



TILT RENEWABLES LIMITED NOTICE OF MEETING AND SCHEME BOOKLET

In relation to the proposed acquisition of all of the fully paid ordinary shares in Tilt Renewables Limited (Tilt Renewables) at a price of NZ\$8.10 per share by Pisa Obligor Co 1 Pty Ltd (ACN 648 537 017) (the Acquirer), and all of the shares in the New Zealand Subsidiaries by Mercury Wind Limited (Mercury Wind), under a scheme of arrangement.

VOTE IN FAVOUR

Your Non-Conflicted Directors unanimously recommend that you vote in favour of the Scheme.

The special meeting to consider, and vote on, the Scheme will be held:

Time: 2:00pm (New Zealand time)

Date: Wednesday, 14 July 2021

Place: The meeting will be held as a virtual online meeting – see the notice of meeting in Section 3 of this Scheme Booklet for details. If COVID-19 Government Alert Levels allow, Tilt Renewables will also hold a concurrent physical meeting at Lambton 1 Room, Intercontinental Hotel, 2 Grey Street, Wellington.

IMPORTANT

This is an important document and requires your immediate attention. You should read it carefully and in its entirety before deciding whether to vote for or against the Scheme. If you are in any doubt as to any aspect of the Scheme, you should seek advice from your financial, taxation or legal adviser before voting on the Scheme.

If you have sold all of your shares in Tilt Renewables please disregard this Scheme Booklet and hand it and the accompanying voting/proxy form to the purchaser or the agent (e.g. the broker) through whom the sale was made, to be passed to the purchaser.

An Independent Adviser's Report on the merits of the Scheme accompanies this Scheme Booklet and should be read carefully in conjunction with the Scheme Booklet.

WHAT DO YOU NEED TO DO?

- Read this Scheme Booklet carefully and completely.
- Decide whether or not you are in favour of the Scheme. **The Non-Conflicted Directors unanimously recommend that you vote in favour of the Scheme.**
- Note the date and time of the Scheme Meeting – 2:00pm (New Zealand time) on Wednesday, 14 July 2021. You can vote online during the Scheme Meeting or, if COVID-19 Government Alert Levels allow, you can attend and vote in person at the physical meeting which is to be held at Lambton 1 Room, Intercontinental Hotel, 2 Grey Street, Wellington.
- If you are not attending the Scheme Meeting in person or online, we encourage you to complete the Proxy Form accompanying this Scheme Booklet, including directing your proxy how to vote. If used, the Proxy Form must be deposited with Computershare using one of the methods outlined on the Proxy Form by 2:00pm (New Zealand time) on 12 July 2021 (being 48 hours before the start of the meeting). To appoint a proxy online, Shareholders will be required to enter their CSN/Shareholder Number and postcode or country of residence and the secure access Control Number that appears on the front of their Proxy Form, which accompanies this Scheme Booklet.
- You can also watch for further announcements about the Scheme, including announcements submitted by Tilt Renewables via the NZX and ASX market announcements platforms or otherwise circulated to Shareholders.
- We encourage you to vote. For the Scheme to be approved:
 - At least 75% of the votes of Shareholders in each interest class who are entitled to vote and who actually vote must be voted in favour of the Scheme Resolution;
 - and
 - More than 50% of the votes of all Shareholders entitled to vote, whether or not actually voted, must be voted in favour of the Scheme Resolution.
- **See Section 4.14 of this Scheme Booklet for full details of how you can be paid. In summary, choose what currency you want to be paid in and follow the instructions below:**
 - **New Zealand dollars: If you want to be paid in New Zealand dollars but have not provided your bank account details to Computershare, please complete the Direct Credit Notification – New Zealand Bank Account form which accompanies this Scheme Booklet.**
 - **Australian dollars: If you want to be paid in Australian dollars but have not provided your bank account details to Computershare, please complete the Direct Credit Notification – Australian Bank Account form which accompanies this Scheme Booklet.**
 - **Other foreign currencies: If your address is outside of New Zealand and Australia and you want to be paid in a different currency, please contact Computershare directly to ensure they have your email address and to request payment in a foreign currency. Once your email address is provided to Computershare, Computershare will have Hyperwallet contact you to offer you a payment solution.**
- If you are in doubt as to what you should do (or any aspect of this Scheme Booklet), please seek advice from your financial, taxation or legal adviser.

IMPORTANT INFORMATION

Purposes of this Scheme Booklet

The purposes of this Scheme Booklet are to:

- provide you with information about the proposed acquisition of Tilt Renewables by the Acquirer, and the proposed acquisition of the New Zealand Subsidiaries by Mercury Wind, under the Scheme;
- provide you with the material terms and conditions of the Scheme and explain their effect;
- explain the manner in which the Scheme will be considered by Shareholders and, if approved, implemented;
- provide you with information that could reasonably be expected to be material to your decision whether to vote in favour of, or against, the Scheme; and
- include the information required by the Takeovers Panel in relation to the Scheme.

This Scheme Booklet is not a product disclosure statement.

Your decision

This Scheme Booklet does not take into account your individual investment objectives, financial situation or needs. You need to make your own decisions and seek your own advice in this regard.

The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as constituting, financial advice or financial product advice.

If you are in any doubt as to what you should do (or any aspect of this Scheme Booklet), you should seek advice from your financial, taxation or legal adviser before making any decision regarding the Scheme.

Not an offer

This Scheme Booklet does not constitute an offer to Shareholders (or any other person), or a solicitation of an offer from Shareholders (or any other person), in any jurisdiction.

Laws of New Zealand

This Scheme Booklet has been prepared in accordance with New Zealand law. Accordingly, the information contained in this Scheme Booklet may not be the same as that which might have been disclosed in this Scheme Booklet had it been prepared in accordance with the laws and regulations of another jurisdiction.

Forward-looking statements

This Scheme Booklet contains certain forward looking statements, which are subject to risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Tilt Renewables to be materially different. Deviations as to future conduct, market conditions, results, performance and achievements are normal and are to be expected, including those resulting from uncertainties associated with the COVID-19 pandemic.

Forward looking statements generally may be identified by the use of forward looking words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'foresee', 'future', 'intend', 'likely', 'may', 'outlook', 'planned', 'potential', 'projection', 'should', or other similar words.

Neither Tilt Renewables, its Directors or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur. You are cautioned against relying on any such forward looking statements.

Privacy and personal information

Tilt Renewables, the Acquirer and Mercury, and their respective Representatives, may collect personal information in the process of implementing the Scheme. Such information may include the name, contact details and shareholdings of Shareholders and the names of persons appointed by those persons to act as a proxy or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist Tilt Renewables, the Acquirer and Mercury to conduct the Scheme Meeting and implement the Scheme.

Personal information of the type described above may be disclosed to Computershare, design, print and mail service providers, proxy solicitation firms, Related Companies of Tilt Renewables, the Acquirer and/or Mercury, and Tilt Renewables', the Acquirer's and Mercury's respective Representatives. Shareholders have certain rights to access personal information that has been collected. You should contact Computershare in the first instance, if you wish to access your personal information. Shareholders who appoint a named person to act as their proxy or corporate representative should make sure that person is aware of these matters.

Responsibility for information

Other than as set out below, this Scheme Booklet has been prepared by, and is the responsibility of, Tilt Renewables:

- The Acquirer Information has been prepared by, and is the responsibility of, the Acquirer. Tilt Renewables, its Related Companies and their respective Representatives have not been involved in preparing or verifying any of the Acquirer Information and do not assume any responsibility for the accuracy or completeness of the Acquirer Information. Mercury, its Related Companies and their respective Representatives have not been involved in preparing or verifying any of the Acquirer Information and do not assume any responsibility for the accuracy or completeness of the Acquirer Information. The Acquirer, its Related Companies and their respective Representatives do not assume any responsibility for the accuracy or completeness of any information in the Scheme Booklet other than the Acquirer Information.
- The Mercury Information has been prepared by, and is the responsibility of, Mercury. Tilt Renewables, its Related Companies and their respective Representatives have not been involved in preparing or verifying any of the Mercury Information and do not assume any responsibility for the accuracy or completeness of the Mercury Information. The Acquirer, its Related Companies and their respective Representatives have not been involved in preparing or verifying any of the Mercury Information and do not assume any responsibility for the accuracy or completeness of the Mercury Information. Mercury, its Related Companies and their respective Representatives do not assume any responsibility for the accuracy or completeness of any information in the Scheme Booklet other than the Mercury Information.
- The Independent Adviser's Report set out in Annexure A has been prepared by, and is the responsibility of, the Independent Adviser. Tilt Renewables, the Acquirer, Mercury and their respective Related Companies and Representatives do not assume any responsibility for the accuracy or completeness of the Independent Adviser's Report.

Websites

Any reference in this Scheme Booklet to any website is for informational purposes only. No information contained on any website forms part of this Scheme Booklet and, to the maximum extent permitted by law, Tilt Renewables, its Related Companies and their respective Representatives do not assume any responsibility for the content of any website referenced in this Scheme Booklet.

Timetable and dates

All references to time in this Scheme Booklet are references to New Zealand time, unless otherwise stated. Any obligation to do an act by a specified time in New Zealand time must be done at the corresponding time in any other jurisdiction.

All references to expected dates and times in this Scheme Booklet in respect of procedural aspects of the Scheme are indicative only and, among other things, are subject to obtaining all necessary approvals from the Court.

Currency

All references in this Scheme Booklet to money are to New Zealand dollars provided, however, a reference to A\$ is a reference to Australian dollars.

Diagrams, charts, maps, graphs and tables

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be to scale.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, actual calculations may differ from amounts set out in this Scheme Booklet.

Role of Takeovers Panel and Court

The fact that the Takeovers Panel has provided a letter of intention indicating that it does not intend to object to the Scheme (or subsequently issues a no-objection statement in respect of the Scheme), or that the Court has ordered that a meeting be convened, does not mean that the Takeovers Panel or the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Shareholders should vote on the Scheme (on this matter Shareholders must reach their own decision); or
- has prepared, or is responsible for the content of, the Scheme Booklet or any other material.

Notice of the Final Court Hearing

If you wish to oppose the Scheme at the Final Court Hearing (which will take place after the Scheme Meeting), you must file by 5:00pm on 19 July 2021 a notice of appearance or a notice of opposition together with supporting documents at the High Court at Auckland and serve a copy at the offices of Russell McVeagh in Auckland (at Level 30, Vero Centre, 48 Shortland Street, Auckland 1010, New Zealand) or by email addressed to marika.eastwick-field@russellmcveagh.com.

Defined terms

Capitalised terms set out in this Scheme Booklet have the meanings given to them in the Glossary in Section 8 of this Scheme Booklet.

Date of this Scheme Booklet

This Scheme Booklet is dated 9 June 2021.





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SECTION 1 CHAIR'S LETTER

Dear Fellow Tilt Renewables Shareholder,

On 15 March 2021, Tilt Renewables announced that it had entered into a Scheme Implementation Agreement with the Acquirer and Mercury¹ under which it is proposed that the Acquirer will effectively acquire Tilt Renewables' Australian business and Mercury will acquire Tilt Renewables' New Zealand business. Tilt Renewables, the Acquirer and Mercury agreed to amend the Scheme Implementation Agreement on 16 April 2021 to, among other things, increase the Scheme Consideration from NZ\$7.80 per Share to NZ\$8.10 per Share (as may be adjusted²) and to, in effect, remove Tilt Renewables' ability to progress any Competing Proposal. Further information explaining the amendments made on 16 April 2021 is set out in Sections 4.2, 4.7 and 7.11 of this Scheme Booklet.

Subject to the satisfaction or waiver of the Conditions (including the Scheme being approved by the required majorities of Shareholders at the Scheme Meeting), this transaction will be implemented by way of a scheme of arrangement where Tilt Renewables' Shareholders as at the Scheme Record Date will receive NZ\$8.10 per Share (as may be adjusted).

The Scheme Consideration represents a 106.6% premium to Tilt Renewables' closing share price on the NZX on 4 December 2020 (being the last trading day before Tilt Renewables' largest shareholder, Infratil, announced a strategic review of its shareholding) and a 110.5% premium to Tilt Renewables' 3-month volume weighted average price on the NZX to 4 December 2020. The Scheme Consideration implies for Tilt Renewables a market capitalisation of NZ\$3,070 million, an enterprise value of NZ\$3,268 million and a multiple of 28x EV/EBITDA (FY22)³.

Non-Conflicted Director's⁴ Recommendation

While we believe that Tilt Renewables has significant growth prospects and a bright future as the largest pure-play renewable energy platform across the Australian and New Zealand energy markets, your Non-Conflicted Directors consider the Scheme to be compelling for Tilt Renewables Shareholders and recognises the inherent value of the business we have built with your support since the demerger from Trustpower in 2016.

Your Non-Conflicted Directors consider the Scheme to reflect the strategic value of the Tilt Renewables platform. We believe the value and certainty provided by the proposed Scheme provides more benefit to Tilt Renewables Shareholders than retaining your Tilt Renewables Shares.

Your Non-Conflicted Directors unanimously recommend that you VOTE IN FAVOUR of the Scheme and intend to vote all of the Shares they hold or control in favour of the Scheme.

Your Non-Conflicted Directors believe the Scheme represents a compelling offer for Tilt Renewables Shareholders for a number of reasons, including:

- NZ\$8.10 per Share is above the Independent Adviser's valuation range;
- The Scheme Consideration represents a significant premium to Tilt Renewables' historical trading prices on the NZX (prior to the Infratil announcement of its strategic review);

1 For more information about the Acquirer and Mercury, refer to Section 5 of this Scheme Booklet.

2 The Scheme Implementation Agreement provides that the Scheme Consideration will be reduced by the cash component of the Permitted Dividend (see Section 4.3 of this Scheme Booklet).

