are shell companies in nature.

## Note A13: Reconciliation of net cash from operating activities with profit after tax attributable to the shareholders

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Profit after tax | 16,371 | 29,149 |
| *Items classified as investing/financing* | | |
| Interest paid | 32,160 | 34,593 |
| Interest received | (272) | (390) |
| | **31,888** | **34,203** |
| *Non-cash items:* | | |
| Amortisation of intangible assets | 12 | 1 |
| Depreciation | 73,984 | 68,520 |
| Movement in derivative financial instruments taken to the income statement | (7,750) | (3,819) |
| Increase/(decrease) in deferred tax liability excluding transfers to reserves | (4,373) | (7,808) |
| | **61,874** | **56,894** |
| *Decrease/(increase) in working capital:* | | |
| Accounts receivable and prepayments | 6,540 | (3,494) |
| Taxation payable/receivable | 6,349 | (3,579) |
| Accounts payable, accruals excluding capital expenditure accruals | (865) | (434) |
| | **12,025** | **(7,507)** |
| **Net cash from operating activities** | **122,158** | **112,739** |

## Note A14: Employee share based compensation

Members of Tilt Renewables senior executive team and certain other employees (together defined as key management personnel) are eligible to participate in the Performance Rights Plan. The scheme which was implemented on 3 February 2017 is defined as follows:

Each performance right entitles the participants to have one fully paid share in Tilt Renewables transferred or issued to the participant, subject to the satisfaction of the applicable performance conditions and the terms and conditions of the plan.

For the year ended 31 March 2017 no shares have been issued to management (2016: $Nil).

## Note A15: Property, plant and equipment at historical cost

If generation assets were stated on an historical cost basis, the amounts would be as follows:

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Generation assets (at cost) | 1,023 | 1,042 |
| Generation assets accumulated depreciation | (340) | (293) |
| | **683** | **749** |

## Note A16: Financial risk management

Financial risk management information has been included in notes 8 and 11.

### (a) Liquidity risk

The tables below analyse Tilt Renewables financial liabilities excluding gross settled derivative financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the period end date. The amounts in the tables are contractual undiscounted cash flows.

| | Less Than 1 Month $000 | 1-6 Months $000 | 6-12 Months $000 | Over 1 Year $000 |
|---|---|---|---|---|
| **As at 31 March 2017** | | | | |
| Net settled interest rate derivatives | - | 822 | 626 | 7,666 |
| Accounts payable and accruals | 9,363 | - | - | 2,952 |
| Secured loans | - | 26,056 | 33,359 | 639,471 |
| **Total** | **9,363** | **26,878** | **33,985** | **650,089** |
| **As at 31 March 2016** | | | | |
| Net settled interest rate derivatives | 84 | 503 | 510 | 11,164 |
| Accounts payable and accruals | 10,146 | 78 | 94 | 3,098 |
| Unsecured bank loans | 200 | 77,529 | 4,151 | 464,298 |
| **Total** | **10,430** | **78,110** | **4,755** | **478,560** |



## Note A16: Financial risk management (continued)

### (b) Interest rate risk

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 31 March 2017 was $482,216,350 (2016: $480,000,000).

Interest payment transactions are expected to occur at various dates between one month and nine years from the end of the reporting period consistent with Tilt Renewables forecast total borrowings.

Weighted average interest rates for Tilt Renewables are disclosed in note 9.

### Sensitivity analysis

At 31 March 2017, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Increase/(decrease) to profit of a 100 basis point decrease in interest rates | (14,075) | (9,959) |
| Increase/(decrease) to profit of a 100 basis point increase in interest rates | 13,325 | 9,551 |
| Increase/(decrease) to equity of a 100 basis point decrease in interest rates | (14,075) | (9,959) |
| Increase/(decrease) to equity of a 100 basis point increase in interest rates | 13,325 | 9,551 |

### Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

## Note A17: Fair value measurement

### Estimation of fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- Forward price curve (as described below); and
- Discount rates.

