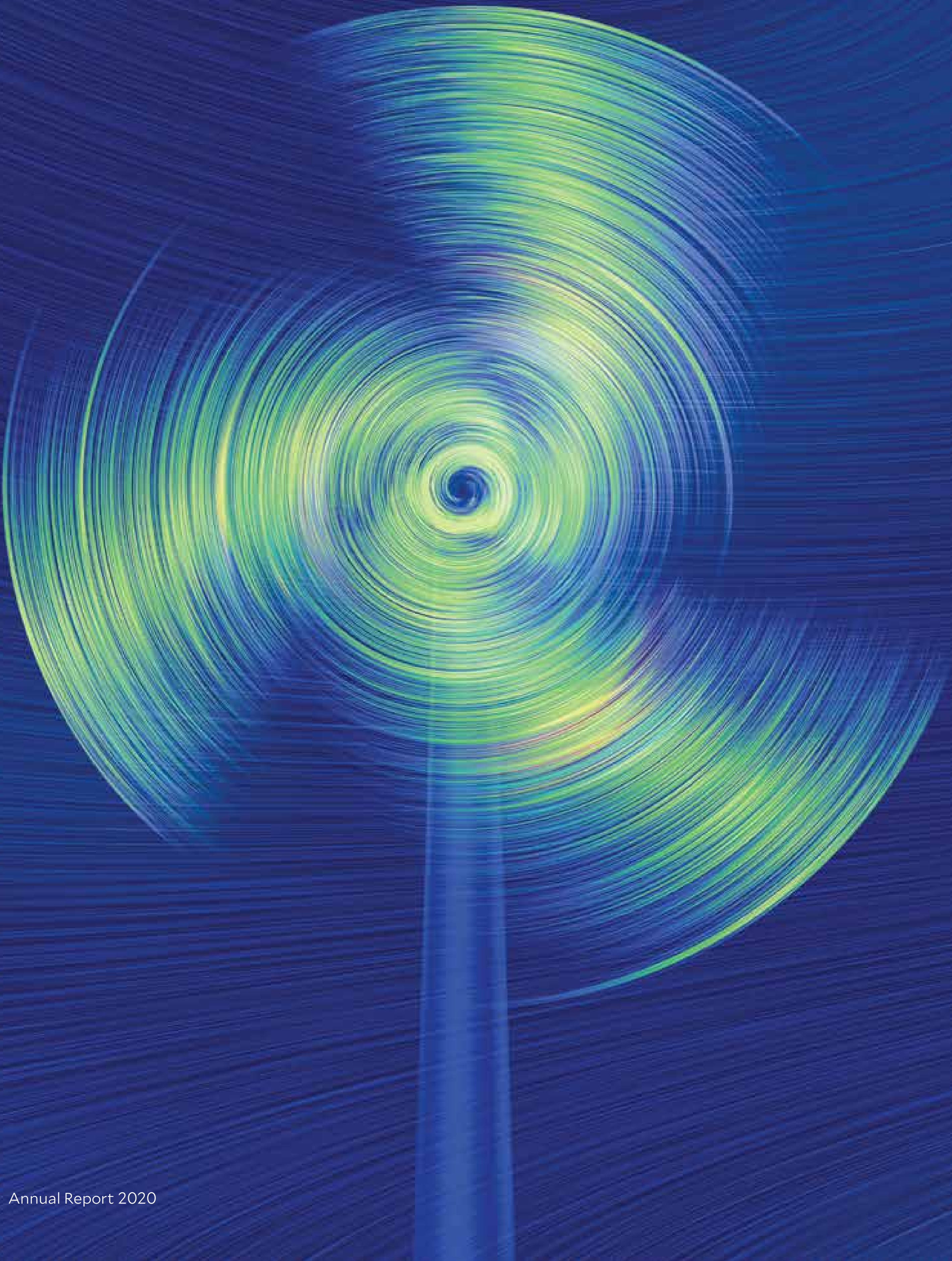
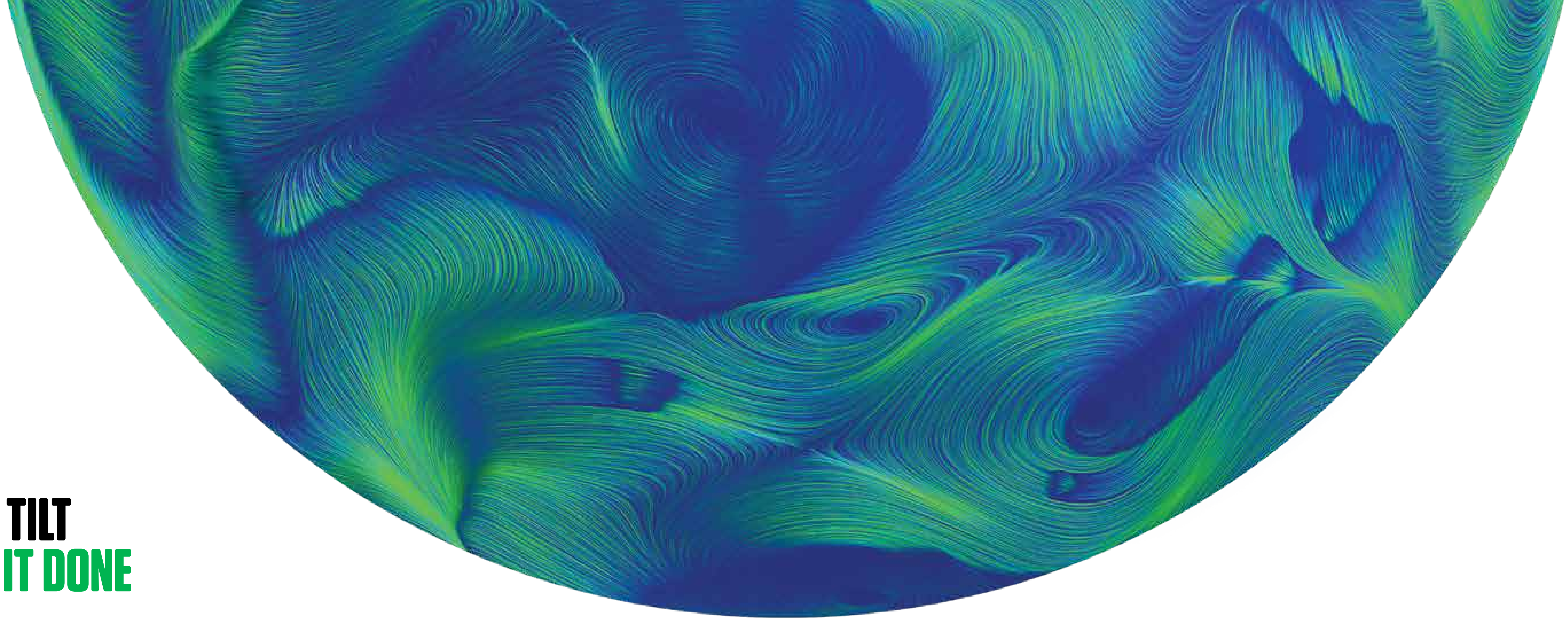
# DELIVERING WITH ENERGY

tilt renewables



Annual Report 2020



# GEN TILT
# GET IT DONE

We are committed to a renewable future. This year, we've shown that the business case for expanding responsibly is stronger than many imagined. As the world grapples with how it can change its energy profile, we've proven that the assets we have developed are investor-ready and highly attractive.

**"I am proud to lead a strong, capable team, who think outside the box – developing better ways to approach what we do, overcoming challenges and adapting to 'get it done'."**

**Cara Layton,**
Stakeholder and Environment Manager

**"Proud to support the construction and successful delivery of the Dundonnell Wind Farm project."**

**Mark Selvaratnam,**
Assistant Project Engineer

**"Implementation of Tiaki, our new risk and compliance software, provides greater assurance we're managing obligations and incidents, minimising threats across our functions and providing efficiencies in our reporting."**

**Helen Flynn,**
Head of Risk and Assurance

**"It was exciting to be a part of such an efficient and committed team and to achieve a great result with the sale of Snowtown 2."**

**James Tume,**
Project Developer

**"I'm proud to have helped secure Tilt Renewables' first corporate Power Purchase Agreement with ALDI Foods."**

**Chloe Green,**
Senior Energy Markets Analyst

**"It's been great to see how all the teams have worked together onsite at Waipipi Wind Farm to address challenges including the COVID-19 pandemic."**

**Philip Wong Too,**
Senior Engineer - Renewables

# HIGHLIGHTS FOR AN ENERGISING YEAR

**1,835GWH**
Emissions-free energy produced

**A$117.5M**
EBITDAF

**A$478M**
NPAT

**IMPROVED SAFETY**
**1 LTI* IN 840,000 WORK HOURS**
*Lost Time Injury

**TRIFR* OF 10.2**
*Total Recordable Injury Frequency Rate

**INCREASED SAFETY FOCUS HAS IMPROVED SAFETY OUTCOMES, EVEN WITH INCREASED EXPOSURE**

**A$1.07B**
Sale of Snowtown 2 Wind Farm

**A$541M**
The total received by Tilt Renewables as a result of the sale of Snowtown 2

**A$260M**
Proposed return of capital to shareholders, to be paid in July 2020

**469MW**
In construction

Development pipeline in excess of
**3,000MW**

**DIVERSE OPPORTUNITIES IN OUR DEVELOPMENT PIPELINE INCLUDING STORAGE AND FIRMING TECHNOLOGY**

**STRONG CASH BALANCE TO FUND NEAR TERM INVESTMENT OPPORTUNITIES**

**NO DEBT REFINANCING DUE UNTIL NOVEMBER 2023**

**THIS YEAR**
**NZ$3.14/SHR**
**NZ$1.48B**
35% increase in market capitalisation as at 16 May 2020

## WAIPIPI
Wind Farm

**133.3MW NEW CAPACITY**

**NZ$277M**
Waipipi Wind Farm, to be completed Q1 2021

**68%**
Increases Tilt Renewables' New Zealand asset base by 68%

**~NZ$22M**
cash EBITDAF per year

**~NZ$9M**
cash flow after debt servicing per year

**3 FTE**
Once operational, will directly employ 3 FTE over its 30 year expected operational life

18 month construction period, at peak will directly employ
**100 PEOPLE**
and indirectly create 700 jobs

## DUNDONNELL
Wind Farm

**336MW NEW CAPACITY**

**A$560M**
Dundonnell Wind Farm, to be completed late 2020

**93%**
93% of production under long term contracts

**~A$45M**
cash EBITDAF per year

**~A$20-25M**
cash flow after debt servicing per year

**10 FTE**
Once operational, will directly employ 10 FTE over its 30 year expected operational life

24 month construction period will directly employ
**200 PEOPLE**
and indirectly create 1,500 jobs

# DELIVERING RESULTS

## CHAIR & CHIEF EXECUTIVE REPORT

We are pleased to present the Annual Report for 2020. If last year was our formative year, it is appropriate to describe 2020 as a year of delivery for Tilt Renewables.

This year was underpinned by several industry leading transactions, including reaching financial close on the Waipipi Wind Farm, thus adding that construction project to the Dundonnell Wind Farm which commenced construction last year. With more than A$800m being invested and 469MW of new generation scheduled to be commissioned over the next financial year, we are progressing well against our growth agenda. We also advanced several other attractive investment options from our development pipeline.

With this growth confirmed and underway, we made the most of favourable market conditions to undertake a strategic review of the Snowtown 2 Wind Farm. This review resulted in that asset being sold in a A$1.07b transaction, delivering significant shareholder value and proving the attractiveness of high-quality assets with long term revenue certainty.

Continuous improvement in the core business was also a focus this year and included deployment of an auto-bidding tool to help our real-time response to the Australian energy market, commissioning of our new environmental compliance and risk management system, improving health and safety management capability, and welcoming additional people to increase capacity in key development and engineering areas.

Continuing our leading role in the transition to a lower carbon future, we also received planning approval for the Palmer Wind Farm in South Australia and commenced the preliminary work for repowering the Tararua 1 Wind Farm. That asset has now been in commercial operations for more than 20 years, its original design life. It is still performing well, but we want to make sure we can continue to use this outstanding wind site into the future.

Our collection of late stage development options is diverse in terms of technology, scale and location. This development pipeline is core to realising our strategy and more than 50% of our team are focused on advancing the pipeline and seeking opportunities to move projects to financial close and into the operating portfolio.

**Dundonnell and Waipipi Wind Farms**

Both construction projects have proceeded roughly to plan during the year. Interestingly, both projects will also result in the largest rotor diameter wind turbines ever installed in Australia and New Zealand. By maintaining flexible planning approvals and selecting the best available technology at the time, Tilt Renewables can offer the market competitively priced electricity and secure long term off-take agreements.

At Dundonnell, the project progressed such that the transmission line, three main transformers and most civil and electrical construction activities were completed by the end of March 2020. Dundonnell now has more than 68 turbines erected, 58 of these have been energised and 27 are operating, allowing the first of three key grid connection performance tests to be undertaken. Commissioning of this wind farm is anticipated to be completed late in 2020.

At Waipipi, the first foundation was poured in January 2020. One third of the foundations have now been completed and work at the site is back on track following the COVID-19 related 5-week suspension of construction during March and April 2020. The first turbine components arrived into port in New Plymouth in May and have been arriving at site. First energy is planned for late in 2020, with final completion in the first quarter of 2021. The investment in Waipipi was able to be funded from solid operating cashflows, supported by a competitive project debt facility, without the need for additional shareholder equity.

With the addition of the ALDI off-take agreement in April 2020 to those already in place with the Victorian Government (via the VRET scheme) and Snowy Hydro, 93% of the production from Dundonnell Wind Farm is now under long term contract. When added to the 100%, 20-year off-take agreement with Genesis Energy for the production from Waipipi Wind Farm, around 85% of our total portfolio electricity production will be sold under long term agreements, once the new projects are complete.

This, combined with our significant cash balance, provides a solid portfolio profile allowing some flexibility for future investment decisions and potentially enabling our best projects to proceed with higher levels of uncontracted revenue.

**Snowtown 2 Wind Farm**

At 270MW, Snowtown 2 Wind Farm which was developed, constructed, and operated by Tilt Renewables, is one of the largest wind farms in Australia. When we decided to undertake a strategic review of the asset, including seeking expressions of interest for its potential sale, it was the largest wind farm ever offered to the Australian market (in one transaction). This fact, along with the operational performance history, proven over 5 years under Tilt Renewables ownership, combined with the attractive long term off-take structure, resulted in the asset being highly attractive to infrastructure investors.

Prior to the sale, a new A$483 project debt facility was established, resulting in A$87m in cash returning to the company. Combined with the net sale proceeds of A$455m, this meant we released A$541m of capital as part of the transaction. This new debt facility was transferred to the purchaser as part of the sale and part of the sale proceeds were used to retire an additional A$64m of debt which was due to mature in October 2020.

The company is now well placed, with all funding secured for the Waipipi and Dundonnell construction projects and more than sufficient unrestricted cash available to fund the equity required for our near term growth opportunities. In light of the current global challenges, this is a very comfortable position.

**Financial results**

The operational assets performed well and benefited from above average wind speeds early in the year. Our financial results were lower than 2019, reflecting the removal of Snowtown 2 Wind Farm from mid-December 2019, but were ahead of expectations when normalised for that transaction.

Group revenue was A$170.2m (11% down) and earnings before interest, tax, depreciation, amortisation and fair value movement of financial instruments (EBITDAF) were A$117.5m (13% down).

Net profit after tax (NPAT) was A$478.4m (3,828% up) and clearly dominated by the profit above book value from the sale of Snowtown 2 Wind Farm. Net cashflow from operating activities was A$96.3m, also down on the prior year due to the reduction in operational asset base.

This perhaps indicates that even with the heavy development and transaction load, the team remained appropriately focused on the performance of the operating assets. It also demonstrates the strength of our long-term asset maintenance agreements and the competency and performance of our maintenance partners.

**Improved Health and Safety**

It is pleasing to report a significant improvement in our safety performance, with a 75% reduction in Lost Time Injuries and 58% reduction in Recordable Injury Frequency Rate. These results, in light of the increased exposure due to the two large construction projects, are encouraging and demonstrate that sufficient focus does produce results.

**Well Positioned Strategically**

With our strategy remaining centred on the transition to renewables, we believe we have continued to strengthen our platform of operating assets and development options, positioning us well for further growth. Our development pipeline is greater than 3,000MW, includes wind, solar and battery options and required environmental permits are in place for more than 65% of the 3,000MW.

With two large scale investments currently in construction, we are describing FY2021 as a transformative year. We are engaging with many new stakeholders as a result of these projects and we are conscious of the need to deliver on the outcomes we have promised. This is with the backdrop of ensuring the other elements of the business continue to perform.

The renewables industry, and perhaps the wider electricity market, is not getting simpler to navigate and we remain focused on continually improving our recipe so that we can create attractive investment opportunities under a variety of market, regulatory and policy scenarios.

Our development pipeline flexibility and our team agility, when matched with the support of our shareholders and key relationships with stakeholders, communities and suppliers, makes us 'opportunity ready'.

**Policy Environment**

In Australia, a period of relative political stability has allowed the policy discussion to tend towards the technical, regulatory and market amendments required to accept more renewables into the energy mix and encourage the supply of system strength, frequency keeping and other ancillary services.

The COVID-19 pandemic has delayed progress in many areas, however the overarching sentiment remains targeted on adapting to a higher renewables penetration.

Discussions on a hydrogen economy, increasing transmission build, greater domestic gas supply and Federal Government investment in pumped hydro are all encouraging, pointing to increased electricity demand, improved system resilience and expanded firming support, which will enable further renewables investment, without the need for a specific renewables support mechanism.

Many of these initiatives are not quick fixes and our demonstrated and continued patience will be key to being well prepared when opportunities do present themselves.

We are pleased to see the improvement in the New Zealand market, with two wind farms under construction and interest being shown in potential further capacity, if this can be supplied in the right location and at the right price.

The governments in both countries are now looking to large infrastructure projects to help rebuild economies and the general consensus is that this is an opportunity, which should not be missed, to progress carbon emissions reductions. We are ready to help.

**Capital Return**

Capital management activity has been focused on the best effective use of the proceeds from the Snowtown 2 Wind Farm sale. The free cash available to the business has been assessed as greater than the funding requirements for nearer term investment opportunities and as a result a capital return to shareholders of A$260m is planned for July 2020.

Unexpected investment options may present themselves and funding options for these will be explored at the time.

With the company still focused on growth, operational cashflows are considered an important funding source and the Board has again decided not to pay a final dividend this year, meaning no dividends have been paid in FY2020.

**Thanks**

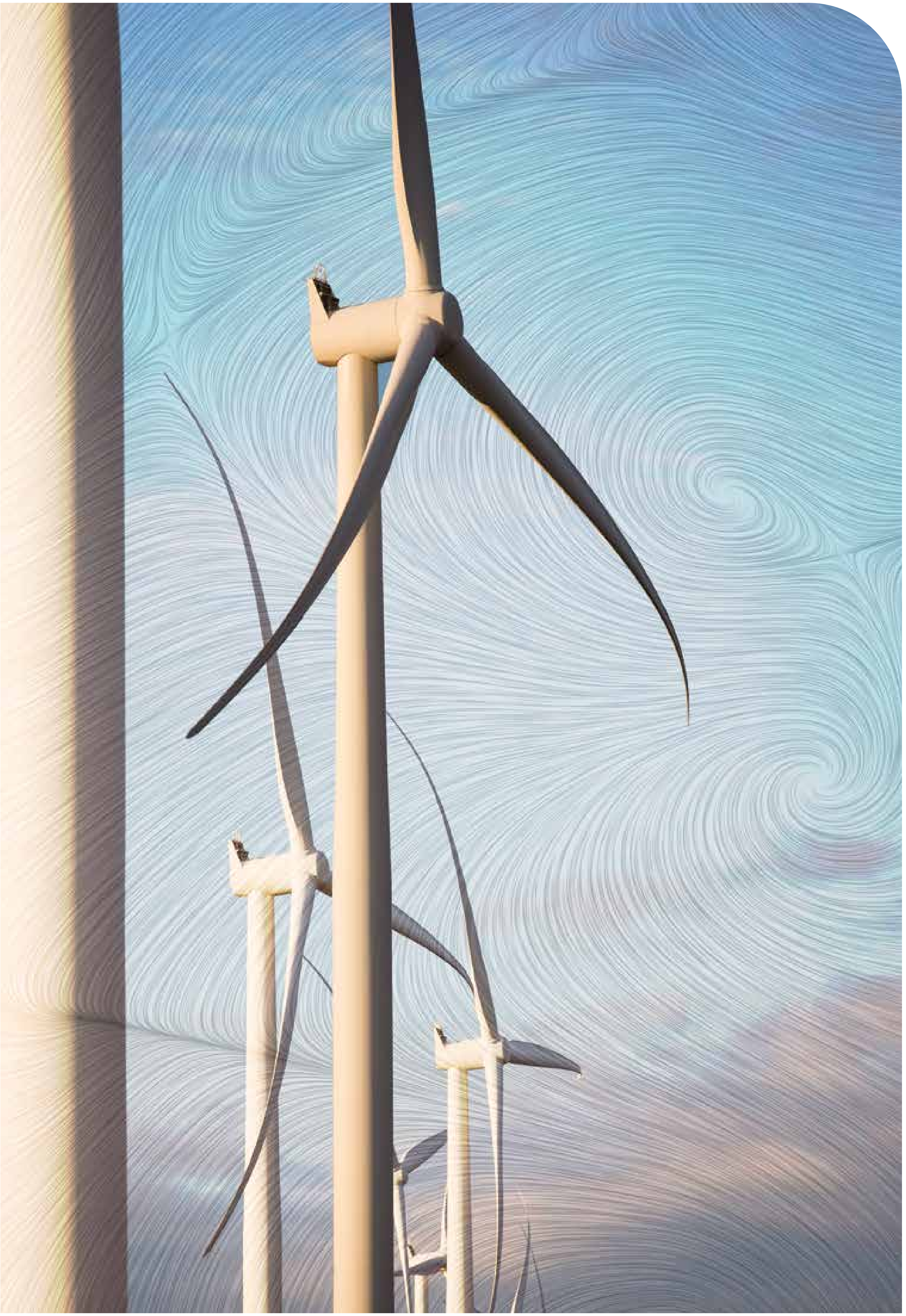
Without the significant effort of the Board and the Executive Leadership Team we would not have made the progress we have this year. We thank you all for your work.

We also thank the wider Tilt Renewables team, who also go above and beyond to ensure we maintain our position as the leading renewables company in Australasia, supported by our landowners, communities, suppliers, banks and other service providers.

We have a lot of work still to do and we will not achieve our full potential without ongoing commitment from our team.

**Bruce Harker**
Chair

**Deion Campbell**
Chief Executive



# OUR BOARD

## Bruce Harker

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

**Chair**

*Chair – People, Remuneration and Nominations Committee,*
*Chair – New Zealand Business Committee*

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. Bruce has been the Chair of Tilt Renewables since its establishment in October 2016.

## Anne Urlwin

BCom, FCA, ACIS, CFInstD

**Independent Director**

*Member – Audit and Risk Committee, Member – Health, Safety, Environment and Community Committee, Member – New Zealand Business Committee*

Anne is a professional company Director with experience in a diverse range of sectors including construction, infrastructure, energy, telecommunications, health and financial services. Her current roles include directorships of Summerset Group Holdings Ltd, Steel & Tube Holdings Ltd, Precinct Properties New Zealand Limited, City Rail Link Limited and Cigna Life Insurance New Zealand Limited. Anne's previous roles include being a director of Chorus Limited and Meridian Energy Limited and Chair of commercial construction group Naylor Love. Anne has been a Director of Tilt Renewables since June 2018.

## Geoffrey Swier

MCom (Econ)

**Independent Director**

*Member – Health, Safety, Environment and Community Committee,*
*Member – People, Remuneration and Nominations Committee*

Geoffrey has over 30 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 consultant with a Melbourne consulting firm, Farrier Swier Consulting and Board member of Health Purchasing Victoria. Geoffrey's past roles include being a Member of the Australian Energy Regulator and Associate Member of the Australian Competition and Consumer Commission. Geoffrey has been Director of Tilt Renewables since establishment in October 2016.

## Fraser Whineray

BE (Chem) (Hons), MBA (Cambridge), GRADDIP DY.SCI.Tech (Dist)

**Director (resigned 31 March 2020)**

*Chair - Health, Safety, Environment and Community Committee*
*(resigned 31 March 2020)*

Fraser was a Director of Tilt Renewables from 19 July 2019 until 31 March 2020. During his time as a Director of Tilt Renewables Fraser was the Chief Executive of Mercury a 100% renewable electricity retailer and generator, where he was Chief Executive from 2014 and held executive roles since joining the company in 2008.

## Paul Newfield

MA (Hons), MPhil

**Director**

*Member – Audit and Risk Committee,*
*Member – New Zealand Business Committee*

Paul's experience includes managing listed and unlisted investments across global energy, utilities and infrastructure sectors. He is Head of Australia and New Zealand at H.R.L. Morrison & Co., where he also chairs the global Investment Committee. Before joining H.R.L. Morrison & Co, Paul was a Principal at The Boston Consulting Group. Paul has been a Director of Tilt Renewables since its establishment in October 2016.

## Fiona Oliver

LLB, BA, CFInstD

**Independent Director**

*Chair – Audit and Risk Committee, Member – People, Remuneration and Nominations Committee, Member – New Zealand Business Committee*

Fiona is a professional Director with experience across a diverse range of sectors. Her board roles include First Gas Limited, Gentrack Group Limited, BNZ Life Insurance Limited and BNZ Insurance. Fiona is also a member of the Inland Revenue's Risk and Assurance Committee. Prior to her career in governance, Fiona held Executive roles in funds management and private equity at BT Funds Management, Westpac's investment arm, and AMP Limited. Fiona has also practiced as a senior corporate finance lawyer in New Zealand and overseas. Fiona has been a Director of Tilt Renewables since its establishment in October 2016.

## Vimal Vallabh

BCom, LLB, CFA IMC

**Director**

*Member – New Zealand Business Committee*

Vimal has been involved in the development and acquisition of power and renewable energy projects and related supply chain companies across Europe, the U.S. and Africa for the past 20 years. He is currently Global Head of Energy at H.R.L Morrison & Co, a Board Director at Longroad Energy (U.S.A.) and Galileo Green Energy (Switzerland). He has previously held roles in the energy industry, private equity and investment banking. Vimal has been a Director of Tilt Renewables since its establishment in October 2016.

## Vince Hawksworth

HND Mining, EMBA Waikato, FEngNZ, FIEAust

**Director (post 1 April 2020)**

*Chair (post 1 April 2020) - Health, Safety, Environment and Community Committee*

Vince Hawksworth has over 20 years' experience in the New Zealand and Australian energy sectors. Vince commenced as Chief Executive of Mercury on 31 March 2020. Mercury is a leading renewable energy generator and retailer that has a key role in the reliable and economic transition to a low carbon future. Previously, Vince was Chief Executive of Trustpower and prior to that Hydro Tasmania. Vince has been a Director of Tilt Renewables since 1 April 2020.








# OUR EXECUTIVE TEAM

## Deion Campbell

BEng (Elect, Hons), MEng (Elect), FEngNZ, CMInstD

### Chief Executive

Deion is a professional electrical engineer with a career spanning more than 25 years in the renewables industry, including wind and hydro power. Deion has led the development, construction and operation of wind and hydro assets with a total investment of more than $2.5B in New Zealand and Australia. In addition to his engineering, project delivery and operational experience, Deion has held senior management and executive roles in publicly listed companies since 2011. As Chief Executive of Tilt Renewables, Deion has led the business through several interesting corporate activities including, large scale investments, takeover defense, equity raising, acquisition investigations and asset divestment.

With an entrepreneurial, growth oriented approach to leadership, Deion's teams are encouraged to achieve innovative outcomes across the asset lifecycle to deliver increased shareholder value.

In addition to his engineering degrees, Deion has completed executive training at INSEAD, is a Fellow of Engineering NZ and is a Chartered Company Director.

## Nigel Baker

BE (Mech, Hons), GDip (Project Management)

### Executive General Manager Generations and Trading

Nigel is a senior executive with over 20 years industry experience including the last 19 years in the operation, construction and commercialisation of renewable energy assets. He joined the Tilt Renewables team in February 2018 as General Manager Generation and Trading. Prior to joining Tilt Renewables, Nigel held senior operations and executive positions with Pacific Hydro both in Australia and Chile, where in recent years he was the General Manager of Pacific Hydro's Chilean business and CEO of a renewable energy joint venture between Pacific Hydro and Statkraft of Norway. Nigel has a Bachelor of Engineering (Mechanical, with Honours) from the University of Melbourne, has completed post-graduate studies at RMIT (Grad Dip in Project Management) and the London Business School (Senior Executive Programme) and is a member of the Australian Institute of Company Directors.

## Steve Symons

BBus (Acc), CA

### Chief Financial Officer and Company Secretary

Steve is a highly experienced finance professional with over 20 years' experience within the energy sector in several senior finance and executive roles. He joined the Tilt Renewables team as the Chief Financial Officer and Company Secretary in October 2016. Prior to joining Tilt Renewables, Steve held senior finance and management roles at Palisade Investment Partners and Epic Energy (now EnergyAustralia). In addition, Steve was the Managing Director of Roaring 40s for two years. Steve has a Bachelor of Business (Accounting) and is a Chartered Accountant. Steve is also a member of the Australian Institute of Company Directors.