3 Based on 379 million Shares on issue, comprised of the approximately 377.2 million Shares currently on issue plus 1.8 million additional Shares that may be issued prior to the Scheme being implemented, net debt of A\$184 million as at 31 March 2021 and, the mid-point of FY22 Group EBITDAF guidance of A\$109 million. Figures converted using an A\$ to NZ\$ exchange rate of 0.93.

4 Non-Conflicted Directors refer to Directors of Tilt Renewables who have not abstained from giving a recommendation due to a conflict of interest. The only conflicted Director is Vincent Hawksworth, who is also CEO of Mercury.

- The Scheme is a result of a comprehensive competitive process, and the Non-Conflicted Directors are satisfied that the Scheme is the most attractive option for Shareholders coming out of that process;
- There can be no expectation or assurance that any better or further proposals will emerge if the Scheme is not implemented;
- You can realise the value of your Shares for 100% cash consideration upon implementation of the Scheme, and there is no assurance that you will be able to achieve returns that are equivalent to or better than the Scheme Consideration at any time in the future;
- Shares in Tilt Renewables may trade at less than NZ\$8.10 if the Scheme does not proceed; and
- No brokerage charges will be charged to you on the transfer of your Shares to the Acquirer if the Scheme proceeds.

While the Non-Conflicted Directors have also considered the reasons why you may decide to vote against the Scheme (which can be read in Section 4.6 of this Scheme Booklet), we are of the view that the reasons to vote in favour of the Scheme significantly outweigh the reasons to vote against it.

Intentions of Tilt Renewables' Major Shareholders

The Acquirer has entered into a voting deed with Tilt Renewables' largest shareholder, Infracore 2018. Under the terms of the deed, subject to certain conditions, Infracore 2018 has agreed to retain its entire 65.46%⁵ shareholding in Tilt Renewables until the Scheme is implemented and to vote its shareholding in favour of the Scheme.

Mercury, currently Tilt Renewables' second largest shareholder, with a 19.90% shareholding in Tilt Renewables, has agreed to vote all of its Shares in favour of the Scheme, as a separate interest class.

If Infracore 2018 and Mercury each vote all of their respective Shares in favour of the Scheme, then the Scheme Resolution will be passed. Upon implementation of the Scheme, the Shares held by Infracore 2018 and Mercury will be acquired by the Acquirer.

Given these voting undertakings, coupled with Tilt Renewables' inability to progress a Competing Proposal and Mercury's stated intention to vote against any Competing Proposal (see Section 4.2 of this Scheme Booklet for further detail), the prospect of a Competing Proposal being successfully implemented is remote.

Independent Adviser's Report

Your Non-Conflicted Directors appointed Calibre Partners as the Independent Adviser to assess the merits of the Scheme. The Independent Adviser has concluded that the Scheme Consideration of NZ\$8.10 is above the Independent Adviser's valuation range of NZ\$6.20 to NZ\$7.83 per Share.

However, as discussed in the Independent Adviser's Report, the above valuation range is at 31 March 2021 and, therefore, does not include Tilt Renewables' additional profit and advancement of its development opportunities in the period between 31 March 2021 and the Implementation Date when you will receive the Scheme Consideration (anticipated to be in August 2021). The Independent Adviser has indicated that in theory the average expected outcome for the delay from 31 March 2021 until 31 August 2021 is for the value of the Shares to increase by the return on equity (assumed to be 8% post-tax per annum, weighted across the whole of Tilt Renewables' business, including the development opportunities) over this intervening period. The Independent Adviser considers that this results in an indicative increase in the valuation range of approximately NZ\$0.21 to NZ\$0.26 per Share. Even if the valuation range was increased in this manner, the Scheme Consideration would still be above the Independent Adviser's valuation range.

Further, the Independent Adviser has stated that the Scheme Consideration exceeds the price at which, based on current market conditions, it would expect Tilt Renewables' shares to trade in the absence of a takeover offer or transaction similar in nature to the Scheme.

A complete copy of the Independent Adviser's Report is included in Annexure A of this Scheme Booklet. Calibre Partners has also considered the effect (if any) of the New Zealand Separation on the creditors of the Tilt Renewables Group. Grant Graham, a partner of Calibre Partners, has provided an affidavit to the High Court stating that he considers that creditors are unlikely to be prejudiced by the Scheme and the Directors share this view.

⁵ Unless otherwise stated, the percentage shareholdings stated in this Scheme Booklet reflect the percentage shareholdings as at the date of this Scheme Booklet.

How to vote

I encourage you to vote by attending the Scheme Meeting in person or online, or alternatively by completing the Proxy Form accompanying this Scheme Booklet. The Scheme Meeting is to be held at 2:00pm (New Zealand time) on Wednesday, 14 July 2021. There are instructions for online attendance and voting, and appointment of a proxy, in the Notice of Meeting set out in Section 3 of this Scheme Booklet. If the Scheme is implemented, your Shares will be transferred to the Acquirer for the Scheme Consideration irrespective of whether or how you voted.

Further Information

This Scheme Booklet sets out important information regarding the Scheme, including the reasons for your Non-Conflicted Directors' recommendation and includes the Independent Adviser's Report.

Please read this Scheme Booklet carefully and in its entirety as it will assist you in making an informed decision on how to vote. I would also encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your Tilt Renewables Shares.

If you have any questions regarding the Scheme or this Scheme Booklet, you can contact the Tilt Renewables Shareholder Scheme information line on +64 9 488 8777 between 8:30am and 5:00pm (New Zealand time), Monday to Friday.

I would also like to take this opportunity to thank you for your continued support of Tilt Renewables.

Yours sincerely,



Bruce Harker

Chair of Tilt Renewables





SECTION 2 KEY DATES

EVENT	INDICATIVE DATE AND TIME
Voting Eligibility Date	7:00pm, 12 July 2021
Proxy Forms due	2:00pm, 12 July 2021
Scheme Meeting	2:00pm, 14 July 2021
IF THE SCHEME IS APPROVED BY SHAREHOLDERS	INDICATIVE DATE AND TIME
Deadline for filing a notice of appearance or a notice of opposition in respect of the Final Court Orders	5:00pm, 19 July 2021
Final Court Hearing	23 July 2021 (or such later date as the Court directs)
Trading Halt Date	30 July 2021 (Shares are expected to be suspended from trading on both the NZX and the ASX from close of trading on this date)
Scheme Record Date	7:00pm, 30 July 2021 (the time at which the Shareholders entitled to be paid the Scheme Consideration is determined)
Implementation Date	3 August 2021 (the date on which Scheme Shareholders are to be paid)
Delisting from NZX	3 August 2021 (at close of trading)
Delisting from ASX	4 August 2021 (at close of trading)
End Date	14 November 2021 (or such later date as Tilt Renewables and the Acquirer may agree)

All dates in the table above are indicative only, and, among other things, are subject to the satisfaction or waiver (if capable of waiver) of all Conditions, including obtaining the approval of the Court.

Any changes to the above timetable will be announced to the NZX (at www.nzx.com/companies/TLT) and ASX (at www.asx.com.au) and notified on Tilt Renewables' website (at www.tiltrenewables.com).

If the Conditions to the Scheme have not been satisfied or waived (if capable of waiver) by the End Date, the Scheme may not proceed unless Tilt Renewables and the Acquirer agree otherwise.

SECTION 3 NOTICE OF MEETING

Notice is given that a special meeting of Shareholders of Tilt Renewables Limited will be held:

Date: 14 July 2021

Time: 2:00pm (New Zealand time)

Where: Online: Through the web platform Lumi AGM using the meeting ID 392-167-548. Details of how to participate 'virtually' are provided in the accompanying Virtual Meeting Guide (which contains instructions for accessing the virtual meeting) as well as in the explanatory notes below.

Physical: If COVID-19 Government Alert Levels allow, Tilt Renewables will also hold a concurrent physical meeting at Lambton 1 Room, Intercontinental Hotel, 2 Grey Street, Wellington.

AGENDA

Scheme Resolution

To consider and, if thought fit, to pass the following resolution:

THAT the Scheme (the terms of which are described in the Scheme Booklet) be approved.

Note the Scheme Resolution will be put as a single resolution for the purposes of confirming the approvals of each interest class and a simple majority of the votes of all Shareholders.

Voting will be by a poll and Computershare will confirm whether or not each of the relevant voting thresholds have been met in respect of the Scheme Resolution (see the explanatory notes below). Tilt Renewables' auditors will act as scrutineer in respect of the vote.

By order of the Board:



Steve Symons

Company Secretary

9 June 2021

EXPLANATORY NOTES

Scheme Booklet and Proxy Form

1. The Scheme Booklet (which includes this Notice of Meeting) provides information in relation to the Scheme Resolution and the Scheme, how the Scheme will be implemented and the reasons for proposing the Scheme. A Proxy Form accompanies the Scheme Booklet.

Scheme of Arrangement

2. The Scheme is to be implemented by way of a Court approved scheme of arrangement under Part 15 of the Companies Act pursuant to the Scheme Plan included as Annexure B of the Scheme Booklet. Tilt Renewables has obtained the Initial Court Orders which are available to view at www.tiltrenewables.com. The next significant step in the Scheme process is seeking the approval of the Shareholders by voting on the Scheme Resolution.

Voting on the Scheme Resolution

3. For the Scheme to be approved by the Shareholders:
 - at least 75% of the votes of Shareholders in each interest class who are entitled to vote and who actually vote must be voted in favour of the Scheme Resolution; and
 - more than 50% of votes of all Shareholders entitled to vote, whether or not actually voted, must be voted in favour of the Scheme Resolution.
4. Both of the voting thresholds set out in Note 3 above must be met for the Scheme Resolution to be approved. Tilt Renewables has one class of shares, all of which are fully paid up ordinary shares with identical voting rights. However, the legal effect of the Scheme for Mercury is different to all other Shareholders and, accordingly, Mercury is required to vote in a separate interest class (but has committed to vote all of its Shares in favour of the Scheme, in accordance with the Mercury Deed Poll described in Section 6.7 of this Scheme Booklet). This means that, as at the date of the Scheme Booklet, there are two interest classes (being all Shareholders other than Mercury and Mercury alone). This is expected to remain the case at the time of the Scheme Meeting. Despite this, only one Scheme Meeting will be held (and not two separate meetings for each interest class). See Section 4.11 of this Scheme Booklet for more information about what an interest class is.
5. **Whether or not you are in favour of the Scheme, it is very important that you cast your vote.**

Eligibility to vote on the Scheme Resolution

6. The persons who will be entitled to vote at the Scheme Meeting are those persons (or their proxies or representatives) whose name is recorded in the Register as a Shareholder at the Voting Eligibility Date.

How to Vote

7. Shareholders who are eligible to vote at the Scheme Meeting can vote:
 - by proxy – by completing, signing and lodging the Proxy Form in accordance with the instructions on that form;
 - by corporate representative – a company which is a Shareholder may appoint a person to attend the Scheme Meeting on its behalf in the same manner as appointing a proxy;
 - online – by attending the virtual Scheme Meeting online; or
 - in person – by attending the physical Scheme Meeting (if it can be safely held under COVID-19 Government Alert Levels) with your personalised Proxy Form (which accompanies the Scheme Booklet).

How to appoint a proxy

8. To appoint a proxy, completed Proxy Forms must be received by Computershare by no later than 2:00pm (New Zealand time) on 12 July 2021. Completed Proxy Forms can be submitted:
 - **online:** www.investorvote.co.nz. To appoint a proxy online, Shareholders will be required to enter their CSN/Shareholder Number, postcode or country of residence and the secure access Control Number that appears on the front of their Proxy Form.
 - **by mail:** by sending to:
 - Computershare Investor Services Limited
 - Private Bag 92119
 - Victoria Street West
 - Auckland 1142
 - New Zealandor
 - Computershare Investor Services Pty Limited
 - GPO Box 3329
 - Melbourne Vic 3001
 - Australia
 - **by fax:** +64 9 488 8787
 - **by email:** corporateactions@computershare.co.nz (please use "Tilt Renewables Proxy Form" as the subject line for easy identification).
9. A proxy need not be a Shareholder. The Company Secretary, Steve Symons, is willing to act as proxy for any Shareholder who may wish to appoint him for that purpose. If you appoint a proxy, you can either direct your proxy how to vote or let them decide on your behalf by ticking the box marked "proxy discretion". The Company Secretary (and any Director appointed as a proxy) intends to vote undirected proxies in favour of the Scheme unless a majority of the Non-Conflicted Directors have changed their recommendation prior to the Scheme Meeting, in which event the Company Secretary (and any Director appointed as a proxy) will vote against the Scheme.
10. If, in appointing a proxy, a Shareholder has not named a person to be the Shareholder's proxy (either online or on the Proxy Form), or the Shareholder's named proxy does not attend the Scheme Meeting, the Company Secretary will be that Shareholder's proxy and will vote in accordance with that Shareholder's express direction. If the Shareholder has not included an express direction (either online or in the Proxy Form), then the Company Secretary will exercise that Shareholder's vote in favour of the Scheme unless a majority of the Non-Conflicted Directors have changed their recommendation prior to the Scheme Meeting in which event the Company Secretary will vote against the Scheme.
11. If you intend to attend the Scheme Meeting in person, please bring your personalised Proxy Form with you to help us with your registration on the date.

Attendance at the Scheme Meeting

12. You may attend the Scheme Meeting as follows:
 - **Online:** All Shareholders will have the opportunity to attend and participate in the meeting online via an internet connection (using a computer, laptop, tablet or smartphone). The meeting will be accessible on both desktop and mobile devices. In order to participate remotely you will need to visit web.lumiagm.com on your desktop or mobile device. Ensure that your browser is compatible – Lumi AGM supports the latest version of Chrome, Safari, Internet Explorer, Edge or Firefox.