## Note A17: Fair value measurement (continued)

| Source | Valuation Input |
|---|---|
| • Discount rate for valuing interest rate derivatives | • Interest rate forward price curve to value interest rate swaps |
| • Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of Tilt Renewables for liabilities. | • Published market swap rates. |

If the discount rate for valuing electricity price derivatives increased/decreased by 1% then the fair value of the electricity price derivatives would have decreased/increased by an immaterial amount.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See earlier in this note for sensitivity analysis.

NZ IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy which represents the level of judgement and estimation applied in valuing the instrument:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as priced) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There were no transfers between level 1, 2 and 3 assets or liabilities within the fair value hierarchy (2016: none).

The fair value for generation assets is disclosed in note 4.

The following tables present Tilt Renewables financial assets and liabilities that are measured at fair value.

| | Level 1 $000 | Level 2 $000 | Level 3 $000 | Total $000 |
|---|---|---|---|---|
| **31 March 2017** | | | | |
| **Assets per the statement of financial position** | | | | |
| Interest rate derivative assets | - | 4,654 | - | 4,654 |
| | **-** | **4,654** | **-** | **4,654** |
| **Liabilities per the statement of financial position** | | | | |
| Interest rate derivative liabilities | - | 9,114 | - | 9,114 |
| | **-** | **9,114** | **-** | **9,114** |



## Note A17: Fair value measurement (continued)

| | Level 1 $000 | Level 2 $000 | Level 3 $000 | Total $000 |
|---|---|---|---|---|
| **31 March 2016** | | | | |
| **Assets per the statement of financial position** | | | | |
| Interest rate derivative assets | - | 52 | - | 52 |
| | **-** | **52** | **-** | **52** |
| **Liabilities per the statement of financial position** | | | | |
| Interest rate derivative liabilities | - | 12,261 | - | 12,261 |
| | **-** | **12,261** | **-** | **12,261** |

## Note A18: Financial instruments by category

| | Loans and Receivables $000 | Assets at Fair Value Through Profit or Loss $000 | Derivatives Used for Hedging $000 | Assets Held to Maturity $000 |
|---|---|---|---|---|
| **31 March 2017** | | | | |
| **Assets per the statement of financial position** | | | | |
| Derivative financial instruments | - | 4,654 | - | - |
| Trade and other receivables excluding prepayments | 16,549 | - | - | - |
| Cash and cash equivalents | 27,008 | - | - | - |
| | **43,557** | **4,654** | **-** | **-** |
| **31 March 2016** | | | | |
| **Assets per the statement of financial position** | | | | |
| Derivative financial instruments | - | 52 | - | - |
| Trade and other receivables excluding prepayments | 26,371 | - | - | - |
| Cash and cash equivalents | 5,136 | - | - | - |
| | **31,507** | **52** | **-** | **-** |

## Note A18: Financial instruments by category (continued)

| | Liabilities at Fair Value Through Profit or Loss $000 | Derivatives Used for Hedging $000 | Other Financial Liabilities at Amortised Cost $000 |
|---|---|---|---|
| **31 March 2017** | | | |
| **Liabilities per the statement of financial position** | | | |
| Secured loans | - | - | 570,761 |
| Derivative financial instruments | 9,114 | - | - |
| Trade and other payables | - | - | 12,315 |
| | **9,114** | **-** | **583,076** |
| **31 March 2016** | | | |
| **Liabilities per the statement of financial position** | | | |
| Unsecured bank loans including bank overdrafts | - | - | 538,762 |
| Derivative financial instruments | 12,261 | - | - |
| Trade and other payables | - | - | 13,416 |
| | **12,261** | **-** | **552,178** |

## Note A19: Supplementary accounting information

### A19.1 Cash flow statement

The following are the definitions used in the cash flow statement:

- cash is considered to be cash on hand and deposits held at call with banks, net of bank overdrafts.
- operating activities include all activities that are not investing or financing activities.
- investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangible assets and investments in subsidiaries.
- financing activities are those activities, which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

### A19.2 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian currency units (AUD), which is Tilt Renewables functional and presentation currency.