## Clayton Delmarter

BSc (Tech), GDipBus(Fin)

### Executive General Manager Renewable Development

Clayton has worked in the renewable energy space for over 18 years and has oversight of the development and delivery of Tilt Renewables extensive project pipeline. Previously he worked in a number of management roles at Trustpower, a vertically integrated electricity generator and retailer. These included Project Delivery Manager, responsible for the successful execution of a number of wind, hydro and irrigation projects throughout New Zealand and Australia, as well as Acting General Manager Generation, and Engineering Manager. Clayton has also spent time working in North America on large scale renewable energy developments.

Clayton holds a Bachelor of Science (Technology) and a Graduate Diploma in Business Studies (Finance) and has completed executive training at the University of Oxford Said Business School.

# OPERATIONAL & CONSTRUCTION ASSETS

## OPERATIONAL ASSETS

### Australia

The Australian asset performance was above target. A total of 1,170GWh was generated by the Australian assets.

**Snowtown 1**
**Wind Farm**

Maximum capacity:

**101MW**

**Estimated annual production:** 329GWh

**Electricity:** Uncontracted

**LGCs:** Uncontracted

**Crookwell**
**Wind Farm**

Maximum capacity:

**5MW**

**Estimated annual production:** 9GWh

**Electricity:** 100% contracted until July 2023

**LGCs:** 100% contracted until July 2023

**Salt Creek**
**Wind Farm**

Maximum capacity:

**54MW**

**Estimated annual production:** 181 GWh

**Electricity:** 100% contracted until December 2030

**LGCs:** Uncontracted

**Blayney**
**Wind Farm**

Maximum capacity:

**10MW**

**Estimated annual production:** 19.7GWh

**Electricity:** 100% contracted until October 2020

**LGCs:** 100% contracted until October 2020

## CONSTRUCTION ASSETS

### Australia

**Dundonnell**
**Wind Farm**
**Under construction 2019**

Maximum capacity:

**336MW**

**Estimated annual production:** 1,230GWh

**Electricity:** Commencing late 2020, 93% contracted until December 2030; 87% contracted until late 2035

LGCs: commencing late 2020, 93% contracted until December 2030


## OPERATIONAL ASSETS

### New Zealand

The New Zealand assets performance was on target notwithstanding lower than expected wind conditions. A total of 665GWh was generated by the New Zealand assets.

**Mahinerangi 1**
**Wind Farm**

Maximum capacity:

**36MW**

**Estimated annual production:** 105GWh

**Electricity:** 100% contracted until end of the asset life

**Tararua 1 & 2**
**Wind Farm**

Maximum capacity:

**68MW**

**Estimated annual production:** 235GWh

**Electricity:** 100% contracted until end of the asset life

**Tararua 3**
**Wind Farm**

Maximum capacity:

**93MW**

**Estimated annual production:** 324GWh

**Electricity:** 100% contracted until end of the asset life

## CONSTRUCTION ASSETS

### New Zealand

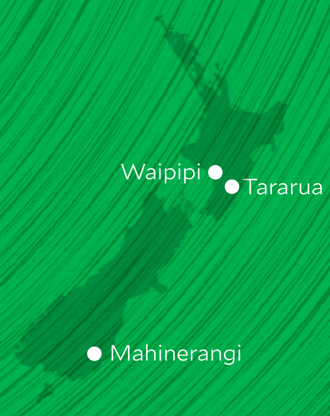
**Waipipi**
**Wind Farm**
**Under construction 2019**

Maximum capacity:

**133.3MW**

**Estimated annual production:** 455GWh

**Electricity:** Commencing late 2020, 100% contracted until early 2041



# DEVELOPMENT PIPELINE

We have a strong development pipeline that is geographically, climatically and technologically diverse. The investment potential of these options, along with our ability to deliver on them, is one of the best in the industry.

1. **Waddi**
Potential capacity:
105MW (wind)
40MW (solar)

2. **Snowtown**
Potential capacity:
45MW (solar)

3. **Snowtown**
Potential capacity:
20MW/ 40MWh (battery)

4. **Palmer**
Potential capacity:
300MW (wind)

5. **Rye Park**
Potential capacity:
400MW (wind)

6. **Liverpool Range**
Potential capacity:
1,000MW (wind)

7. **Victoria State**
Storage/firming options:
- BESS (multiple sites)
Potential capacity:
up to 150MW/ 300MWh (battery)
- Gas Peaker = 100MW
- Wind = 100MW

8. **Dysart**
Potential capacity:
100MW (solar)

9. **Queensland State**
Wind options (multiple sites)
Potential capacity:
250MW (wind)

10. **Chewko**
Potential capacity:
60MW (solar)

11. **Omamari**
Potential capacity:
70MW (wind)

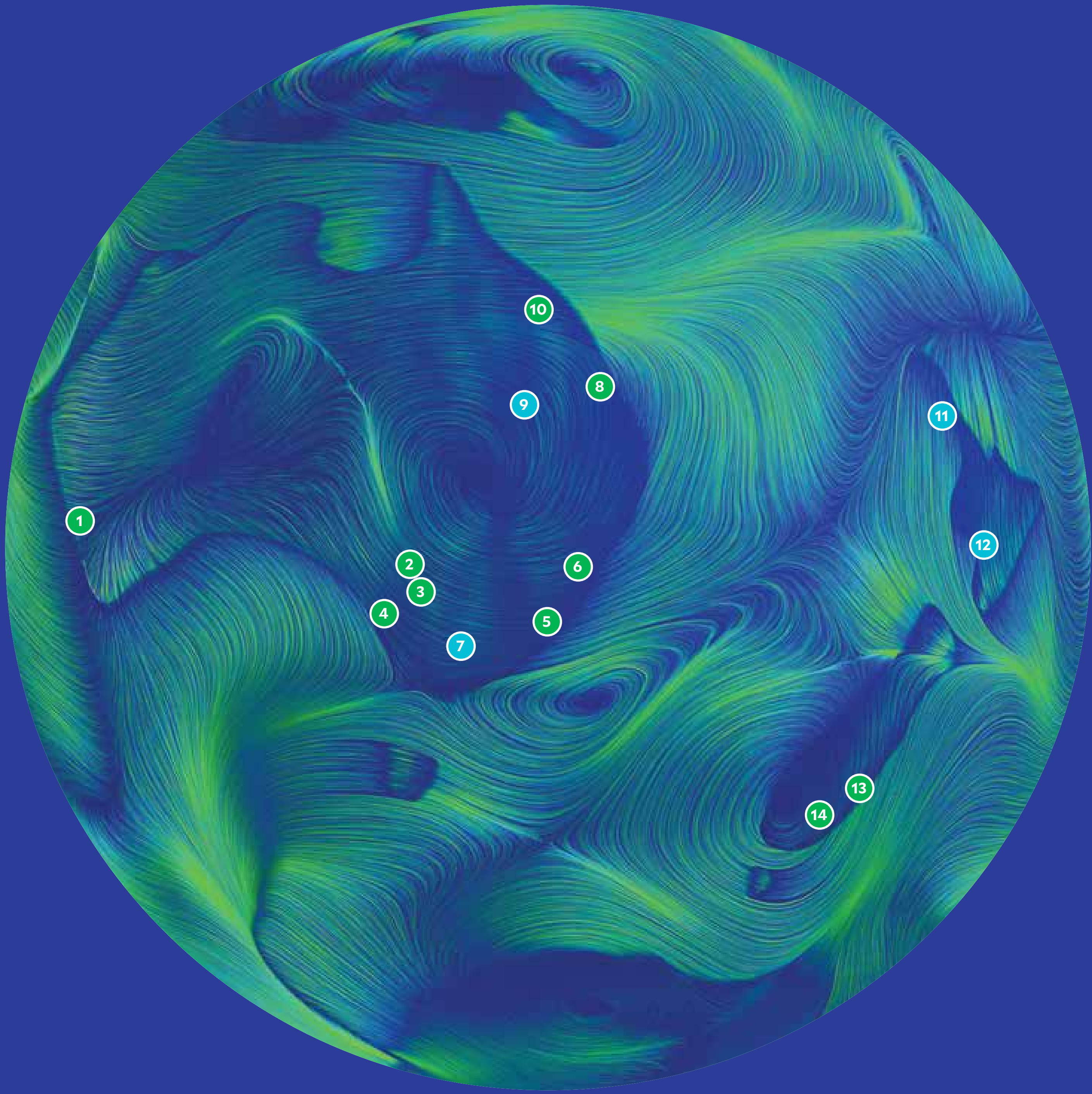
12. **Tararua**
Tararua repowering
Potential capacity:
140MW (wind)
vs 68MW current capacity

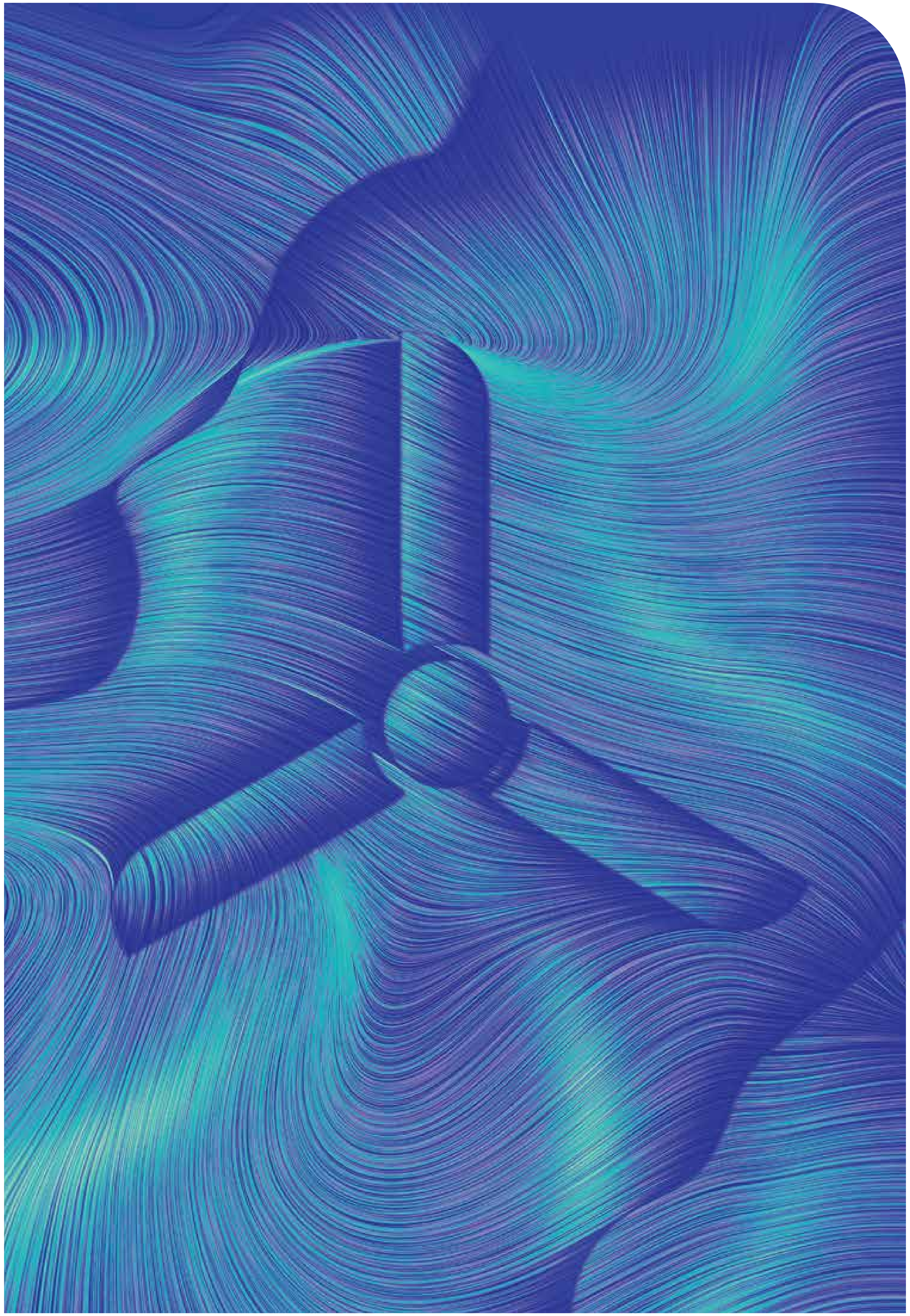
13. **Mahinerangi 2**
Potential capacity:
160MW (wind)

14. **Kaiwera Downs**
Potential capacity:
40MW (wind, stage 1)
200MW (wind, stage 2)

CONSENTED

CONSENTING IN PROGRESS





# BUILDING ON OUR PRESENCE

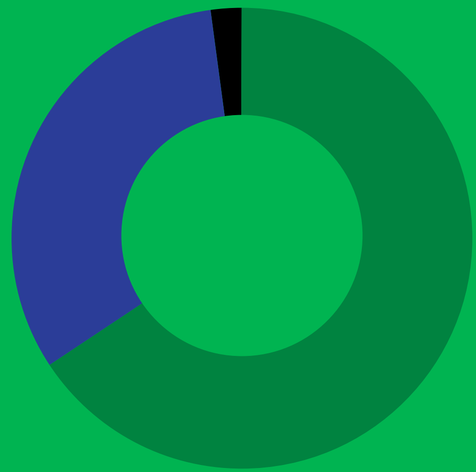
## REVENUE AND CONTRACTING DIVERSIFICATION

When Tilt Renewables was created almost 4 years ago, the company had a strongly contracted portfolio, with offtake agreements with Trustpower in New Zealand and Origin Energy in Australia.

Whilst Trustpower and Origin Energy remain important customers, the evolution of the company's assets and offtake arrangements means that long-term offtake agreements are also now in place with Powershop (Meridian Energy), the state of Victoria, Snowy Hydro, Genesis Energy and Aldi. Through this transition to a more diversified customer base, the focus has remained on seeking long-term relationships with strong and reputable counterparties. This has enabled Tilt Renewables to achieve highly competitive terms.

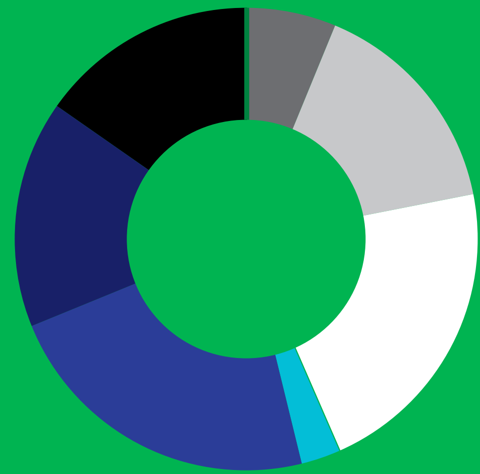
As a result, once the Dundonnell and Waipipi Wind Farms are fully operational, approximately 85% of the electricity from the operational portfolio will be contracted under long-term agreements. The tenors of these agreements vary, however more than two thirds (by volume) of the energy portfolio is contracted beyond the end of 2030 (when the Large-scale Renewable Energy Target framework in Australia ends) and more than half through to 2035.

For generation not covered by long-term offtakes, the company manages short and medium-term hedging of electricity and LGC production through its Revenue Risk Management Policy and trading team.



**Electricity Offtake by Customer as at 2016 De-merger/Tilt Renewables formation**

- Origin
- Trustpower
- Merchant/short-term hedged



**Electricity Offtake by Customer: Current / executed agreements**

- Origin
- Meridian
- Victorian Government
- Snowy Hydro
- Aldi
- Trustpower
- Genesis
- Merchant/short-term hedged

# BUILDING ON OUR PRESENCE


## Dundonnell Wind Farm

The delivery of the 336MW Dundonnell Wind Farm has been a focus throughout the financial year.

The Dundonnell Wind Farm is one of the largest renewable energy projects in Australia and the largest ever undertaken by Tilt Renewables. The project is expected to produce over 1,200GWh annually, doubling the annual production of the current operational fleet.[1]

**80** WIND TURBINES

**Left:** Wind turbine nacelle lift and fitting.
**Below:** Foundation pour.

**336MW** CAPACITY

**245,000** DUNDONNELL WILL GENERATE ENOUGH CLEAN ENERGY TO POWER ABOUT 245,000 HOMES EACH YEAR

The journey to commencement of construction has involved considerable effort by the team, starting with the preparation of a very comprehensive submission to the Victorian Government as part of its Victorian Renewable Energy Auction Scheme (VREAS) to achieve their Renewable Energy Target. That target has now been increased to 50% by 2030.

This submission required a significant amount of innovation with respect to meeting local content targets and developing a wide-ranging benefit sharing package. The result was a number of unique initiatives that would share project environmental and economic benefits with the local and regional community outside more traditional arrangements.

Success under VREAS yielded a Support Agreement with the State of Victoria for approximately 37% of the wind farm output, which underpinned the financing and investment decision to take the project forward in November 2018. This was followed by further offtake arrangements with Snowy Hydro (50%) and most recently, Aldi Foods, who own supermarkets throughout Australia (approximately 6% of output).

The Dundonnell Wind Farm is a very significant piece of infrastructure – the connection to the Victorian transmission system alone consists of 38km of new overhead 220kV transmission line, with some structures up to 42m high, a new 500/220kV substation consisting of a 170 tonne 360MVA transformer, and cut in works to the existing Mortlake Terminal Station which required the construction of two new 500kV lattice towers up to 65m high. These works were successfully completed by Tilt Renewables' partner AusNet Services who will own and operate this infrastructure. AusNet Services and Tilt Renewables also worked closely to construct this infrastructure to cater for the possible future connection of another large-scale wind farm in the vicinity of Dundonnell to reduce environmental and social impacts and costs – this type of innovative structure and thinking will be critical to enabling the continued growth of renewable energy in this market.

Whilst the site is relatively flat, it is located within the volcanic plains of western Victoria. The region is known for the basaltic flows and barriers that form the geotechnical conditions that underly the project. The basalt rock is strong, hard and abundant. The excavations required for access tracks, crane pads and foundations were a major challenge. A fleet of large excavators, blasting techniques and rock crushing were required to turn the hard rock into material to be used on the site.

Tilt Renewables committed through the project environmental permitting phase to source the majority of the rock and water for construction from within the site boundary – this has the benefit of reducing pressure on the local road network, not only for traffic safety but also reduced wear and tear on the existing road infrastructure. This was something that local stakeholders were very focussed on and supportive of through the development phase.

To achieve this outcome a quarry was developed on the site with the goal of supplying gravel products for the civil build. The quarry was located on land adjacent to one of the wind turbines sites and at its peak produced over 2,000 tonnes of gravel per day. The total quantity of material produced is approximately 365,000 tonnes. Had that amount of material been imported from local quarries, it would have resulted in close to 22,000 heavy vehicle movements on the local roads. The material has been used all over the site and has proven to be a consistent and hard-wearing gravel product that will last well into the wind farm's operational life.

The other major resource that is required for civil construction is water. Two licenced bores were used on site to supply the required construction water. Groundwater in volcanic plains is plentiful, however many stakeholders that are involved in farming rely on it for their livelihood. A thorough investigation and monitoring program has been implemented to ensure that the volumes extracted for construction have not adversely impacted the quality or the quantity of the groundwater. Having access to water inside the site helped keep several thousand water deliveries off the public road network.

**17t** BLADE WEIGHT

**4.2m** WIDEST POINT

**73.7m** BLADE LENGTH

[1] Excluding the Waipipi Wind Farm also under construction

# DUNDONNELL TIMELINE

Construction has been underway since January 2019 and is on track for completion in late 2020. Whilst there is still a lot to be done, the delivery timeline below shows some of the big milestones and achievements the Tilt Renewables team has delivered so far.

## 2019

### JANUARY

- Commencement of Construction

### MARCH

- First transmission line foundations constructed

### APRIL

- Breaking ground at Blue Gums substation site

### MAY

- Public roads upgraded
- Transmission poles erected

### JULY

- First wind turbine foundation constructed
- 580m³ of reinforced concrete
- 67 tonnes of reinforcing steel
- Total weight of approximately 1,424,200kg
- Conductor stringing commenced
- Turbine components manufactured or delivered
- Commencement of manufacture of 145 towers sections in Portland at Keppel Prince Engineering
- 50 hubs assembled in Geelong
- 25 drive trains assembled in Geelong

### OCTOBER

- Turbine components commence delivery to site
- Over 800 oversized loads delivered to site

### NOVEMBER

- Turbine erection begins
- Liebherr LG1750 Cranes (750 tonnes) used for installation of main components
- Blades are 73.7m long and weigh 17 tonnes
- 5 tower sections per tower – total tower weight is 300 tonnes

## 2020

### JANUARY

- Completion of transmission line, 38km of 220kV overhead transmission line
- 124 steel pole structures
- 212 tonnes of conductor
- Completion of Blue Gums 500/220kV substation
- Energisation and completion of Connection Assets

### MARCH

- Energisation of Wind Farm substation
- Generator Registration obtained
- First export of power
- Completion of civil work on site including the on site quarry
- Quarry produced over 365,000 tonnes of gravel products for the wind farm keeping over 11,000 truck movements off the local road network

### APRIL

- Export of >100MW – Commissioning testing underway with 27 turbines operating

### MAY

- 40th wind turbine energised
- Pre-erection (bottom two tower sections) completed
- Local tower manufacturing completed

### JUNE*

*as at 16 June 2020

- Completion of underground cable installation
- 68th wind turbine installed



# BUILDING ON OUR PRESENCE


### Waipipi Wind Farm

Tilt Renewables reached financial close on the 133.3MW Waipipi Wind Farm (formerly referred to as the Waverley Wind Farm) on 6 September 2019 soon after the Final Investment Decision (FID) was made on 28 August 2019.

The NZ$277m project is Tilt Renewables' first new construction project in New Zealand, and when completed in early 2021, will be Tilt Renewables' largest single asset in New Zealand, increasing the New Zealand asset base by 68%.


**Left:** Dynamic Compaction ground improvement works.
**Below:** Rammed Aggregate Pier ground improvement works.

**133.3MW**
**NEW CAPACITY**

**68%**
**INCREASE TO TILT RENEWABLES' NEW ZEALAND ASSET BASE**

Waipipi Wind Farm is located between Patea and Waverley in the South Taranaki area of the North Island of New Zealand on an 800 hectare site.

It will consist of 31 4.3MW Siemens Gamesa wind turbines, each with a 130m rotor diameter, the largest ever installed in New Zealand.

Once operational, Waipipi Wind Farm will generate an average of 455GWh annually, enough clean energy to power approximately 65,000 homes and save the emission of roughly 250,000 tonnes of carbon per year.

The project is underpinned by the largest (by volume) and longest tenor (20-year) renewable energy offtake arrangement ever entered into in the New Zealand energy sector - 100% of energy generated by the wind farm will be sold to Genesis Energy Limited under a 20-year offtake agreement. It is also the first ever large-scale renewable energy project to be successfully project-financed in New Zealand.

The success of independent power producers such as Tilt Renewables, and the ability to find innovative ways to fund and deliver projects, supported by project partners, is critical to a low-cost energy future in New Zealand.

The project is being delivered via a multi contract framework managed by the Tilt Renewables project delivery team, with the main contracts being civil balance of plant, electrical balance of plant and transmission line build and wind turbine supply and installation. The wind farm will connect into the existing Transpower Waverley substation via 11km of new 110kV overhead transmission line.

The land which the Waipipi Wind Farm is being built on has seen quite a journey over the past five decades leading up to the consenting, design and construction of Tilt Renewables' latest wind farm. On this notable piece of South Taranaki land, the Waipipi Iron Sands' onshore mining operation employed 160 people and ran night and day during its heyday from 1969 to 1988. During the mining operation large ponds were made and sand was mixed with water to make a slurry which was pumped to ships offshore. A total of 15.7 million tonnes was shipped to Japan before the operation closed in 1987-88.

The nature of the land and ground conditions has created a unique technical challenge that Tilt Renewables solved to enable the construction of the wind turbine foundations. These foundations, each with over 420 cubic metres of concrete and 65 tonnes of steel reinforcing are constructed on the area previously mined for iron sand. The ground below and around these foundations requires "ground improvement" to ensure the risk of liquefaction or lateral spread during a seismic event are safely mitigated.

Tilt Renewables conducted extensive pre-construction investigations, testing and site trials to establish methodologies to complete this ground improvement. New Zealand has some of the best engineering and construction resources in the world in relation to seismic geotechnical solutions and at the Waipipi Wind Farm we are implementing the use of a Rammed Aggregate Pier (RAP) system that uses compacted aggregate to create stiff pier elements in the ground, or Dynamic Compaction (DC) to increase the density of the soil by dropping a heavy weight on the ground repeatedly at regularly spaced intervals. These two systems are being employed based on a detailed analysis of the geotechnical conditions at each of the 31 turbine sites. Once each of these techniques has been employed, each turbine site is extensively tested to confirm that the ground in and around the foundation has met the design specification, at which point construction of the foundation can commence.

**Below:** Foundation reinforcement works.

# WAIPIPI TIMELINE

Construction has been underway since September 2019 and is on track for completion in early 2021. The timeline shows some of the milestones achieved on the project so far.

## 2019

### SEPTEMBER

- Commencement of enabling works (road to site upgrades and environmental fencing)

### OCTOBER

- Commencement of civil onsite works (roads, hardstands)

### NOVEMBER

- Site Blessing / Sod Turning
- Commencement of electrical onsite works (trenching and cable laying)
- Commencement of transmission line works (pole installation)
- Commencement of ground improvement works (dynamic compaction and rammed aggregate piers)
- 42,000m$^3$ of earthworks completed
- 9km of roads constructed
- 4 hardstands complete

### DECEMBER

- Commencement of connection works at Transpower Waverley substation
- 4,000m of trenching and cable laid
- 42 transmission poles installed
- 52,000m$^3$ of earthworks completed
- 11km of roads constructed
- 6 hardstands complete
- 3 sites ground improvement works complete

## 2020

### JANUARY

- 7,500m of trenching and cable laid
- 45 transmission poles installed
- On site substation works commence
- 76,000m$^3$ of earthworks completed
- 13km of roads constructed
- 12 hardstands complete
- 8 sites ground improvement works complete
- First foundation poured (24/01/20)

### FEBRUARY

- 12,250m of trenching and cable laid
- 69 transmission poles installed
- 95,000m$^3$ of earthworks completed
- 16km of roads constructed
- 19 hardstands complete
- 12 sites ground improvement works complete
- 5 foundations poured

### MARCH

**COVID-19 Level 4 suspension of activities on site (25/03/20)**

- 15,600m of trenching and cable laid
- 84 transmission poles installed
- 2,500m of conductor line strung
- 105,000m$^3$ of earthworks completed
- 18km of roads constructed
- 23 hardstands complete
- 18 sites ground improvement works complete
- 7 foundations poured

### APRIL

**COVID-19 Level 3 recommencement of activities on site (28/04/20)**

- 31 nacelles departed Denmark
- 6 hubs, 11 towers and 30 blade departed China

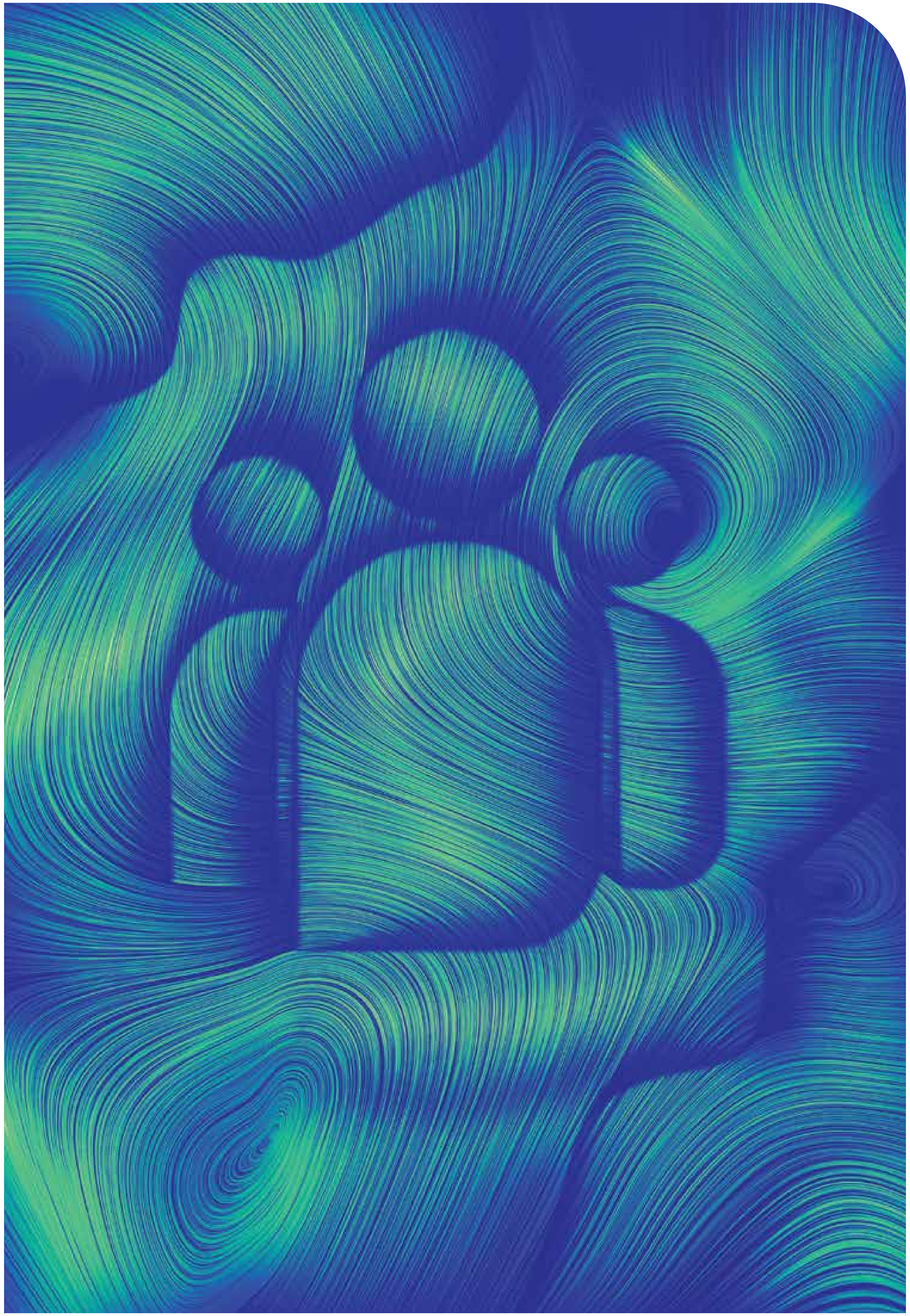
### MAY

- The first turbine components arrived into port in New Plymouth; 31 nacelles, 6 hubs, 11 towers and 30 blades
- 12 hubs, 10 towers and 30 blades departed China

### JUNE*

*as at 16 June 2020

- 12 hubs, 10 towers and 30 blades arrived in New Plymouth port
- Nacelles and hubs arriving at site
- Main crane arrived in New Zealand
- Preparations to commence lifting of base and mid towers underway



# POWERED BY OUR PEOPLE

We are proud of our team and all that they have achieved this year with their continued focus on delivering for our shareholders and other stakeholders. We are people powered and we achieve what we do due to our talented and diverse team of almost fifty people.