If you have any questions, or need assistance with the online process, please contact Computershare on +64 9 488 8777 between 8:30am and 5:00pm (New Zealand time) Monday to Friday.

Audio will stream through the selected device, so Shareholders will need to ensure that they have the volume control on their headphones or device turned up.

Shareholders will be able to view the presentations, vote on the Scheme Resolution to be put to Shareholders and ask questions, by using their own computers or mobile devices.

Further details of how to participate 'virtually' are provided in the accompanying Virtual Meeting Guide, which contains instructions for accessing the virtual meeting. Shareholders are encouraged to review the guide prior to the Scheme Meeting. Shareholders will require the meeting ID – which is 392-167-548 – as well as their CSN/Shareholder Number, which can be found on their Proxy Form, for verification purposes.

- **Physical:** If COVID-19 Government Alert Levels allow, Tilt Renewables will also hold a concurrent physical meeting at Lambton 1 Room, Intercontinental Hotel, 2 Grey Street, Wellington. Tilt Renewables will update Shareholders by making an announcement on the NZX and ASX and by updating its website (at www.tiltrenewables.com) if it considers that COVID-19 Government Alert Levels make it unsafe to proceed with the physical component of the meeting.
13. If the Scheme Meeting is held on an on-line only basis, you may only attend the meeting in accordance with the first bullet point under Note 12.

How to ask questions

14. Shareholders are invited to submit questions to be addressed at the Scheme Meeting. Tilt Renewables has discretion as to which, and how, questions will be answered during the Scheme Meeting. Questions may be submitted:
- **by email:** info@tiltrenewables.com (please use "Scheme Meeting Tilt Renewables Question" as the subject for easy identification)
 - **by mail:** GPO Box 16080 Collins St West, Melbourne Victoria 8007
 - **online:** at Computershare's website by following the instructions on the website (www.investorvote.co.nz).
15. There will also be an opportunity for Shareholders to raise questions during the Scheme Meeting. Please refer to the Virtual Meeting Guide that accompanies the Scheme Booklet for information regarding how to ask questions online.

Effect of Scheme

16. If the Scheme Resolution is passed and the Scheme is implemented, all of the Shares you hold on the Scheme Record Date will be transferred to the Acquirer, regardless of whether or how you voted on the Scheme Resolution, and you will be paid the Scheme Consideration. **It is therefore very important that you have your say by voting on the Scheme Resolution, regardless of how many Shares you hold.**
17. Capitalised terms used in this Notice of Meeting have the meanings given to them in Section 8 (Glossary) of this Scheme Booklet.



SECTION 4

INFORMATION ABOUT THE SCHEME

4.1 Summary of the Scheme

Tilt Renewables has agreed to propose a scheme of arrangement under Part 15 of the Companies Act for the Acquirer to acquire all of the Shares in Tilt Renewables, and for Mercury Wind to acquire the New Zealand Subsidiaries. Under the terms of the Scheme, if all Conditions are satisfied:

- a. The New Zealand Subsidiaries will be acquired by and transferred to Mercury Wind, in accordance with the Scheme Plan, included as Annexure B of this Scheme Booklet; and
- b. The Acquirer will provide the Scheme Consideration of NZ\$8.10 per Share (as may be adjusted as set out in Section 4.3 of this Scheme Booklet) to those Shareholders holding shares on the Scheme Record Date, and those Shareholders will transfer all of their Shares to the Acquirer on the Implementation Date. The Acquirer will thereby have acquired Tilt Renewables, and the only substantive business assets which will remain with Tilt Renewables and its Australian Subsidiaries will be those of the Australian Business.

For the Scheme to be implemented, Shareholders need to approve the Scheme and certain other outstanding Conditions need to be satisfied, including obtaining the approval of the Court. A summary of those other Conditions is contained in Section 4.9 of this Scheme Booklet. Notably, the Scheme is not subject to any material adverse change condition.

The Acquirer will obtain the funds needed to pay for the Scheme Shares through equity commitments from investors in the Acquirer Group and through debt facilities. The investors providing equity commitments are substantial parties, being AGL Energy Limited, Australia's Future Fund, and associated entities of Queensland Investment Corporation. More information on these parties is set out in Section 5 of this Scheme Booklet.

As is customary in transactions of this nature the Acquirer, being an entity formed specifically for the purposes of the Scheme, does not itself currently hold funds that are sufficient to pay the aggregate Scheme Consideration and is therefore reliant on such debt and equity commitments. Tilt Renewables can step in and enforce the equity commitment letters to ensure payment of the "reverse" break fee (discussed in Section 4.7 of this Scheme Booklet), or the aggregate Scheme Consideration once the Conditions to the Scheme are satisfied or (if capable of waiver) waived.

4.2 How the Scheme came about

On 7 December 2020, Infratil announced that it intended to undertake a strategic review of its shareholding in Tilt Renewables, including a possible divestment of its position. Tilt Renewables engaged financial and legal advisers to assist it with conducting a comprehensive and competitive sale process with the aim of maximising value for Shareholders. On 4 February 2021, Tilt Renewables announced that it had received a number of non-binding indicative proposals to acquire the Shares and the Board decided to grant a number of parties access to due diligence to enable these parties to prepare binding bids. These parties entered into confidentiality agreements with Tilt Renewables and undertook due diligence on the business of Tilt Renewables before submitting binding offers to acquire all of the Shares.

On 14 March 2021, a consortium consisting of Mercury and the Acquirer was ultimately the successful bidder and offered Scheme Consideration of NZ\$7.80 per Share. On that day, Tilt Renewables, the Acquirer and Mercury entered into the original Scheme Implementation Agreement. A copy of that Scheme Implementation Agreement is available on Tilt Renewables' website at www.tiltrenewables.com.

On 11 April 2021, Tilt Renewables received a Competing Proposal from a third party, which it notified to the Acquirer and Mercury on 12 April 2021 pursuant to clause 13.6(a) of the original Scheme Implementation Agreement. Amendments to that Competing Proposal were made by the third party during the week commencing 12 April 2021 resulting in further notifications being provided to the Acquirer and Mercury pursuant to clause 13.6(a) of the original Scheme Implementation Agreement. In response to that Competing Proposal, Tilt Renewables, the Acquirer and Mercury entered into an amendment agreement on 16 April 2021 pursuant to which:

- a. the Acquirer and Mercury agreed to increase the Scheme Consideration to NZ\$8.10 per Share (as may be adjusted as set out in Section 4.3 of this Scheme Booklet); and
- b. Tilt Renewables agreed to amend the Scheme Implementation Agreement to, among other things, remove the exceptions that applied to the exclusivity provisions under the original Scheme Implementation Agreement, including by removing Tilt Renewables' ability to:
 - a. enter into, permit, continue or participate in, negotiations or discussions with a third party in relation to a Competing Proposal, or provide due diligence materials to a third party in respect of such a Competing Proposal; and
 - b. terminate the Scheme Implementation Agreement if a superior proposal arose that the Acquirer and Mercury were unwilling to match.

These amendments, in effect, removed Tilt Renewables' ability to progress any Competing Proposal. Tilt Renewables agreed to this in return for the increase in the Scheme Consideration and because Tilt Renewables was satisfied that, having regard to the comprehensive process that had been undertaken, the Scheme Implementation Agreement (as amended) was (and remains) the most attractive option for Shareholders coming out of that process. A copy of the Amendment Agreement is available on Tilt Renewables' website at www.tiltrenewables.com.

For ease of reference, a summary of certain key terms of the Scheme Implementation Agreement is also set out in Section 7.11 of this Scheme Booklet.

More information about the Acquirer and Mercury is set out in Section 5 of this Scheme Booklet.

4.3 Scheme Consideration

If no Permitted Dividend is paid, the Scheme Consideration is NZ\$8.10 per Share.

Prior to the Implementation Date, Tilt Renewables is entitled to declare and pay a dividend (which may carry imputation credits to the extent available and to the extent permitted by the Scheme Implementation Agreement) together with any related supplementary dividend (such dividend being the "**Permitted Dividend**"). The Permitted Dividend cannot exceed 8.1 cents per Share.

If a Permitted Dividend is paid prior to the Implementation Date, the Scheme Consideration of NZ\$8.10 per Share will be reduced by the cash component of the Permitted Dividend. By way of example, if Tilt Renewables was to pay a dividend of 5 cents per Share, together with imputation credits and a supplementary dividend, Shareholders as of the record date for that dividend would receive that dividend and the Scheme Consideration would reduce from NZ\$8.10 per Share to NZ\$8.05 per Share for all Shareholders.

You will not receive any further dividends from Tilt Renewables once the Scheme is implemented, because your Shares will be held by the Acquirer as the sole shareholder of Tilt Renewables.

4.4 The Non-Conflicted Directors unanimously recommend that you VOTE IN FAVOUR of the Scheme

The Non-Conflicted Directors unanimously recommend that you vote in favour of the Scheme Resolution at the Scheme Meeting to be held on 14 July 2021. Each Non-Conflicted Director intends to vote all of the Shares he or she holds or controls in favour of the Scheme.

Vincent Hawksworth is the CEO of Mercury and, given Mercury's involvement in the Scheme, has abstained from making a recommendation in relation to the Scheme.

4.5 Reasons to vote in favour of the Scheme

Here are the key reasons why the Non-Conflicted Directors unanimously recommend that you vote in **favour** of the Scheme.

NZ\$8.10 per Share is above the Independent Adviser's valuation range of NZ\$6.20 to NZ\$7.83 per Share.

The Non-Conflicted Directors appointed Calibre Partners as the Independent Adviser to prepare an Independent Adviser's Report in connection with the Scheme. The Takeovers Panel approved the appointment of Calibre Partners for that role. The Independent Adviser's Report is included as Annexure A of this Scheme Booklet and you are encouraged to read it.

Calibre Partners has assessed the value of the Shares in Tilt Renewables to be in the range of NZ\$6.20 to NZ\$7.83 per Share. That assessment includes a premium for control of Tilt Renewables. The Scheme Consideration of NZ\$8.10 per Share is **above** the range determined by the Independent Adviser.

As discussed in section 6.5.2 of the Independent Adviser's Report, the valuation date is 31 March 2021 and, therefore, does not include Tilt Renewables' additional profit and advancement of its development opportunities in the period between 31 March 2021 and the Implementation Date (anticipated to be in August 2021) when you will receive the Scheme Consideration.

Calibre Partners has indicated that in theory the average expected outcome for the delay from 31 March 2021 until 31 August 2021 is for the value of the Shares to increase by the return on equity (assumed to be 8% post-tax per annum, weighted across the whole of Tilt Renewables' business, including the development opportunities) over this intervening period. Calibre Partners considers that this results in an indicative increase in the valuation range of approximately NZ\$0.21 to NZ\$0.26 per Share. Even if the valuation range was increased in this manner, the Scheme Consideration would still be above the Independent Adviser's valuation range.

Further, Calibre Partners has stated that the Scheme Consideration exceeds the price at which, based on current market conditions, it would expect Tilt Renewables' shares to trade in the absence of a takeover offer or transaction similar in nature to the Scheme.

NZ\$8.10 per Share represents a significant premium to the price at which Shares traded (prior to the Infratil announcement of its strategic review)

The Scheme Consideration represents a:

- 106.6% premium to Tilt Renewables' closing share price on the NZX of NZ\$3.92 per Share on 4 December 2020, being the last trading day prior to Infratil's announcement of its strategic review;
- 106.3% premium to Tilt Renewables' 1-month volume weighted average price on the NZX to 4 December 2020 of NZ\$3.93 per Share;
- 110.5% premium to Tilt Renewables' 3-month volume weighted average price on the NZX to 4 December 2020 of NZ\$3.85 per Share; and
- 116.2% premium to Tilt Renewables' 6-month volume weighted average price on the NZX to 4 December 2020 of NZ\$3.75 per Share.

The Scheme is the result of a comprehensive competitive process

The Scheme Consideration is the consequence of the comprehensive competitive process described in Section 4.2 of this Scheme Booklet. As a result of that process, the Non-Conflicted Directors (having regard to the various offers submitted by the various bidders) are satisfied that the Scheme is the most attractive option for Shareholders coming out of that process.

There can be no expectation or assurance that any further proposals will emerge

There can be no expectation or assurance that any further proposals will emerge if the Scheme is not implemented (particularly given the comprehensive competitive process undertaken by Tilt Renewables that resulted in it entering into the original Scheme Implementation Agreement and the Amendment Agreement).

Under the terms of the Infratil Voting Deed, subject to certain conditions, Infratil 2018 has agreed to retain its entire 65.46% shareholding in Tilt Renewables until the Scheme is implemented and to vote its shareholding in favour of the Scheme.

Further, Mercury provided a letter to Tilt Renewables on 16 April 2021 setting out its voting intentions. In particular, it stated that unless the Scheme Implementation Agreement has been validly terminated, in the event that Tilt Renewables seeks the approval of its Shareholders to, or in connection with, a Competing Proposal, Mercury intends to vote its entire Shareholding against the Competing Proposal.

Infratil 2018 and Mercury have each committed to vote their Shares in favour of the Scheme

Infratil 2018, which holds 65.46% of the Shares in Tilt Renewables, has committed to vote all of its Shares in favour of the Scheme, in accordance with the Infratil Voting Deed described in Section 6.7 of this Scheme Booklet. The circumstances in which Infratil 2018 may be released from this obligation are described in Section 6.7(a) of this Scheme Booklet.

Mercury, which holds 19.90% of the Shares in Tilt Renewables, has committed to vote all of its Shares in favour of the Scheme, in accordance with the Mercury Deed Poll described in Section 6.7 of this Scheme Booklet.

If Infratil 2018 and Mercury each vote in favour of the Scheme, then the Scheme Resolution will be passed by the majorities required by the Companies Act.