### A19.3 Adoption status of relevant new financial reporting standards and interpretations

No new standards and amendments to standards were applied during the period.

The following new standards have been issued but are not yet effective:

#### NZ IFRS 9 Financial Instruments

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.



## Note A19: Supplementary accounting information (continued)

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018.

Early adoption is permitted. Tilt Renewables intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

#### NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15, 'Revenue from Contracts with Customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

Tilt Renewables intends to adopt NZ IFRS 15 on its effective date and is currently assessing its full impact. This standard is not expected to significantly impact Tilt Renewables.

#### NZ IFRS 16 Leases

NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting for leases under NZ IFRS 16 is almost the same as NZ IAS 17. However, because the guidance on the definition of a lease has been updated (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers.

Tilt Renewables intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

*There are no other NZ IFRS's or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on Tilt Renewables.*

# Statutory Information

Financial Statements
For the year ended 31 March 2017

## Interests register

The Company is required to maintain an Interests Register in which particulars of certain transactions and matters involving the Directors must be recorded.

### General notice of interests by Directors

Pursuant to sections 140 and 211(e) of the Companies Act 1993, the general disclosures of interest made during the accounting period by Directors of the Company and its subsidiaries are listed below:

**Bruce Harker**
Chair
Non-Independent Director

| Company/Organisation | Nature/Extent of Interest | Country of Directorship |
|---|---|---|
| Tilt Renewables Limited | Director | New Zealand |
| IKEGPS Group Limited | Director | New Zealand |
| Tararua Wind Power Limited | Director | New Zealand |

**Paul Newfield**
Non-Independent Director

| Company/Organisation | Nature/Extent of Interest | Country of Directorship |
|---|---|---|
| Tilt Renewables Limited | Director | New Zealand |
| H.R.L. Morrison & Co Private Markets Pty Ltd | Director | Australia |
| H.R.L. Morrison & Co (Australia) Pty Ltd | Director | Australia |
| Morrison & Co Funds Management (Australia) Pty Limited | Director | Australia |
| Morrison & Co Services (Australia) Pty Ltd | Director | Australia |
| Morrison & Co Infrastructure Management (Australia) Pty Limited | Director | Australia |
| Pip Holding Company Pty Ltd | Director | Australia |
| Pip Melbourne Company Pty Ltd | Director | Australia |
| Pip Melbourne Company No 2 Pty Ltd | Director | Australia |
| Woodward Infrastructure Limited | Director | New Zealand |

**Fiona Oliver**
Independent Director

| Company/Organisation | Nature/Extent of Interest | Country of Directorship |
|---|---|---|
| Tilt Renewables Limited | Director | New Zealand |
| Inland Revenue Risk & Assurance Committee | Director | New Zealand |
| National Provident Fund | Director | New Zealand |
| Public Trust | Director | New Zealand |
| Tararua Wind Power Limited | Director | New Zealand |
| Vinta Funds Management Limited | Director | New Zealand |
| Wynyard Group Limited (in liquidation) | Director | New Zealand |