As part of our response to the COVID-19 pandemic, the priority was to transition to a fully remote, safe and healthy workforce so that we could do our part in controlling the spread of the virus and keeping our communities safe, whilst maintaining our business performance, pushing forward with the development pipeline and keeping on track with construction in both New Zealand and Australia. Adapting to 'working from home' was a new challenge that our people embraced and implemented easily, with most having a degree of out of office work in their regular duties. We already had the technology in place to enable this to be a relatively seamless transition. The need to ensure that the team felt safe and settled at home, with the necessary resources in place and the confidence in Tilt Renewables' ability to keep strong during this time, was essential in ensuring ongoing performance.

## RESPONSE TO COVID-19

An internal survey was conducted to review how the team felt about Tilt Renewables' response to COVID-19. Some highlights from survey are:

**100%**
had confidence in Tilt Renewables' response to COVID-19

**100%**
agreed that Tilt Renewables took appropriate steps to minimise disruption to our business during this time

**100%**
agreed that the Executive team kept people informed about our response to COVID-19

**98%**
felt supported during the COVID-19 response

**98%**
agreed that their manager genuinely cares about their wellbeing

**98%**
agreed that they felt safe carrying out their role

**98%**
agreed that they understood their health and safety responsibilities during COVID-19.

**Career Development**

Over the last year the workforce has grown by 15% and we have introduced new roles across all areas of the company to be able to deliver all that we do. Individual career development is essential in an organisation the size of Tilt Renewables where opportunities for growth and development often come through exposure to the varied work that is undertaken. Academic studies can also play a key part in professional development and this year we helped support three of our people to extend themselves via academic assistance. This resulted in those individuals gaining: a Masters of Applied Finance from Macquarie University; a Masters of Business Administration from Monash University; and graduating from the Oxford Advanced Management and Leadership course in London.

An investment in performance management has seen the team go online with annual performance reviews. The online tool also allows a measurement of not only the 'what' gets done but the 'how' behind it, both supported by our competency framework of Show Up, Step Up, Speak Up and Own Up.

**Wellbeing**

Our Renew You program continues to encourage holistic wellness across mental, physical, social and financial considerations. New additions to the program this year included Senior Managers participating in intensive executive health checks, which continue to be offered on a bi-annual basis; Sun Smart sessions to help awareness of sun damage; and the continuation of flu vaccinations.

**Values**

Tilt Renewables creates an environment that attracts and retains the right talent to deliver on company goals. To help support this we have commenced work on reviewing the values of our organisation. Our original values, inherited at demerger from Trustpower, no longer reflect how we have changed over the last four years and it is important to identify what we believe sets us apart from other organisations. Our values underpin everything we do including how we behave and communicate with each other and our stakeholders. With involvement from all our people and the Board, we are almost ready to launch and bring our values to life in a meaningful way.

**Far right:** Reinforcing workers preparing a foundation at Waipipi Wind Farm.

**Remuneration**

We analyse our remuneration against the market at least once a year to ensure that we remain competitive. An holistic and fair approach is taken across the organisation, checking remuneration relativities, and ensuring that there are no gaps potentially driven by gender and no other bias when rewarding our people.

Seeking to have our team even more invested in the success of Tilt Renewables, this year we commenced an Employee Share Scheme whereby each employee (excluding the Executive Team) was granted $1,000 of Tilt Renewables shares that are subject to a three year restriction period.

In addition to salary, all permanent employees are able to participate in a Short Term Incentive plan (STI) which is an at-risk component of remuneration directly linked with corporate financial results, strategic objectives and individual performance.

Selected senior managers also participate in a Long Term Incentive plan (LTI) designed to align with the long-term interest of shareholders and a Development Business Incentive plan (DBI) which encourages a strong focus on value creation in the development pipeline.

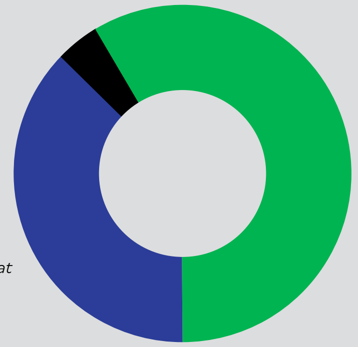
Details of the LTI and DBI are disclosed in the Corporate Governance Pages.

**Diversity and Inclusion**

With four generations in our workforce and a variety of experience, cultural backgrounds, education and diversity of thought, we are well placed to deliver outcomes for our shareholders in our own unique way. We embrace the value that diversity brings to Tilt Renewables.

Our gender diversity statistics are presented in the charts on page 29.

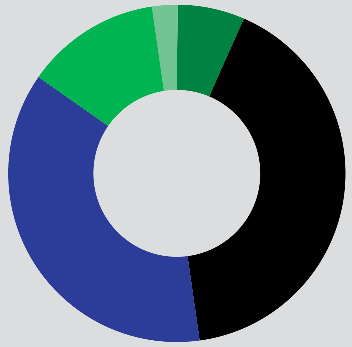
**Gender Diversity as at 31 March 2020:**



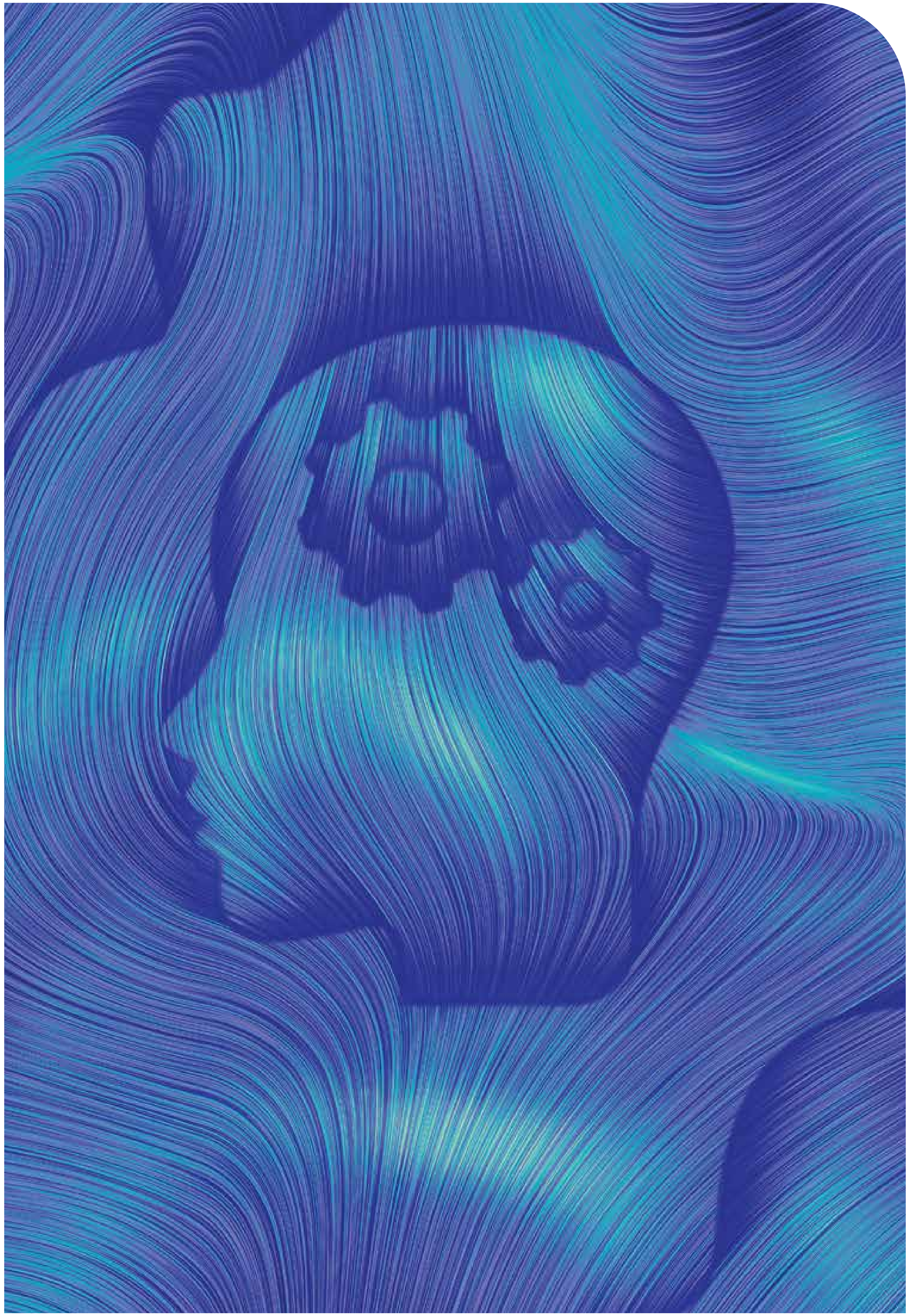

*Note: there are currently no male part time employees as at 31 March 2020.*

| | Board Level | Executive Level | Senior Managers | Employees (not incl. Executive or Snr Managers) | Total (not incl. Board) |
|---|---|---|---|---|---|
| **Total** | **7** | **4** | **12** | **30** | **46** |
| No. of women | 2 | 0 | 6 | 11 | 17 |
| No. of men | 5 | 4 | 6 | 19 | 29 |
| % of women | 29% | 0 | 50% | 37% | 47% |
| % of men | 71% | 100% | 50% | 63% | 53% |

**Age Diversity as at 31 March 2020:**




| | 20<29 years | 30<39 years | 40<49 years | 50<59 years | 60+ years |
|---|---|---|---|---|---|
| **Number** | **3** | **19** | **17** | **6** | **1** |
| % | 7% | 41% | 37% | 13% | 2% |



# THINK SAFETY

We are committed to providing a dynamic productive workplace with a focus on the health and safety of our people.

## Commitment to Safety

Tilt Renewables has continued to stay actively involved in all health and safety matters across our development, construction and operational activities. Our heavy commitment to health and safety ensures our people are focused on our goal to achieve zero fatalities or serious harm injuries due to our corporate activities. The Health, Safety, Environment and Community Committee of the Board of Directors continues to provide governance oversight and approval of our health and safety strategy.

This year we have particularly focused on:

- Contractor Management and Reporting;
- Critical Risk Controls;
- Safety Leadership;
- Improved Investigation Techniques; and
- Critical Response Processes.

**THE NUMBER OF LOST TIME INJURIES HAS DECREASED BY 75% AND THE TOTAL RECORDABLE INJURY FREQUENCY RATE HAS DECREASED TO 10.2 PER MILLION HOURS WORKED, FROM 24.6 LAST YEAR.**

**Above & right:** Waipipi Wind Farm project team constructing wind turbine foundations.

### A much safer year

With the end of FY20 dominated by COVID-19 and the associated focus on health and wellbeing across the community, it would be easy to forget that the year has also seen an increase in construction activity, people numbers and general safety exposure as a result of the two large scale construction projects underway in two different countries. The Dundonnell Wind Farm in Victoria and Waipipi Wind Farm in Taranaki are important growth initiatives for the company and we are pleased to report that, even with the increase in activity compared to the previous year, the number of Lost Time Injuries (LTI) has decreased by 75% to 1 (down from 4) and the Total Recordable Injury Frequency Rate (TRIFR) has decreased to 10.2 per million hours worked, from 24.6 last year. None of the injuries recorded caused permanent injury or illness. These results are encouraging, but still higher than our targets and therefore more attention is required. We recognise that further measures need to be implemented to ensure further improvement to health and safety outcomes for our team, our contractors and our communities.

Health and Safety performance is a core contractor selection criteria and over the last 12 months we have implemented robust contractor prequalification and onboarding processes to allow greater clarity of expectations when working with Tilt Renewables. Our focus will continue to be one of collaboration and safety culture improvement. We intend to be a leader in Health and Safety in the renewables industry.

### New Health and Safety Approach

The end of the year has seen a revamp of the internal health and safety structure to align our capability with our desired outcomes. Tilt Renewables has engaged an experienced Health and Safety Manager, reporting directly to the Chief Executive. This change signals a clear and more robust focus on health and safety strategy and culture.

### Public Safety

Our continued commitment to public safety is demonstrated through the retention of our certification to NZS 7901- safety management systems for public safety. We recorded several minor public safety incidents, all of which were resolved in a timely manner within the guidelines of our certification. We continue to work with our third party certification body to ensure we remain compliant at all times.

### COVID-19

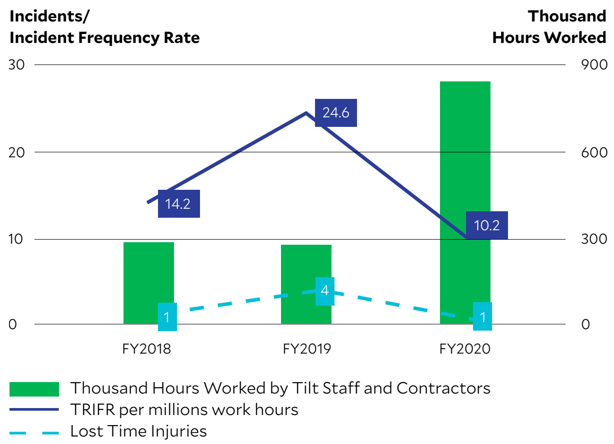
Tilt Renewables has been proactive in its response to the COVID-19 pandemic. Our Crisis Management Team was activated swiftly to prepare a concise plan that outlines varying stages of response to the crisis whilst risk assessing the impact on business and staff activities. Our workforce was quickly, efficiently and safely moved to 'work from home' status to protect themselves and the public. This has demonstrated the effectiveness of the Tilt Renewables Emergency Response and Business Continuity plans, ensuring minimal impact to our business activities and ability to perform safely. We continue to work with all industry bodies in Australia and New Zealand to ensure compliance to all regulations and industry guidance in the midst of this unprecedented global challenge.

### Training and Competency

We believe that we must continue to provide a wide range of training to our personnel to ensure safety remains in the forefront of our activities. We train our people based on an analysis of their role, their location, the activities they may undertake and the responsibilities they have within the business. Training in the FY20 year has been selected to fill gaps above base-line needs, with the following programs delivered:

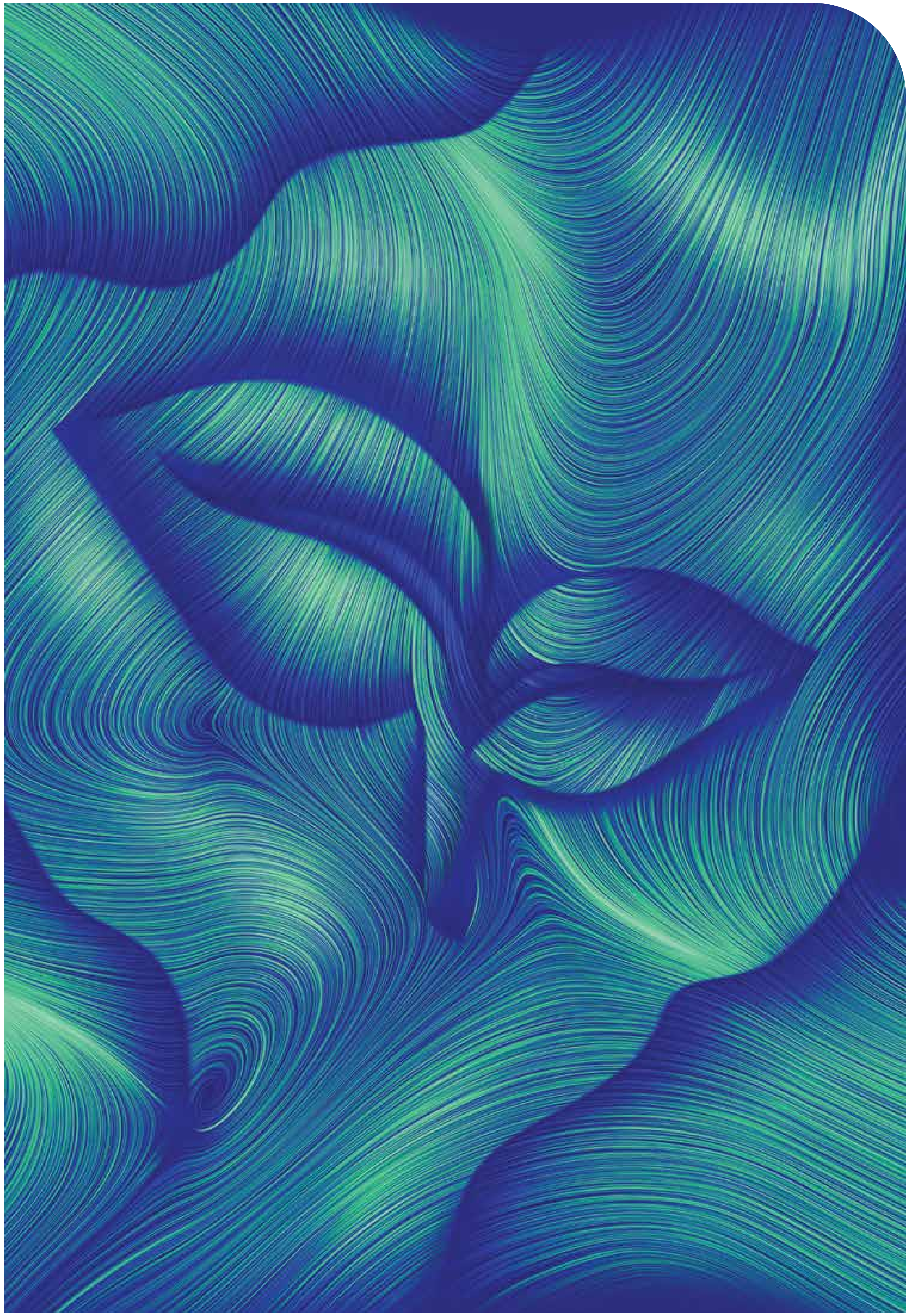
- Incident Investigation;
- Advanced Health and Safety for Managers;
- Workplace Bullying and Harassment;
- Emergency Management; and
- Safety Leadership.

We seek to harness the skills and capability of our people to ensure they are competent in providing health and safety leadership across all our business functions.




*TRIFR = Total Recordable Incident Frequency Rate
(incidents per 1 million hours worked)

**Right**: Tilt Renewables project manager, Matthew Glass, inspecting a turbine at Dundonnell Wind Farm.



# BETTER TOMORROW'S

Our commitment to the environment and a sustainable future comes through in more than just the renewable assets we own. Each project is committed to preserving our cultural heritage and minimising our impact to the environment, for generations to come.

## Environmental Compliance

### Cultural Heritage

Tilt Renewables has worked closely with Ngā Rauru on cultural heritage matters at the Waipipi Wind Farm. This engagement has ensured that the Waipipi Wind Farm development has proceeded in alignment with cultural expectations. Items that have been addressed from a cultural heritage point of view include:

- Ngā Rauru named the site of the Waipipi Wind Farm;
- Reviewing and input to the construction environmental and cultural management plans;
- A blessing of the site prior to both early works and main site works;
- A set back of turbines from the banks of the Whenuakura river to the northwest of the site;
- Cultural inductions of all staff working on the site;
- On site cultural monitoring by an iwi representative during the earthworks phase;

**Above:** Ryder Environmental ecologist Dr Mark Sanders and local iwi observer, Jeff Anderson, releasing recovered long-fin eels at Lake Waiau, near Waverley.

- Establishment of permanent access to an otherwise landlocked culturally significant coastal block of land "the Waipipi block" that adjoins the site;
- Agreement to develop initiatives to raise the awareness of the cultural significance of the area through a Wind Farm viewing site with cultural information boards; and
- Involvement in the implementation of environmental improvements and native planting in the site wetland and stream banks.

The Tilt Renewables Executive Team and members of the Board participated in a hui to strengthen the relationship with representatives from Te Wairoa Iti Marae, Waipipi Ahu Whenua Trust, Whenuakura Marae and Wai-o-Turi Marae forming the Waipipi Collective at Whenuakura marae in Patea.

The relationships between Tilt Renewables and Ngā Rauru and Ngati Ruanui are of the highest importance and will continue to be a focus for the life of Tilt Renewables' activities in South Taranaki. The openness and transparency of these relationships is one of the key success stories for the project.

**Ecological Enhancements**

As part of Tilt Renewables' commitment to improving the environment at the Waipipi Wind Farm site and surrounding areas, the following items have or will be completed as part of the pre-construction, construction and post-construction activities:

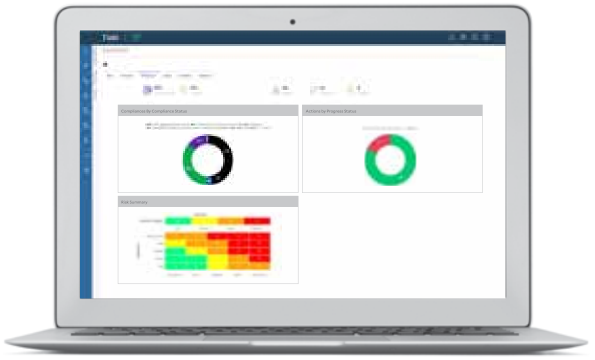
- Permanent fencing and stock-proofing of a number of site wetland areas and the Waipipi stream;
- Extensive native vegetation planting of the wetland areas and the Waipipi stream and surrounding areas over the next 2-3 years with native plants propagated from seedling by the Ngaa Rauru Kiitahi iwi at their nursery, Kii Tahi Nursery & Land Care situated on Wai-o-Turi Marae land in Patea;
- Improvements to stream and tributary fish passage on-site;
- Relocation and translocation of eels and native fish species from three man-made, on-site ponds;
- Translocation of native plants from three man-made, on-site ponds;
- Filling in of the ponds to decrease bird movements in the Wind Farm area;
- Extensive ecological improvement measures and long-term maintenance at an offset location (Tapuarau Lagoon) including native planting, fencing, shag roosting, and predator control; and
- Commitment to annual contributions to a Department of Conservation Shorebird Management programme from the commencement of Wind Farm generation.

**Tiaki**

Tilt Renewables actively monitors and implements the compliance activities for all projects in all stages of development, construction and operation. As part of our continuous improvement activities, the team recently undertook a review of the Environmental Compliance Management System. To support our growth in the changing regulatory environment and increase efficiencies, we procured a new software tool to support compliance management.

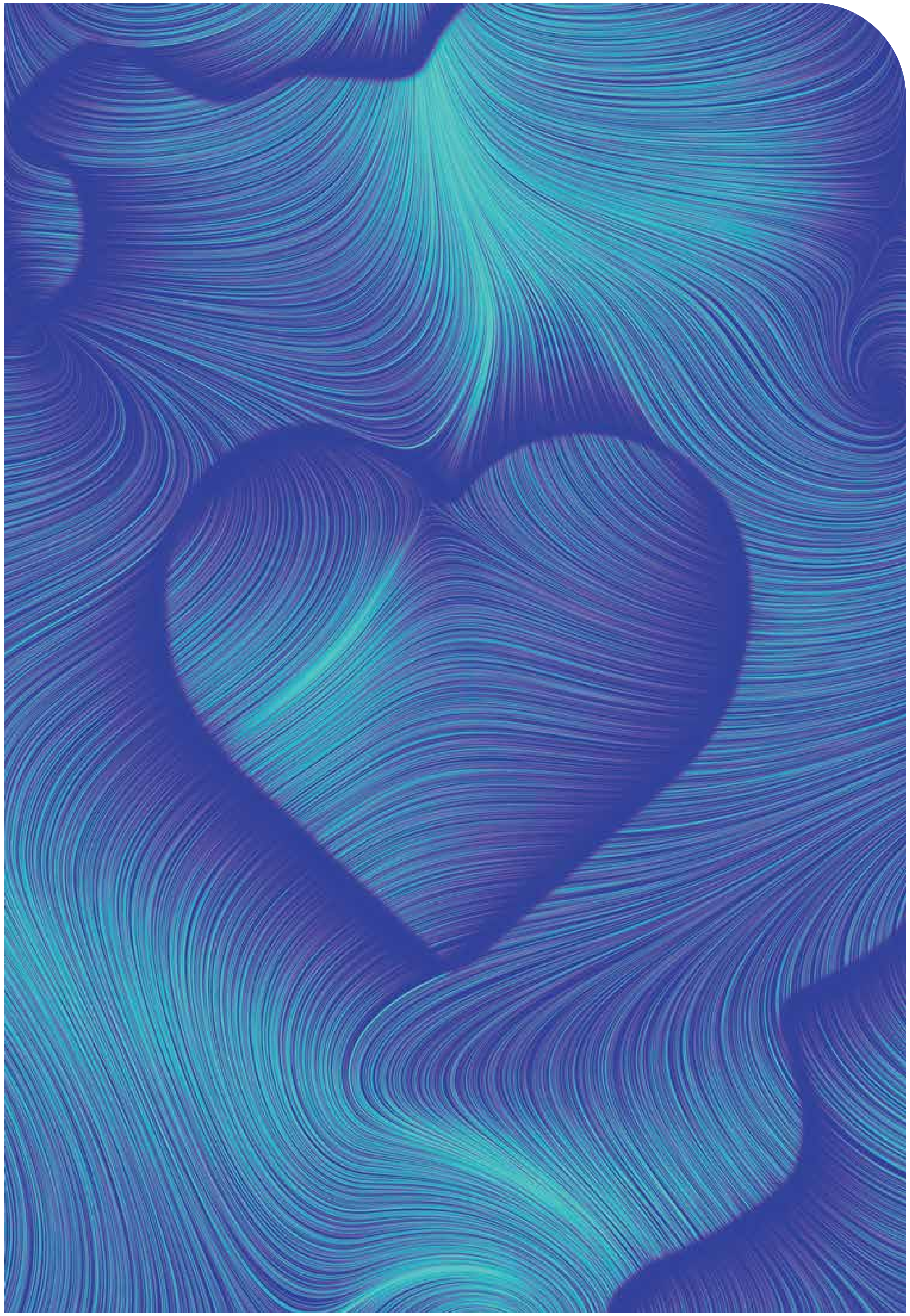
Named 'Tiaki' (meaning 'to look after, protect, and safeguard' in Te Reo Māori), the new system ensures that we can effectively and proactively continue to meet our environmental obligations, to protect the environment that support our operations for generations to come.

Tiaki's customisation and scalability has provided an enterprise-wide solution to also manage safety, incidents and risk in an integrated manner to provide a holistic picture to support strong governance as our business grows.



THE RELATIONSHIPS BETWEEN TILT RENEWABLES AND NGĀ RAURU AND NGATI RUANUI ARE OF THE HIGHEST IMPORTANCE AND WILL CONTINUE TO BE A FOCUS FOR THE LIFE OF TILT RENEWABLES' ACTIVITIES IN SOUTH TARANAKI.

**Top right:** Long-finned eels have been recovered from a farm pond.
**Middle:** Riparian fencing along upper tributaries of Waipipi Stream.
**Bottom:** Kick-net sampling for aquatic invertebrates at Tapuarau Lagoon to determine potential food supplies for water birds at the lagoon.



# COMMUNITIES ARE CLOSE TO OUR HEARTS

We continue to engage closely with our host communities.