You can realise the value of your Shares for 100% cash consideration upon implementation of the Scheme

While the Board has a positive outlook for Tilt Renewables and is confident that the business of Tilt Renewables is well positioned to deliver growth in the long term, the Scheme Consideration of NZ\$8.10 per Share provides you with certainty of value for your Shares and an attractive opportunity to accelerate your capital return (subject to the Scheme being implemented). The payment to you of the Scheme Consideration provides you with the opportunity to realise your investment at a very significant premium to market prices prior to Infratil's announcement of its strategic review. You will not be subject to the business risks and investment risks that would apply if you continued to hold your Shares.

If the Scheme does not proceed, there will be uncertainty about the amount you will be able to realise by selling your Shares or by receiving dividends. You will continue to be subject to the benefits and risks associated with Tilt Renewables' business and other general benefits and risks relating to any investment in a publicly listed company. There is no assurance that you will be able to achieve returns that are equivalent to or better than the Scheme Consideration of NZ\$8.10 per Share at any time in the future.

Shares in Tilt Renewables may trade at less than NZ\$8.10 if the Scheme does not proceed

The Board cannot predict the price at which Shares in Tilt Renewables will trade in the future, but it believes that if the Scheme is not implemented, the Shares are likely to trade at less than the NZ\$8.10 per Share offered by the Acquirer.

In addition, the future trading price of Shares will continue to be subject to any market volatility. This contrasts with the certainty of value of the Scheme Consideration under the Scheme.

No brokerage charges will be charged to you on the transfer of your Shares to the Acquirer if the Scheme proceeds

This is in contrast to selling your Shares on the NZX or the ASX where you will generally incur brokerage charges.

4.6 Reasons you may choose not to vote in favour of the Scheme

Here are some of the reasons why you may decide to vote against the Scheme. While we acknowledge these, we believe that the reasons to vote in favour of the Scheme significantly outweigh the reasons to vote against it.

You may consider that the Scheme is not in your best interests

You may believe that the Scheme is not in the best interests of Shareholders or not in your individual interests.

You may consider that Tilt Renewables has greater value over the longer term than you will receive under the Scheme

If the Conditions of the Scheme are satisfied or (if capable of waiver) waived, the Scheme is expected to be implemented on or about 3 August 2021. This timeframe may not be consistent with your investment objectives and you may consider that your Shares have greater value over the longer term.

You may consider that Tilt Renewables has strong long-term growth potential and that the Scheme Consideration does not fully reflect your views on long term value. You may therefore prefer to retain your Shares and realise the value of your Shares over the longer term.

You may wish to maintain an investment in a publicly listed company with the specific characteristics of Tilt Renewables in terms of industry, operations, profile, size, capital structure and potential dividend stream

If the Scheme is approved and implemented, you will be paid the Scheme Consideration for all of your Shares, you will cease to be a Shareholder and the Shares will cease to be listed on the NZX and the ASX. As a result, you will no longer be able to participate in Tilt Renewables' future financial performance or the future prospects of its ongoing business.

However, while the Non-Conflicted Directors have a positive outlook for Tilt Renewables, there is no guarantee of Tilt Renewables' future financial performance, including its ability to pay dividends.

You may consider that there is a possibility that a superior proposal could emerge

The Non-Conflicted Directors have run a comprehensive process as detailed in Section 4.2 of this Scheme Booklet and do not believe that a superior proposal is likely to arise after, and proximate to, the Final Orders Date. However, you may believe that a superior proposal is likely to arise after the Final Orders Date.

The tax implications of the Scheme may not suit your current financial position

If the Scheme is approved and implemented, it may potentially result in adverse tax implications for you, which may arise earlier than if you had sold the Shares at a time of your choosing. If you are in doubt about the potential tax implications of the Scheme, you should seek advice from your tax adviser.

4.7 Additional matters for you to consider

We believe you should also carefully consider the following when deciding whether to vote in favour of the Scheme.

The Independent Adviser's Report

Shareholders are encouraged to carefully read the Independent Adviser's Report set out in Annexure A of this Scheme Booklet.

You may sell your Shares on the NZX or the ASX at any time before the Shares are suspended from trading (expected to be at the close of trading on 30 July 2021)

If you don't want to hold your Shares and participate in the Scheme you may sell your Shares on the NZX or the ASX at any time before the close of trading on the Trading Halt Date (expected to be 30 July 2021).

However, if you sell your Shares the sale price may be less than the Scheme Consideration, and you may incur brokerage charges on the sale. You should seek your own professional advice to determine if your individual financial or taxation circumstances may make it preferable for you to do so.

The Scheme may be implemented even if you do not vote at the Special Meeting or you vote against the Scheme

Regardless of whether you vote for or against the Scheme, abstain or do not vote at all, the Scheme may still be implemented if it is approved by Shareholders by the requisite majorities and the Court, and the other Conditions are satisfied or (if capable of waiver) waived. If this occurs and you hold Shares on the Scheme Record Date, your Shares will be transferred to the Acquirer and you will receive the Scheme Consideration for those Shares.

Further, as noted in Section 4.5 of this Scheme Booklet, if Infratil 2018 votes in favour of the Scheme as required by the Infratil Voting Deed, and Mercury votes in favour of the Scheme as required by the Mercury Deed Poll, the Scheme will be approved by the majorities required by the Companies Act.

A break fee may be payable in some circumstances

Either Tilt Renewables (on the one hand) or the Acquirer or Mercury (on the other hand) may have to pay the break fee (or the "reverse" break fee in the case of the Acquirer or Mercury) in certain circumstances. The amount of the break fee (and reverse break fee) is NZ\$30,701,327. The amount constitutes approximately 1% of the aggregate Scheme Consideration payable by the Acquirer for all Shares. It is considered that the size of this break fee (as a percentage) is generally consistent with the size of break fees that have been included in recent transactions of a similar nature to the Scheme.

In general terms, the break fee is payable by Tilt Renewables to the Acquirer if:

- at any time before the Scheme Implementation Agreement is terminated (except where it is terminated in certain circumstances including where the Conditions are not satisfied or where Tilt Renewables terminates the Scheme Implementation Agreement due to the default of the Acquirer or Mercury) a Competing Proposal is announced and within 12 months after the date of that announcement, the person making the Competing Proposal, or one or more Associates of that person, completes in all material respects a transaction of the kind referred to in the definition of Competing Proposal;
- the Scheme Implementation Agreement is terminated and the majority of the Non-Conflicted Directors fail to recommend the Scheme and/or fail to undertake to vote, or procure the voting of, all of the Shares held or controlled by them in favour of the Scheme or change, adversely qualify or withdraw that recommendation or undertaking or make any statement inconsistent with that recommendation or that undertaking, except where the Independent Adviser issues an Independent Adviser's Report which concludes that the Scheme Consideration is not within or above the Independent Adviser's valuation range for the Shares;
- the Acquirer terminates the Scheme Implementation Agreement as a result of any of the warranties given by Tilt Renewables, or obligations or undertakings of Tilt Renewables, in the Scheme Implementation Agreement being breached in circumstances where the consequences of that breach (other than in respect of certain fundamental warranties) are material in the context of the Scheme and the Tilt Renewables Group (taken as a whole); or
- the Acquirer terminates the Scheme Implementation Agreement due to a Prescribed Occurrence occurring between the date of the Scheme Implementation Agreement and 8:00am on the Implementation Date (unless such Prescribed Occurrence was not under, or within, the control of the Tilt Renewables Group).

A break fee is not payable by Tilt Renewables just because the Scheme Resolution is not passed by Shareholders

In general terms, the "reverse" break fee is payable by the Acquirer to Tilt Renewables if the Scheme Implementation Agreement is terminated and:

- Tilt Renewables terminates the Scheme Implementation Agreement as a result of:
 - the warranties given by the Acquirer in the Scheme Implementation Agreement being breached, where the consequences of that breach are material in the context of the Scheme;
 - the obligations or undertakings of the Acquirer in the Scheme Implementation Agreement being breached, where the consequences of that breach are material in the context of the Scheme;
 - an insolvency event occurs in respect of the Acquirer or Mercury Wind; or
- the Acquirer is in material breach of the Deed Poll (the terms of which are set out in Annexure C).

In general terms, the "reverse" break fee is payable by Mercury to Tilt Renewables if the Scheme Implementation Agreement is terminated and:

- Tilt Renewables terminates the Scheme Implementation Agreement as a result of:
 - the warranties given by Mercury in the Scheme Implementation Agreement being breached, where the consequences of that breach are material in the context of the Scheme;
 - the obligations or undertakings of Mercury in the Scheme Implementation Agreement or Mercury Deed Poll being breached, where the consequences of that breach are material in the context of the Scheme; or
 - an insolvency event occurs in respect of Mercury.

- Mercury does not comply with its obligation to procure Mercury Wind to comply with the Scheme Plan or Mercury Wind is in breach of the Scheme Plan; or
- Mercury does not vote in favour of the Scheme Resolution at the Scheme Meeting or is in material breach of the Mercury Deed Poll (the terms of which are summarised in Section 6.7 of this Scheme Booklet).

The Scheme Implementation Agreement contains exclusivity obligations in favour of the Acquirer and Mercury

In the Scheme Implementation Agreement, Tilt Renewables has agreed certain exclusivity protections in favour of the Acquirer and Mercury. These include typical “no shop”, “no talk” and “no due diligence” provisions which generally prohibit Tilt Renewables from pro-actively soliciting proposals to acquire Tilt Renewables from third parties, engaging in negotiations or discussions in relation to any such proposal, or providing a third party with non-public information relating to Tilt Renewables that may assist such third party in formulating or finalising such a proposal.

The original Scheme Implementation Agreement contained exceptions to the “no talk” and “no due diligence” prohibitions if Tilt Renewables received a bona fide Competing Proposal that the Board determined, after taking advice from its external financial adviser, was, or was reasonably capable of becoming, a superior proposal to the Transaction (as reflected in the original Scheme Implementation Agreement) and which the Board determined, after having taken advice from its external legal advisers, it needed to respond to in order to fulfil its fiduciary duties or statutory obligations.

In response to the Competing Proposals referred to in Section 4.2 of this Scheme Booklet, Tilt Renewables, the Acquirer and Mercury entered into the Amendment Agreement pursuant to which Tilt Renewables agreed to the deletion of these exceptions in return for an increase in the Scheme Consideration. Consequently, the Amendment Agreement, in effect, removed Tilt Renewables’ ability to progress any Competing Proposal. Tilt Renewables was comfortable with this outcome because it was satisfied that, having regard to the comprehensive process that had been undertaken, the Scheme Implementation Agreement (as amended) was (and remains) the most attractive option for Shareholders coming out of that process. Further, agreeing to the deletion of these exceptions ensured that Scheme Shareholders would benefit from the increased Scheme Consideration.

By voting for the Scheme, you are authorising Tilt Renewables to implement the Scheme on your behalf

If the Scheme is approved, Tilt Renewables is authorised to implement and enforce the Scheme on your behalf.

4.8 What happens if the Scheme is not approved?

If the Scheme is not approved by Shareholders, or the Court, or the other Conditions are not satisfied or (if capable of waiver) waived, or the Scheme Implementation Agreement is terminated:

- you will not receive the Scheme Consideration;
- your Shares will not be transferred to the Acquirer (they will be retained by you);
- the shares in the New Zealand Subsidiaries will not be acquired by and transferred to Mercury Wind (the New Zealand Subsidiaries will remain in the Tilt Renewables Group);
- Tilt Renewables will continue to operate as a publicly listed, stand-alone company;
- you will continue to be exposed to the benefits and risks associated with an investment in Tilt Renewables (and other general benefits and risks relating to any investment in a publicly listed company) for so long as you hold Shares;
- depending on the reasons why the Scheme does not proceed, Tilt Renewables, the Acquirer or Mercury may be required to pay a break fee or “reverse” break fee, as applicable (see Section 4.7 of this Scheme Booklet), however, a break fee is not payable by Tilt Renewables if the Scheme does not proceed solely due to it not being approved by Shareholders or by the Court; and
- the Tilt Renewables share price may fall.

4.9 Status of Conditions

The Scheme Implementation Agreement contains a number of usual Conditions, including the main Conditions of obtaining Shareholder approval, Court approval, OIO consent and FIRB approval. Notably, the Scheme is not subject to any material adverse change condition.

As at the date of this Scheme Booklet, the main outstanding Conditions in the Scheme Implementation Agreement required to be satisfied are as follows:

- **Court approval:** Approval of the Scheme by the Court. Initial Court Orders were granted on 3 June 2021. Subject to Shareholder approval being obtained, final approval by the Court is expected to be obtained at the Final Court Hearing on or about 23 July 2021. More information on the Court approval process, and the Initial Court Orders that have been granted, is set out in Sections 4.10, 4.13 and 4.20 of this Scheme Booklet.
- **Shareholder approval:** Approval of the Scheme being given by the Shareholders at the Scheme Meeting by the requisite majorities. This Scheme Booklet, including the Notice of Meeting, has been prepared and circulated by Tilt Renewables for the purpose of satisfying this Condition in a timely manner.
- **OIO consent:** All consents required to be given under the Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 in connection with the Scheme being given. The Acquirer submitted its application for OIO approval on 16 March 2021. The Acquirer must use its reasonable endeavours to fulfil this Condition as soon as practicable.
- **FIRB approval:** Either (a) the Acquirer has received written notification by or on behalf of the Treasurer of the Commonwealth of Australia under the FATA to the effect that the Commonwealth Government has no objection to the Acquirer acquiring all the Scheme Shares under the Scheme, or (b) the period provided for under the FATA during which the Treasurer may make an order or interim order under the FATA prohibiting the Acquirer acquiring Scheme Shares under the Scheme has elapsed without such an order being made. The Acquirer submitted its application for FIRB consent on 16 March 2021. The Acquirer must use its reasonable endeavours to fulfil this Condition as soon as practicable.