**Geoffrey Swier**
Independent Director

| Company/Organisation | Nature/Extent of Interest | Country of Directorship |
|---|---|---|
| Tilt Renewables Limited | Director | New Zealand |
| Tilt Renewables Australia Pty Ltd | Director | Australia |
| Tilt Renewables Investments Pty Ltd | Director/Secretary | Australia |
| Tilt Renewables Market Services Pty Ltd | Director | Australia |
| Blayney & Crookwell Windfarm Pty Ltd | Director/Secretary | Australia |
| Church Lane Wind Farm Pty Ltd | Director/Secretary | Australia |
| Dundonnell Wind Farm Pty Ltd | Director/Australia | Australia |
| Dysart 1 Pty Ltd | Director/Australia | Australia |
| Farrier Swier Consulting Pty Ltd | Director | Australia |
| GSP Energy Pty Ltd | Director/Secretary | Australia |
| Maclagen Pty Ltd | Director/Secretary | Australia |
| Nebo 1 Pty Ltd | Director/Secretary | Australia |
| Rye Park Renewables Energy Pty Ltd | Director/Secretary | Australia |
| Salt Creek Wind Farm Pty Ltd | Director/Secretary | Australia |
| Snowtown South Wind Farm Pty Ltd | Director/Secretary | Australia |
| Snowtown Wind Farm Pty Ltd | Director/Secretary | Australia |
| Snowtown Wind Farm Stage 2 Pty Ltd | Director/Secretary | Australia |
| Swier Lindsay Super Pty Ltd | Director/Secretary | Australia |
| Trustpower Limited | Director | New Zealand |
| Waddi Wind Farm Pty Ltd | Director/Secretary | Australia |
| Wingeel Wind Farm Pty Ltd | Director/Secretary | Australia |

**Phillip Strachan**
Independent Director

| Company/Organisation | Nature/Extent of Interest | Country of Directorship |
|---|---|---|
| Tilt Renewables Limited | Director | New Zealand |
| Great Barrier Reef Foundation | Director | Australia |
| Langside Nominees Pty Ltd | Director/Secretary | Australia |
| Queensland Rail Ltd | Chair | Australia |
| Teal Capital Pty Ltd | Director/Secretary | Australia |

**Vimal Vallabh**
Non-Independent Director

| Company/Organisation | Nature/Extent of Interest | Country of Directorship |
|---|---|---|
| Tilt Renewables Limited | Director | New Zealand |
| Infratil US Renewables, Inc. | Director | United States |
| Longroad Energy Holdings, Llc | Management Board Member | United States |

## Subsidiary Company Directors

Set out below are details of the Directors of Tilt Renewables subsidiary companies as at 31 March 2017.

**Bruce Harker (Chair)**
Tilt Renewables Limited, New Zealand
Tararua Wind Power Limited, New Zealand

**Fiona Oliver**
Tilt Renewables Limited, New Zealand
Tararua Wind Power Limited, New Zealand

**Geoffrey Swier**
Tilt Renewables Limited, New Zealand
Tilt Renewables Australia Pty Ltd, Australia
Tilt Renewables Market Services Pty Ltd, Australia
Tilt Renewables Investments Pty Ltd, Australia
Snowtown South Wind Farm Pty Ltd, Australia
Snowtown Wind Farm Pty Ltd, Australia
Snowtown Wind Farm Stage 2 Pty Ltd, Australia
Blayney & Crookwell Wind Farm Pty Ltd, Australia
Church Lane Wind Farm Pty Ltd, Australia
Dundonnell Wind Farm Pty Ltd, Australia
Salt Creek Wind Farm Pty Ltd, Australia
Wingeel Wind Farm Pty Ltd, Australia
Waddi Wind Farm Pty Ltd, Australia
Rye Park Renewables Energy Pty Ltd, Australia
Nebo 1 Pty Ltd, Australia
Dysart 1 Pty Ltd, Australia

**Phillip Strachan**
Tilt Renewables Limited, New Zealand

**Paul NewField**
Tilt Renewables Limited, New Zealand

**Vimal Vallabh**
Tilt Renewables Limited, New Zealand

**Robert Farron**
Tilt Renewables Australia Pty Ltd, Australia
Tilt Renewables Market Services Pty Ltd, Australia
Tilt Renewables Investments Pty Ltd, Australia
Snowtown South Wind Farm Pty Ltd, Australia
Snowtown Wind Farm Pty Ltd, Australia
Snowtown Wind Farm Stage 2 Pty Ltd, Australia
Blayney & Crookwell Wind Farm Pty Ltd, Australia
Church Lane Wind Farm Pty Ltd, Australia
Dundonnell Wind Farm Pty Ltd, Australia
Salt Creek Wind Farm Pty Ltd, Australia
Wingeel Wind Farm Pty Ltd, Australia
Waddi Wind Farm Pty Ltd, Australia
Rye Park Renewables Energy Pty Ltd, Australia
Nebo 1 Pty Ltd, Australia
Dysart 1 Pty Ltd, Australia