## Supporting Our Communities

Now, more than ever, is a time to continue to invest in the regional communities of Australia and New Zealand to support their economic wellbeing, and we are fortunate to be in a position to do so through our operating assets, our construction projects in Victoria and the South Taranaki region, and within our development projects throughout other areas of Australia and New Zealand.

The support of landowners and the community is vital to our success. We continue to engage closely with our host communities and return long-term value through local investments, benefits sharing and scholarships.

**Unique community alliance delivers new housing for women escaping family violence**

Tilt Renewables is proud to have formed an alliance during the year with two not-for-profit organisations, Women's Housing Limited and Warrnambool-based Emma House Domestic Violence Services Incorporated (EHDVSI), to deliver a new 'Safe Housing Program'. The Safe Housing Program will enable greater access to housing specifically for women and children from south-west Victoria who are at risk of homelessness due to family violence.

Domestic and family violence is the leading cause of homelessness for women and children, and a lack of affordable housing options is one of the major reasons women feel unable to leave, forcing them to stay in abusive relationships.

As a key partner in the new program, which is an initiative of Tilt Renewables' Dundonnell Wind Farm Benefit Sharing Plan to create meaningful and sustainable community benefits, Tilt Renewables donated $500,000 toward the construction of Women's Housing Limited's new long-term, 24-unit development in Bayswater, which opened in early 2020.

The Safe Housing Program will guarantee 10 places per annum for south-west Victorian women and children in any of Women Housing Limited's portfolio of apartments.

This partnership reflects our commitment to deliver social investment programs that go right to the heart of what the local communities surrounding our wind farm assets require.


**$500,000**

Donoted toward the construction of Women's Housing Bayswater development

**Above:** Shadow Minister Roma Britnell, Liberal Party, Tilt Renewables Chief Executive, Deion Campbell, Emma House Executive Officer, Ruth Isbel and Women's Housing Operations Manager, Lindy Parker.

"Receiving Tilt Renewables' Tararua Wind Farm Research Bursary is not just an honour, it tells me that I am seen as having potential for the future of our society. Green technology is the future of various countries. It is really rewarding to be a part of such technology."

**Uzair Yousif**
Recipient of the Tilt Renewables' Tararua Wind Farm Research Bursary

"I extend my sincerest appreciation for Tilt's generosity. My research project will contribute to efforts in protecting New Zealand's natural capital, through the efficient management of our natural resources."

**Hayden Graham**
Recipient of the Tilt Renewables' Tararua Wind Farm Research Bursary

### Lend a Hand Funds

Tilt Renewables continues to support communities through its Salt Creek and Snowtown 'Lend a Hand' Foundations.

Funds provide support for local community projects, schools, charities, clubs and individuals. Recent examples of initiatives supported by both of these funds include:

- Snowtown
  - Oval lighting for the Bute Sporting Club;
  - Cots for Snowtown Primary School;
  - Grave markers for the Brinkworth History Group; and
  - A defibrillator for the Mundoora Progress Association.
- Salt Creek
  - Play equipment for Lake Bolac Kindergarten;
  - New surface for the Lake Bolac Bowls Club; and
  - Contribution to the Hexham Fire Brigade.

## Education Scholarships

### Salt Creek Wind Farm Scholarship

Tilt Renewables is proud to continue to provide the Salt Creek Wind Farm Scholarship through the Salt Creek Charitable Trust. Established by Peter Coy in partnership with Tilt Renewables in 2018, the Trust's Scholarship provides $15,000 each year for the next 25 years to a student from Western Victoria. The primary objective of the Scholarship is to provide support to rural students, who might not otherwise be able to access a tertiary education due to the cost of relocation and living away from home.

Together with the Coy family (our host landowners at Salt Creek Wind Farm), we were pleased to award the Salt Creek Scholarship recently. Ethan Lewis from Warrnambool has become the second recipient of the Salt Creek Scholarship. He will be undertaking a double degree of Science and Global Studies alongside a Diploma of Languages – Indonesian, at Monash University.

### Tilt Renewables Federation TAFE Scholarship

A new initiative with Federation TAFE in Victoria will see three scholarships worth $3,500 each offered annually for the next 10 years, funded by Tilt Renewables. This is part of our commitment to share the benefits of the $A560m Dundonnell Wind Farm with the broader community through education initiatives. Federation TAFE has had strong interest for tradies wanting to transition to the wind power generation industry since running a pilot Global Wind Organisation Basic Technical Training (GWO - BTT) qualification course in 2019. A massive shortage of qualified wind turbine technicians opens job opportunities for tradies looking to change career. The scholarship will upskill tradies as wind turbine technicians.

### Monash University

Tilt Renewables' Monash University Scholarship provides financial support, in the form of $10,000 per year, for a Bachelor of Engineering student undertaking their degree at Monash University. This scholarship enables a student from a disadvantaged background to study Engineering at university, supporting them in achieving their full potential by covering the costs associated with study and living.

Tilt Renewables is pleased to sponsor James McNamara as the recipient of the Tilt Renewables' Scholarship at Monash University.

"Tilt Renewables' immense generosity has allowed me to begin my university experience with one of the biggest stresses taken away. I will always remember the moment when I discovered that I was the lucky recipient of this incredible Scholarship. I hope to make the team proud of their decision and take full advantage of my newfound head start into life," James McNamara said.

### Tilt Renewables Tararua Wind Farm Research Bursary

The Tilt Renewables' Tararua Wind Farm Research Bursary was established 12 years ago in February 2008 with Massey University near Palmerston North in New Zealand and supports two post graduate students per year with their research studies. The study criteria to qualify to receive the Research Bursary is research projects of relevance to generation or efficient use of energy, to the interaction of energy assets and agricultural assets, or to the efficient management of New Zealand's natural resources.

Tilt Renewables is proud to have supported Massey University for this length of time. The two recipients this year take the number of students that Tilt Renewables has supported since 2008 to 24. Tilt Renewables is pleased to award the 2020 Tilt Renewables Tararua Wind Farm Research Bursaries to Hayden Graham and Uzair Yousif.

Hayden is enrolled for a Master of Environmental Management. His research is looking at improving the management of water quality on the Rangitaiki and Kaituna Plains.

Uzair is completing a PhD at Massey University. He has a particular interest in use of wind energy to generate power, and his PhD is looking at whether it is possible to improve forecasting of wind speed.

Tilt Renewables looks forward to seeing the outcomes of these research projects that will be of benefit to the community and region.

**Top left:** Monash University recipient James McNamara with Tilt Renewables Chief Executive Deion Campbell whilst visiting Tilt Renewables' offices in Melbourne.
**Top right:** Salt Creek Scholarship recipient Ethan Lewis with Peter Coy, host landowner at Salt Creek Wind Farm.
**Middle right:** Uzair Yousif, recipient of the Tilt Renewables' Tararua Wind Farm Research Bursary.
**Middle left:** Hayden Graham, recipient of the Tilt Renewables' Tararua Wind Farm Research Bursary.
**Bottom:** Apprentice Myles Keith, Federation TAFE Executive Director Associate Professor Barry Wright and Tilt Renewables Executive General Manager Renewable Development Clayton Delmarter at the launch of the new scholarships. Picture: Brendan McCarthy.

## Engaging With Our Communities

**Waipipi Wind Farm Sod Turning**

The first sod was turned at Waipipi Wind Farm on 1 November 2019 marking the commencement of construction of the 31 turbine 133MW wind farm. About 85 people attended the event including Tilt Renewables staff and directors, Ngā Rauru and Ngati Ruanui iwi, landowners, project partners, contractors, community members and investors. Many attendees travelled from overseas to celebrate this occasion.

The project team gave attendees an overview of the NZ$277m wind farm project pointing out where turbines and site facilities would be built on the 800 hectare site.

It was a special moment when Mike Neho, Ngā Rauru tumu whakarae (Chairman) and Mitchell Ritai from Parininihi ki Waitotara Incoproration, who own some of the land on which the project will be constructed, recited a karakia, blessing the land before the first sod was turned.

After the sod turning ceremony, everyone was invited onto the marae of South Taranaki iwi Ngā Rauru, Te Waiora Iti, in Waverley to hear speeches from the Ngā Rauru tumu whakarae (Chairman) Mike Neho, South Taranaki Mayor, Philip Nixon as well as our Chief Executive, Deion Campbell.

The speeches outlined:

- the significance of the land the wind farm is being built on to iwi;
- the bestowing of the name Waipipi by Ngaa Rauru Kiitahi which Tilt Renewables notes recognises the heritage and history of the area and reflects our commitment to the local stakeholders and environment;
- how important developments in the region are to provide employment opportunities and demand for local business services and consumer goods; and
- the importance of the long term relationship Tilt Renewables want to have with the people of South Taranaki.

The speeches were followed by afternoon tea.

**Top left:** Ngā Rauru Kaumātua Paul Williams during the blessing prior to the turning of the first sod.
**Top right:** The first sods of earth being turned at Waipipi Wind Farm by our Chief Executive, Deion Campbell.
**Middle left:** Mike Neho, Ngā Rauru tumu whakarae (Chairman) and Deion Campbell, Chief Executive at Te Waiora Iti marae.
**Middle right:** Attendees celebrating the sod turning at the Waipipi Wind Farm.
**Bottom right:** Johnny (left) and Li Te Awhe (far right) with their kuia (grandmother) Marie Broughton.

ABOUT 85 PEOPLE ATTENDED THE EVENT INCLUDING TILT RENEWABLES STAFF AND DIRECTORS, NGĀ RAURU AND NGATI RUANUI IWI, LANDOWNERS, PROJECT PARTNERS, CONTRACTORS, COMMUNITY MEMBERS AND INVESTORS.

THE BESTOWING OF THE NAME WAIPIPI BY NGAA RAURU KIITAHI RECOGNISES THE HERITAGE AND HISTORY OF THE AREA AND REFLECTS OUR COMMITMENT TO THE LOCAL STAKEHOLDERS AND ENVIRONMENT.

**ON 13 FEBRUARY 2020, TILT RENEWABLES' TARARUA WIND FARM STAGE 1 CELEBRATED THE SIGNIFICANT MILESTONE OF TWENTY YEARS OF SAFE AND RELIABLE OPERATION.**

**Tararua Wind Farm 20th Anniversary Celebration**

Tilt Renewables' Tararua Wind Farm recently reached the significant milestone of twenty years of safe and reliable operation for stage 1. The first 48 turbines of the wind farm are built on 700ha of farmland on the Tararua Ranges.

Stage 1 officially commenced commercial operation on 24 December 1999, making Tararua the largest wind farm in the Southern Hemisphere at the time. This was also when Tilt Renewables (then part of Trustpower) took ownership of Tararua Wind Farm and our journey began.

Tilt Renewables celebrated this milestone on 13 February 2020 on site at Tararua Wind Farm. The event was attended by Tilt Renewables staff and directors, the Vestas onsite team that operate and maintain the wind farm, many people involved in the original build of Stage 1, landowners, project and industry partners, Tararua District Councillors and community members. The event was a reunion for many people involved in the project, some of whom still work on the wind farm today, and also provided the opportunity to re-engage with landowners and the community.

Attendees enjoyed speeches from Tilt Renewables Chief Executive Deion Campbell, landowners Mark Usherwood and Brett Davey, and Derek Walker who was Managing Director of CentralPower Limited and its subsidiary Tararua Wind Power Limited, and Anthony Webster, Area Service Manager for Vestas.

Attendees also enjoyed watching a promotional video on Tararua Wind Farm 20 that was filmed 20 years ago.

Attendees mingled over afternoon tea outside the blade shed reminiscing and discussing how that the wind farm has become a fond landmark in the area for the community and is visited by many sightseers wanting to view the turbines.

Operating the wind farm successfully has been the result of a long-term commitment by Tilt Renewables and Vestas in sharing an open and collaborative partnership. Twenty years on the site remains one of the best performing wind farms in the world, with the original turbines already generating more than twice electricity expected over the 20 year design life.

Tilt Renewables values the long-term relationship it has with stakeholders and the community and the contribution Tararua Wind Farm continues to make to New Zealand's renewable energy.

Tilt Renewables is starting to plan for decommissioning and repowering of the first stages of the Tararua Wind Farm with more efficient technology to continue to take advantage of the world class wind resource at the site. Consultation with key stakeholders will occur more widely as more information becomes available on this exciting project.

**Dundonnell Wind Farm Community Engagement Blade Event**

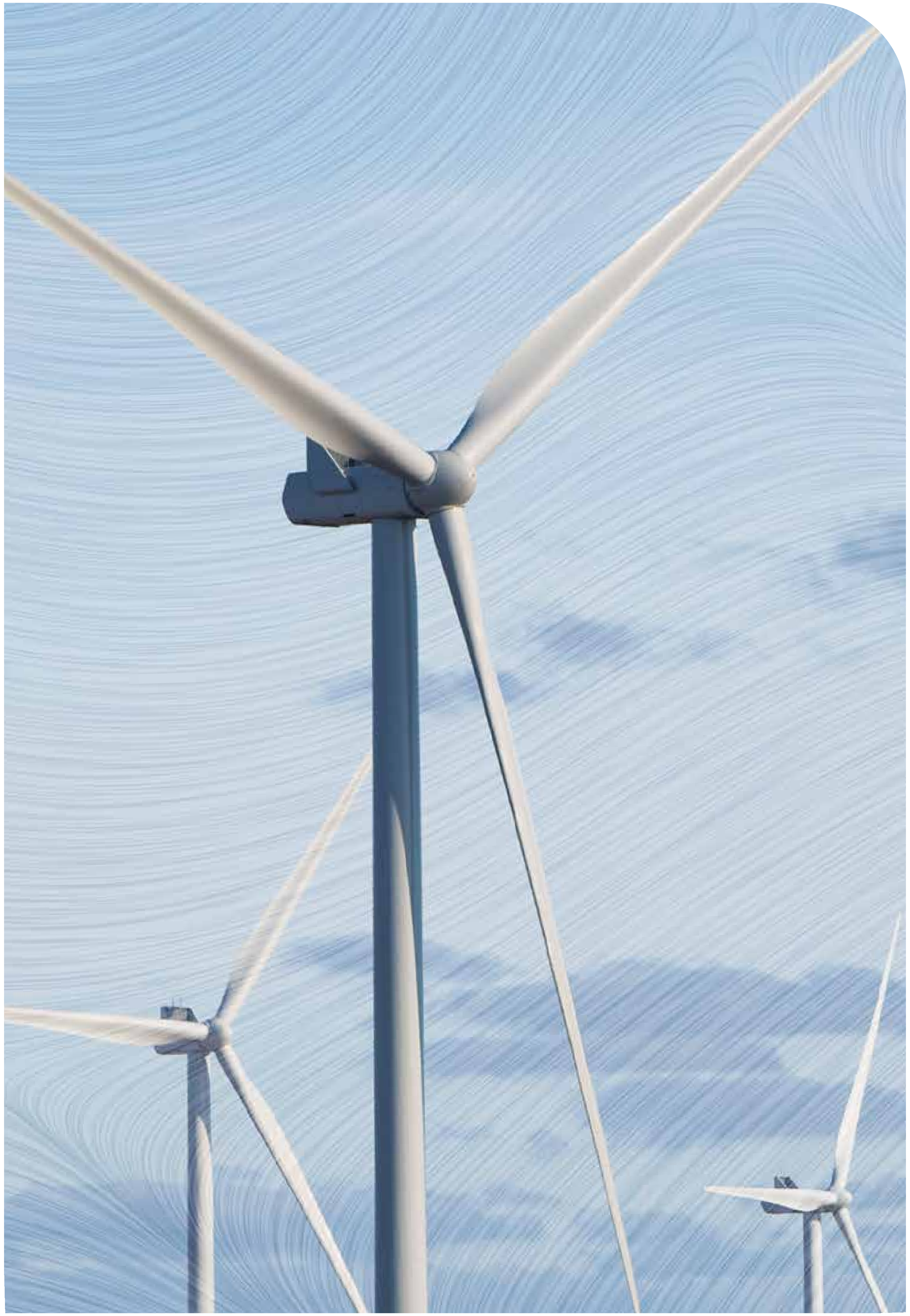
Tilt Renewables continues to engage closely with communities to keep them informed of progress on our projects, hosting a blade viewing event at the Woorndoo Recreation Reserve located near the Salt Creek and Dundonnell Wind Farm projects in Victoria.

One Vestas V150-4.2MW 73.7 metre turbine blade was parked and cordoned off on the edge of the road reserve. The display was a portion of what becomes part of a 150-metre diameter rotor, the largest currently utilised anywhere in Australia.

The afternoon saw a crowd of about 60 people gather to view the blade and find out more information about wind turbine technology and construction.

Food and drink were available for a gold coin donation, with the proceeds going to the Woorndoo Land Protection Group, who will use the funds at their revegetation site next to the road reserve.

**Above left:** Group photo of attendees at the 20th Anniversary celebration.
**Middle:** Barbara Jackson, access road landowner, Tararua Wind Farm Stage 1.
**Far left:** Many of the original Tararua Wind Farm team involved in Stage 1.
**Left:** Anthony Webster (Vestas), Mark Usherwood (Landowner) Deion Campbell, Tracey Collis (Tararua Mayor), Brett Davey(Landowner) and Derek Walker (MD of CentralPower at the time of constructing Stage 1).
**Right:** Tilt Renewables Project Manager Matthew Glass with local, Mitchell Leske at Dundonnell Wind Farm Community Engagement Blade Event.



# CORPORATE GOVERNANCE

To ensure Tilt Renewables continues to protect the value we've created for shareholders this year, we invested in risk and compliance software, process improvements and training to support our commitment to leading practice corporate governance.

The COVID-19 pandemic has tested our corporate governance arrangements. We're pleased they have proven resilient and adapted well through this challenging time.

We also demonstrated that our commitment to ethical behaviour extends throughout our supply chain with the release of our Modern Slavery Policy. Tilt Renewables has a zero-tolerance approach to all forms of modern slavery within our business, our business relationships and our supply chain and we continue to increase our controls to detect and take action against modern slavery practices.

Tilt Renewables transitioned to the 2020 NZX Listing Rules ('Listing Rules') on 30 June 2019 and has embedded the principles of the NZX Corporate Governance Code 2020 ('NZX Code') throughout policies and decision-making forums, instilling a culture that goes beyond compliance to enable an ethical and sustainable future.

Details of variations or waivers from the NZX Code are provided in the Statutory Information section.

The following sections provide an overview of how our governance framework supports each of the principles in the NZX Code. The referenced policies and procedures can be found on the investors section of our website **https://www.tiltrenewables.com**.

## Principle 1: Code of ethical behaviour

**Code of Ethics**

Our ethical principles guide our approach to corporate governance, ensuring all our decisions are made with the highest standards of honesty, integrity and fairness. Our Code of Ethics covers (but is not limited to):

- avoiding actual or apparent conflicts of interest;
- full, fair, accurate, timely and understandable corporate disclosures;
- compliance with applicable laws, rules and regulations;
- discharging responsibilities and accountabilities with due care and attention; and
- disciplinary action and prompt reporting to the Board of any Code of Ethics violations.

The Code of Ethics is also supported by our values and reflected in our policies and procedures.

**Code of Conduct**

Our Code of Conduct sets the standard of behaviour our people demonstrate as we deliver on our commitments, covering (but not limited to) how we:

- do not engage in or tolerate breaches of our Code of Conduct or activities that bring Tilt Renewables' integrity or reputation into disrepute;
- exercise diligence, best endeavours and sound judgement when making decisions;
- apply procedures for giving and receiving gifts and gratuities;
- maintain professional relationships;
- perform work we are competent and authorised to perform; and
- do not make unauthorised statements or commitments on behalf of Tilt Renewables.

We believe actions speak louder than words and ensure our conduct and moral judgement maintains the trust we've built with our shareholders, regulators and communities.

**Whistleblowing Policy**

Ensuring everyone has a voice creates accountability, responsibility and helps people feel safe and supported to raise issues or concerns. We are committed to ensuring that all persons have a safe, reliable and confidential way of reporting any Serious Wrongdoing (also known as Reportable Conduct) and that all such reports are taken seriously. The Whistleblowing Policy provides a means for anyone employed by, acting on behalf of, or providing services to Tilt Renewables, to report Serious Wrongdoing. This Policy is consistent with the Protected Disclosures Act 2000 (New Zealand) and the Corporations Act 2001 (Australia).

**Modern Slavery Policy**

We are powered by people, and are committed to ensuring their safety and wellbeing both in our workplaces and the communities in which we work. This commitment extends through our zero-tolerance approach to all forms of modern slavery within our business, our supply chains and any other business relationships. Our Modern Slavery Policy has been developed in accordance with Modern Slavery Act 2018 (Australia) and includes (but is not limited to):

- assessing modern slavery and human trafficking risks and controlling our exposure throughout our supply chains, including appropriate due diligence when entering contracts for supply of services and products;
- how we enable our people to recognise modern slavery and take steps to avoid it;
- ensuring communication of the policy to our people, business partners and supply chains;
- preparing and providing modern slavery statements which meet the requirements under section 16 of the Modern Slavery Act 2018 (Australia) and any state-based legislation; and
- conducting reviews to ensure Tilt Renewables remains vigilant to modern slavery risks.

**Securities Trading Policy**

We are energised by and committed to the work we perform, with 73% of our people holding securities in Tilt Renewables. In order to protect our reputation and safeguard employees who may want to buy or sell Tilt Renewables' securities, the Securities and Trading Policy details when and how securities can be traded legally and responsibly. The Policy specifies how Tilt Renewables monitors trading by directors and employees, handles policy breaches and provides disclosures required under the Financial Markets Conduct Act 2013 (New Zealand).

## Principle 2: Board composition and performance

Roles and responsibilities of the Board are articulated in the Board of Directors Corporate Governance Charter. The Board's role includes:

- representing shareholder interests and ensuring effective and timely reporting to shareholders;
- setting Tilt Renewables' strategic direction and monitoring implementation;
- ensuring the Company's values are embedded in all decisions and interactions;
- selecting and appointing the Chief Executive;
- ratifying the appointment of the Chief Financial Officer;
- ratifying the remuneration of the Executive Team;
- monitoring and approval of annual budgets;
- ensuring effective risk, assurance and compliance management to protect Company assets and support the achievement of objectives;
- monitoring compliance with policies and ethical standards;
- periodically reviewing Executive Team succession planning; and
- ensuring it functions independently of the Executive Team.

The Charter also defines the role and responsibilities of the Board Sub Committees, described further in Principle 3. The Board meets formally at least six times per annum and out of session whenever necessary to deal with urgent matters, to perform its duties under the Charter. Board and Sub Committee meetings and member attendance for the FY20 year are summarised below:

| Directors | Board Meetings, incl Conference Calls | Audit and Risk Committee | People, Remuneration and Nominations Committee | Health, Safety, Environment and Community Committee | Non-Conflicted Directors Committee | New Zealand Business Committee |
|---|---|---|---|---|---|---|
| B. Harker | 12 | | 2 | 1 | | 4 |
| P. Newfield | 13 | 3 | | | | 4 |
| V. Vallabh | 13 | | | | | 4 |
| F. Oliver | 12 | 4 | 1 | | 1 | 4 |
| G. Swier | 13 | 2 | 1 | 3 | 1 | |
| P. Strachan* | 3 | | 1 | 1 | 1 | |
| A. Urlwin | 12 | 2 | 1 | 1 | 1 | 4 |
| F. Whineray** | 9 | | | 2 | | |
| **Total** | **13** | **4** | **2** | **3** | **1** | **4** |

** Resigned 19 July 2019* ***Appointed 19 July 2019 and resigned 31 March 2020*

**Nomination and Appointment of Directors**

Tilt Renewables' Directors are elected by shareholders. In considering potential new (or re-elected) Directors to recommend to shareholders, the Board seeks to identify candidates with appropriate depth, diversity of skills and experience to contribute to the effective governance of Tilt Renewables.

The Chair is appointed by the Board and does not also perform the role of Chief Executive.

Our Board consists of seven Directors, including three independent Directors, which meets the requirement in our Constitution and the NZX Listing Rules of a minimum of two independent Directors. However, from 19 July 2019 (ie from Phillip Strachan's retirement as Director), we have not complied with Recommendation 2.8 of the NZX Code which recommends for the majority of the Board to consist of independent Directors.

The purpose of Recommendation 2.8 is to make it harder for any individual or small group of individuals to dominate the Board's decision-making and, thereby, maximise the likelihood that the decisions of the Board will reflect the best interests of the company and its shareholders generally. Tilt Renewables ensures no individual or group of individuals is able to dominate the Board's decision-making by actively recruiting from the widest possible pool of candidates for the Board with diverse skill sets, in accordance with the Diversity and Inclusion Policy.

Further, the Board is supported by five Sub Committees (discussed further below). Each of these Sub Committees is composed of either a majority or equal numbers of independent Directors (with the exception of the Non-Conflicted Directors Committee which is convened on an as needed basis). Formerly, the independent Directors convened occasionally as the Independent Directors Committee.

This Committee has been replaced by the Non-Conflicted Directors Committee, to broaden the mandate of the Committee and in recognition that Directors can be conflicted in matters for different reasons, not only in respect of independence from Tilt Renewables. The Diversity and Inclusion Policy and Sub Committees have been approved by the Board.

As at 31 March 2020, the Board included F. Oliver, G. Swier and A. Urlwin as independent Directors and B. Harker (Chair), V.Vallabh, P. Newfield and F. Whineray as non-independent Directors of Tilt Renewables. Note: F. Whineray resigned on 31 March 2020 and V. Hawksworth was appointed to the Board effective 1 April 2020.

**Director Agreements**

The Board has determined that Director Agreements are not necessary, as the Directors are provided written notification of role requirements, remuneration and provided advice on disclosure obligations, corporate policies and indemnity and insurance arrangements.

For these reasons, Recommendation 2.3 of the NZX Code has not been adopted by Tilt Renewables for the accounting period. Directors are provided with copies of all of Tilt Renewables' governance documents upon their appointment, including:

- the Corporate Governance Charter, which sets out the roles and responsibilities of the Board and thus the expectations of the Director;
- the Code of Ethics, which sets out how Directors can identify any conflicts of interest and the process on how to disclose any conflicts of interests;
- the Executive and Director Remuneration Policy, which sets out the principles which apply to the Director's remuneration; and
- written notification of the details relevant to them personally, including their specific remuneration entitlements and indemnity and insurance arrangements.

**Director Training**

Following their appointment, Directors are supported in familiarising themselves with Tilt Renewables, our strategy and our supporting policies and procedures. This continues throughout their tenure. Directors are also expected to undertake any necessary training to ensure that they remain up to date with developments in the industry. In order to facilitate this, Directors are allocated a training allowance of up to $3,000.

The Directors maintain a register of their continuing professional development which is periodically provided to the Company in support of record keeping.

**Review of Board Performance**

The Chair undertakes an annual assessment of the Board's performance, including its performance against the requirements of the Charter, individual Sub Committees and the individual performance of Directors.

An external review of the effectiveness of the Board and of Board processes is undertaken every two years. The last review of Board performance and feedback to the Board was completed in 2018. The next Board effectiveness review will be undertaken in 2020.

**Diversity and Inclusion Policy**

We value contrasting views and innovative thought and attribute our success to this diversity in our people, shareholders and other stakeholders.
The Diversity and Inclusion Policy describes how a mixture of skills, experiences, views, backgrounds and life experiences is valued for enabling better thinking, increased innovation and delivering exceptional results. The Policy also details our commitment to facilitating an inclusive workplace and providing flexible working arrangements that support people's differing needs.

## Principle 3: Board Committees

The Board is supported by five Sub Committees to enhance its effectiveness and maintain governance focus on key areas of importance. These include the Audit and Risk Committee, the Health, Safety, Environment and Community Committee, the People, Remuneration and Nominations Committee, the New Zealand Business Committee and the Non-Conflicted Directors Committee. Each committee has a Charter detailing roles and responsibilities. The following sections provide a summary of the committee functions and membership.

**Audit and Risk Committee**

The Audit and Risk Committee meets at least four times per year. As at 31 March 2020, its membership consisted of Directors F. Oliver (Chair), P. Newfield and A. Urlwin. As recommended by the NZX Code, the composition has a majority of independent Directors, 100% non-executive Directors and the Chair is not the Chair of the Board. Employees of Tilt Renewables only attend at the invitation of the Committee.

The key objectives of this Committee are to:

- assist the Board in discharging its responsibilities to exercise due care, diligence and skill in overseeing the effective management of material business risks (except for those allocated to the Health, Safety, Environment and Community Committee);
- oversee and appraise the quality of internal and external audits;
- review financial information presented by management to shareholders, regulators and the general public;
- determine the adequacy of Tilt Renewables' operating and accounting controls, including the detection and prevention of fraud;
- monitor compliance with statutory and regulatory matters relating to financial and corporate accounting; and
- provide guidance and feedback to the Board and the Executive Team on the risk management framework.

**Health, Safety, Environment and Community Committee**

The Health, Safety, Environment and Community (HSEC) Committee is scheduled to meet at least twice per year. The Committee met three times during FY20. As at 31 March 2020, its membership consisted of Directors F. Whineray (Chair), G. Swier and A. Urlwin. Note: F. Whineray resigned as Chair on 31 March 2020 and V. Hawksworth was appointed Chair effective 1 April 2020.