There is also a Condition which has been included in the Scheme Implementation Agreement to protect Tilt Renewables and which applies up until the Scheme Meeting. This protection is that the Independent Adviser's Report concludes prior to the Scheme Meeting that the Scheme Consideration is above or within the Independent Adviser's valuation range for the Shares. The Independent Adviser's Report appended as Annexure A satisfies this Condition and while the Independent Adviser can update the Independent Adviser's Report, Tilt Renewables has no reason to believe that this Condition will not be satisfied.

Finally, there are also some Conditions which have been included in the Scheme Implementation Agreement to protect the Acquirer and Mercury and which apply until 8:00am on the Implementation Date. These protections require that there is:

- no law, judgment, order, restraint or prohibition enforced or issued by any Government Agency being in effect as at 8:00am on the Implementation Date that prohibits, prevents or makes illegal the implementation of the Scheme (including, for the avoidance of doubt, the New Zealand Separation); and
- no Prescribed Occurrence occurring between the date of the Scheme Implementation Agreement and 8:00am on the Implementation Date.

Tilt Renewables has no reason to believe that any Conditions will not be able to be satisfied, including within timeframes to allow completion of the Scheme as contemplated in this Scheme Booklet

If any Conditions are not satisfied or (if capable of waiver) waived by 5:00pm on the End Date, Tilt Renewables and the Acquirer must consult in good faith to determine whether the Scheme may proceed by alternative means or method so as to achieve a commercial outcome which reflects the Scheme, and may agree to extend the relevant timeframes set out in the Scheme Implementation Agreement (including the End Date). If such alternative means or method is not agreed, or the parties do not agree to extend the relevant timeframes set out in the Scheme Implementation Agreement, either Tilt Renewables or the Acquirer may terminate the Scheme Implementation Agreement even if the Scheme has already been approved by Shareholders. In those circumstances, you would retain your Shares and would not receive the Scheme Consideration from the Acquirer.

The Court is also able to order that the Scheme is subject to other terms and conditions as it sees fit, which could impact the implementation of the Scheme.

Tilt Renewables will announce on the NZX and the ASX the satisfaction of the main Conditions as they occur, including the results of the Scheme Meeting.

4.10 Initial Court Orders

As the Scheme is to be implemented by a Court approved scheme of arrangement under Part 15 of the Companies Act, the Court is able to make orders that legally bind Tilt Renewables, the Scheme Shareholders, the Acquirer, Mercury, Mercury Wind and other affected parties.

Tilt Renewables has applied for, and on 3 June 2021 was granted, the Initial Court Orders. The Initial Court Orders require Tilt Renewables to convene the Scheme Meeting for Shareholders to consider, and vote on, the Scheme (see Section 4.11 of this Scheme Booklet for the voting requirements to approve the Scheme). A copy of the Initial Court Orders is available at www.tiltrenewables.com.

4.11 Voting requirements to approve the Scheme

What are the voting requirements?

For the Scheme to be approved by the Shareholders:

- at least 75% of the votes of Shareholders in each interest class **who are entitled to vote and who actually vote** must be voted in favour of the Scheme Resolution; and
- more than 50% of votes of all Shareholders **entitled to vote**, whether or not actually voted, must be voted in favour of the Scheme Resolution.

Both of the voting thresholds set out above must be met for the Scheme Resolution to be approved by the majorities required under the Companies Act. Tilt Renewables has one class of shares, all of which are fully paid up ordinary shares with identical voting rights. However, the legal effect of the Scheme for Mercury is different to all other Shareholders and, accordingly, Mercury is required to vote in a separate interest class. This means that, as at the date of this Scheme Booklet, there are two interest classes (being all Shareholders other than Mercury and Mercury alone). This is expected to remain the case at the time of the Scheme Meeting.

Infratil 2018, which holds 65.46% of the Shares in Tilt Renewables, has committed to vote all of its Shares in favour of the Scheme, in accordance with the Infratil Voting Deed described in Section 6.7 of this Scheme Booklet.

Mercury, which holds 19.90% of the Shares in Tilt Renewables, has committed to vote all of its Shares in favour of the Scheme, in accordance with the Mercury Deed Poll described in Section 6.7 of this Scheme Booklet.

If Infratil 2018 and Mercury each vote all of their Shares in favour of the Scheme, then the Scheme Resolution will be passed by the majorities required by the Companies Act.

What is an interest class?

Shareholders whose rights are so dissimilar that they cannot sensibly consult together about a common interest will form a separate interest class for the purposes of voting on the Scheme Resolution. Given the New Zealand Subsidiaries will be transferred to Mercury's Subsidiary, Mercury Wind, and Mercury will not receive its Scheme Consideration in cash (instead, in effect, the Scheme Consideration payable to Mercury will be offset against the purchase price payable by Mercury for the New Zealand Subsidiaries), Mercury will comprise its own interest class as it is treated differently to other Shareholders.

Notwithstanding that Mercury will constitute a separate interest class, there will be only one Shareholder meeting held to consider the Scheme Resolution. Voting will be by way of a poll, with Mercury's vote counted separately for its interest class. See Sections 4.1 and 4.14 of this Scheme Booklet for additional information on Mercury's role in the Scheme.

4.12 Takeovers Panel's no objection statement

As part of the legal process for a scheme of arrangement, Tilt Renewables may request a statement from the Takeovers Panel indicating that it has no objection to the Court making the Final Court Orders to approve the Scheme. This is commonly referred to as a "no objection" statement.

If that statement is issued, the Takeovers Panel is not commenting on the merits of the Scheme. Rather, the Takeovers Panel will consider whether the Takeovers Code's disclosure requirements have been complied with, the extent to which interest classes of Shareholders have been properly identified, and whether there are other protections available to Shareholders under or in connection with the Scheme. With the latter consideration in mind, the Takeovers Panel will consider whether Shareholders are adversely affected by the Scheme being implemented as a scheme of arrangement under the Companies Act rather than a takeover offer under the Takeovers Code.

Tilt Renewables has applied for a no-objection statement from the Takeovers Panel. The Takeovers Panel will determine whether to issue that statement after the Scheme Meeting (and typically will issue such a statement shortly before the documents are filed by Tilt Renewables for the Final Court Hearing). However, and in the meantime, the Takeovers Panel has provided Tilt Renewables with a "letter of intention" indicating that on the basis of the documents and information provided to it, it intends to issue a final "no objection statement" on or before the date of the Final Court Hearing.

4.13 Final Court Orders

If Shareholders approve the Scheme Resolution at the Scheme Meeting, Tilt Renewables will apply to the Court for the Final Court Orders.

The Final Court Orders, if granted by the Court, will make the Scheme binding on Tilt Renewables, all Scheme Shareholders (including any Shareholders who did not vote for the Scheme), the Acquirer, Mercury, Mercury Wind and such other persons as the Court may specify (subject to the satisfaction or waiver of any of the Conditions which continue to apply until the implementation of the Scheme).

In considering the application for the Final Court Orders, the Court will consider whether:

- there has been compliance with the relevant procedural rules, the relevant legislation and the Initial Court Orders (including in relation to the Scheme Meeting);
- the Scheme has been fairly put to Shareholders, including whether the Scheme Booklet puts the information reasonably necessary to enable each interest class of Shareholders to consider and vote on the Scheme;
- Shareholders in each interest class are fairly represented by those Shareholders who vote in the Scheme; and
- the Scheme is such that it might reasonably be approved by an intelligent and honest business person acting in respect of his or her own interest.

The Scheme will be implemented if the Court approves the Scheme and all other Conditions have been satisfied or (if capable of waiver) waived. If all Conditions are satisfied or waived, the Scheme will be implemented in accordance with the Scheme Plan.

Each Shareholder has the right to appear at the Final Court Hearing if the Shareholder has filed and served the required documents in advance (see Section 4.20 of this Scheme Booklet for further details).

4.14 Payment of Scheme Consideration

Payments

Payment of the Scheme Consideration is to be made on the Implementation Date, currently expected to be 3 August 2021. You should choose what currency you want to be paid in and follow the instructions below to ensure you are paid in that currency.

Please ensure you have completed the relevant steps outlined below (ie, the steps that relate to the currency you want to be paid in) prior to the Record Date (expected to be 7:00pm on 30 July 2021) otherwise you may receive your Scheme Consideration after the Implementation Date.

New Zealand dollars

If you want to be paid in New Zealand dollars but have not provided your New Zealand dollar denominated bank account details to Computershare, please complete the Direct Credit Notification – New Zealand Bank Account form which accompanies this Scheme Booklet (or update your details online in accordance with the instructions on that form).

Australian dollars

If you want to be paid in Australian dollars but have not provided your Australian dollar denominated bank account details to Computershare, please complete the Direct Credit Notification – Australian Bank Account form which accompanies this Scheme Booklet (or update your details online in accordance with the instructions on that form).

If you have arranged for payments to be made to you in Australian dollars, Computershare will pay you in Australian dollars (with any foreign currency conversion undertaken on the business day before the Implementation Date in a manner determined by Computershare), but this will be a matter between Computershare and the applicable Scheme Shareholder. Neither the Acquirer nor Tilt Renewables will be responsible for (nor have any liability in connection with) foreign currency payments ultimately made to Scheme Shareholders or for any fees or other costs that a Scheme Shareholder is required to pay in connection with the facilitation of such foreign currency payments. The Acquirer's obligation is to pay the Scheme Consideration in New Zealand dollars so any currency conversion is undertaken at a Scheme Shareholder's own risk.

Other foreign currencies

If your address is outside of New Zealand and Australia and you want to be paid in a different currency (ie, not in New Zealand or Australian dollars), please contact Computershare directly to ensure they have your email address and to request payment in a foreign currency. Once, your email address is provided to Computershare, Computershare will have Hyperwallet contact you to offer you a payment solution. The terms and conditions (and the applicable fees that will be charged for using that payment solution) can be viewed at the following link: <https://www.paylution.com/hw2web/consumer/page/legalAgreement.xhtml>. If that solution is not acceptable to you, you will need to advise Computershare of a New Zealand dollar or Australian dollar denominated bank account so payment can be made to you by electronic transfer.

If you have arranged with Hyperwallet for payments to be made to you in another foreign currency (ie, not in New Zealand or Australian dollars), Computershare will instruct Hyperwallet to pay you in that foreign currency (with any foreign currency conversion undertaken in a manner determined by Hyperwallet), but such foreign currency payment will be a matter between Hyperwallet and the applicable Scheme Shareholder. Neither the Acquirer nor Tilt Renewables will be responsible for (nor have any liability in connection with) foreign currency payments ultimately made to Scheme Shareholders or for any fees or other costs that a Scheme Shareholder is required to pay in connection with the facilitation of such foreign currency payments. The Acquirer's obligation is to pay the Scheme Consideration in New Zealand dollars so any currency conversion is undertaken at a Scheme Shareholder's own risk.

Payment after the Implementation Date

If you have not provided sufficient details to Computershare or Hyperwallet (as applicable) to allow payment of the Scheme Consideration to you on the Implementation Date, Computershare will hold your Scheme Consideration on trust for you for two years and, during that period, you can request from Computershare payment of that Scheme Consideration (which request will require you to provide sufficient details to allow payment of the Scheme Consideration to you). Following the second anniversary of the Implementation Date, all Scheme Consideration retained by Computershare will be paid to Tilt Renewables.

Payment to Mercury

For completeness, the Scheme Consideration that Mercury will receive (being NZ\$8.10 per Scheme Share held by Mercury, which is the same amount per Scheme Share that all other Scheme Shareholders will receive) will not be paid to Mercury in cash. This is because Mercury's Subsidiary, Mercury Wind, will acquire and have transferred to it the New Zealand Subsidiaries when the Scheme is implemented. Given the price attributed to the New Zealand Subsidiaries (being NZ\$634,434,937) is greater than the aggregate Scheme Consideration attributable to Mercury's Scheme Shares, Mercury will pay to the Acquirer the difference in accordance with the Scheme Plan.

Deed Poll

On 14 March 2021, the Acquirer executed the Deed Poll under which the Acquirer has undertaken in favour of each Scheme Shareholder to provide each Scheme Shareholder with the Scheme Consideration to which they are entitled under the Scheme, subject to the Scheme becoming Effective.

The Deed Poll records that, under the Scheme Plan, each Scheme Shareholder appoints Tilt Renewables as its attorney and agent to enforce the Deed Poll.

A copy of the form of the Deed Poll is set out in Annexure C.

4.15 Scheme Record Date

If all of the Conditions to the Scheme are satisfied or (if capable of waiver) waived and you are a Shareholder on the Register on the Scheme Record Date, you will be entitled to receive the Scheme Consideration for all of the Shares you hold as at the Scheme Record Date.

Dealing on or prior to the Scheme Record Date

For the purpose of determining which Shareholders are eligible to participate in the Scheme, dealings in Shares will be recognised only if:

- in the case of dealings of the type to be effected through NZX's or ASX's clearing and settlement system, the transferee is registered on the Register as the holder of the Shares as at 7:00pm on the Scheme Record Date; or
- in all other cases, registrable transmission applications or transfers in respect of those dealings, or valid requests in respect of other alterations, are received by Computershare on or before 7:00pm on the Scheme Record Date.

For the purposes of determining entitlements under the Scheme, Tilt Renewables will not accept for registration, nor recognise for any purpose (except a transfer to the Acquirer under the Scheme), any transfer or transmission application or other request received after 7:00pm on the Scheme Record Date or received prior to such time, but not in registrable or actionable forms. Tilt Renewables intends to apply to NZX and ASX for trading in Shares to be suspended from close of trading on the date which is two Business Days after the Final Orders Date.

Dealings after the Scheme Record Date

For the purpose of determining entitlements to the Scheme Consideration, Tilt Renewables must maintain the Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.