## General notice of interests by Directors of subsidiary companies

| Director | Interest | Entity |
|---|---|---|
| Bruce Harker* | | |
| Fiona Oliver* | | |
| Geoffrey Swier* | | |
| Robert Farron* | Chief Executive Officer | Tilt Renewables Limited |

** Refer general notice of interest of Directors*

## Use of information used by Directors

During the financial year there were no notices from Directors of the Company or its subsidiary companies requesting to disclose or use Company information received in their capacity as Directors of the Company or its subsidiary companies which would not otherwise have been available to them.

## Directors holding office and their remuneration

The Directors holding office as at 31 March 2017 and during the year are listed below. The total amount of remuneration and other benefits receivable by each Director during the financial year, and responsibility held, is listed next to their names.

### Director remuneration

| Director | Remuneration | Responsibility Held |
|---|---|---|
| Bruce Harker | $79,167 | Chair<br>Non-Executive Director<br>Chair of Remuneration Committee<br>Member of Health, Safety, Environment and Community Committee |
| Paul Newfield | $39,583 | Non-Executive Director<br>Member of Audit and Risk Committee |
| Fiona Oliver | $42,083 | Independent Director<br>Chair of Audit and Risk Committee |
| Phillip Strachan | $41,667 | Independent Director<br>Chair of Health, Safety, Environment and Community Committee<br>Member of Remuneration Committee |
| Geoffrey Swier | $41,667 | Independent Director<br>Member of Audit and Risk Committee<br>Member of Health, Safety, Environment and Community Committee |
| Vimal Vallabh | $35,417 | Non-Executive Director |

Vincent Hawksworth was a Director of Tilt Renewables Limited up until the time of the demerger when he retired. Vincent was not remunerated by the company for being a Director as it was part of his role as the Chief Executive Officer of Trustpower.

Robert Farron is a Director of subsidiaries of the Company. Robert is remunerated for his role as a Chief Executive Officer and does not receive additional remuneration for his role as a Director of the subsidiaries of the Company.

## Employee remuneration

These salary details only include the details of salaries for employees since they joined the Tilt Renewables business. In the case of people employed by Trustpower at the time of the demerger, these salary details are specific to what has been paid since the demerger. In the case of new employees, the amount represents what has been paid since they commenced employment with Tilt Renewables.

The only exceptions are Australian employees who were with the business prior to demerger, their salary detail includes the full period. Also included are payments made to employees who were with the Australian business prior to the demerger and who have since left the business.

| Remuneration Ranges | Number of Employees |
|---|---|
| $100,000-$119,999 | 1 |
| $120,000-$139,999 | 1 |
| $140,000-$149,999 | 1 |
| $150,000-$159,999 | 3 |
| $160,000-$219,999 | 1 |
| $220,000-$229,999 | 2 |
| $230,000-$349,999 | 1 |

### Indemnification and insurance of Directors and executives

During the financial year the Company paid insurance premiums in respect of Directors' and certain executive employees' liability insurance, as permitted by the Company's Constitution and the Companies Act 1993. The policies do not specify the premium for individuals. This insurance extends to Directors and certain executive employees acting in the capacity of a Director or on behalf of a subsidiary or related company.

The Directors' and executive employees' liability insurance provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their capacity as Director or executive employee unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

The Company has entered into deeds of indemnity in respect of each Director, the Chief Executive, Chief Financial Officer and Company Secretary, General Manager of Generation and Trading and General Manager Renewable Development whereby each such Director and executive employee is indemnified against the types of liability and costs described above as permitted by the Company's Constitution and the Companies Act 1993.