The key objectives of this Committee are to:

- assist the Board in meeting their HSEC due diligence requirements;
- verify the appropriateness of resources and processes to manage HSEC duties;
- ensure HSEC risks are effectively managed;
- ensure there are appropriate early stage go/no-go screening and evaluation frameworks for HSEC for new projects and the Board is fully informed on HSEC risks when considering new investments; and
- monitor and assess the stakeholder reputation of Tilt Renewables in respect of HSEC matters.

**Non-Conflicted Directors Committee**

The Non-Conflicted Directors Committee meets on an as required basis. Membership for this Committee is not fixed and its membership is determined each time that the Committee is convened. The Committee considers matters that may give rise to any perceived or actual conflict of interest.

The key objectives of this Committee are to:

- independently consider activities proposed or undertaken by the Company or any third party, including major shareholders (e.g. capital raising or takeover by or of the Company);
- recommend to the Board whether the activity should proceed in the manner contemplated, or with such variations as the Committee considers appropriate;
- advise the Board as to the governance arrangements the Committee recommends in respect of the activity, including whether some or all relevant matters should be delegated to the Committee due to any conflict of any of the Board members, or for any other appropriate reason; and
- communicate with shareholders, regulators and relevant markets (NZX/ASX) if required.

**The People, Remuneration and Nominations Committee**

The People, Remuneration and Nominations Committee meets on an as required basis, but annually as a minimum. As at 31 March 2020, its membership consisted of Directors B. Harker (Chair), G. Swier and F. Oliver, this composition has a majority of independent Directors. The Executive Team of Tilt Renewables only attend at the invitation of the Committee.

The key objectives of this Committee are to:

- assist the Board in ensuring Tilt Renewables attracts and retains the talented people required to deliver our strategy;
- managing the employment and removal of the Chief Executive and participation in the appointment of the Chief Financial Officer;
- provide annual review and recommendation to the Board for approval of fair and reasonable remuneration for Directors and the Executive Team, having regard to performance and the current employment environment;
- identify and recommend individuals for nomination (including rotation and reappointment) to be members of the Board and Sub Committees to ensure effective composition; and
- assist the Board in ensuring Tilt Renewables has sufficient provisions to meet its Listing Rules and legal obligations as they relate to people, remuneration and nominations.

**The New Zealand Business Committee**

The New Zealand Business Committee meets on an as required basis. As at 31 March 2020, its membership consisted of Directors B. Harker (Chair), P. Newfield, V. Vallabah, F. Oliver and A. Urlwin.

The key objectives of this Committee include:

- assisting the Board to manage potential and actual conflicts of interest inherent when the Board includes members whom have other roles in the NZ energy sector;
- governance of the operational assets in New Zealand;
- governance of the advancement of New Zealand Projects to Final Investment Decision; and
- governance of the Power Purchase Agreements for New Zealand Generation.

### Takeover Policy

In the event of a takeover offer being received, the Board will follow the Takeover Policy maintaining its strategic objective of maximising value for shareholders. The specific objectives of this strategy that apply in the event of a takeover offer and as detailed in the Policy are:

- Tilt Renewables shareholders are fully informed with respect to value of securities, the Company, the value of the offer and the offer process;
- credible alternatives are considered and, if appropriate made available to shareholders;
- Tilt Renewables is appropriately prepared for any takeover or similar approach;
- Tilt Renewables complies with all of its legal, regulatory and Listing Rules requirements; and
- Tilt Renewables is able to respond in a professional, timely and coordinated manner.

## Principle 4: Reporting and disclosure

**Market Disclosure Policy**

We recognise that full, fair and continuous disclosure of material information to shareholders and the public is crucial in enabling orderly behaviour in the market and promoting investor confidence. We continue to provide our balanced disclosure during good times and bad so that all parties have fair access to such information.

In accordance with the Board's Market Disclosure Policy, the Company Secretary has been appointed as Tilt Renewables' Disclosure Officer, responsible for monitoring the business to ensure that disclosure obligations and the Policy are complied with.

**Financial Reporting**

Robust financial governance and controls are crucial in supporting Tilt Renewables grow and continue to deliver strong end of year results. The systems, tools and processes that support us to meet the financial reporting requirements as prescribed by the Companies Act 1993, Financial Markets Conduct Act 2013 and the NZX Listing Rules include:

### Treasury Management

Effective treasury management has been a key contributor in our FY20 performance through the Snowtown 2 Wind Farm sale and the debt refinancing. Tilt Renewables has a Board approved internal Treasury Management Policy which sets and manages the Board's risk appetite for interest rate and related financial markets exposures to maintain sufficient liquidity to meet planned and reasonably foreseeable requirements. It covers the controls for managing financial risk including liquidity, debt, foreign exchange and interest rate exposure control limits, counterparty approvals and specifies allowable hedging instruments. Together with the Delegation of Authorities Policy it specifies the fiscal governance arrangements, including periodic reporting to the Audit and Risk Committee and Board.

### Revenue Risk Management

Reducing the volatility and uncertainty of Tilt Renewables' revenue supports our shareholders', financiers', and the market's confidence in our continued success. Tilt Renewables has a Board approved internal Revenue Risk Management Policy which sets the Board's appetite for managing our revenue risks (threats and opportunities) by managing uncertainty related to the short to medium term sale and purchase of electricity and Large-scale Generation Certificates. It details the approved Over-The-Counter and ASX products and the markets in which they can be traded. It details how risk exposure is limited by detailing uncontracted volume limits, tenor limits and notional value limits. It also details the stress tests that must be performed for various trading scenarios and the monthly monitoring of counterparty credit risk. The Revenue Risk Management Committee is comprised of the Executive Team and governs the activities associated with this Policy. Long term forward contracting and hedging instruments such as Power Purchase Agreements are subject to separate Board approval.

### Delegation and Authority

Enabling our people with clear delegations of financial and contractual authority increases productivity and reduces risk by setting clear boundaries within which we can operate on behalf of our Board and shareholders. Tilt Renewables has a Board approved Delegation of Authority Policy which details the limited pre-approved individual role, management level and committee delegations for financial, contractual, project and other authorities within the Board's risk appetite. It also explicitly identifies transactions covered by other Tilt Renewables' Policies and those requiring Board approval.

### Non-financial Reporting

Proactive management and reporting of non-financial risks and issues including environmental, economic and social sustainability factors ensures the Board has balanced management of strategic and operational risks. In recognition of the importance of non-financial reporting in managing risk and compliance within the Board's appetite, Tilt Renewables invested in an integrated risk, compliance, incident and audit management system. Named 'Tiaki' (meaning 'to look after, protect, and safeguard' in Te Reo Māori), the new system ensures that Tilt Renewables can effectively and proactively manage its risk and assurance activities in a consistent and integrated manner. The system supports non-financial reporting to the Board with a scalable enterprise wide solution which links key risk indicators, incidents, compliance obligations and audit activities with strategic and operational risks. This provides leading and lagging information to give a comprehensive view of current business performance, exposures and opportunities.

## Principle 5: Remuneration

### Directors holding office and their remuneration

The Directors holding office as at 31 March 2020 and during this financial year are listed below, along with their remuneration and other benefits received for the period. Additionally, they received the training allowance identified in Principle 2. It should be noted that following the resignation of P. Strachan in July 2019, there was a change to the composition of committees.

| Name | Position | Board Fees | Committee Fees | Total |
|---|---|---|---|---|
| Bruce Harker | Chairman | 190,000 | - | 190,000 |
| Paul Newfield | Director | 90,000 | 10,000 | 100,000 |
| Vimal Vallabh | Director | 90,000 | - | 90,000 |
| Fiona Oliver | Independent Director | 90,000 | 23,333 | 113,333 |
| Geoffrey Swier | Independent Director | 90,000 | 16,333 | 106,333 |
| Phillip Strachan | Independent Director* | 27,097 | 7,226 | 34,323 |
| Anne Urlwin | Independent Director | 90,000 | 12,333 | 102,333 |
| Fraser Whineray | Director** | 63,145 | 6,667 | 69,812 |
| | **Total** | **730,242** | **75,892** | **806,134** |

** Resigned 19 July 2019* *** Resigned 31 March 2020*



### Chief Executive Remuneration

D. Campbell holds the role of Chief Executive as at 31 March 2020 and has done so throughout this financial year. His total remuneration earned was as follows:

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Base Salary | 745,446 | 697,179 |
| Superannuation | 24,554 | 28,975 |
| Short Term Incentive* | 229,000 | 203,700 |
| One-off amounts** | 173,833 | 58,333 |
| **Total** | **1,172,833** | **988,187** |

** Short term incentives represent amounts which were accrued in the year and are paid in the following financial year.*

***For FY19 and FY20, as described in paragraph 10.5 of the Takeover Code Disclosures in the Tilt Renewables Target Statement dated 17 September 2018, D. Campbell was one of five senior employees to receive a payment as a result of the takeover. FY20 also included Snowtown 2 sale bonus.*

Following the end of financial year the Board have approved the issue of 121,225 restricted shares to D. Campbell in accordance with the terms of the Development Business Incentive Plan which is described further below.

During the year D. Campbell was also issued the following Performance Rights under the Long Term Incentive plan as described further below.

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| LTI – Relative TSR | 62,416 | 89,285 |
| LTI – Absolute TSR | 113,414 | 138,888 |
| **Total** | **175,830** | **228,173** |

D. Campbell was not remunerated by the Company for being a Director of any Tilt Renewables subsidiary companies as this was part of his role as Chief Executive of Tilt Renewables.

### Executive and Director Remuneration Policy

Tilt Renewables is committed to ensuring that remuneration practices are transparent and provide a fair and reasonable link between remuneration and performance. The Executive and Director Remuneration Policy is designed to balance performance and rewards to create and deliver long term shareholder value.

The Policy applies to Board and Executive Team and includes the following four key components:

#### Fixed Remuneration

This comprises fixed cash salary plus superannuation. Fixed salary is based on the scale and complexity of the role and appropriate market benchmarking.

#### Short Term Incentive (STI)

STI is an at-risk element of the overall cash remuneration. STIs are subject to the successful operational performance against Key Performance Indicators (KPIs) set by the People, Remuneration and Nominations Committee annually in line with Tilt Renewables' strategic goals. These KPIs include health and safety, financial, project and leadership performance components.

To help align Executive Team and senior staff with the interests and outcomes for shareholders, Tilt Renewables also maintains two incentive schemes paid in shares. These schemes, described in more detail below, are based on different performance timeframes to reflect the nature of the underlying activities required for each. The time based performance and dealing restrictions associated with these schemes result in participants becoming long term shareholders as there is an additional restriction requiring minimum holding of shares for participants.

#### Development Business Incentives (DBI)

The DBI scheme is an at-risk element of annual remuneration which is paid in restricted shares in Tilt Renewables. Recipients are awarded shares based on the achievement of value increase achieved as a result of investments in the development pipeline. This incentive is intended to drive performance in the development side of the business, where actual results for shareholders often materialise many years after the annual progress is made. Shares awarded under this scheme are restricted for four years from the grant date.

To operate the scheme, the Company undertakes a valuation of its development pipeline and assesses whether the development project portfolio increases or slips in value over the year, after allowing for development expenditure. The performance test includes assessment of estimated value change (gain or loss) as a result from the Company's development expenditure as projects move through development stages through to shovel ready, when the best projects attain successful financial close. A minimum value-add threshold applies for any reward to be granted.

Long Term Incentive (LTI)

The LTI scheme is a more traditional long term incentive, based on Total Shareholder Return (TSR) over a three year period measured against both Relative TSR and Absolute TSR hurdles as follows:

| TSR | Hurdle | Minimum Hurdle Measure |
| --- | --- | --- |
| Relative | ASX200 total Return Index | >50th percentile |
| Absolute | Return to Shareholders | >7% annual compound TSR |

Eligible employees are issued both Relative and Absolute TSR Performance Rights. The number of Performance Rights is determined based on a set percentage of the relevant employee's fixed annual remuneration and the share price at the start of the offer period. The LTI scheme is settled with the issue of the appropriate number of Tilt Renewables' shares at the end of the three-year vesting period should the Performance Right assessment criteria be achieved and the employee remains employed at the time of the assessment.

**Employee Remuneration**

During the financial year, the number of employees and/or former employees who received remuneration and other benefits in their capacity as employees of Tilt Renewables and its subsidiaries which was or exceeded $100,000 per annum is shown below:

| Remuneration Ranges | Number of Employees |
| --- | --- |
| 100,000 – 109,999 | 3 |
| 110,000 – 119,999 | 3 |
| 120,000 – 129,999 | 2 |
| 130,000 – 139,999 | 1 |
| 140,000 – 149,999 | 4 |
| 150,000 – 159,999 | 1 |
| 160,000 – 169,999 | 1 |
| 170,000 – 179,999 | 1 |
| 180,000 – 189,999 | 1 |
| 190,000 – 199,999 | 1 |
| 200,000 – 209,999 | 4 |
| 210,000 – 219,999 | 2 |
| 220,000 – 229,999 | 1 |
| 230,000 – 239,999 | 2 |
| 240,000 – 249,999 | 1 |
| 250,000 – 259,999 | 1 |
| 260,000 – 269,999 | 1 |
| 320,000 – 329,999 | 1 |
| 330,000 – 339,999 | 2 |
| 350,000 – 359,999 | 1 |
| 390,000 – 399,999 | 1 |
| 420,000 - 429,999 | 1 |
| 600,000 – 609,999 | 1 |
| 630,000 – 639,999 | 2 |
| 1,170,000 – 1,179,999 | 1 |
| | 40 |

These figures do not include amounts paid post 31 March 2020 that relate to the year ended 31 March 2020.

## Principle 6: Risk management

**Risk Management Policy**

Threat and opportunity management creates and protects value by critically informing every decision we make. In alignment with our significant growth and achievements this year, we have updated our Board approved Risk Management Policy and Framework to align with our corresponding changes to appetite. Tilt Renewables' risk appetite is reflected in the detail of our governing policies (particularly the Treasury and Revenue Risk Management Policies) and our development and operational procedures.

The integrated risk, compliance, incident and audit management software that we procured has enabled the Executive Team, Board and Audit and Risk Committee to review risk information in an integrated and more visual manner. It allows incidents, compliance requirements and audit outcomes to be linked with risks to provide more holistic insights into current exposures. FY20 also saw improvements and training in project quantitative risk management, providing more appropriate context to cost and schedule opportunities and threats. Risks are identified and reviewed at project, operational and strategic levels, by Management and the Executive Team and escalated to the Board as required. The Audit and Risk Committee provides leadership and oversight in support of the Board to ensure risks are managed within the Board's risk appetite.

Health, safety, environment and community risks are also managed within this framework, however additional leadership and oversight are provided through the Health, Safety, Environment and Community Committee in recognition of Tilt Renewables ongoing commitment to ensure these risks are given sufficient attention and focus.

## Principle 7: Auditors

**Internal Assurance**

Tilt Renewables' internal assurance not only seeks to ensure our policies, procedures and tools effectively manage our project delivery and operational activities and enable us to operate as efficiently as possible. Our Annual Audit Plan takes a comprehensive risk-based approach to internal assurance, meaning that our audits, inspections, and reviews occur where there is the greatest opportunity for improvement or where there is the highest inherent threat if our controls were to fail. The Annual Audit Plan also considers a rolling three-year program which ensures all functional areas are subject to regular audit coverage and is reviewed and approved by the Audit and Risk Committee.

We also utilise external consultants to conduct audits for independent and best practice insights to further support our activities.

These audits also form part of the Annual Audit Plan, with scope and approach approved by the Audit and Risk Committee prior to engagement. The external consultants report their findings directly to the Audit and Risk Committee. We also welcome regulatory driven audits (predominantly covering health, safety and environmental aspects of our projects).

The internal assurance function is accountable to the Audit and Risk Committee (and where appropriate to the Health, Safety, Environment and Community Committee) to maintain appropriate independence and oversight.

**External Audit**

Tilt Renewables engages an Independent External Auditor (PwC) for financial auditing as detailed in the Financial Statements. Representatives from PwC also attend the Annual Meeting and are available to answer questions from shareholders in relation to the audit.

## Principle 8: Shareholder rights and relations

**Our Valued Shareholders**

The Board aims to ensure that shareholders are informed of all material developments affecting Tilt Renewables. Information is communicated to shareholders in the annual report and periodic announcements to the NZX/ASX. Quarterly production information is also provided following the end of each quarter via NZX/ASX announcements.

The Board encourages full participation of shareholders at the Annual Meeting to ensure engagement and understanding of our strategic direction, progress towards our short and long term objectives and to provide the opportunity to ask questions of our Board and Chief Executive. Our Annual Meetings are also the forum for shareholders to vote on key company matters, including the election (or re-election) of Directors.

All announcements and webcasts are available for review at any time under the investors section of our website **https://www.tiltrenewables.com**.

**Voting Rights**

Every shareholder present in person, by proxy or by representative, on a vote by voices or show of hands, has one vote, and on a poll, has one vote for each fully paid share held. Shares held as treasury stock do not have voting rights.

# CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Tilt Renewables is pleased to present its audited financial statements.

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 4-10
- **Funding:** Notes 11-14
- **Equity:** Notes 15-17
- **Tax, related parties and other notes:** Notes 18-26

There is also an appendix, from Notes A1 to A15, which contains additional detailed disclosures 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 segments included in Note 3.



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



# KEY METRICS

For the year ended 31 March 2020

| Our key metrics | 2020 | 2019 |
|---|---|---|
| Earnings before interest, tax, depreciation, amortisation and fair value movements (EBITDAF) ($M) | 117,526 | 134,791 |
| Profit after tax ($M) | 478,433 | 12,179 |
| Underlying earnings after tax ($M) – see Note A2 | 972 | 14,159 |
| Basic earnings per share (cents per share) – see Note A3 | 101.75 | 2.59 |
| Dividends paid during the year (cents per share) | - | 3.40 |
| Gearing ratio | 12% | 48% |
| **Generation production** | | |
| Australian generation production (GWh) | 1,170 | 1,395 |
| New Zealand generation production (GWh) | 665 | 659 |
| | **1,835** | **2,054** |
| Financial statements are presented in AUD currency | | |
| Exchange rate (NZD) – income statement (average rate) | 0.9497 | 0.9333 |
| Exchange rate (NZD) – balance sheet (year end rate) | 0.9749 | 0.9577 |

# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are pleased to present the financial statements of Tilt Renewables Limited and subsidiaries (the Group) for the year ended 31 March 2020.

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 2020, 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**
Director

**Fiona Oliver**
Director

Company Registration Number 1212113
Dated: 22 May 2020



# INDEPENDENT AUDITORS REPORT

**To the shareholders of Tilt Renewables Limited**

We have audited the consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

## Our opinion

In our opinion, the accompanying consolidated financial statements of Tilt Renewables Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2020, 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).

## Basis for opinion

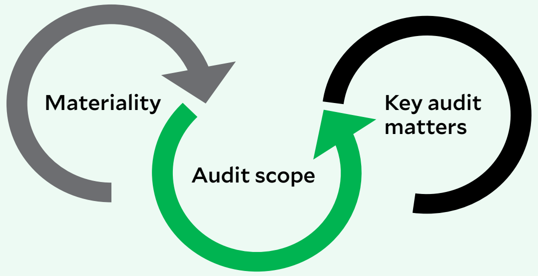
We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements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

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

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 areas of tax compliance and other consulting services. The provision of these other services has not impaired our independence as auditor of the Group.

## Our audit approach




**Overview**

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall Group materiality: $2.35 million, which represents approximately 2% of the Group's earnings before interest, tax, depreciation, amortisation and fair value movements on financial instruments (EBITDAF).

We chose EBITDAF as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We used a 2% threshold based on our judgement, noting it is within the range of commonly acceptable thresholds.

We have determined that there are three key audit matters and we communicated these to the Audit and Risk Committee:

- Carrying value of generation assets [Note 5 - $547.9m]
- Derivative accounting for Australian power purchase agreements (PPA's) [Note A9 - $7.5m net liability]
- Sale of the Snowtown 2 subsidiaries [Note 2 - $486m]

## Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

## Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our audit focused on where the Directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

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.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These 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**

*Carrying value of generation assets [Note 4 - $547.9m]*

Generation assets are carried at fair value and the Group's policy is that they are revalued by independent external valuers every three years or more frequently if there is evidence of a significant change in value. A full valuation of generation assets was performed as at 31 March 2020.

The valuation of generation assets required 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 involved judgements about the future.

The Group has considered the valuation and concluded that it was appropriate to revalue the generation assets, resulting in an increase of $84.8m.

This was a key audit matter due to the significance of generation assets and the judgement required in determining the key assumptions.

**How our audit addressed the key audit matter**

We obtained the external valuation report and considered the key assumptions used in the valuation of generation assets, including the following:

- Compared the forward electricity price path used for the 2020 valuation to current externally derived market forecast data and corresponding purchase price agreements.
- Compared the estimated future generation volumes to the historical actual levels achieved.
- 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.
- Together with PwC valuation experts, we assessed the discount rates used in the valuation to confirm they were reasonable based on market data, comparable companies and industry research.

We also performed the following:

- Compared the forecast cash flows for 2021 used in the valuation model with the FY2021 budget formally approved by the Board.
- 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, in the context of the Group's future plans.

Because of the subjectivity involved in determining valuations for individual generation assets and the existence of alternative assumptions, we assessed the sensitivity of the overall asset valuation by adjusting the key assumptions described above.

**Key audit matter**

*Derivative accounting for Australian power purchase agreements (PPAs) [Note A9 - $7.5m net liability]*

The majority of Australian electricity PPAs are net settled between the Group and energy retailers, due to the mechanism of the Australian energy market which requires electricity to be sold and purchased through the Australian Energy Market Operator (AEMO). Australian electricity PPAs are recognised as a derivative, requiring revaluation at the end of each reporting period.

The valuation of Australian PPAs required a number of significant assumptions, including assumptions about forward electricity prices, future generation volumes, credit adjustments, premiums and the rate used to discount future cash flows. All of these assumptions involve judgements about the future. This was a key audit matter due to the judgement required in determining the key assumptions.

**How our audit addressed the key audit matter**

We considered the key assumptions used in the valuation of PPAs, including the following:

- Compared future expected cash flows used in the derivative valuation to signed PPA contracts.
- Compared the forward electricity price path used in the derivative valuation to current externally derived market forecast data.
- Compared the estimate of the future generation volumes used in the derivative valuation to the historical actual levels achieved and industry data.
- Together with PwC valuation experts, we assessed the discount rate to confirm it was reasonable based on market data, comparable companies and industry research.

**Key audit matter**

*Sale of the Snowtown 2 subsidiaries [Note 2 - $486m]*

Following a strategic review performed by the Board in the period, Snowtown 2 Wind Farm Holdings Pty Ltd and its wholly-owned subsidiaries were sold to wholly-owned funds managed by Palisade Investment Partners Limited (Palisade) and First State Super on 16 December 2019 for $472.3m.

A gain on the sale of the subsidiaries of $486m was recognised.

The sale of the Snowtown 2 subsidiaries was a key audit matter due to the significance of the transaction to the Group.

**How our audit addressed the key audit matter**

Our audit procedures included the following, amongst others:

- Agreed the fair value of consideration received to the sale and purchase agreements and agreed a sample of payments received to the Group's bank records.
- Read the sale and purchase agreements to obtain an understanding of the terms and conditions and considered the appropriateness of their accounting treatment in light of the terms and the requirements of Australian Accounting Standards.
- Agreed the carrying value of net assets disposed of used in the calculation of the gain on sale, to the completion statement.
- Agreed a sample of transaction costs to third party support and assessed whether the costs were directly attributable to the sale transaction in light of their nature.
- Considered the adequacy of the disclosures made in note 2 in light of the requirements of New Zealand Accounting Standards.

## Information other than the financial statements and auditor's report

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 March 2020, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## 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 Group's ability 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 financial statements is located at the External Reporting Board's website at:

**https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/**

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 opinion we have formed.

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

**Charles Christie**
Partner

For and on behalf of:

**Chartered Accountants,** Melbourne
22 May 2020

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2020

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| **Operating revenue** | | | |
| Electricity revenue | | 168,751 | 192,871 |
| Other operating revenue | | 1,483 | 402 |
| | 3 | **170,234** | **193,273** |
| **Operating expenses** | | | |
| Generation costs | | 30,979 | 37,811 |
| Employee benefits | | 10,572 | 8,298 |
| Other operating expenses | A5 | 11,157 | 12,373 |
| | 4 | **52,708** | **58,482** |
| **Earnings before interest, tax, depreciation, amortisation and fair value movements (EBITDAF)** | 4 | **117,526** | **134,791** |
| Net fair value losses on financial instruments | A9 | 8,514 | 1,980 |
| Depreciation | 5 | 72,539 | 83,568 |
| **Operating profit** | | **36,473** | **49,243** |
| Interest paid | 13 | 46,535 | 31,392 |
| Interest received | 13 | (7,174) | (1,261) |
| Net finance costs | | **39,361** | **30,131** |
| Net surplus from sale of subsidiaries | 2 | 485,975 | - |
| **Profit before income tax** | | **483,087** | **19,112** |
| Income tax expense | 18 | (4,654) | (6,933) |
| **Profit after tax** | | **478,433** | **12,179** |
| Profit after tax attributable to the shareholders of the Group | | **478,433** | **12,179** |
| Basic earnings per share (cents per share) | A3 | 101.75 | 2.59 |
| Diluted earnings per share (cents per share) | A3 | 101.75 | 2.59 |

*The accompanying notes form part of these financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| Profit after tax | | **478,433** | **12,179** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Cash flow hedge reserves recycled to the income statement on disposal of subsidiaries (net of tax) | A9 | 27,702 | - |
| Differences arising on translation of foreign operations | | 15,685 | 2,415 |
| Effective portion of changes in fair value of cash flow hedges | A9 | (75,517) | (27,585) |
| Tax effect of the following: | | | |
| Differences arising on translation of foreign operations | | (440) | (725) |
| Effective portion of changes in fair value of cash flow hedges | | 22,390 | 8,276 |
| **Items that will not be reclassified subsequently to profit or loss:** | | | |
| Revaluation gains / (losses) on generation assets | | 82,696 | (140,153) |
| Tax effect of the following: | | | |
| Revaluation gains / (losses) on generation assets | | (24,752) | 41,734 |
| **Total other comprehensive income/(expenses)** | | **47,764** | **(116,038)** |
| **Total comprehensive income/(expenses)** | | **526,197** | **(103,859)** |
| Attributable to shareholders of Tilt Renewables Limited | | 526,197 | (103,859) |

*The accompanying notes form part of these financial statements.*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| **Equity** | | | |
| *Capital and reserves attributable to shareholders of the Group* | | | |
| Share capital | 15 | 261,573 | 259,933 |
| Revaluation reserve | | 305,527 | 292,927 |
| Foreign currency translation reserve | | 9,384 | (5,861) |
| Retained earnings | | 649,973 | 127,821 |
| Cash flow hedge reserve | | (44,735) | (19,310) |
| Other reserves | | 1,560 | 466 |
| **Total equity** | | **1,183,282** | **655,976** |
| *Represented by:* | | | |
| **Current assets** | | | |
| Cash at bank | 8 | 228,799 | 94,940 |
| Other financial assets | 8 | 449,989 | 225,468 |
| Receivable from related parties | A7, 23 | 2,920 | 4,121 |
| Accounts receivable and prepayments | A7 | 16,061 | 26,710 |
| Derivative financial instruments | A9 | 4,702 | 289 |
| Taxation receivable | | 9,053 | 653 |
| | | **711,524** | **352,181** |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 1,014,016 | 1,066,727 |
| Derivative financial instruments | A9 | 4,264 | 113,320 |
| Intangible assets | 7 | 546 | 546 |
| | | **1,018,826** | **1,180,593** |
| **Total assets** | | **1,730,350** | **1,532,774** |
| **Current liabilities** | | | |
| Accounts payable and accruals | A8 | 57,327 | 16,515 |
| Borrowings | 11 | 17,363 | 190,180 |
| Lease liabilities | 12 | 10,348 | 1,578 |
| Derivative financial instruments | A9 | 5,196 | 19,794 |
| | | **90,234** | **228,067** |
| **Non-current liabilities** | | | |
| Borrowings | 11 | 243,543 | 476,613 |
| Lease liabilities | 12 | 115,163 | 21,335 |
| Derivative financial instruments | A9 | 67,330 | 42,810 |
| Accounts payable and accruals | A8 | 2,743 | 2,694 |
| Deferred tax liability | 19 | 28,055 | 105,279 |
| | | **456,834** | **648,731** |
| **Total liabilities** | | **547,068** | **876,798** |
| **Net assets** | | **1,183,282** | **655,976** |