From 7:00pm on the Scheme Record Date, each entry that is current on the Register (other than entries on the Register in respect of the Acquirer), will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Shares relating to that entry.

4.16 Shareholder Warranties

Each Scheme Shareholder is taken to have warranted to the Acquirer on the Implementation Date that all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the time of transfer, be fully paid and free from all encumbrances and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Scheme Shares to the Acquirer together with any rights and entitlements attaching to those Scheme Shares.

4.17 Tax implications

The tax implications of the Scheme will depend on the specific circumstances of each Shareholder.

For most New Zealand resident Shareholders that are not in the business of dealing in shares (or otherwise hold their shares on "revenue account") it is expected that the Scheme Consideration should not be taxable income.

For Australian resident Shareholders, capital gains tax is likely to be payable depending on their own circumstances.

Each Shareholder should seek their own professional tax advice in relation to their personal tax position.

4.18 Restricted Shares, Performance Rights, Construction Bonus Rights and other incentives

Restricted Shares

Pursuant to the Tilt Renewables Group Development Business Incentive Restricted Share Scheme ("**Restricted Share Scheme**"), certain employees of the Tilt Renewables Group ("**Participants**") are offered awards ("**Awards**"). As at the date of the Scheme Implementation Agreement, there were 398,415 outstanding Awards that had been issued under the Restricted Share Scheme.

Tilt Renewables has agreed in the Scheme Implementation Agreement that the maximum number of Shares that could be issued pursuant to the Restricted Share Scheme is 398,415 Shares ("**Maximum RSS Shares**") with all such Shares to be included as Scheme Shares. The Maximum RSS shares were issued to Participants on 27 May 2021. Each Share held by a Participant under the Restricted Share Scheme as at the Scheme Record Date will be transferred to the Acquirer in accordance with the Scheme for the Scheme Consideration upon the Scheme becoming Effective.

Tilt Renewables has agreed in the Scheme Implementation Agreement that:

- no more than the Maximum RSS Shares will be issued under the Restricted Share Scheme, and that any such Maximum RSS Shares will be issued prior to the Scheme Record Date such that those Shares are Scheme Shares; and
- no Awards will remain outstanding on the Implementation Date.

Performance Rights

Pursuant to the Tilt Renewables Group Performance Rights Plan ("**Performance Rights Plan**"), certain employees of the Tilt Renewables Group are offered performance rights ("**Performance Rights**"). As at the date of this Scheme Booklet, there are 1,650,138 Performance Rights that have been issued by Tilt Renewables in respect of 1,650,138 Shares for participants in the Performance Rights Plan.

Upon the Final Court Orders being sealed by the Court, a Control Event (as defined in the Performance Rights Plan) will have occurred under the Performance Rights Plan and:

- each participant's Performance Rights will become available for immediate vesting subject to accelerated testing (resulting in a maximum number of 1,650,138 Shares being issued pursuant to the Performance Rights Plan ("**Maximum PRP Shares**") with such Shares to be included as Scheme Shares);
- Tilt Renewables will notify each such participant of:
 - the number of such participant's Performance Rights that vested in accordance with the Performance Rights Plan and Tilt Renewables will ensure that the exercise period for such Performance Rights ends on the date prior to the Scheme Record Date; and
 - the number of such participant's Performance Rights that lapsed;
- all restrictions on dealing with Shares imposed by the Performance Rights Plan will cease to have effect and Tilt Renewables shall promptly give written notice to such participant of this fact.

Tilt Renewables has agreed in the Scheme Implementation Agreement that:

- any Performance Rights that do not vest in accordance with the Performance Rights Plan will lapse prior to the Scheme Record Date such that, on the Implementation Date, there will be no Performance Rights on issue; and
- no more than the Maximum PRP Shares will be issued under the Performance Rights Plan, and that any such Maximum PRP Shares will be issued prior to the Scheme Record Date such that those Shares are Scheme Shares and acquired under the Scheme.

Construction Bonus Rights

As part of the remuneration package of certain employees of the Tilt Renewables Group, such employees are provided share based short term incentives whereby such employees are issued Shares if specified project related performance criteria are met ("**Construction Bonus Rights**"). As at the date of this Scheme Booklet, there are 146,292 outstanding Construction Bonus Rights in respect of 146,292 Shares.

Prior to the Scheme Record Date, it is expected that each Construction Bonus Right will entitle the holder to be issued one Share (resulting in a maximum number of 146,292 Shares being issued to the holders of the Construction Bonus Rights ("**Maximum CBR Shares**") with such Shares to be included as Scheme Shares).

Tilt Renewables has agreed in the Scheme Implementation Agreement that:

- no more than the Maximum CBR Shares will be issued to holders of Construction Bonus Rights, and that any such Maximum CBR Shares are issued prior to the Scheme Record Date such that those Shares are Scheme Shares; and
- no Construction Bonus Rights will remain outstanding on the Implementation Date.

Other Incentives

Tilt Renewables has agreed in the Scheme Implementation Agreement that it will not issue any further Awards, Performance Rights or Construction Bonus Rights prior to the Implementation Date. Tilt Renewables is, however, entitled to provide cash incentives to employees of the Tilt Renewables Group as part of their remuneration package in lieu of such Awards, Performance Rights and Construction Bonus Rights provided that:

- the aggregate value of such cash incentives does not exceed 105% of the value of the Awards, Performance Rights and Construction Bonus Rights provided in the previous year based on the Scheme Consideration for each Scheme Share (105% of such value being the "**2020 Value**"); and
- the cash incentives are pro-rated for the period from 1 April 2021 to the Implementation Date (so, for example, if such period was six months the recipients of such cash incentives would be entitled to a maximum amount equal to half of the 2020 Value).

4.19 Delisting of Tilt Renewables

If the Scheme is implemented, Tilt Renewables will apply to be removed from the NZX with effect from close of trading on the Implementation Date and will apply to be removed from the ASX with effect from the close of trading on the day after the Implementation Date.

4.20 Objection Rights

If you do not support the Scheme, you can vote against the Scheme Resolution at the Scheme Meeting.

In addition, if you are a Shareholder, you also have the right to appear and be heard at the Final Court Hearing on the Scheme (proceeding number CIV-2021-404-941), which is expected to occur at 10:00am on Friday, 23 July 2021 at the High Court at Auckland.

To do so, you must file with the High Court at Auckland (24 Waterloo Quadrant, Auckland) a notice of appearance or a notice of opposition, and any affidavits or memoranda of submissions on which you intend to rely, by 5:00pm on 19 July 2021, and serve a copy on Tilt Renewables at C/- Russell McVeagh, Level 30, Vero Centre, 48 Shortland Street, Auckland 1010 or email marika.eastwick-field@russellmcveagh.com. Your notice of appearance or notice of opposition must specify an address for service, including an email address at which you will accept service of documents if service at your physical address is not permitted or practicable by reason of restrictions associated with the COVID-19 pandemic. If you do this, Tilt Renewables will then serve you, at your address for service, a copy of all documents filed in support of the application for Final Court Orders by 5:00pm on 21 July 2021.

Any other person claiming to have a proper interest in the Scheme, who wishes to appear and be heard on the application for Final Court Orders must file with the High Court in Auckland (24 Waterloo Quadrant, Auckland) an application for leave to be heard and a notice of opposition (both containing an address for service), and any affidavits or memorandum of submissions upon which such person intends to rely, by 5:00pm on 19 July 2021, and serve a copy on Tilt Renewables at C/- Russell McVeagh, Level 30, Vero Centre, 48 Shortland Street, Auckland 1010 or email marika.eastwick-field@russellmcveagh.com. That person's notice of opposition must specify an address for service, including an email address at which they will accept service of documents if service at their physical address is not permitted or practicable by reason of restrictions associated with the COVID-19 pandemic. If any such person does this, Tilt Renewables will then serve upon any such person, at their address for service, a copy of all documents filed in support of the application for Final Court Orders by 5:00pm on 21 July 2021.

If the application for Scheme approval is opposed, oppositions will be heard by the High Court at 10:00am on 23 July 2021, or such later date as the High Court directs.

You may only appear and be heard at the hearing of the application for Final Court Orders if you are:

- a Shareholder who files a notice of appearance or a notice of opposition to the application for Final Court Orders within the required timeframes (set out above); or
- any other person who claims to have a proper interest in the Scheme who files an application for leave to be heard and a notice of opposition to the application for Final Court Orders within the required timeframes (set out above), and who is subsequently granted leave to appear and be heard at the hearing of the application for Final Court Orders.

In addition, the Takeovers Panel may consider an objection by a Shareholder or other interested party to the Scheme when determining whether to provide its "no objection statement". Written objections can be submitted directly to the Takeovers Panel (whether or not a "no objection statement" is granted) by email to takeovers.panel@takeovers.govt.nz. The Takeovers Panel is also entitled to appear and be heard at the hearing of the application for Final Court Orders.

There are no other dissent or buy-out rights for Shareholders who do not support the Scheme.

If you do not want to participate in the Scheme, you are free to sell your Shares at any time before close of trading on the NZX and the ASX (respectively) on the date that is two Business Days after the Final Orders Date. The then prevailing market price may vary from the Scheme Consideration.



SECTION 5

INFORMATION ABOUT THE ACQUIRER AND MERCURY

5.1 Information about the Acquirer

Section 5.2 of this Scheme Booklet forms part of the Acquirer Information and has been prepared by, and is the responsibility of, the Acquirer. None of:

- Tilt Renewables, its Related Companies or their respective Representatives assumes any responsibility for the accuracy or completeness of the information in Section 5.2; and
- Mercury, its Related Companies or their respective Representatives assumes any responsibility for the accuracy or completeness of the information in Section 5.2.

5.2 The Acquirer

The Acquirer

If the Scheme is implemented, the Acquirer will acquire all of the Scheme Shares. The Acquirer is an Australian proprietary company, incorporated on 9 March 2021 for the purpose of acquiring the Scheme Shares.

The Acquirer is a wholly-owned subsidiary of Pisa Hold Co 1 Pty Ltd (ACN 648 536 341), which is in turn owned by PowAR. PowAR is ultimately owned by AGL Energy Limited, the QIC Global Infrastructure Fund and its co-investors, and the Future Fund (with equity interests in PowAR of 20%, 40% and 40%, respectively). The equity interests in PowAR held by the QIC Global Infrastructure Fund and its co-investors, and the Future Fund, are managed by QIC Limited.

Overview of PowAR

PowAR was established in 2016 and is one of the largest owners of renewable energy generation in Australia. PowAR's primary objective is to drive investment in large scale renewable energy generation in Australia and, in doing so, to support Australia's transition to a clean energy future.

PowAR has developed, owns and operates, over 800MW of renewable energy generation capacity. PowAR's current assets include the 199 MW Silverton Wind Farm, 102 MW Nyngan Solar Farm and 53 MW Broken Hill Solar Farm in New South Wales, as well as the 453 MW Coopers Gap Wind Farm in Queensland.

The PowAR partners are long-term investors, combining institutional capital with incumbent retail energy expertise:

- **AGL:** AGL Energy Limited is a leading ASX-listed integrated energy business with over 4 million customers and a 11GW+ generation portfolio.
- **QIC:** The Queensland Investment Corporation is an independent investment manager owned by the Queensland Government with over A\$85 billion in assets under management (as at 31 December 2020).
- **Future Fund:** The Future Fund is Australia's sovereign wealth fund with over A\$170 billion in assets under management.

5.3 Information about Mercury

Section 5.4 of this Scheme Booklet forms part of the Mercury Information and has been prepared by, and is the responsibility of, Mercury. None of:

- Tilt Renewables, its Related Companies or their respective Representatives assumes any responsibility for the accuracy or completeness of the information in Section 5.4; and
- the Acquirer, its Related Companies or their respective Representatives assumes any responsibility for the accuracy or completeness of the information in Section 5.4.

5.4 Mercury

Mercury is an electricity generator and retailer, listed on the New Zealand Stock Exchange and Australian Stock Exchange with the ticker symbol 'MCY'. The New Zealand Government is Mercury's largest shareholder with a legislated 51% shareholding.

Mercury's electricity generation is 100% from renewable sources, currently averaging around 6,600GWh per annum, representing about 15% of New Zealand's generation market share. Mercury's nine hydro stations along the Waikato River generate on average around 4,000GWh of electricity each year. Mercury also operates and owns (either in whole or part) five geothermal stations in the central North Island, two of which are in partnership with Māori land trusts. Mercury is also building a wind farm at Turitea, part of the Tararua Range in the Manawatū region, which is expected to be New Zealand's largest wind farm.

Mercury's retail operations serve residential, commercial (small and medium sized businesses), industrial and spot market customers. Mercury has approximately 750 permanent employees based across New Zealand.

Mercury Wind is a wholly-owned subsidiary of Mercury.



SECTION 6

INFORMATION EQUIVALENT TO SCHEDULE 1 OF THE TAKEOVERS CODE

This Section contains information, to the extent applicable, equivalent to the information that would be provided by the Acquirer in a takeover offer document in accordance with Schedule 1 of the Takeovers Code.

The Acquirer has prepared, and is solely responsible for, the information in this Section. The Acquirer has not prepared, and is not responsible for, information which is referred to in this Section, but which is set out in another Section of this Scheme Booklet.

6.1 Date

This Section 6 was prepared, and is current as at, 9 June 2021.

6.2 The Acquirer and its directors

The name and address of the Acquirer is:

Pisa Obligor Co 1 Pty Ltd (ACN 648 537 017)
C/- Harmos Horton Lusk Limited
Level 33, Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

The Acquirer can be contacted by email to andrew.harmos@hhl.co.nz or nathanael.starrenburg@hhl.co.nz.