### Director's transactions and relevant interests in securities of the Company

The relevant interests of Directors in securities of the Company as at 31 March 2017 are listed below together with transactions by Directors in securities of the Company during the financial year.

| Directors | Number Acquired / (Disposed) | $ Amount Paid / (Received) | Date | Class of Security | Number Held at 31 March 2017 | Number Held at 31 March 2016 |
|---|---|---|---|---|---|---|
| BJ and JS Harker Trust (beneficial) | 77,946 | - | 31 October 2016 | Ordinary | 77,946 | - |
| Paul Newfield | - | - | | | - | - |
| Fiona Oliver | - | - | | | - | - |
| Phillip Strachan | - | - | | | - | - |
| Maclagen Pty Ltd as Trustee of the Swier Family Trust (beneficial) | 63,846 | - | 31 October 2016 | Ordinary | 63,846 | - |
| Vimal Vallabh | - | - | | | - | - |

The shares which were acquired by the Directors on 31 October 2016 for nil value was as a result of the demerger of Trustpower.

# Security Holder Information

## Substantial Security Holders

The Company's register of substantial security holders, prepared in accordance with Section 35C of the Securities Markets Act 1988 recorded the following information as at 3rd May 2017.

As at 31 March 2017, Tilt Renewables Limited had 312,973,000 ordinary shares on issue and the Company had received the following substantial product holder notices:

| Security Holder | Class of Security | Number |
|---|---|---|
| Infratil Limited | Ordinary Shares | 159,742,389 |
| TECT Holdings Limited | Ordinary Shares | 83,878,838 |

### Tilt Renewables Limited (TLT) analysis of shareholding as at 03/05/2017

| Holding Range | Holder Count | Holder Count % | Holding Quantity | Holding Quantity % |
|---|---|---|---|---|
| 1 to 1,000 | 2,246 | 18.98 | 1,453,809 | 0.46 |
| 1,001 to 5,000 | 8,5234 | 72.02 | 19,575,416 | 6.25 |
| 5,001 to 10,000 | 690 | 5.83 | 4,924,992 | 1.57 |
| 10,001 to 100,000 | 344 | 2.91 | 8,151,598 | 2.60 |
| 100,001 to 499,999 | 11 | 0.09 | 2,860,548 | 0.91 |
| 500,000 to 999,999 | 6 | 0.05 | 5,042,532 | 1.61 |
| 1,000,000 plus | 14 | 0.12 | 270,964,105 | 86.58 |
| **Total** | **11,835** | **100** | **312,973,000** | **100.00** |

### Current credit rating status

Tilt Renewables does not currently have an external credit rating.

### Defined share buyback programme

Tilt Renewables does not have a share buyback programme.

### Current NZX waivers

**Summary of waiver granted to Tilt Renewables Limited on 28 November 2016**

As was previously announced, Tilt Renewables Limited was granted a waiver from:

- NZX Listing Rule 10.4.2 to the extent that Tilt Renewables would be required to deliver to NZX, and make available to bondholders, a half-year report for the six month period ending 30 September 2016, on or before 31 December 2016; and
- NZX Listing Rule 10.3.1 to the extent that Tilt Renewables would be required to release a preliminary announcement before the release of a half-year report.

If this waiver had not been granted, Tilt Renewables would have been required to provide separate interim financial statements for the half year to 30 September 2016, notwithstanding that Tilt Renewables was a wholly-owned subsidiary of Scarlett Limited (then called Trustpower Limited) at all times during that period.

The half-year report for Scarlett Limited (then called Trustpower Limited) included (under Note 2) separate financial information for Tilt Renewables showing various financial measures for that half-year period (including what the income statement and statement of financial position for would have looked like had the demerger taken effect on 30 September 2016).