*The accompanying notes form part of these financial statements.*



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

| | Capital $000 | Revaluation reserve $000 | Foreign currency translation reserve $000 | Retained earnings $000 | Cash flow hedge reserve $000 | Other reserves $000 | Total equity $000 |
|---|---|---|---|---|---|---|---|
| **Opening balance as at 1 April 2019** | **259,933** | **292,927** | **(5,861)** | **127,821** | **(19,310)** | **466** | **655,976** |
| **Total comprehensive income for the period** | | | | | | | |
| Net surplus for the period | - | - | - | 478,433 | - | - | 478,433 |
| **Other comprehensive income** | | | | | | | |
| Cash flow hedge reserves recycled to the income statement on disposal of subsidiaries (net of tax) | - | - | - | - | 27,702 | - | 27,702 |
| Fair value change of property, plant and equipment recognised in equity | - | 82,696 | - | - | - | - | 82,696 |
| Differences arising on translation of foreign currency | - | - | 15,685 | - | - | - | 15,685 |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | - | (75,517) | - | (75,517) |
| *Tax effect of the following* | | | | | | | |
| Fair value change of property, plant and equipment recognised in equity | - | (24,752) | - | - | - | - | (24,752) |
| Differences arising on translation of foreign currency | - | - | (440) | - | - | - | (440) |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | - | 22,390 | - | 22,390 |
| **Total other comprehensive income** | **-** | **57,944** | **15,245** | **-** | **(25,425)** | **-** | **47,764** |
| **Total comprehensive income** | **-** | **57,944** | **15,245** | **478,433** | **(25,425)** | **-** | **526,197** |
| Realisation on disposal of subsidiaries | - | (45,344) | - | 43,719 | - | - | (1,625) |
| **Transactions with owners recorded directly in equity** | | | | | | | |
| Equity raise costs | (205) | - | - | - | - | - | (205) |
| Fair value movements in relation to the employee share scheme | - | - | - | - | - | 1,602 | 1,602 |
| Conversion of executive shares | 508 | - | - | - | - | (508) | - |
| Issue of shares to employees | 1,337 | - | - | - | - | - | 1,337 |
| **Total transactions with owners recorded directly in equity** | **1,640** | **-** | **-** | **-** | **-** | **1,094** | **2,734** |
| **Closing balance as at 31 March 2020** | **261,573** | **305,527** | **9,384** | **649,973** | **(44,735)** | **1,560** | **1,183,282** |
| **Opening balance as at 1 April 2018** | **-** | **391,345** | **(7,551)** | **126,283** | **-** | **89** | **510,165** |
| **Total comprehensive income for the period** | | | | | | | |
| Net surplus for the period | - | - | - | 12,179 | - | - | 12,179 |
| **Other comprehensive income** | | | | | | | |
| Fair value change of property, plant and equipment recognised in equity | - | (140,153) | - | - | - | - | (140,153) |
| Differences arising on translation of foreign currency | - | - | 2,415 | - | - | - | 2,415 |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | - | (27,585) | - | (27,585) |
| *Tax effect of the following* | | | | | | | |
| Fair value change of property, plant and equipment recognised in equity | - | 41,734 | - | - | - | - | 41,734 |
| Differences arising on translation of foreign currency | - | - | (725) | - | - | - | (725) |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | - | 8,276 | - | 8,276 |
| **Total other comprehensive income** | **-** | **(98,419)** | **1,690** | **-** | **(19,310)** | **-** | **(116,038)** |
| **Total comprehensive income** | **-** | **(98,419)** | **1,690** | **12,179** | **(19,310)** | **-** | **103,859** |
| **Transactions with owners recorded directly in equity** | | | | | | | |
| Contributed equity | 259,933 | - | - | - | - | - | 259,933 |
| Dividends paid | - | - | - | (10,641) | - | - | (10,641) |
| Share based payments expenses | - | - | - | - | - | 377 | 377 |
| **Total transactions with owners recorded directly in equity** | **259,933** | **-** | **-** | **(10,641)** | **-** | **377** | **249,669** |
| **Closing balance as at 31 March 2019** | **259,933** | **292,927** | **(5,861)** | **127,821** | **(19,310)** | **466** | **655,976** |

*The accompanying notes form part of these financial statements.*

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2020

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| *Cash was provided from* | | | |
| Receipts from customers (inclusive of GST) | | 198,356 | 230,630 |
| | | **198,356** | **230,630** |
| *Cash was applied to* | | | |
| Payments to suppliers and employees (inclusive of GST) | | (90,377) | (103,879) |
| Taxation paid | | (11,605) | (14,387) |
| | | **(101,982)** | **(118,266)** |
| **Net cash inflow from operating activities** | A12 | **96,374** | **112,364** |
| **Cash flows from investing activities** | | | |
| *Cash was provided from* | | | |
| Interest received | | 6,325 | 1,261 |
| Net proceeds from sale of subsidiaries | | 454,962 | - |
| | | **461,287** | **1,261** |
| *Cash was applied to* | | | |
| Purchase of property, plant and equipment | | (322,907) | (90,841) |
| | | **(322,907)** | **(90,841)** |
| **Net cash inflow/(outflow) from investing activities** | | **138,380** | **(89,580)** |
| **Cash flows from financing activities** | | | |
| *Cash was provided from* | | | |
| Secured loan proceeds | | 785,236 | 70,097 |
| Issue of shares | | - | 259,933 |
| | | **785,236** | **330,030** |
| *Cash was applied to* | | | |
| Equity raise costs | | (344) | - |
| Repayment of bank debt and other financing | | (597,716) | (38,969) |
| Principal elements of lease payments | | (3,898) | - |
| Term deposits and restricted cash | | (232,174) | (225,468) |
| Interest paid | | (52,511) | (28,593) |
| Dividends paid | | - | (10,642) |
| | | **(886,643)** | **(303,672)** |
| **Net cash inflow/(outflow) from financing activities** | | **(101,407)** | **26,358** |
| **Net increase in cash and cash equivalents** | | **133,347** | **49,142** |
| Cash and cash equivalents at beginning of the year | | 94,940 | 45,913 |
| Exchange gains/(losses) on cash and cash equivalents | | 512 | (115) |
| **Cash and cash equivalents at end of the year** | | **228,799** | **94,940** |

*The accompanying notes form part of these financial statements.*



# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 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, as well as the trading of electricity and associated products 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 2020 and are authorised for issue by the Board on 22 May 2020.

**Basis of preparation**

The financial statements are prepared in accordance with:

- The accounting policies and methods of computation in the most recent annual financial statements
- 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 New Zealand Financial Reporting Standards applicable to for-profit entities

The financial statements have been prepared as follows:

- All transactions reflected 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 significant accounting policies is available in Note A1. Changes to accounting policies and standards are shown in Note A15.

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.

**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)
- Financial instruments (Note A9)
- COVID-19 impact (Note 25)

**Adoption status of relevant new financial reporting standards and interpretations**

The Group has adopted NZ IFRS 16 Leases from 1 April 2019.

NZ IFRS 16 Leases removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating in nature. Note 21 Adoption of NZ IFRS 16 leases provides further information on the impact of the adoption of NZ IFRS 16.

There are no other NZ IFRSs or NZ IFRIC interpretations that are as yet effective that would be expected to have a material impact on Tilt Renewables.

## Note 2: Sale of subsidiaries

As a result of the strategic review announced in June 2019, Tilt Renewables entered into an agreement on 5th December 2019 to sell the 270 MW Snowtown 2 Wind Farm to an entity wholly-owned by funds managed by Palisade Investment Partners Limited ('Palisade') and First State Super, for an enterprise value of $1,073M. The sale was then completed on 16th December 2019.

The transaction occurred through Tilt Renewables Limited selling the shares in Snowtown 2 Wind Farm Holdings Pty Ltd for $472.3M. Snowtown 2 Wind Farm Holdings Pty Ltd was sold with Snowtown 2 Wind Farm's existing project finance facility in place at the time of the sale.

The accounting profit on the sale was $486.0M with net cash proceeds of $470.7M. These proceeds add to the $86.0M of unrestricted cash released as a result of the Snowtown 2 Wind Farm refinancing that was completed in October 2019. Total cash inflow of $556.7M was provided to Tilt Renewables as a result of the Snowtown 2 Wind Farm transaction.

## Note 3: Operating segments

The Executive team of the Group, consisting of the Chief Executive Officer, Chief Financial Officer, Executive General Manager Generation & Trading and the Executive General Manager 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 segments. The main activities of each segment are:

**Australian generation** – the generation of electricity by wind generation assets across Australia.

**New Zealand generation** – the generation of electricity by wind generation assets across New Zealand.

The Executive 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 4.

**The segment results for the year ended 31 March 2020 are as follows:**

| | Generation New Zealand $000 | Generation Australia $000 | Generation Total $000 |
|---|---|---|---|
| Revenue from external customers | 41,611 | 128,623 | 170,234 |
| **Earnings before interest, tax, depreciation, amortisation and fair value movements (EBITDAF)** | 24,281 | 93,245 | 117,526 |
| Net fair value losses on financial instruments | (462) | 8,976 | 8,514 |
| Depreciation | 21,001 | 51,538 | 72,539 |
| Net finance costs | 16,560 | 22,801 | 39,361 |
| Net surplus from sale of subsidiaries | - | (485,975) | (485,975) |
| **Profit before income tax from continuing operations** | **(12,818)** | **495,905** | **483,087** |
| Capital expenditure | 60,245 | 420,849 | 481,094 |

## Note 3: Operating segments (continued)

**The segment results for the year ended 31 March 2019 are as follows:**

| | Generation New Zealand $000 | Generation Australia $000 | Generation Total $000 |
|---|---|---|---|
| Revenue from external customers | 41,974 | 151,299 | 193,273 |
| **Earnings before interest, tax, depreciation, amortisation and fair value movements (EBITDAF)** | 25,296 | 109,495 | 134,791 |
| Net fair value losses on financial instruments | 1,428 | 552 | 1,980 |
| Depreciation | 21,814 | 61,754 | 83,568 |
| Net finance costs | 4,887 | 25,244 | 30,131 |
| **Profit before income tax from continuing operations** | **(2,833)** | **21,945** | **19,112** |
| Capital expenditure | 2,580 | 116,024 | 118,604 |

# GENERATION

This section outlines the financial performance associated with the generation and construction assets of Tilt Renewables.

This section includes the following notes:

- **Note 4:** Revenue and other operating expenses
- **Note 5:** Property, plant and equipment
- **Note 6:** Key assumptions and judgements
- **Note 7:** Intangible assets
- **Note 8:** Cash and other financial assets
- **Note 9:** Other Investments
- **Note 10:** Financial risk management - generation

## Note 4: Revenue and other operating expenses

**Revenue recognition**

Tilt Renewables' primary revenue streams relate to the sale of 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 to wholesale customers in Australia and New Zealand
- Generation and sale of Large-scale Generation Certificates (LGCs) in Australia, these are recognised at fair value in the period that they are generated

Revenue from contracts with customers is recognised when control of the goods or services is transferred to a customer at an amount that reflects the consideration to which Tilt Renewables expects to be entitled to receive in exchange for those goods or services.

Revenues are recognised on an accrual basis net of GST.

The Group recognises revenue when the amount of revenue can be reliably measured, upon satisfaction of contractually binding performance obligations.

Revenue is not recognised until all sale contingencies have been resolved.

At 31 March 2020, Tilt Renewables operates 266MW (31 March 2019: 440MW) of wind generation assets throughout Australia as well as 196MW (31 March 2019: 196MW) of wind generation assets in New Zealand. Tilt Renewables has assets under construction totalling 336MW in Australia and 133MW in New Zealand at 31 March 2020.

## Note 4: Revenue and other operating expenses (continued)

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Operating revenue - contracted | 116,028 | 164,365 |
| Operating revenue - uncontracted | 52,723 | 28,507 |
| Other operating revenue | 1,483 | 402 |
| **Total operating revenue** | **170,234** | **193,274** |

| **Australia** | 2020 $000 | 2019 $000 |
|---|---|---|
| **Operating revenue** | | |
| Electricity revenue | 71,493 | 86,371 |
| LGC revenue | 56,140 | 64,908 |
| Other operating revenue | 990 | 20 |
| | **128,623** | **151,299** |
| **Operating expenses** | | |
| Generation production costs | 18,362 | 25,918 |
| Employee benefits | 8,612 | 8,058 |
| Other operating expenses | 8,404 | 7,828 |
| | **35,378** | **41,804** |
| **Earnings before interest, tax, depreciation, amortisation and fair value movements (EBITDAF)** | **93,245** | **109,495** |

| **New Zealand** | 2020 $000 | 2019 $000 |
|---|---|---|
| **Operating revenue** | | |
| Electricity revenue | 41,118 | 41,592 |
| Other operating revenue | 493 | 382 |
| | **41,611** | **41,974** |
| **Operating expenses** | | |
| Generation production costs | 12,617 | 11,893 |
| Employee benefits | 1,961 | 241 |
| Other operating expenses | 2,752 | 4,544 |
| | **17,330** | **16,678** |
| **Earnings before interest, tax, depreciation, amortisation and fair value movements (EBITDAF)** | **24,281** | **25,296** |
| **Group - Earnings before interest, tax, depreciation, amortisation and fair value movements (EBITDAF)** | **117,526** | **134,791** |

**Generation development**

An ongoing part of Tilt Renewables business is the development of new generation assets. All costs incurred prior to the assessment to move forward with the building of a new asset are expensed, including exploration, evaluation and consenting costs. In the year when a project transitions into a build phase, all costs incurred in that year are capitalised if appropriate.

## Note 5: Property, plant and equipment

**Property, plant and equipment**

Generation assets include land and buildings which are not separately identifiable from other 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.

Generation assets are revalued, by independent external valuers, every three years or more frequently if there is evidence of a significant change in value. The latest three year valuation took place on 31 March 2020.

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%
- Plant and equipment 5-33%
- Right of use assets 2-20%

Both the Australian and New Zealand generation assets were revalued by an external independent third party, using a discounted cash flow methodology, as at 31 March 2020, to their estimated market value. Management did not identify any significant changes to the impairment assessment assumptions and associated third party reports. See Note A14 for historical cost information.

Transmission lease assets have been categorised as generation assets within property, plant and equipment. As at 31 March 2020 the net book amount of transmission lease assets is $109.1M (31 March 2019: $22.0M).

## Note 5: Property, plant and equipment (continued)

| | Generation assets $000 | Plant and equipment $000 | Right of use assets $000 | Work in progress $000 | Total $000 |
|---|---|---|---|---|---|
| **At 31 March 2018** | | | | | |
| Fair value | 1,158,457 | 497 | - | - | 1,158,954 |
| Cost | - | 7,794 | - | 81,882 | 89,676 |
| Accumulated depreciation | (75,564) | (2,452) | - | - | (78,016) |
| **Net book amount** | **1,082,893** | **5,838** | **-** | **81,882** | **1,170,613** |
| **For the year ending 31 March 2019** | | | | | |
| Opening net book amount | 1,082,893 | 5,838 | - | 81,882 | 1,170,613 |
| Additions at cost | 25,653 | 185 | - | 91,909 | 117,747 |
| Depreciation | (80,994) | (836) | - | - | (81,830) |
| Disposals at net book value | (1,711) | - | - | (27) | (1,738) |
| Foreign exchange movements | 2,082 | 1 | - | 4 | 2,087 |
| Transfers | 92,116 | 3,989 | - | (96,105) | - |
| Revaluations | (140,153) | - | - | - | (140,153) |
| **Closing net book amount** | **979,887** | **9,177** | **-** | **77,664** | **1,066,727** |
| **At 31 March 2019** | | | | | |
| Fair value | 1,052,301 | 12,128 | - | - | 1,064,429 |
| Cost | - | - | - | 77,664 | 77,664 |
| Accumulated depreciation | (72,414) | (2,951) | - | - | (75,365) |
| **Net book amount** | **979,887** | **9,177** | **-** | **77,664** | **1,066,727** |
| **For the year ending 31 March 2020** | | | | | |
| Opening net book amount | 979,887 | 9,177 | - | 77,664 | 1,066,727 |
| Adjustment for change in accounting policy, see note 21 | - | - | 22,669 | - | 22,669 |
| **Restated opening net book amount** | **979,887** | **9,177** | **22,669** | **77,664** | **1,089,396** |
| Additions at cost | 88,344 | - | 162 | 378,336 | 466,842 |
| Depreciation | (65,931) | (1,044) | (1,501) | - | (68,476) |
| Disposals at net book value | (554,777) | (171) | (8,038) | - | (562,986) |
| Foreign exchange movements | 3,071 | 2 | 69 | 1,309 | 4,451 |
| Transfers | 12,537 | 1,601 | - | (14,138) | - |
| Revaluations | 84,788 | - | - | - | 84,788 |
| **Closing net book amount** | **547,919** | **9,565** | **13,361** | **443,171** | **1,014,016** |
| **At 31 March 2020** | | | | | |
| Fair value | 649,997 | 13,536 | - | - | 663,533 |
| Cost | - | - | 14,591 | 443,171 | 457,762 |
| Accumulated depreciation | (102,078) | (3,971) | (1,230) | - | (107,279) |
| **Net book amount** | **547,919** | **9,565** | **13,361** | **443,171** | **1,014,016** |
| **Closing balance as at 31 March 2020 by country** | | | | | |
| Australia | 356,774 | 9,503 | 8,853 | 388,314 | 763,444 |
| New Zealand | 191,145 | 62 | 4,508 | 54,857 | 250,572 |
| | **547,919** | **9,565** | **13,361** | **443,171** | **1,014,016** |
| **Closing balance as at 31 March 2019 by country** | | | | | |
| Australia | 775,409 | 9,093 | - | 77,658 | 862,160 |
| New Zealand | 204,478 | 84 | - | 6 | 204,568 |
| | **979,887** | **9,177** | **-** | **77,664** | **1,066,727** |



## Note 5: Property, plant and equipment (continued)

Work in progress (WIP) additions in the year primarily relate to the construction costs associated with the Dundonnell Wind Farm project in Australia and the Waipipi Wind Farm project in New Zealand.

As at 31 March 2019, Property, plant and equipment included the following amounts where the Group was a lessee under finance leases:

| **Transmission line** | 2019 $000 |
|---|---|
| Cost | 22,655 |
| Accumulated depreciation | (629) |
| **Net book amount** | **22,026** |

Upon adoption of NZ IFRS 16 on 1 April 2019, leased assets continue to be presented as Property, plant and equipment. See Note 21 for details about the change in accounting policy.

**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, as summarised in Note 6.

## Note 6: Key assumptions and judgements

The following assumptions and associated sensitivities formed part of the 2020 fair value assessment. These key assumptions have been reviewed as part of the 2020 fair value assessment exercise and no significant changes have been identified.

A sensitivity analysis around some key inputs is given in the table below. The overall valuation is based on a combination of assumption 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 beyond current fixed price periods.

| Assumption | Low | High | Valuation Impact |
|---|---|---|---|
| **Australian Assets** | | | **AUD $000** |
| Forward electricity price path (including renewable energy credits) | 10% reduction in future electricity pricing | 10% increase in future electricity pricing | - $33,751 / + $33,747 |
| Generation volume | 10% reduction in future production | 10% increase in future production | - $29,382 / + $29,382 |
| Operating costs | 10% increase in future operating expenditure | 10% decrease in future operating expenditure | - $11,289 / + $11,289 |
| Discount rate post tax | 7.125% | 6.125% | - $9,269 / + $9,913 |
| **New Zealand Assets** | | | **NZD $000** |
| Generation volume | 10% reduction in future production | 10% increase in future production | - $22,471 / + $22,471 |
| Operating costs | 10% increase in future operating expenditure | 10% decrease in future operating expenditure | - $9,550 / + $9,550 |
| Discount rate post tax | 7.500% | 6.500% | - $5,373 / + $6,628 |

Some of these inputs are not based on inputs observable in the market. Under NZ IFRS 13 they are classified within Level 3 of the fair value hierarchy.

**Depreciation expense**

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

If the estimated useful lives of generation assets were 10% higher/lower, net profit after tax for the year would have increased/(decreased) by $2,726,000/$(3,332,000) (2019: $4,811,000/$(5,880,000)).

## Note 7: Intangible assets

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

## Note 8: Cash and other financial assets

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Cash at bank | 228,799 | 94,940 |
| Other financial assets | 449,989 | 225,468 |
| | **678,788** | **320,408** |

Other financial assets disclosed in the balance sheet and in the statement of cash flows include term deposits and margin account restricted cash balances. These amounts are not repayable on demand or readily convertible into cash however they will be recovered within the next twelve months. The margin account restricted cash balance of $0.1M (31 March 2019: $16.5M) is held in an electricity trading margin call account, and is not available for general use by the other entities within the Group.

## Note 9: Other investments

There were no other investments or business combinations in the year ended 31 March 2020 or in the year ended 31 March 2019.

## Note 10: 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 transactions over $0.5M in accordance with Tilt Renewables' Treasury Policy. The total notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2020 was $50.6M (31 March 2019: $Nil).

**Electricity price risk**

At 31 March 2020, in Australia over 41% (31 March 2019: 75%) and in New Zealand 100% (31 March 2019: 100%) of electricity output is contracted to electricity 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.

**Volume risk**

In both Australia and New Zealand, 100% of generation comes from wind farms that depend on weather conditions which can 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 four counterparties.

In Australia, one of these is the Australian Electricity Market Operator and the other two are major electricity retailers.

In New Zealand the sole counterparty is Trustpower, a major electricity retailer.

**Damage to generation assets risk**

There is potential for Tilt Renewables to sustain significant 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.



# 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 11:** Loans and borrowings
- **Note 12:** Lease liabilities
- **Note 13:** Finance income and costs
- **Note 14:** Financial risk management – funding

## Note 11: Loans and borrowings

Tilt Renewables borrows under a syndicated bank debt facility. The facility requires Tilt Renewables to operate within defined performance and debt gearing ratios. The borrowing arrangements may also create restrictions over the sale or disposal of certain assets unless lender consent is obtained. Throughout the period Tilt Renewables has complied with all debt covenant requirements in these agreements.

On 5 September 2019, Tilt Renewables signed the non-recourse Waipipi Wind Farm project finance facility agreement to fund the construction of the Waipipi Wind Farm which reached financial close in September 2019.

On 24 October 2019, the Tilt Renewables Group reached financial close on a standalone $616M Project Financing Facility for the Snowtown 2 Wind Farm. The proceeds of these funds were used to repay $483M of Tilt Renewables' corporate debt facilities, close out $27M of interest rate swap position and release $86M into unrestricted cash balances. Furthermore, on 16 December 2019, Tilt Renewables completed the sale of Snowtown 2 Wind Farm to an entity wholly-owned by funds managed by Palisade Investment Partners Limited and First State Super. As a result of completion, Tilt Renewables received $452M after transaction related costs which included debt. In addition, on 31 January 2020, Tilt Renewables repaid the existing Facility B NZD facility.

At 31 March 2020 Tilt Renewables has secured loan borrowings against the following facilities and limits:

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **Facility and associated borrowing limit - AUD** | | |
| Facility A – expiry date: 31 October 2019 | - | 162,845 |
| Facility B – expiry date: 31 October 2020 | - | 162,399 |
| EKF Facility I – expiry date: 30 November 2032 | - | 138,696 |
| EKF Facility II – expiry date: 12 July 2021 | 11,585 | 18,967 |
| EKF Facility III – expiry date: 30 November 2026 | 21,124 | 23,943 |
| Expansion Facility – expiry date: 31 October 2021 | - | 100,000 |
| Dundonnell Syndicated Facility – expiry date: 13 November 2023 | 113,333 | 113,333 |
| Dundonnell EKF Facility – expiry date: 21 March 2037 | 186,667 | 186,667 |
| Waipipi Syndicated Facility - expiry date: 30 September 2024 | 234,615 | - |
| Working Capital Facility | 15,000 | 15,000 |
| | **582,324** | **921,850** |

## Note 11: Loans and borrowings (continued)

| | 2020 Loans | | |
|---|---|---|---|
| | New Zealand dollar facilities # $000 | Australian dollar facilities $000 | Total loans $000 |
| **Repayment terms** | | | |
| Less than one year | 10,973 | 8,362 | 19,335 |
| One to two years | 16,169 | 14,057 | 30,226 |
| Two to five years | 21,166 | 92,925 | 114,091 |
| Over five years | 4,875 | 103,071 | 107,946 |
| Facility establishment costs | (4,010) | (6,682) | (10,692) |
| | **49,173** | **211,733** | **260,906** |
| Current portion | 10,087 | 7,276 | 17,363 |
| Non-current portion | 39,086 | 204,457 | 243,543 |
| | **49,173** | **211,733** | **260,906** |
| **Undrawn facilities** | | | |
| Less than one year | - | - | - |
| One to two years | - | 11,500 | 11,500 |
| Two to five years | 214,141 | 40,654 | 254,796 |
| Over five years | - | 40,931 | 40,931 |
| | **214,141** | **93,085** | **307,227** |
| **Weighted average interest** | | | |
| Less than one year | 2.4% | 5.0% | |
| One to two years | 2.7% | 4.9% | |
| Two to five years | 2.7% | 5.4% | |
| Over five years | 4.0% | 5.8% | |

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



## Note 11: Loans and borrowings (continued)

| | 2019 Loans | | |
|---|---|---|---|
| | New Zealand dollar facilities # $000 | Australian dollar facilities $000 | Total loans $000 |
| **Repayment terms** | | | |
| Less than one year | 15,491 | 177,780 | 193,271 |
| One to two years | 73,507 | 99,018 | 172,525 |
| Two to five years | 13,370 | 192,606 | 205,976 |
| Over five years | 7,981 | 97,191 | 105,172 |
| Facility establishment costs | (361) | (9,790) | (10,151) |
| | **109,988** | **556,805** | **663,793** |
| Current portion | 15,211 | 174,969 | 190,180 |
| Non-current portion | 94,777 | 381,836 | 476,613 |
| | **109,988** | **556,805** | **666,793** |
| **Undrawn facilities** | | | |
| Less than one year | - | 15,000 | 15,000 |
| One to two years | - | 7,602 | 7,602 |
| Two to five years | - | 59,125 | 59,125 |
| Over five years | - | 163,176 | 163,176 |
| | **-** | **244,903** | **244,903** |
| **Weighted average interest** | | | |
| Less than one year | 3.0% | 4.5% | |
| One to two years | 2.9% | 4.9% | |
| Two to five years | 3.4% | 5.5% | |
| Over five years | 4.0% | 5.3% | |

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

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and adjusted for any difference between the proceeds (net of transaction costs). 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.

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

## Note 12: Lease liabilities

| | 2020 $000 | 1 April 2019* $000 |
|---|---|---|
| Current portion | 10,348 | 2,769 |
| Non-current portion | 115,163 | 42,813 |
| | **125,511** | **45,582** |

*In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under NZ IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of NZ IFRS 16 on 1 April 2019, please refer to note 21.*

| | 1 April 2019* $000 | Impact of adoption of NZ IFRS 16 $000 | 31 March 2019 $000 |
|---|---|---|---|
| Current portion | 2,769 | 1,191 | 1,578 |
| Non-current portion | 42,813 | 21,478 | 21,335 |
| | **45,582** | **22,669** | **22,913** |

Amounts recognised in the income statement:

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| Interest charges for lease liabilities | 13 | 4,833 | - |
| Expense relating to short-term leases (included in generation costs and other operating expenses) | | 580 | - |
| Expense relating to leases of low-value that are not shown above as short-term leases (included in other operating expenses) | | 240 | - |
| Expense relating to variable lease payments not included in lease liabilities* (included in generation costs) | | 2,304 | - |

*Variable lease payments not included in lease liabilities relate to royalty expenses above contracted minimum amounts.*

The total cash outflow for leases for the year ending 31 March 2020 was $3.9M.

## Note 13: Finance income and costs

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Interest paid on bank loans | 14,480 | 24,569 |
| Interest charges for lease liabilities | 4,833 | - |
| Other finance costs and fees | 27,222 | 6,823 |
| **Total interest expense** | **46,535** | **31,392** |
| Interest received on cash at bank | 7,174 | 1,261 |
| **Total interest income** | **7,174** | **1,261** |

Capitalised interest in the year ended 31 March 2020 associated with the Dundonnell Wind Farm and Waipipi Wind Farm syndicated facility totalled $2,676,274 (31 March 2019: $930,956; Waipipi Wind Farm Syndicated Facility commenced in September 2019).

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

All other finance costs are recognised in profit or loss in the period in which they are incurred. Finance costs comprise interest expense on borrowings calculated using the effective interest method, amortisation of borrowing costs relating to long-term financing facilities and gains and losses on certain hedging instruments that are recognised in profit or loss.

## Note 14: 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'.

### 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

As at 31 March 2020, approximately 19% of drawn Tilt Renewables debt is denominated in New Zealand dollars (31 March 2019: approximately 16%).

### 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.

## Note 14: Financial risk management – funding (continued)

**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 BBB+ or higher.

Credit risk exposure is managed using credit risk management policies which provide credit exposure limits based on the credit worthiness of counterparties. Tilt Renewables exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Derivative counterparties during the financial year are limited to organisations in the energy industry. Tilt Renewables also utilises International Swaps and Derivative Association (ISDA) agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties. The carrying amount of the financial assets recognised in the financial statements, which is net of impairment losses, represents the maximum exposure to credit risk.

# 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 8,100 shareholders, the two largest shareholders are Infratil Limited (65.64%) and Mercury NZ Limited (19.96%).