The directors of the Acquirer are:

- Cheryl Sarah Bart
- Angela Stephanie Karl
- Ankit Mehta
- Thomas Gregory Parry
- Vikki Shizas

The Acquirer is a wholly-owned subsidiary of Pisa Hold Co 1 Pty Ltd (ACN 648 536 341), which is owned by PARF1 and PARF2 (with equity interests of 5% and 95%, respectively). PARF1 and PARF2 are the investment entities of PowAR (see Section 5.2 of this Scheme Booklet for more information in relation to PowAR).

6.3 Scheme company

The name of the company to which the Scheme relates is Tilt Renewables Limited.

6.4 Scheme terms

The terms and conditions of the Scheme are set out in the Scheme Implementation Agreement. The Scheme will be implemented in accordance with the Scheme Plan, a copy of which is included in Annexure B. A summary of certain key terms of the Scheme Implementation Agreement is set out in Section 7.11 of this Scheme Booklet.

6.5 Ownership of equity securities of Tilt Renewables

Except as set out below, none of the following persons hold or control any equity securities in Tilt Renewables:

- (a) the Acquirer;
- (b) any Related Company of the Acquirer;
- (c) any person acting jointly or in concert with the Acquirer; and
- (d) any director of any person described in paragraphs (a) to (c) above.

Mercury is a “person acting jointly or in concert” with the Acquirer. The Scheme Implementation Agreement requires Mercury (which holds 75,075,962 Shares, representing 19.90% of the total Shares currently on issue) to enter into a deed poll to vote its Shares in favour of the Scheme. On 18 March 2021, Mercury entered into the Mercury Deed Poll, as required by the Scheme Implementation Agreement, which is described in Section 6.7 of this Scheme Booklet.

Information about the persons who hold or control 5% or more of any class of equity securities in Tilt Renewables is set out in Section 7.5 of this Scheme Booklet.

Keith Raymond Smith is a director of Mercury (Mercury being a “person acting jointly or in concert” with the Acquirer). Mr Smith holds or controls an aggregate of 14,541 Shares (representing 0.004% of the total Shares currently on issue).⁶

6.6 Trading in Tilt Renewables equity securities

None of the persons referred to in Sections 6.5(a) to 6.5(d) above have acquired or disposed of any equity securities in Tilt Renewables in the 6 month period ending on the date of this Scheme Booklet.

6.7 Agreements to vote in favour of Scheme

Other than as set out below, no person has agreed conditionally or unconditionally to vote in favour of the Scheme:

- (a) On 14 March 2021, the Acquirer and Infratil 2018 (which holds 246,936,375 Shares, representing 65.46% of the total Shares currently on issue) entered into the Infratil Voting Deed under which Infratil 2018 has committed to:
 - (i) vote all of its Shares in favour of the Scheme;
 - (ii) not sell, transfer, grant any new security interest, adverse interest or encumbrance over, or otherwise dispose of any legal, beneficial or other interest in, or control over, any of its Shares; and
 - (iii) not take certain actions in relation to a Competing Proposal (including soliciting, encouraging, discussing a Competing Proposal with a third party or making information relating to Tilt Renewables available to a third party),
subject to certain termination rights held by Infratil 2018. These termination rights include where:
 - (iv) the Scheme Implementation Agreement, the Deed Poll or the Scheme Plan is amended or varied;
 - (v) any rights or obligations under the Scheme Implementation Agreement, the Deed Poll or the Scheme Plan are waived; or
 - (vi) any approvals, agreements or similar are given under the Scheme Implementation Agreement, the Deed Poll or the Scheme Plan,
and the effect of such amendment, variation, waiver, approval or agreement:
 - (vii) reduces, changes the form of or defers payment of the Scheme Consideration;
 - (viii) extends the End Date;
 - (ix) imposes additional conditionality which materially adversely affects the benefit of the Scheme for the Scheme Shareholders as a whole; or
 - (x) otherwise materially adversely affects the benefit of the Scheme for the Scheme Shareholders as a whole.

⁶ Mr Smith is the registered holder of 2,541 Shares and is a director of Gwendoline Holdings Limited which is the registered holder of 12,000 Shares.

Immediately prior to the entry into of the Amendment Agreement by Tilt Renewables, the Acquirer and Mercury, Infratil 2018 agreed that it would not exercise any right of termination that it may have been entitled to exercise under the Infratil Voting Deed as a consequence of that proposed amendment to the original Scheme Implementation Agreement.

- (b) On 18 March 2021, Mercury (which holds 75,075,962 Shares, representing 19.90% of the total Shares currently on issue) entered into the Mercury Deed Poll under which Mercury has committed to vote all of its Shares in favour of the Scheme. The Mercury Deed Poll is required by the Takeovers Panel due to Mercury's status as a separate interest class (see Section 4.11 of this Scheme Booklet for further details). The Mercury Deed Poll will expire with immediate effect if the Scheme Implementation Agreement is terminated or expires in accordance with its terms.
- (c) The Scheme Implementation Agreement contains an obligation on Tilt Renewables to ensure that each Non-Conflicted Director undertakes to vote, or procure the voting of, all of the Shares held by him or her in favour of the Scheme, provided that the Independent Adviser's Report concludes that the Scheme Consideration is within or above the Independent Adviser's valuation range for the Shares. The Directors' holdings of Shares are set out in Section 7.5 of this Scheme Booklet.

6.8 Arrangements to pay consideration

The Acquirer confirms that resources will be available to it sufficient to meet the total Scheme Consideration to be provided to Scheme Shareholders upon the Scheme being Implemented.

The Acquirer has executed the Deed Poll under which the Acquirer agrees in favour of each Scheme Shareholder to pay the Scheme Consideration, subject to the Scheme being Implemented.

A copy of the form of the Deed Poll is set out in Annexure C.

6.9 Arrangements between the Acquirer and Tilt Renewables

Except as set out below, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Acquirer or any Associates of the Acquirer and Tilt Renewables or any Related Company of Tilt Renewables, in connection with, in anticipation of, or in response to, the Scheme.

Confidentiality agreements

On 4 February 2021, PARF2 (an Associate of the Acquirer) and Tilt Renewables entered into a confidentiality agreement. The details of this confidentiality agreement are set out in Section 7.11 of this Scheme Booklet.

On or about 8 February 2021, Mercury (an Associate of the Acquirer, see Section 6.5 of this Scheme Booklet) and Tilt Renewables entered into a confidentiality agreement. The details of this confidentiality agreement are set out in Section 7.11 of this Scheme Booklet.

On 22 December 2020, H.R.L Morrison & Co Limited ("**MCO**") (the manager of Infratil 2018, a Related Company of Tilt Renewables) and QIC Private Capital Pty Ltd ("**QIC PC**") (an Associate of the Acquirer) entered into a confidentiality agreement under which QIC PC agreed to keep confidential the information provided by MCO for due diligence purposes.

Scheme Implementation Agreement

On 14 March 2021, Tilt Renewables, the Acquirer and Mercury entered into the original Scheme Implementation Agreement. On 16 April 2021, Tilt Renewables, the Acquirer and Mercury agreed to amend the original Scheme Implementation Agreement on the terms set out in the Amendment Agreement.

A summary of certain key terms of the Scheme Implementation Agreement (as amended by the Amendment Agreement) is set out in Section 7.11 of this Scheme Booklet.

Disclosure Letter

On 14 March 2021, Tilt Renewables disclosed certain matters in a disclosure letter addressed to the Acquirer and Mercury.

Deed Poll

On 14 March 2021, the Acquirer entered into the Deed Poll. A summary of the key terms of the Deed Poll is contained in Section 7.11 of this Scheme Booklet.

A copy of the form of the Deed Poll is set out in Annexure C.

Escrow Agreement

Prior to Tilt Renewables applying to the Court for the Final Court Orders, Tilt Renewables, the Acquirer, Computershare, Mercury and Mercury Wind will enter into the Escrow Agreement which will set out detailed arrangements relating to the completion of the Scheme. A summary of certain key terms of the Escrow Agreement is set out in Section 7.11 of this Scheme Booklet.

Infratil Voting Deed

On 14 March 2021, the Acquirer and Infratil 2018 (which holds 246,936,375 Shares, representing 65.46% of the total Shares currently on issue) entered into the Infratil Voting Deed. The Infratil Voting Deed is described in Section 6.7 of this Scheme Booklet. Infratil 2018 is a Related Company of Tilt Renewables as more than half of the Shares are held by Infratil 2018. Accordingly, the Infratil Voting Deed is an arrangement that is relevant for the purposes of this paragraph.

Mercury Deed Poll

On 18 March 2021, Mercury entered into the Mercury Deed Poll. The Mercury Deed Poll is described in Section 6.7 of this Scheme Booklet. Mercury is an Associate of the Acquirer. Accordingly, the Mercury Deed Poll is an arrangement that is relevant for the purposes of this paragraph.

Implementation and Separation Term Sheet

Mercury Wind, Mercury, the Acquirer and PARF2 as trustee for Hold Trust are parties to a legally binding Implementation and Separation Agreement Term Sheet dated 12 March 2021 (as amended on 18 March 2021 and on 23 April 2021 to reflect increases in the purchase price to Mercury of the New Zealand Subsidiaries) (the "**ISA Term Sheet**"). The ISA Term Sheet provides that the Acquirer will procure Tilt Renewables to accede to the ISA Term Sheet on and from Implementation. As a result, the ISA Term Sheet will become an agreement between Mercury, Mercury Wind, the Acquirer, PARF 2 and Tilt Renewables. The Scheme Plan deals with the details and logistics of the New Zealand Separation, being Mercury's acquisition (via Mercury Wind) of the New Zealand Subsidiaries. The ISA Term Sheet provides a framework for, and provisions governing, the implementation of the New Zealand Separation, including:

- finalisation of any adjustments to the purchase price for the New Zealand Subsidiaries reflecting the impact of transactions and financial adjustments referable to the period between signing of the ISA Term Sheet and the New Zealand Separation;
- repayment of intercompany loans between members of the Tilt Renewables Group (other than the New Zealand Subsidiaries) and the New Zealand Subsidiaries;
- attribution of liabilities referable to the respective New Zealand Business and Australian Business (including taxation liabilities);
- the process for offers of employment being made to New Zealand employees of Tilt Renewables (Mercury has agreed to make offers of employment to all four New Zealand employees in the same capacity and on Mercury's usual terms for similar employees);
- the release of cross-guarantees as between members of the Tilt Renewables Group (other than the New Zealand Subsidiaries) and the New Zealand Subsidiaries;
- the assignment or novation of contracts relating to the New Zealand Business from Tilt Renewables to Mercury Wind (or, at Mercury Wind's direction, one of the New Zealand Subsidiaries);
- "wrong pockets" provisions, to ensure that assets relating to the Australian Business are owned by Tilt Renewables and assets relating to the New Zealand Business are owned by Mercury Wind; and
- mutual indemnities to ensure that (i) Tilt Renewables is responsible for third party claims, costs, liabilities and losses that are attributable to the Australian Business; and (ii) Mercury Wind is responsible for third party claims, costs, liabilities and losses that are attributable to the New Zealand Business.

6.10 Arrangements between the Acquirer and Directors and Senior Managers of Tilt Renewables

Except as set out below, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Acquirer or any Associates of the Acquirer and any Director or Senior Manager of Tilt Renewables or any Related Company of Tilt Renewables (including any agreement or arrangement providing for a payment or other benefit proposed to be made or given by way of compensation for loss of office or as to the Director or Senior Manager remaining in or retiring from office), in connection with, in anticipation of, or in response to, the Scheme.

Scheme Implementation Agreement

A summary of certain key terms of the Scheme Implementation Agreement is set out in Section 7.11 of this Scheme Booklet. Further, the provisions of the Scheme Implementation Agreement that have been given for the benefit of the directors and/or senior managers of Tilt Renewables or any Related Company of Tilt Renewables are summarised in Section 7.12 of this Scheme Booklet.

As set out in Section 6.7(c) of this Scheme Booklet, the Scheme Implementation Agreement contains an obligation on Tilt Renewables to ensure that each Non-Conflicted Director undertakes to vote, or procure the voting of, all of the Shares held or controlled by him or her in favour of the Scheme, provided that the Independent Adviser's Report concludes that the Scheme Consideration is within or above the Independent Adviser's valuation range for the Shares.

For completeness, and as set out in Section 4.18 of this Scheme Booklet, the Scheme Implementation Agreement provides for the accelerated vesting or cash settling of certain Awards, Performance Rights and Construction Bonus Rights. Some of the participants in these plans are Senior Managers.

Retention of Australian Business executives

The Acquirer is focused on retaining and encouraging the executives within the Australian Business following implementation of the Scheme. While it has not entered into any agreements with the executives concerned, the Acquirer has advised that it intends for the roles of the three members of the Australian Business' senior management team to be retained and to remunerate these executives at levels at least equivalent to those currently provided.

6.11 Financial assistance

As noted in Section 6.8 of this Scheme Booklet, the Acquirer has arrangements in place to pay the total Scheme Consideration. After the Scheme is Implemented, the members of the Tilt Renewables Group (other than the New Zealand Subsidiaries) will be Subsidiaries of the Acquirer and are expected to support the Acquirer's debt financing arrangements in conformity with the relevant requirements under Australian and New Zealand law. This will involve those members of the Tilt Renewables Group providing guarantees and granting security over their assets to the financiers of the Acquirer as required.

6.12 Intentions about material changes to Tilt Renewables

Given that, if the Scheme is Implemented, the Acquirer will acquire all of the Shares on issue, the Acquirer is not required to make any disclosure of its intentions for Tilt Renewables.

6.13 Pre-emption clauses in Tilt Renewables' constitution

There is no restriction on the right to transfer equity securities to which the Scheme relates contained in the constitution of Tilt Renewables that has the effect of requiring the holders of the equity securities to offer the equity securities for purchase to Shareholders or to any other person before transferring the equity securities.