### NZX Disciplinary Action

There has been no action taken by NZX in relation to the Company under Listing Rule 5.4.2.

## Summary of shareholder location

| Country | Holders | % | Holding | % |
|---|---|---|---|---|
| New Zealand | 11,568 | 97.75 | 309,365,544 | 98.85 |
| Australia | 184 | 1.55 | 1,467,130 | 0.47 |
| United Kingdom | 29 | 0.25 | 45,333 | 0.01 |
| U.S.A. | 18 | 0.15 | 30,564 | 0.01 |
| Other | 36 | 0.30 | 2,064,429 | 0.66 |

## Top 20 shareholders as at 3 May 2017

| Rank | Shareholder Name | Holding Balance | Percentage |
|---|---|---|---|
| 1 | Infratil Limited | 159,742,389 | 51.04 |
| 2 | Tect Holdings Limited | 83,878,838 | 26.80 |
| 3 | HSBC Nominees A/C NZ Superannuation Fund Nominees Limited * | 4,994,955 | 1.59 |
| 4 | Accident Compensation Corporation * | 3,751,968 | 1.19 |
| 5 | Custodial Services Limited – A/C 3 | 2,650,417 | 0.84 |
| 6 | TEA Custodians Limited Client Property Trust Account * | 2,601,591 | 0.83 |
| 7 | New Zealand Permanent Trustees Limited * | 2,480,001 | 0.79 |
| 8 | Custodial Services Limited – A/C 1 | 2,164,352 | 0.69 |
| 9 | National Nominees New Zealand Limited * | 1,962,025 | 0.62 |
| 10 | Forsyth Barr Custodians Limited | 1,756,857 | 0.56 |
| 11 | BNP Paribas Nominees (NZ) Limited * | 1,715,891 | 0.54 |
| 12 | BNP Paribas Nominees (NZ) Limited * | 1,154,682 | 0.36 |
| 13 | Custodial Services Limited – A/C 4 | 1,089,404 | 0.34 |
| 14 | Citibank Nominees (New Zealand) Limited * | 1,020,735 | 0.32 |
| 15 | Custodial Services Limited – A/C 2 | 978,527 | 0.31 |
| 16 | JB Were (NZ) Nominees Limited | 948,814 | 0.30 |
| 17 | JP Morgan Chase Bank Na NZ Branch-Segregated Clients Acct * | 879,581 | 0.28 |
| 18 | Custodial Services Limited – A/C 18 | 805,683 | 0.25 |
| 19 | Guardian Nominees No 2 A/C Westpac W/S Enhanced Cash Trust * | 749,420 | 0.23 |
| 20 | FNZ Custodians Limited | 680,507 | 0.21 |
| | | **276,006,637** | **88.18** |

* *These Names Are Registered In The Name Of New Zealand Central Securities Depository Limited*



# Directory

**Board of Directors**
Bruce Harker
Fiona Oliver
Geoffrey Swier
Paul Newfield
Phillip Strachan
Vimal Vallabh

**Registered Office**
c/- Russell McVeagh
Level 30 Vero Centre
48 Shortland Street
Auckland 1010

**Postal Address**
PO Box 16080
Collins Street West
Melbourne
Victoria 8007

**Website**
www.tiltrenewables.com

**Email Address**
info@tiltrenewables.com

**Auditors**
PricewaterhouseCoopers
Level 19/2 Riverside Quay
Southbank
Victoria 3006

**Share Registrar**
Computershare Investor Services Limited
159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142
Telephone: 09 488 8700
Facsimile: 09 488 8787

Shareholders with enquiries about transactions, change of address or dividend payments should contact the Share Registrar.

**Stock Exchange Listing**
New Zealand Exchange Limited
Level 2 NZX Centre
11 Cable Street
Wellington 6011

ASX Limited
20 Bridge Street
Sydney NSW 2000

**Calendar**
Annual General Meeting
30 August 2017


tilt
renewables