This section includes the following notes:

- **Note 15:** Shares and dividends
- **Note 16:** Imputation and franking credit account
- **Note 17:** Financial risk management - equity

## Note 15: Shares and dividends

| | 12 months ended 31 March 2020 Cents per share | 12 months ended 31 March 2019 Cents per share | 12 months ended 31 March 2020 $000 | 12 months ended 31 March 2019 $000 |
|---|---|---|---|---|
| Final dividend prior year | - | 1.80 | - | 5,634 |
| Interim dividend current year - declared subsequent to the end of the reporting period | - | 1.60 | - | 5,008 |
| **Dividends paid on ordinary shares** | **-** | **3.40** | **-** | **10,642** |

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: Shares and dividends (continued)

| | 12 months ended 31 March 2020 000's of shares | 12 months ended 31 March 2019 000's of shares | 12 months ended 31 March 2020 $000 | 12 months ended 31 March 2019 $000 |
|---|---|---|---|---|
| Total issued ordinary shares at the beginning of the period | 469,460 | 312,973 | 259,933 | - |
| Movements in issued and fully paid ordinary shares in the period: | - | - | - | - |
| Equity raise costs | - | - | (205) | - |
| Issued during the period | 759 | 156,487 | 1,845 | 259,933 |
| **Authorised and issued ordinary shares at the end of the period** | **470,219** | **469,460** | **261,573** | **259,933** |

On 16 May 2019, 601,599 shares were issued in accordance with the Employee Share Plan and Development Business Incentive Plan. On 5 December 2019, a further 157,590 shares were issued in accordance with the Long Term Incentive Plan. The resulting total number of shares on issue from this date is 470,218,875.

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity.

## Note 16: Imputation and franking credit account

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Imputation credits available for use in subsequent reporting periods | 7,595 | 3,576 |
| Franking credits available for use in subsequent reporting periods | 48,263 | 44,581 |
| | **55,858** | **48,157** |

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 year ended 31 March 2020.

## Note 17: 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.

## Note 17: Financial risk management – equity (continued)

The gearing ratio is calculated below:

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| **Net debt** | | | |
| Bank and other debt | 11 | 260,906 | 689,706 |
| Lease liabilities | | 125,511 | 22,913 |
| Cash at bank | 8 | (228,799) | (94,940) |
| | | **157,618** | **617,679** |
| **Equity** | | | |
| Total equity | | 1,183,282 | 655,976 |
| | | **1,183,282** | **655,976** |
| **Total capital funding** | | **1,340,900** | **1,273,655** |
| **Gearing ratio** | | 12% | 48% |

# TAX, RELATED PARTY AND OTHER NOTES

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

This section includes the following notes:

- **Note 18:** Tax reconciliation
- **Note 19:** Deferred tax
- **Note 20:** Accounting policies - taxation
- **Note 21:** Adoption of NZ IFRS 16 Leases
- **Note 22:** Capital and other commitments
- **Note 23:** Related parties
- **Note 24:** Contingent liabilities and legal matters
- **Note 25:** COVID-19 impact
- **Note 26:** Events after balance date

## Note 18: Tax reconciliation

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Profit before income tax | 483,087 | 19,112 |
| **Tax on profit (30%)** | **144,926** | **5,734** |
| Tax effect of non-assessable revenue | (140,880) | 534 |
| Reconciliation difference between tax jurisdictions | (80) | 63 |
| Income tax under provided in prior year | 688 | 602 |
| | **4,654** | **6,933** |
| *Represented by* | | |
| Current tax | 282 | 12,687 |
| Deferred tax | 4,372 | (5,754) |
| | **4,654** | **6,933** |

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 19: Deferred tax

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Balance at beginning of period | 105,279 | 161,668 |
| Current year changes in temporary differences recognised in profit or loss | 4,372 | (5,754) |
| Current year changes in temporary differences recognised in other comprehensive income | 2,514 | (50,364) |
| Current year changes in temporary differences recognised directly in equity | 493 | (648) |
| Reclassification of prior year temporary differences | - | (237) |
| Exchange rate movements on foreign denominated deferred tax | 440 | 614 |
| Disposal of subsidiaries | (85,043) | - |
| Total deferred tax liabilities | **28,055** | **105,279** |
| *Comprising* | | |
| Deferred tax liabilities to be recovered after more than 12 months | 32,427 | 99,288 |
| Deferred tax liabilities to be recovered within 12 months | (4,372) | 5,991 |
| | **28,055** | **105,279** |

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 | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **For the year ended 31 March 2020 ($000)** | | | | |
| Revaluations | 137,772 | - | (39,593) | 98,179 |
| Other property, plant and equipment | (29,441) | (4,112) | - | (33,553) |
| Employee benefits | (1,284) | (205) | 437 | (1,052) |
| Financial instruments | (2,333) | 5,624 | (39,929) | (36,638) |
| Other | 565 | 3,065 | (2,511) | 1,119 |
| | **105,279** | **4,372** | **(81,596)** | **28,055** |
| **For the year ended 31 March 2019 ($000)** | | | | |
| Revaluations | 179,506 | - | (41,734) | 137,772 |
| Other property, plant and equipment | (24,230) | (4,857) | (354) | (29,441) |
| Employee benefits | (96) | (540) | (648) | (1,284) |
| Financial instruments | 6,537 | (594) | (8,276) | (2,333) |
| Other | (49) | - | 614 | 565 |
| | **161,668** | **(5,991)** | **(50,398)** | **105,279** |

## Note 20: Accounting policies - taxation

**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).

**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. Any difference between the final tax outcomes and the estimations made in previous years will affect current year balances.

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

Except for Waverley Wind Farm Limited and Waverley Wind Farm (NZ) Holding Limited, Tilt Renewables' wholly owned New Zealand resident subsidiaries are members of a consolidated group for New Zealand income tax purposes. Tilt Renewables' wholly owned Australian resident subsidiaries are currently members of a consolidated group for Australian income tax purposes.

Except for Waverley Wind Farm Limited and Waverley Wind Farm (NZ) Holding Limited, Tilt Renewables' wholly owned New Zealand resident subsidiaries are members of a consolidated GST group for New Zealand tax purposes. Tilt Renewables' wholly owned Australian subsidiaries are not in a consolidated group of companies for GST purposes.

## Note 21: Adoption of NZ IFRS 16 leases

NZ IFRS 16 replaces NZ IAS 17 Leases and removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. Similar to the previous finance lease model, this has resulted in the Group recognising right-of-use assets and related lease liabilities on the statement of financial position. As a result, payments for leases previously classified as operating leases – which include leases of land and buildings, and electricity transmission lines – have been reclassified from generation costs and other operating expenses to depreciation and interest expense. Lessor accounting remains materially unchanged from current practice under the new standard.

The Group has adopted NZ IFRS 16 using the modified retrospective approach and has not restated comparative amounts for the period prior to first adoption. The Group has utilised the recognition practical expedients specified in NZ IFRS 16 in respect of short-term and low value leases where appropriate. The Group has also elected to apply the practical expedient which states that an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application.

The lease liability was measured at the present value of the lease payments, discounted at the incremental borrowing rate applicable to that lease (or portfolio of leases) at 1 April 2019. In line with the modified retrospective approach, the associated right-of-use assets were measured at the amount equal to the lease liability relating to that lease at 1 April 2019, with no overall change in net assets.

## Note 21: Adoption of NZ IFRS 16 leases (continued)

Lease liabilities include the net present value of lease payments as well as reasonably certain extension options. Lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate of the Group (where possible using recent third-party financing) if an interest rate cannot be readily determined. Lease payments are allocated between principal payments and finance costs which are charged to the income statement over the lease period.

Right of use assets are measured at cost comprising of the initial lease liability amount, direct or restoration costs as well as pre commencement date lease payments. Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

A short lease terms of less than 12 months and low value asset payments are recognised on a straight line basis as an expense in the income statement.

**Adjustments to lease liabilities recognised on adoption of NZ IFRS 16**

| | 1 April 2019 $000 |
|---|---|
| Operating lease commitments disclosed as at 31 March 2019 | 61,595 |
| (Less): short-term leases recognised on a straight-line basis as expense | (580) |
| (Less): low-value leases recognised on a straight-line basis as expense | (240) |
| (Less): contracts reassessed as capital commitments | (2,772) |
| (Less): future dated lease commitments | (27,051) |
| Add: Extension and termination options reasonably certain to be exercised | 2,766 |
| Discounted using incremental borrowing rate at the date of initial application | (11,049) |
| **Lease liability recognised as at 1 April 2019** | **22,669** |
| Current lease liabilities | 1,191 |
| Non-current lease liabilities | 21,478 |
| | **22,669** |

The impact of adoption of NZ IFRS 16 on the Group's opening retained earnings / net assets as at 1 April 2019 is summarised below:

| | 1 April 2019 $000 |
|---|---|
| Right-of-use-assets | 22,669 |
| Lease liabilities | (22,669) |
| **Change in Net Assets** | **-** |

Transmission lease asset with a net book amount of $22.0M and corresponding lease liability of $22.9M has been previously accounted for under NZ IAS 17. The terms of the existing transmission leases were not required to be reassessed on adoption of NZ IFRS 16 so there is no impact to the Statement of Financial Position.



## Note 21: Adoption of NZ IFRS 16 leases (continued)

The weighted average incremental borrowing cost applied at 1 April 2019 was 4.54% in Australia and 4.68% in New Zealand for the lease liabilities. The terms of the existing Salt Creek and Dundonnell transmission leases were not required to be reassessed on adoption of NZ IFRS 16.

The estimated undiscounted future operating lease commitments relating to operating asset minimum generation payments, as a result of adoption of NZ IFRS 16, total $27.1M for the Dundonnell Wind Farm project and $15.5M for the Waipipi Wind Farm project. These costs will be reflected in the NZ IFRS 16 disclosure note at the time the projects' achieve their Commercial Operations Date.

The Dundonnell Wind Farm transmission line was energised at the end of January 2020 and associated lease commitment obligations have been reflected since this energisation date.

Snowtown 2 Wind Farm right-of-use assets were disposed of as part of the asset sale on 16 December 2019. As a result of this asset sale, the right-of-use assets were impacted by $(8,038,373) and the lease liabilities were impacted by $8,135,754. The Snowtown 2 Wind Farm impact on the Consolidated Income Statement table above for the financial year period to the sale date of 16 December 2019 include operating expenses of $(463,529), depreciation of $284,941 and interest expense of $275,969.

## Note 22: Capital and other commitments

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Committed but not provided for | 430 | 470 |
| **Capital commitments** | **430** | **470** |

The table above includes the remaining project construction costs as well as the undiscounted future land owner lease and easement commitments for the Dundonnell Wind Farm and Waipipi Wind Farm construction projects.

As outlined in Note 21, the undiscounted future land owner lease and easement commitments will be reflected in the NZ IFRS 16 disclosure note at the time the projects' achieve their Commercial Operations Date.

## Note 23: Related parties

| Key management personnel compensation | 2020 $000 | 2019 $000 |
|---|---|---|
| Annual remuneration | 2,882 | 2,729 |
| | **2,882** | **2,729** |

| Transactions with other related parties | 2020 $000 | 2019 $000 |
|---|---|---|
| *Sales and purchases of goods and services* | | |
| Supply of electricity to related parties | 39,499 | 39,197 |
| Purchase of support services from parent | 45 | 112 |
| *Other transactions* | | |
| Management services from parent | 380 | 1,167 |
| Reimbursement of takeover fees | - | 1,861 |
| **Outstanding balances with other related parties** | | |
| *Sales and purchases of goods and services* | | |
| Supply of electricity and services to related parties | 2,920 | 2,260 |
| *Other transactions* | | |
| Reimbursement of takeover costs | - | 1,861 |

**Shareholders**

Tilt Renewables is controlled by Infratil 2018 Limited (incorporated in New Zealand) which owns 65.64% of Tilt Renewables Limited's voting shares, Mercury NZ Limited owns 19.96% and the residual balance of 14.4% 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

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 (2019: $Nil), and there are no debt amounts outstanding at 31 March 2020 (2019: $Nil).

## Note 24: Contingent liabilities and legal matters

Snowtown Wind Farm Stage 2 Pty Ltd, a wholly-owned subsidiary of Tilt Renewables, has been served with court proceedings on behalf of the Australian Energy Regulator (AER) in relation to their investigations into the black system event which occurred in South Australia on 28 September 2016. The company will continue to engage with the AER in an endeavour to resolve this matter.

As outlined in Note 2, Snowtown Wind Farm Stage 2 Pty Ltd has been subsequently sold from the Group as part of the Snowtown 2 Wind Farm Holdings Pty Ltd sale in December 2019. Following this sale, should any potential future liabilities arise from these ongoing court proceedings, the liability will remain due and payable by the Group.

The Group is not aware of any other material contingent liabilities at the balance date that have not been disclosed elsewhere in these financial statements (2019: $Nil).

## Note 25: COVID-19 impact

Operational assets in both Australia and New Zealand provide a 'lifeline utility' or 'essential service' and therefore have not been subject to lockdown restrictions. In addition, appropriate protective measures against the spread of COVID-19 are in place and all people have been kept safe. To date, the Group has not experienced any material impact attributable to COVID-19 on the operational asset fleet, generation volume, costs or revenue. The majority of the production from the current operating assets is covered by long term offtake agreements with strong, well capitalised counterparties, producing healthy cashflows which are resilient to short term market fluctuations.

In relation to the construction projects, the Group has been working closely with its project partners to mitigate the impact of COVID-19 and again, all people have been kept safe. For the Dundonnell Wind Farm in Victoria, Australian construction works have continued by implementing appropriate protocols and procedures designed to minimise the risk of any spread of the COVID-19 virus. The Group has been able to ensure that the supply chain of key equipment is not materially impacted by COVID-19 and the remaining equipment has arrived in Australia. For the Waipipi Wind Farm in South Taranaki, New Zealand, construction on site was suspended during the New Zealand Alert Level 4 period. With the easing of these restrictions to Alert Level 3 and then Level 2, site construction has now recommenced. Similarly, the domestic and international supply chain for key equipment is operational and not expected to materially impact the project programme. Ongoing border restrictions in both New Zealand and Australia have presented some challenges with respect to movement of key project personnel. However, at this stage alternative local resources with sufficient expertise have been identified where required, and at this time this is not expected to impact either project materially. Both construction projects remain fully funded, within the approved project budget and the expected Commercial Operation Date (COD) for each remains generally in line with expectations. Overall, the financial impact of COVID-19 on these projects has been minimal.

Offtake agreements for both construction projects are not expected to be affected as there are significant buffers in place between expected project completion dates and those required under these offtake agreements.

Furthermore, at this point in time, it is not expected that COVID-19 will have a material, adverse impact on the Group's ongoing business or the carrying value of its operational or construction assets. This is due to the long-term nature of Tilt Renewables' assets, with the majority of production covered by long term offtake agreements.

## Note 26: Events after balance date

On 7 April 2020 Tilt Renewables announced its intention to return approximately A$260M (approximately A$0.55 per share) to shareholders via a pro-rata share buy-back. The buy back is intended to be undertaken by way of a Court approved scheme of arrangement in accordance with Part 15 of the Companies Act 1993 (New Zealand). An application for initial orders from the High Court to consider the scheme of arrangement was filed on 28th April 2020 and on 5th May Tilt Renewables announced that initial orders have been obtained from the High Court.

The scheme will involve all Tilt Renewables' shareholders:

a) having one share cancelled for every five shares held (together with all rights attaching to those shares). Fractions of a share will be rounded up or down to the nearest whole number (with 0.5 rounded up); and
b) receiving a cash sum of NZ$2.91 for each share cancelled.

The initial orders from the Court include the calling of a meeting of shareholders to consider and approve the scheme. A Notice of Meeting has been issued to shareholders for a special meeting of shareholders which will occur on 10th June 2020. If shareholders approve the scheme, Tilt Renewables intends to seek final orders sanctioning the scheme from the High Court under Part 15 of the Companies Act 1993 with payment then being made to shareholders in the second week of July 2020.

Other than outlined above, the Group is not aware of any other significant events that have occurred subsequent to balance date but prior to signing of these financial statements (2019: $Nil).

## Note A1: Significant accounting policies index

| Policy | Note |
|---|---|
| Basis of preparation | 1 |
| Revenue recognition | 4 |
| Generation development | 4 |
| Property, plant and equipment | 5 |
| Borrowings | 11 |
| Shares and dividends | 15 |
| Accounts receivable and prepayments | A7 |
| Accounts payable and accruals | A8 |
| Supplementary accounting information and changes in accounting policies | A15 |

## Note A2: Non-GAAP measures

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 and fair value movements (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.

**Underlying earnings after tax**

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| Profit after tax attributable to the shareholders of the Group | | **478,433** | **12,179** |
| Fair value losses on derivative financial instruments | A9 | 8,514 | 1,980 |
| Net surplus from sale of subsidiares | 2 | (485,975) | - |
| Adjustments before income tax | | **(477,461)** | **1,980** |
| Underlying earnings after tax | | **972** | **14,159** |

## 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.

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| Profit after tax attributable to the shareholders of the Group ($000) | | 478,433 | 12,179 |
| Weighted average number of ordinary shares in issue ('000s) | | 470,219 | 469,460 |
| **Basic earnings per share (cents per share)** | | **101.75** | **2.59** |
| **Diluted earnings per share (cents per share)** | | **101.75** | **2.59** |
| Underlying earnings after tax ($000) | | 972 | 14,159 |
| Weighted average number of ordinary shares in issue ('000s) | | 470,219 | 469,460 |
| **Underlying earnings per share (cents per share)** | | **0.21** | **3.02** |

## Note A4: Net tangible assets per share

| | Note | 2020 | 2019 |
|---|---|---|---|
| Total net assets | | 1,183,282 | 655,976 |
| Less intangible assets | | (546) | (546) |
| Less transmission lease assets | | (109,110) | - |
| Less right of use assets | | (13,361) | - |
| Net tangible assets attributed to shareholders | | 1,060,265 | 655,430 |
| Number of ordinary shares in issue (000s) | | 470,219 | 469,460 |
| **Net tangible assets per share (dollars per share)** | | **2.25** | **1.40** |

## Note A5: Other operating expenses

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| Remuneration of auditors | A6 | 470 | 629 |
| Directors' fees | | 806 | 820 |
| Donations | | 61 | 29 |
| Generation development expenditure | | 4,758 | 4,919 |
| Other administration costs | | 5,062 | 5,976 |
| | | **11,157** | **12,373** |

## Note A6: Remuneration of auditors

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

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **Audit and other assurance services** | | |
| Audit services | 223 | 263 |
| Other assurance services | 54 | 86 |
| **Total audit and other assurance services** | **277** | **349** |
| **Taxation services** | | |
| Tax compliance services and review of company income tax returns | 49 | 51 |
| Tax compliance advice | 96 | 131 |
| **Total taxation services** | **145** | **182** |
| **Other services** | | |
| Consulting services – development projects | - | 85 |
| Consulting services – other | 48 | 13 |
| **Total other services** | **48** | **98** |
| **Total taxation and other services** | **193** | **280** |
| **Total remuneration of PricewaterhouseCoopers** | **470** | **629** |

## Note A7: Accounts receivable and prepayments

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **Current portion** | | |
| Electricity market and green certificate receivables | 9,936 | 13,341 |
| Other receivables and prepayments | 9,045 | 13,396 |
| | **18,981** | **26,710** |

**Electricity market and green certificate 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 impairment loss amount is recognised in the income statement. The criteria used by Tilt Renewables 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
- 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
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation

## Note A8: Accounts payable and accruals

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **Current portion** | | |
| Employee entitlements | 1,120 | 494 |
| Interest accruals | 537 | 3,011 |
| GST payable | 685 | 3,132 |
| Other accounts payable and accruals | 54,985 | 9,878 |
| | **57,327** | **16,515** |
| **Non-current portion** | | |
| Other accounts payable and accruals | 2,743 | 2,694 |
| | **2,743** | **2,694** |

**Trade payables**

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

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

The changes in the fair value of financial instruments recognised in the income statement for the financial year 31 March 2020 are summarised below:

| **(Gains) / losses recognised in the income statement** | 2020 $000 | 2019 $000 |
|---|---|---|
| Derivative financial instruments - interest rate | 8,592 | 15,569 |
| Derivative financial instruments - energy derivatives | (78) | 441 |
| Derivative financial instruments - power purchase agreements | - | (14,030) |
| | **8,514** | **1,980** |

| **Recognised in the cash flow hedge reserve (before tax effect)** | 2020 $000 | 2019 $000 |
|---|---|---|
| Derivative financial instruments - interest rate | 34,699 | 25,190 |
| Derivative financial instruments - foreign exchange | (1,545) | - |
| Derivative financial instruments - energy derivatives | (9,412) | 6,945 |
| Derivative financial instruments - power purchase agreements | 24,124 | (4,549) |
| | **47,866** | **27,585** |

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

**Derivative financial instruments**

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **Current assets** | | |
| Derivative financial instruments - interest rate | - | 3 |
| Derivative financial instruments - foreign exchange | 1,573 | - |
| Derivative financial instruments - energy derivatives | 3,129 | 286 |
| | **4,702** | **289** |
| **Current liabilities** | | |
| Derivative financial instruments - interest rate | 3,540 | 5,672 |
| Derivative financial instruments - energy derivatives | 363 | 6,445 |
| Derivative financial instruments - power purchase agreements | 1,293 | 7,677 |
| | **5,196** | **19,794** |
| **Non-current assets** | | |
| Derivative financial instruments - energy derivatives | - | 13 |
| Derivative financial instruments - power purchase agreements | 4,264 | 113,307 |
| | **4,264** | **113,320** |
| **Non-current liabilities** | | |
| Derivative financial instruments - interest rate | 56,826 | 38,523 |
| Derivative financial instruments - energy derivatives | - | 1,265 |
| Derivative financial instruments - power purchase agreements | 10,504 | 3,022 |
| | **67,330** | **42,810** |

## Note A9: (b) Fair value measurements of financial instruments

(i) Liquidity risk

The tables below provides an analysis of 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.

| Contractual maturities of financial liabilities | 1-6 months $000 | 6-12 months $000 | 1-2 years $000 | 2-5 years $000 | 5 years + $000 | Contractual cash flows total $000 | Carrying amount (assets) / liabilities total $000 |
|---|---|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 | $000 | $000 |
| **As at 31 March 2020** | | | | | | | |
| Derivative financial instruments - interest rate | 4,099 | 4,259 | 8,817 | 21,237 | 24,519 | 62,931 | 60,366 |
| Derivative financial instruments - energy derivatives | 338 | 25 | - | - | - | 363 | 363 |
| Derivative financial instruments - power purchase agreements | 561 | 781 | 158 | 2,362 | 15,106 | 18,968 | 11,797 |
| Accounts payable and accruals | 57,424 | 97 | 194 | 776 | 1,579 | 60,070 | 60,070 |
| Lease liabilities | 5,952 | 5,355 | 21,131 | 33,527 | 263,759 | 329,724 | 125,511 |
| Secured loans | 5,486 | 16,148 | 31,804 | 363,612 | 148,877 | 565,927 | 271,598 |
| **Total** | **73,860** | **26,665** | **62,104** | **421,514** | **453,840** | **1,037,983** | **529,705** |
| **As at 31 March 2019** | | | | | | | |
| Derivative financial instruments - interest rate | 2,390 | 3,351 | 9,435 | 20,491 | 10,615 | 46,282 | 44,195 |
| Derivative financial instruments - energy derivatives | 3,044 | 3,401 | 1,265 | - | - | 7,710 | 7,710 |
| Derivative financial instruments - power purchase agreements | 5,570 | 2,342 | 1,291 | - | 3,726 | 12,929 | 10,699 |
| Accounts payable and accruals | 16,417 | 97 | 194 | 776 | 1,725 | 19,209 | 19,209 |
| Lease liabilities | 825 | 825 | 1,694 | 5,358 | 62,626 | 71,329 | 22,913 |
| Secured loans | 32,814 | 181,806 | 134,903 | 248,052 | 300,714 | 898,289 | 676,944 |
| **Total** | **61,059** | **191,822** | **148,782** | **274,677** | **379,406** | **1,055,746** | **781,670** |

## Note A9: (b) Fair value measurements of financial instruments (continued)

(ii) Interest rate risk

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 31 March 2020 was $460M (2019: $481M) of Australian and $258M (2019: $86M) of New Zealand principal amounts. These amounts include forward start interest rate swaps entered into to manage interest rate exposure relating to undrawn debt facilities that will be drawn to fund construction of the Dundonnell Wind Farm and Waipipi Wind Farm projects.

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.

Sensitivity analysis

At 31 March 2020, 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.

| | 2020 $000 | 2019 $000 |
|---|---|---|
| (Decrease) to profit of a 100 basis point decrease in interest rates | (623) | (12,708) |
| Increase to profit of a 100 basis point increase in interest rates | 592 | 12,087 |
| (Decrease) to equity of a 100 basis point decrease in interest rates | (35,940) | (30,251) |
| Increase to equity of a 100 basis point increase in interest rates | 32,435 | 27,549 |

The above interest rate sensitivities would have an offsetting impact on the interest paid on borrowings.

## Note A9: (c) Fair value measurements

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

(i) Valuation techniques used to determine 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)
- Discount rates

## Note A9: (c) Fair value measurements (continued)

| Valuation Input | Source |
|---|---|
| Interest rate forward price curve | Published market swap rates |
| Foreign exchange forward prices | Published spot foreign exchange rates |
| Electricity forward price curve | Market quoted prices where available and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available |
| Discount rate for valuing interest rate derivatives | Published market interest rates as applicable to the remaining life of the instrument |
| Discount rate for valuing forward foreign exchange contracts | Published market rates as applicable to the remaining life of the instrument |
| Discount rate for valuing electricity price derivatives | Assumed counterparty cost of funds ranging from 3.3% to 4.1% (31 March 2019: 3.3% to 4.1%) |

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 for the year ending 31 March 2020 (31 March 2019: $Nil).

The fair value for generation assets is disclosed in Note 5.

## Note A9: (c) Fair value measurements (continued)

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

| 31 March 2020 | Level 1 $000 | Level 2 $000 | Level 3 $000 | Total $000 |
|---|---|---|---|---|
| **Assets per the statement of financial position** | | | | |
| Derivative financial instruments - foreign exchange | - | 1,573 | - | 1,573 |
| Derivative financial instruments - energy derivatives | - | 3,129 | - | 3,129 |
| Derivative financial instruments - power purchase agreement | - | - | 4,264 | 4,264 |
| | **-** | **4,702** | **4,264** | **8,966** |
| **Liabilities per the statement of financial position** | | | | |
| Derivative financial instruments - interest rate | - | 60,366 | - | 60,366 |
| Derivative financial instruments - energy derivatives | - | 363 | - | 363 |
| Derivative financial instruments - power purchase agreement | - | - | 11,797 | 11,797 |
| | **-** | **60,729** | **11,797** | **72,526** |

| 31 March 2019 | Level 1 $000 | Level 2 $000 | Level 3 $000 | Total $000 |
|---|---|---|---|---|
| **Assets per the statement of financial position** | | | | |
| Derivative financial instruments - interest rate | - | 3 | - | 3 |
| Derivative financial instruments - energy derivatives | - | 299 | - | 299 |
| Derivative financial instruments - power purchase agreement | - | - | 113,307 | 113,307 |
| | **-** | **302** | **113,307** | **113,609** |

| 31 March 2019 | Level 1 $000 | Level 2 $000 | Level 3 $000 | Total $000 |
|---|---|---|---|---|
| **Liabilities per the statement of financial position** | | | | |
| Derivative financial instruments - interest rate | - | 44,195 | - | 44,195 |
| Derivative financial instruments - energy derivatives | - | 7,710 | - | 7,710 |
| Derivative financial instruments - power purchase agreement | - | - | 10,699 | 10,699 |
| | **-** | **51,905** | **10,699** | **62,604** |

## Note A9: (c) Fair value measurements (continued)

### (ii) Fair value hierarchy

The fair value of derivative investments is recognised at Level 2 fair value for interest rate swaps and electricity forwards and Level 3 fair value for the Australian power purchase agreements. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 March 2020.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

### (iii) Fair value measurements

The following table summarises the methods that are used to estimate the fair value of the Group's financial instruments:

| Instrument | Fair value methodology |
|---|---|
| Financial instruments traded in active markets | Quoted market prices at reporting date |
| Long-term debt and other financial assets | Quoted market prices, dealer quotes for similar instruments, or present value of estimated future cash flows |
| Interest rate swaps | Present value of expected future cash flows of these instruments. Key variables include market pricing data, discount rates and credit risk of the Group or counterparty where relevant. Variables reflect those which would be used by market participants to execute and value the instruments |
| Structured electricity forwards which are not regularly traded and with no observable market price | The valuation models for long-term electricity derivatives reflect the fair value of the avoided costs of construction of the physical assets which would be required to achieve an equivalent risk management outcome for the Group. The methodology takes into account all relevant variables including forward commodity prices, physical generation plant variables, the risk-free discount rate and related credit adjustments, and asset lives. The valuation models for short-term electricity derivatives include premiums for lack of volume in the market relative to the size of the instruments being valued |
| Australian power purchase agreement derivatives | The discounted cash flow methodology reflects the difference in the contract price and long term forecast electricity pool prices which are not observable in the market. The valuation also requires estimation of forecast electricity volumes, the risk-free discount rate and related credit adjustments |

## Note A9: (c) Fair value measurements (continued)

(iv) Valuation inputs and relationships to fair value

The following is a summary of the main inputs and assumptions used by the Group in measuring the fair value of Level 3 financial instruments.

**Discount rates:** Based on observable market rates for risk-free instruments of the appropriate term.

**Credit adjustments:** Applied to the discount rate depending on the asset/liability position of a financial instrument to reflect the risk of default by either the Group or a specific counterparty. Where a counterparty specific credit curve is not observable, an estimated curve is applied that takes into consideration the credit rating of the counterparty and its industry.

**Forward commodity prices:** Including both observable external market data and internally derived forecast data. For certain long term electricity derivatives, internally derived forecast spot pool prices and renewable energy certificate prices are applied as market prices are not readily observable for the corresponding term.

**Generation volumes:** Forecast generation volumes over the life of the instrument based on historical actuals.

**Liquidity premiums:** Applied to allow for the lack of volume in the market relative to the size of the instruments being valued.

**Strike premiums:** Applied to allow for instances where instruments have different strike prices to those associated with instruments that have observable market prices.

The use of different methodologies or assumptions could lead to different measurements of fair value. For Level 3 fair value measurements, a sensitivity analysis around the key unobservable inputs is given in the table below:

| Assumption | Low | High | Valuation Impact |
|---|---|---|---|
| *Impact on the Statement of Financial Position as at 31 March 2020* | | | **AUD $000** |
| Forward electricity price path | 10% increase in future electricity pricing | 10% reduction in future electricity pricing | -$5,556 / +$5,542 |
| Generation volume | 10% reduction in future production | 10% increase in future production | -$717 / +$715 |
| Discount rate post tax | 7.125% | 6.125% | -$311 / +$297 |

The Group enters into agreements to manage its power purchase agreement, electricity, interest rate, and foreign exchange risks.

In accordance with the Group's risk management policies, the Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not qualify for hedge accounting and are required to be accounted for at fair value through the income statement. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated effective as a hedging instrument, in which event, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

The Group designates certain hedging instruments as cash flow hedges. At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and presented in equity. The gain or loss relating to the ineffective portion is recognised in the income statement. Amounts presented in equity are recognised in the income statement in the periods when the hedged item is recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is recognised in the income statement.



## Note A10: Investments in subsidiaries and associates

| | Parent and Group<br>Significant subsidiaries (31 March balance dates) | Country of incorporation and place of business | % Owned by Tilt Renewables Ltd 2020 | 2019 | Nature of business |
|---|---|---|---|---|---|
| # | Tilt Renewables Australia Pty Ltd | Australia | 100 | 100 | Holding company and development |
| | 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 Wind Farm Pty Ltd | Australia | 100 | 100 | Electricity generation |
| | Snowtown 2 Wind Farm Holdings Pty Ltd<br>*(incorporated on 3 July 2019 and sold on 16 December 2019)* | Australia | - | - | Holding company |
| | Snowtown South Wind Farm Pty Ltd<br>*(sold on 16 December 2019)* | Australia | - | 100 | Electricity generation |
| | Snowtown Wind Farm Stage 2 Pty Ltd<br>*(sold on 16 December 2019)* | Australia | - | 100 | Electricity generation |
| # | Blayney and Crookwell Wind Farm Pty Ltd | Australia | 100 | 100 | Electricity generation |
| # | Tararua Wind Power Limited | New Zealand | 100 | 100 | Electricity generation and development |
| # | Church Lane Wind Farm Pty Ltd | Australia | 100 | 100 | Generation development |
| # | Dundonnell Wind Farm Pty Ltd | Australia | 100 | 100 | Electricity generation |
| # | Salt Creek Wind Farm Pty Ltd | Australia | 100 | 100 | Generation development |
| # | Tilt Renewables Retail Pty Ltd<br>*(name changed from Wingeel Wind Farm Pty Ltd on 6 March 2020)* | Australia | 100 | 100 | Financial services |
| # | 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 | 100 | Generation development |
| # | Dysart 1 Pty Ltd | Australia | 100 | 100 | Generation development |
| # | Snowtown North Solar Pty Ltd | Australia | 100 | 100 | Generation development |
| # | Liverpool Range Wind Farm Pty Ltd | Australia | 100 | 100 | Generation development |
| | Waverley Wind Farm Limited | New Zealand | 100 | 100 | Generation development |
| | Waverley Wind Farm (NZ) Holding Limited<br>*(incorporated 5 July 2019)* | New Zealand | 100 | - | Holding company |
| # | Fiery Creek Wind Farm Pty Ltd<br>*(incorporated on 7 November 2019)* | Australia | 100 | - | Generation development |
| # | Fiery Creek Wind Farm Holdings Pty Ltd<br>*(incorporated on 7 November 2019)* | Australia | 100 | - | Generation development |
| | Western Downs Solar Project Pty Ltd<br>*(acquired on 11 January 2019 and sold on 30 March 2020)* | 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 A11).*

Except as noted under Note A11, 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 A11: Deed of cross guarantee

A Deed of Cross Guarantee was entered into on 31 March 2017 and has been periodically amended to include new legal entities and also the remove entities who are no longer part of the Group.

Note A10 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:

- Tilt Renewables Financing Partnership
- Waverley Wind Farm Limited
- Waverley Wind Farm (NZ) Holding Limited (incorporated 5 July 2019)

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.

## Note A12: Reconciliation of net cash from operating activities

| | 2020<br>$000 | 2019<br>$000 |
|---|---|---|
| **Profit after tax** | **478,433** | **12,179** |
| *Items classified as investing/financing* | | |
| Interest paid | 52,511 | 28,594 |
| Interest received | (6,325) | (1,261) |
| Repayment of lease principal | 2,001 | - |
| Gain on sale of subsidiaries | (485,976) | - |
| | **(437,789)** | **27,333** |
| *Non-cash items* | | |
| Depreciation | 72,539 | 83,568 |
| Share based staff remuneration | 1,554 | 377 |
| Movement in derivative financial instruments taken to the income statement | (19,407) | 1,980 |
| Movement in deferred tax liability excluding transfers to reserves | 3,052 | (5,377) |
| Payment to suppliers and employees taken to the balance sheet | (15,491) | (4,791) |
| | **42,247** | **75,757** |
| *Movements in working capital* | | |
| Accounts receivable and prepayments | 2,707 | (561) |
| Taxation payable/receivable | (8,401) | (2,697) |
| Accounts Payable and accruals excluding amounts relating to capital expenditure | 19,177 | 353 |
| | **13,483** | **(2,905)** |
| **Net cash from operating activities** | **96,374** | **112,364** |

## Note A13: Key management personnel disclosures and employee share schemes

Members of Tilt Renewables Executive team and certain other employees (together defined as key management personnel) are eligible to participate in the Performance Rights Plan. The scheme was implemented on 3 February 2017 where, 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.

On 5 December 2019, 157,590 shares were exercised at a price of NZ$3.37.

| | 2020<br># of rights | 2019<br># of rights |
|---|---|---|
| **Number of performance rights** | | |
| Outstanding at the beginning of the year | 1,331,406 | 819,476 |
| Granted during the period | 489,039 | 614,577 |
| Forfeited during the period | (226,809) | (102,647) |
| Exercised during the period | (157,590) | - |
| **Outstanding at the end of the year** | **1,436,046** | **1,331,406** |
| | 2020<br>$000 | 2019<br>$000 |
| **Share based payments** | **1,602** | **377** |

## Note A14: Property, plant and equipment at historic cost

If all property, plant and equipment assets were stated on an historical cost basis, the amounts would be as follows:

| | 2020<br>$000 | 2019<br>$000 |
|---|---|---|
| Property, plant and equipment (at cost) | 804,452 | 1,158,411 |
| Property, plant and equipment accumulated depreciation | (332,337) | (438,416) |
| | **472,115** | **719,995** |

## Note A15: Supplementary accounting information and changes in accounting policies

### A15.1 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

### A15.2 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.

### A15.3 Adoption status of relevant new financial reporting standards and interpretations

The following new standards have been issued and are effective:

| | |
|---|---|
| NZ IFRS 16 Leases | NZ IFRS 16 Leases removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019. |

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



# STATUTORY INFORMATION

## Interests register

Tilt Renewables is required to maintain an Interests Register in which 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:

| | Company/ Organisation | Nature/Extent of Interest | Country of Directorship |
|---|---|---|---|
| **Bruce Harker** | Tilt Renewables Limited | Director | New Zealand |
| | IKEGPS Group Limited | Director | New Zealand |
| | Tararua Wind Power Limited | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holdings Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| **Paul Newfield** | 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 Ltd | Director | Australia |
| | Morrison & Co. Growth Infrastructure No. 1 Pty Ltd | Director | Australia |
| | Morrison & Co. Infrastructure Management (Australia) Pty Ltd | Director | Australia |
| | Morrison & Co. Services (Australia) Pty Ltd | Director | Australia |
| | Morrison & Co. Utilities Management Pty Ltd | Director | Australia |
| **Fiona Oliver** | Tilt Renewables Limited | Director | New Zealand |
| *1. Appointed 17 October 2019* | Augusta Capital Limited [1] | Director | New Zealand |
| *2. Appointed 26 March 2020* | Augusta Funds Management Limited [1] | Director | New Zealand |
| | Augusta Property Holdco Limited [1] | Director | New Zealand |
| | BNZ Insurance Services Limited | Director | New Zealand |
| | BNZ Life Insurance Limited | Director | New Zealand |
| | First Gas Limited (operational) [2] | Director | New Zealand |
| | First Gas Midco Limited (holding company) [2] | Director | New Zealand |
| | First Gas Services Limited (operational) [2] | Director | New Zealand |
| | First Gas Services Midco Limited (holding company) [2] | Director | New Zealand |
| | First Gas Topco Limited (holding company) [2] | Director | New Zealand |
| | Flexgas Limited (holding company) [2] | Director | New Zealand |
| | Gentrack Group Limited | Director | New Zealand |
| | Inland Revenue Risk & Assurance Committee | Committee Member | New Zealand |
| | National Wealth Management Holdings Limited | Director | New Zealand |
| | Rockgas Limited (holding company) [2] | Director | New Zealand |
| | Tararua Wind Power Limited | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holding Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| | Wynyard Group Limited (in liquidation) | Director | New Zealand |

| | | | |
|---|---|---|---|
| **Vimal Vallabh** | Tilt Renewables Limited | Director | New Zealand |
| 3. Appointed 11 October 2019<br>4. Appointed 31 October 2019<br>5. Appointed February 2020 | EMP Energy Limited[4] | Director | Ireland |
| | Galileo Green Energy GMBH[5] | Director | Switzerland |
| | GGE Ireland Limited[3] | Director | Ireland |
| | Infratil U.S. Renewables, Inc. | Director | United States |
| | Long Road Energy Holdings LLC | Director | United States |
| **Geoffrey Swier** | Tilt Renewables Limited | Director | New Zealand |
| 6. Resigned 16 December 2019 after sale<br>7. Resigned 23 March 2020 | Blayney and Crookwell Wind Farm Pty Ltd | Director | Australia |
| | Church Lane Wind Farm Pty Ltd | Director | Australia |
| | Dundonnell Wind Farm Pty Ltd | Director | Australia |
| | Dysart 1 Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Holdings Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Pty Ltd | Director | Australia |
| | Health Purchasing Victoria | Board Member | Australia |
| | Liverpool Range Wind Farm Pty Ltd | Director | Australia |
| | Nebo 1 Pty Ltd | Director | Australia |
| | Rye Park Renewables Energy Pty Ltd | Director | Australia |
| | Salt Creek Wind Farm Pty Ltd | Director | Australia |
| | Snowtown North Solar Pty Ltd | Director | Australia |
| | Snowtown South Wind Farm Pty Ltd[6] | Director | Australia |
| | Snowtown Wind Farm Pty Ltd | Director | Australia |
| | Snowtown Wind Farm Stage 2 Pty Ltd[6] | Director | Australia |
| | Snowtown 2 Wind Farm Holdings Pty Ltd[6] | Director | Australia |
| | Tilt Renewables Australia Pty Ltd | Director | Australia |
| | Tilt Renewables Investments Pty Ltd | Director | Australia |
| | Tilt Renewables Market Services Pty Ltd | Director | Australia |
| | Tilt Renewables Retail Pty Ltd (previously Wingeel Wind Farm Pty Ltd) | Director | Australia |
| | Trustpower Limited | Director | New Zealand |
| | Waddi Wind Farm Pty Ltd | Director | Australia |
| | Western Downs Solar Project Pty Ltd[7] | Director | Australia |

| | | | |
|---|---|---|---|
| **Anne Urlwin** | Tilt Renewables Limited | Director | New Zealand |
| 8. Appointed 15 September 2019<br>9. Resigned 31 October 2019 | Chorus Limited[9] | Director | New Zealand |
| | Chorus New Zealand Limited[9] | Director | New Zealand |
| | Cigna Life New Zealand Limited | Director | New Zealand |
| | City Rail Link Limited | Director | New Zealand |
| | Clifton Creek Limited | Director | New Zealand |
| | Maigold Holdings Limited | Director | New Zealand |
| | Onepath Life (NZ) Limited | Director | New Zealand |
| | Precinct Properties New Zealand Limited[8] | Director | New Zealand |
| | Southern Response Earthquake Services Limited | Director | New Zealand |
| | Steel & Tube Holdings Limited | Director | New Zealand |
| | Summerset Group Holdings Limited | Director | New Zealand |
| | Tararua Wind Power Limited | Director | New Zealand |
| | Urlwin Associates Limited | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holding Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| **Fraser Whineray** | Tilt Renewables Limited[10] | Director | New Zealand |
| 10. Appointed 19 July 2019 and resigned 31 March 2020<br>11. Appointed 19 September 2019 | Blockchain Energy Limited | Director | New Zealand |
| | Bosco Connect Limited | Director | New Zealand |
| | Glo-Bug Limited | Director | New Zealand |
| | Kawerau Geothermal Limited | Director | New Zealand |
| | Mercury Geothermal Limited | Director | New Zealand |
| | Mercury Solar Limited | Director | New Zealand |
| | Mercury SPV Limited | Director | New Zealand |
| | Mighty Geothermal Power International Limited | Director | New Zealand |
| | Mighty Geothermal Power Limited | Director | New Zealand |
| | Mighty River Power International Limited | Director | New Zealand |
| | New Zealand Prime Minister's Business Advisory Council[11] | Chair | New Zealand |
| | Ngatamariki Geothermal Limited | Director | New Zealand |
| | Rotokawa Geothermal Limited | Director | New Zealand |
| | Special General Partner Limited | Director | New Zealand |
| | TPC Holdings Limited | Director | New Zealand |
| | Tuaropaki Power Company Limited | Director | New Zealand |
| | What Power Crisis (2016) Limited | Director | New Zealand |

| | | | |
|---|---|---|---|
| **Deion Campbell** | Birkam Consulting Limited | Director | New Zealand |
| *12. Resigned 16 December 2019 after sale* | Birkam Gisborne Limited | Director | New Zealand |
| *13. Resigned 23 March 2020* | Birkam Group Limited | Director | New Zealand |
| | Birkam Properties Limited | Director | New Zealand |
| | Blackrock Investment Group NZ Limited | Director | New Zealand |
| | Blackrock Investment Group Pty Ltd | Director | New Zealand |
| | Blackrock Mining Solutions Pty Ltd | Director | New Zealand |
| | Blayney and Crookwell Wind Farm Pty Ltd | Director | Australia |
| | Church Lane Wind Farm Pty Ltd | Director | Australia |
| | Dundonnell Wind Farm Pty Ltd | Director | Australia |
| | Dysart 1 Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Holdings Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Pty Ltd | Director | Australia |
| | Gaelic Holdings Limited | Director | New Zealand |
| | Hastings Road Development Limited | Director | New Zealand |
| | Liverpool Range Wind Farm Pty Ltd | Director | Australia |
| | Nebo 1 Pty Ltd | Director | Australia |
| | Rye Park Renewables Energy Pty Ltd | Director | Australia |
| | Salt Creek Wind Farm Pty Ltd | Director | Australia |
| | Snowtown North Solar Pty Ltd | Director | Australia |
| | Snowtown South Wind Farm Pty Ltd [12] | Director | Australia |
| | Snowtown Wind Farm Pty Ltd | Director | Australia |
| | Snowtown Wind Farm Stage 2 Pty Ltd [12] | Director | Australia |
| | Snowtown 2 Wind Farm Holdings Pty Ltd [12] | Director | Australia |
| | Tilt Renewables Australia Pty Ltd | Director | Australia |
| | Tilt Renewables Investments Pty Ltd | Director | Australia |
| | Tilt Renewables Market Services Pty Ltd | Director | Australia |
| | Tilt Renewables Retail Pty Ltd | Director | Australia |
| | Waddi Wind Farm Pty Ltd | Director | Australia |
| | Western Downs Solar Project Pty Ltd [13] | Director | Australia |

## Use of information 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.

**Subsidiary Company Directors**

The Directors of Tilt Renewables Limited subsidiaries as at 31 March 2020 are as follows:

| | Company | Nature/Extent of Interest | Country of Directorship |
|---|---|---|---|
| **Bruce Harker** | Tararua Wind Power Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| **Fiona Oliver** | Tararua Wind Power Limited | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holding Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| **Geoffrey Swier** | Blayney and Crookwell Wind Farm Pty Ltd | Director | Australia |
| | Church Lane Wind Farm Pty Ltd | Director | Australia |
| | Dundonnell Wind Farm Pty Ltd | Director | Australia |
| | Dysart 1 Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Holdings Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Pty Ltd | Director | Australia |
| | Liverpool Range Wind Farm Pty Ltd | Director | Australia |
| | Nebo 1 Pty Ltd | Director | Australia |
| | Rye Park Renewables Energy Pty Ltd | Director | Australia |
| | Salt Creek Wind Farm Pty Ltd | Director | Australia |
| | Snowtown North Solar Pty Ltd | Director | Australia |
| | Snowtown Wind Farm Pty Ltd | Director | Australia |
| | Tilt Renewables Australia Pty Ltd | Director | Australia |
| | Tilt Renewables Investments Pty Ltd | Director | Australia |
| | Tilt Renewables Market Services Pty Ltd | Director | Australia |
| | Tilt Renewables Retail Pty Ltd (previously Wingeel Wind Farm Pty Ltd) | Director | Australia |
| | Waddi Wind Farm Pty Ltd | Director | Australia |
| **Anne Urlwin** | Tararua Wind Power Limited | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holding Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |

| | | | |
|---|---|---|---|
| **Deion Campbell** | Blayney and Crookwell Wind Farm Pty Ltd | Director | Australia |
| | Church Lane Wind Farm Pty Ltd | Director | Australia |
| | Dundonnell Wind Farm Pty Ltd | Director | Australia |
| | Dysart 1 Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Holdings Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Pty Ltd | Director | Australia |
| | Liverpool Range Wind Farm Pty Ltd | Director | Australia |
| | Nebo 1 Pty Ltd | Director | Australia |
| | Rye Park Renewables Energy Pty Ltd | Director | Australia |
| | Salt Creek Wind Farm Pty Ltd | Director | Australia |
| | Snowtown North Solar Pty Ltd | Director | Australia |
| | Snowtown Wind Farm Pty Ltd | Director | Australia |
| | Tilt Renewables Australia Pty Ltd | Director | Australia |
| | Tilt Renewables Investments Pty Ltd | Director | Australia |
| | Tilt Renewables Market Services Pty Ltd | Director | Australia |
| | Tilt Renewables Retail Pty Ltd (previously Wingeel Wind Farm Pty Ltd) | Director | Australia |
| | Waddi Wind Farm Pty Ltd | Director | Australia |

The remuneration and other benefits received by employees acting as Directors of subsidiaries during the financial years is disclosed in the relevant bandings for employee remuneration. No remuneration has been paid to Directors of Tilt Renewables Limited who act as Directors of its subsidiaries.

## General notice of interests by Directors of subsidiary companies

| Director | Interest | Entity |
|---|---|---|
| **Bruce Harker*** | | |
| **Fiona Oliver*** | | |
| **Geoffrey Swier*** | | |
| **Anne Urlwin*** | | |
| **Deion Campbell*** | Chief Executive | Tilt Renewables Limited |

** Refer general notice of interests of Directors*

## Use of information by Directors of subsidiaries

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

## Directors transactions and relevant interest in securities in the Company

The relevant interests of Directors in securities of Tilt Renewables as at 31 March 2020 are listed below, together with transactions by Directors in securities of the company during the year:

| Directors | Number Held at 31 March 2019 | Number Acquired / (Disposed) | Number Held at 31 March 2020 | Class of Security |
|---|---|---|---|---|
| BJ and JS Harker Trust (beneficial) | 116,919 | 0 | 116,919 | Ordinary |
| Bell Gully Trustee Company Limited – beneficially for Bruce Harker | 165,397 | 25,722 | 191,119 | Ordinary |
| Bell Gully Trustee Company Limited – beneficially for Paul Newfield | 75,527 | 12,184 | 87,711 | Ordinary |
| Bella Vista Trust – Fiona Oliver | 75,528 | 12,184 | 87,712 | Ordinary |
| Maclagen Pty Ltd as Trustee of the Swier Family trust (beneficial) | 171,297 | 12,184 | 183,481 | Ordinary |
| Bell Gully Trustee Company Limited – beneficially for Vimal Vallabh | 75,527 | 12,184 | 87,711 | Ordinary |
| Fraser Whineray | 100* | 4,809 | 4,909 | Ordinary |
| Maigold Holdings Ltd – beneficially for Anne Urlwin | 21,355 | 12,184 | 33,539 | Ordinary |

* Balance at appointment as Director 19 July 2019

The number of shares acquired by the Directors throughout the year was in accordance with the Director's share plan, which requires that 50% of the Director's base fees are used to acquire shares on market. The shares are acquired each month by Forsyth Barr on behalf of the Directors. The monthly acquisition of shares was paused in November 2019 whilst an issue with the plan was addressed and was then resumed in April 2020. At this time the backlog purchase of shares was undertaken by Forsyth Barr.

## Other interests

V. Hawksworth was appointed as a Director on 1 April 2020. At this time he entered into a deed of indemnity with Tilt Renewables. F. Whineray resigned 31 March 2020.

## Stock exchange listing

The Company's shares are listed on both the NZX and ASX.

## Current credit rating status

Tilt Renewables does not currently have an external credit rating.

## Defined share buyback programme

Tilt Renewables does not currently have a share buyback programme.

## Current NZX waivers

Tilt Renewables has the following departures or waivers from the NZX Code:

**Non-compliance with recommendation 8.5**

The notice of meeting in respect of the special meeting of shareholders (relating to the scheme of arrangement relating to the return of capital to shareholders, held on 10 June 2020) ('Notice') was provided 19 working days prior to the date of the meeting (on 13 May 2020). Accordingly, the non-compliance with recommendation 8.5 of the NZX Code that a minimum of 20 working days be given has not been followed in respect of this meeting. The reason for this is that the Board resolved that it is in the shareholders' best interests to effect the return of capital to shareholders as soon as possible and as a result elected to shorten all time frames as much as possible. 20 working days would have been provided but for one day in the period being a public holiday. Notwithstanding this, the Notice was provided well within the statutory timeframe of 10 working days before the meeting.

**NZX waiver 20 November 2019**

On 20 November 2019, the NZX re-documented the Company a waiver from NZX Listing Rule 4.15.2(a) (previously NZX Listing Rule 7.6.4(a)) in relation to the fixed trading plan ('Plan') established for the Directors of the Company. The waiver was granted to the extent that this Rule would otherwise prevent the Company from providing financial assistance to a trustee holding shares on trust for certain Directors participating in the Plan. The NZX Listing Rules prohibit an issuer from giving financial assistance to any Director of the issuer, associated person of a Director of the issuer, or employee of the issuer for the purposes of acquiring shares unless an ordinary resolution of shareholders approving the giving of the financial assistance is obtained every 12 months.

Participation in the Plan was mandatory for all Directors. Some Directors participating in the plan were considered "associated persons" of Infratil Limited ('relevant directors'), a company then controlling 65.26% of the Company's shares, therefore their shares acquired under the Plan had to be held on trust and managed by a trustee, so the relevant Director neither held nor controlled them. Other Directors participating in the Plan were able to hold their shares personally ('non-interested directors').

The waiver from NZX Listing Rule 4.15.2(a) was granted on the conditions that:

1. a. should the Company pay any fees to the trustee in connection with the Plan:

 i. the non-interested directors of the Company certify to NZX that:

 (a). the fee arrangement is entered into and negotiated on an arm's length commercial basis; and

 (b). in their opinion, the fees paid are fair and reasonable to, and in the best interests of, Tilt Renewables and its shareholders not associated with the relevant directors; and

 ii. the Company discloses to the market any fees paid to the trustee by the Company in connection with the Plan;

 b. should there be an amendment to the financial assistance provided in connection with the Plan:

 i. the non-interested directors of the Company certify to NZX that:

 (a). the amended financial assistance arrangement is entered into and negotiated on an arm's length commercial basis; and

 (b). the amended financial assistance arrangement is fair and reasonable to, and in the best interests of, the Company and its shareholders not associated with the relevant directors; and

 ii. the Company discloses to the market any amendment to the financial assistance arrangement in connection with the Plan; and

The waiver from NZX Listing Rule 4.15.2(a) was granted on the further condition that the waiver, its conditions and the implications of the waiver, are disclosed in the Group's annual reports during the term of the Plan and the arrangements between the Trustee, the Company and each Relevant Director.

The effect of the waiver from NZX Listing Rule 4.15.2(a) is that the Company can provide financial assistance to the trustee for the purposes of acquiring shares for the relevant directors, without requiring an ordinary resolution of shareholders every 12 months as imposed by NZX Listing Rules 4.16.1 and 4.16.2.

**Security Holder Information**

Tilt Renewables' register of substantial product holders, has been prepared in accordance with Section 293 of the Financial Markets Conduct Act 2013. As at 31 March 2020, the following persons have notified the Company that they are substantial product holders:

| Security Holder | Class of Security | Number |
|---|---|---|
| Infratil Limited | Ordinary Shares | 308,670,469 |
| Mercury NZ Limited | Ordinary Shares | 93,844,953 |

As at 31 March 2020, the Company had 470,218,875 ordinary shares on issue.

# SECURITY HOLDER INFORMATION

**Analysis of Shareholders – as at 15 May 2020**

| Holding Range | Holder Count | Holder Count % | Holding Quantity | Holding Quantity % |
|---|---|---|---|---|
| 1 to 1,000 | 1,596 | 19.48 | 940,704 | 0.20 |
| 1,001 to 5,000 | 5,722 | 69.85 | 13,339,993 | 2.84 |
| 5,001 to 10,000 | 535 | 6.53 | 3,778,461 | 0.80 |
| 10,001 to 100,000 | 304 | 3.71 | 7,297,069 | 1.55 |
| 100,001 to 499,999 | 22 | 0.27 | 5,020,437 | 1.07 |
| 500,000 to 999,999 | 3 | 0.04 | 1,921,616 | 0.41 |
| 1,000,000 to 9,999,999,999,999 | 10 | 0.12 | 437,920,595 | 93.13 |
| **Total** | **8,192** | **100** | **470,218,875** | **100** |

**Summary of Shareholder Location – as at 15 May 2020**

| Country/Region | Holder Count | Holder Count % | Holding Quantity | Holding Quantity % |
|---|---|---|---|---|
| New Zealand | 7,745 | 94.54 | 466,743,933 | 99.26 |
| Australia | 374 | 4.57 | 3,245,175 | 0.69 |
| U.S.A. | 15 | 0.18 | 30,375 | 0.01 |
| United Kingdom | 22 | 0.27 | 32,911 | 0.01 |
| Other | 36 | 0.44 | 166,481 | 0.03 |

**Top 20 Shareholders – as at 15 May 2020**

| Rank | Registered Name | Holding Balance | Percentage |
|---|---|---|---|
| 1 | Infratil 2018 Limited | 308,670,469 | 65.64 |
| 2 | Mercury NZ Limited | 93,844,953 | 19.95 |
| 3 | Tea custodians Limited Client Property Trust Account* | 7,666,707 | 1.63 |
| 4 | Accident Compensation Corporation * | 7,117,916 | 1.51 |
| 5 | Custodial Services Limited | 5,693,053 | 1.21 |
| 6 | Generate Kiwisaver Public Trust Nominees Limited* | 4,777,735 | 1.01 |
| 7 | New Zealand Permanent Trustees Limited* | 4,350,000 | 0.92 |
| 8 | FNZ Custodians Limited | 3,327,328 | 0.7 |
| 9 | Citibank Nominees (New Zealand) Limited* | 1,299,646 | 0.27 |
| 10 | Forsyth Barr Custodians Limited | 1,172,788 | 0.24 |
| 11 | HSBC Nominees (New Zealand) Limited* | 813,719 | 0.17 |
| 12 | CPU Share Plans Pty Limited | 598,899 | 0.12 |
| 13 | JBWere (NZ) Nominees Limited | 508,998 | 0.1 |
| 14 | FNZ Custodians Limited | 495,787 | 0.1 |
| 15 | ANZ Wholesale Australasian Share Fund* | 403,130 | 0.08 |
| 16 | Public Trust Class 10 Nominees Limited* | 324,662 | 0.06 |
| 17 | FNZ Custodians Limited | 321,123 | 0.06 |
| 18 | New Zealand Depository Nominee Limited | 316,662 | 0.06 |
| 19 | Custodial Services Limited | 306,517 | 0.06 |
| 20 | Investments Custodial Services Limited | 275,000 | 0.05 |

**These names are registered in the name of New Zealand Central Securities Depository Limited.*



# DIRECTORY

### Board of Directors

Bruce Harker
Paul Newfield
Fiona Oliver
Vince Hawksworth
Geoffrey Swier
Anne Urlwin
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: +64 (9) 488 8700
Facsimile: +64 (9) 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 Meeting
19 August 2020
2.00pm