6.14 No escalation clause

There is no agreement or arrangement (legally enforceable or not) under which:

- any existing Shareholder will or may receive in relation to, or as a consequence of, the Scheme any additional consideration or other benefit over and above the Scheme Consideration; or
- any prior holder of equity securities in Tilt Renewables will or may receive any consideration or other benefit as a consequence of the Scheme.

For completeness, and as set out in Section 6.9 of this Scheme Booklet, the ISA Term Sheet (to which Mercury is a party) provides for the commercial, arms-length arrangements regarding the implementation of the New Zealand Separation.

6.15 Classes of financial products

The only financial products subject to the Scheme are the Scheme Shares. Accordingly, no report is required to be obtained by the Acquirer as to the fairness and reasonableness of the Scheme Consideration and terms of the Scheme as between different classes of financial products.



SECTION 7

INFORMATION EQUIVALENT TO SCHEDULE 2 OF THE TAKEOVERS CODE

This Section contains the applicable information that would be provided by Tilt Renewables in a target company statement under Schedule 2 of the Takeovers Code, to the extent not otherwise disclosed elsewhere in this Scheme Booklet. Where any information required by Schedule 2 to the Takeovers Code is not applicable, no statement is made regarding that information.

7.1 Date

7.1.1 This Scheme Booklet is dated 9 June 2021.

7.2 Scheme

7.2.1 This Scheme Booklet relates to a scheme of arrangement between Tilt Renewables and its Shareholders in relation to the proposed acquisition of the Scheme Shares by the Acquirer, and the proposed acquisition of the New Zealand Subsidiaries by Mercury Wind.

7.3 Scheme Company

7.3.1 The name, postal address, and electronic address of the company to which the Scheme relates is:

Tilt Renewables Limited
c/- Russell McVeagh, Level 30, Vero Centre, 48 Shortland Street, Auckland 1010, New Zealand
Attention: Steve Symons
steve.symons@tiltrenewables.com

7.4 Directors of Tilt Renewables

7.4.1 The names of the Directors of Tilt Renewables are:

- (a) Bruce James Harker;
- (b) Vincent James Hawksworth;
- (c) Paul Joseph Charles Newfield;
- (d) Geoffrey Jon Campbell Swier;
- (e) Anne June Urlwin;
- (f) Fiona Ann Oliver; and
- (g) Vimal Nagin Vallabh.

7.4.2 The senior managers of Tilt Renewables ("**Senior Managers**") for the purposes of this Section 7 are:

- (a) Deion Mark Campbell;
- (b) Stephen John Symons;
- (c) Clayton Douglas Delmarter; and
- (d) Nigel Lester Baker.

7.5 Ownership of equity securities of Tilt Renewables

7.5.1 The table below sets out the number, designation, and the percentage of Shares held or controlled by each Director or Senior Manager and their Associates (unless disclosed in paragraph 7.5.2). These figures include the **maximum** number of Shares that each Senior Manager may receive prior to the Scheme Record Date as a result of holding Awards, Performance Rights and/or Construction Bonus Rights (see Section 4.18 of this Scheme Booklet for more information about Awards, Performance Rights and Construction Bonus Rights), and the percentage figures have been calculated accordingly (ie, based on the **maximum** number of Shares that could be on issue on the Scheme Record Date).

Name	Description	Number of equity securities held or controlled	Type of equity security	Percentage of class
Bruce Harker ²	Director	281,121	Ordinary shares	0.074%
Paul Newfield ³	Director	86,599	Ordinary shares	0.023%
Vimal Vallabh ⁴	Director	86,599	Ordinary shares	0.023%
Geoffrey Swier ⁵	Director	163,215	Ordinary shares	0.043%
Fiona Oliver ⁶	Director	86,600	Ordinary shares	0.023%
Anne Urlwin ⁷	Director	43,262	Ordinary shares	0.011%
Vincent Hawksworth ⁸	Director	11,940	Ordinary shares	0.003%
Vincent James Hawksworth, Jane Elizabeth Hawksworth and CLM Trustees Limited as trustees of the Hawksworth Family Trust	Associate of Vincent Hawksworth	8,040	Ordinary shares	0.002%
Deion Campbell ¹⁰	Senior Manager	420,908	Ordinary shares	0.111%
Steve Symons ¹¹	Senior Manager	298,905	Ordinary shares	0.079%
Clayton Delmarter ¹²	Senior Manager	230,013	Ordinary shares	0.061%
Nigel Baker ¹³	Senior Manager	141,109	Ordinary shares	0.037%

Notes:

- The information in the above table relating to Directors and Senior Managers was confirmed by or on behalf of such persons. The information in the above table is given as at 8 June 2021 (being the latest practicable date before the date of this Scheme Booklet).
- The registered holder of 93,535 of Bruce Harker's Shares are the trustees of the BJ & JS Harker Trust and the registered holder of 187,586 of Bruce Harker's Shares is Bell Gully Trustee Company Limited.
- The registered holder of Paul Newfield's Shares is Bell Gully Trustee Company Limited.
- The registered holder of Vimal Vallabh's Shares is Bell Gully Trustee Company Limited.
- The registered holder of Geoffrey Swier's Shares is Maclagen Pty Ltd as trustee of the Swier Family Trust.
- The registered holder of Fiona Oliver's Shares are the trustees of the Bella Vista Trust.
- The registered holder of Anne Urlwin's Shares is Maigold Holdings Ltd.
- The registered holder of Vincent Hawksworth's Shares is Jane Elizabeth Hawksworth & CLM Trustees (Hawksworth) Limited as trustees of the Hawksworth No. 2 Trust.
- Each Director on whose behalf Bell Gully Trustee Company Limited holds Shares does not hold or control the voting rights attaching to such Shares, but does have a "relevant interest" as defined in the FMCA in those Shares.
- Deion Campbell holds 420,908 Shares as at the date of this Scheme Booklet. In addition to these Shares, Deion Campbell holds, 605,447 Performance Rights (which could result in Deion Campbell holding an additional 605,447 Shares on the Scheme Record Date) and 74,782 Construction Bonus Rights (which could result in Deion Campbell holding an additional 74,782 Shares on the Scheme Record Date). Hence, these equity securities could result in Deion Campbell holding a maximum of 1,101,137 Shares on the Scheme Record Date (being the 420,908 Shares held as at the date of this Scheme Booklet plus a maximum additional Shareholding of 680,229).

11. Steve Symons holds 298,905 Shares as at the date of this Scheme Booklet. In addition to these Shares, Steve Symons holds 222,510 Performance Rights (which could result in Steve Symons holding an additional 222,510 Shares on the Scheme Record Date) and 20,819 Construction Bonus Rights (which could result in Steve Symons holding an additional 21,805 Shares on the Scheme Record Date). Hence, these equity securities could result in Steve Symons holding a maximum of 543,220 Shares on the Scheme Record Date (being the 298,905 Shares held as at the date of this Scheme Booklet plus a maximum additional Shareholding of 244,315).
12. Clayton Delmarter holds 230,013 Shares as at the date of this Scheme Booklet. In addition to these Shares, Clayton Delmarter holds 202,957 Performance Rights (which could result in Clayton Delmarter holding an additional 202,957 Shares on the Scheme Record Date) and 30,978 Construction Bonus Rights (which could result in Clayton Delmarter holding an additional 33,171 Shares on the Scheme Record Date). Hence, these equity securities could result in Clayton Delmarter holding a maximum of 466,141 Shares on the Scheme Record Date (being the 230,013 Shares held as at the date of this Scheme Booklet plus a maximum additional Shareholding of 236,128).
13. Nigel Baker holds 141,109 Shares as at the date of this Scheme Booklet. In addition to these Shares, Nigel Baker holds 210,889 Performance Rights (which could result in Nigel Baker holding an additional 210,889 Shares on the Scheme Record Date) and 19,713 Construction Bonus Rights (which could result in Nigel Baker holding an additional 20,637 Shares on the Scheme Record Date). Hence, these equity securities could result in Nigel Baker holding a maximum of 372,635 Shares on the Scheme Record Date (being the 141,109 Shares held as at the date of this Scheme Booklet plus a maximum additional Shareholding of 231,526).
14. The percentage numbers are rounded to three decimal places.

7.5.2 The table below sets out the number, designation, and the percentage of Shares held or controlled by any other person holding or controlling 5% or more of the Shares, to the knowledge of Tilt Renewables.

Name	Description	Number of equity securities held or controlled	Type of equity security	Percentage of class
Infratil 2018 Limited ²	Person holding or controlling 5% or more of the Shares	246,936,375 ³	Ordinary shares	65.150%
Mercury NZ Limited ⁴	Person holding or controlling 5% or more of the Shares	75,075,962 ⁵	Ordinary shares	19.807%
New Zealand Central Securities Depository Limited ("NZCSD") ⁶	Person holding or controlling 5% or more of the Shares	21,961,897	Ordinary shares	5.794%

Notes:

1. The information in the above table relating to holders or controllers of 5% or more of any Shares was obtained from Section 6 of this Scheme Booklet, in the case of NZCSD from Tilt Renewables' share register, and from substantial product holder notices lodged with NZX. The information in the above table is given as at 8 June 2021 (being the latest practicable date before the date of this Scheme Booklet).
2. This company is a wholly-owned subsidiary of Infratil and therefore Infratil controls this company's Shares, resulting in Infratil controlling 246,936,375 Shares and 65.150% of all Shares (based on the maximum number of Shares that could be on issue on the Scheme Record Date). Further, this company and Infratil are associates of Paul Newfield, Bruce Harker and Vimal Vallabh.
3. On 14 March 2021, Infratil 2018 entered into the Voting Deed with the Acquirer described in Section 6.7 of this Scheme Booklet. The Acquirer and Infratil 2018 have each released a substantial product holder notice to the market in respect of that agreement.
4. Mercury is an Associate of Vincent Hawksworth, as Vincent Hawksworth is the CEO of Mercury.
5. On 18 March 2021, Mercury entered into the Mercury Deed Poll described in Section 6.7 of this Scheme Booklet. Mercury and Tilt Renewables have each released a substantial product holder notice to the market in respect of that deed poll.
6. NZCSD is a bare trustee custodian that holds legal title to Shares, but has no control over the voting, acquisition or disposition of the Shares it holds.
7. The percentage numbers are rounded to three decimal places.
8. The percentage figures have been calculated based on the maximum number of Shares that could be on issue on the Scheme Record Date (being 379,028,729 Shares).

7.5.3 Except as set out in Sections 7.5.1 and 7.5.2:

- (a) no Director or Senior Manager or their Associates holds or controls any equity securities of Tilt Renewables; and
- (b) to Tilt Renewables' knowledge, no other person holds or controls more than 5% of the Shares.

7.6 Issues or Transfers of Equity Securities

7.6.1 The table below sets out the number of equity securities of Tilt Renewables:

- (a) that have, during the 2-year period that ends with the date of this Scheme Booklet, been issued to the Directors and Senior Managers or their Associates; or
- (b) in which the Directors and Senior Managers or their Associates have, during the 2-year period that ends with the date of this Scheme Booklet, obtained a beneficial interest under any employee share scheme or other remuneration arrangement,

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

Name and position	Date of relevant event	Number of equity securities	Type of equity security	Price at which equity securities were issued or provided
Bruce Harker ² (Director)	1 June 2021	1,040	Ordinary shares ³	\$8.01
	30 April 2021	1,047	Ordinary shares ³	\$8.02
	31 March 2021	1,124	Ordinary shares ³	\$7.57
	4 March 2021	1,313	Ordinary shares ³	\$6.37
	3 February 2021	1,313	Ordinary shares ³	\$6.29
	6 January 2021	1,322	Ordinary shares ³	\$6.33
	3 December 2020	2,091	Ordinary shares ³	\$3.92
	3 November 2020	2,128	Ordinary shares ³	\$3.90
	5 October 2020	2,256	Ordinary shares ³	\$3.75
	7 September 2020	2,344	Ordinary shares ³	\$3.62
	4 August 2020	2,308	Ordinary shares ³	\$3.65
	30 June 2020	2,431	Ordinary shares ³	\$3.44
	4 June 2020	2,391	Ordinary shares ³	\$3.54
	1 May 2020	2,610	Ordinary shares ³	\$3.20
	16 April 2020	13,073	Ordinary shares ³	\$3.17
	8 November 2019	2,849	Ordinary shares ³	\$2.95
	7 October 2019	2,963	Ordinary shares ³	\$2.82
	5 September 2019	3,051	Ordinary shares ³	\$2.74
	30 July 2019	3,074	Ordinary shares ³	\$2.65
	4 July 2019	3,270	Ordinary shares ³	\$2.50
30 May 2019	3,581	Ordinary shares ³	\$2.32	
Vincent Hawksworth ⁴ (Director)	1 June 2021	493	Ordinary shares ³	\$8.01
	30 April 2021	496	Ordinary shares ³	\$8.02
	31 March 2021	532	Ordinary shares ³	\$7.57
	4 March 2021	622	Ordinary shares ³	\$6.37
	3 February 2021	622	Ordinary shares ³	\$6.29
	6 January 2021	626	Ordinary shares ³	\$6.33
	3 December 2020	990	Ordinary shares ³	\$3.92
	3 November 2020	1,008	Ordinary shares ³	\$3.90
	5 October 2020	1,068	Ordinary shares ³	\$3.75
	7 September 2020	1,110	Ordinary shares ³	\$3.62
	4 August 2020	4,373	Ordinary shares ³	\$3.65

Name and position	Date of relevant event	Number of equity securities	Type of equity security	Price at which equity securities were issued or provided
Anne Urlwin ⁵ (Director)	1 June 2021	493	Ordinary shares ³	\$8.01
	30 April 2021	496	Ordinary shares ³	\$8.02
	31 March 2021	532	Ordinary shares ³	\$7.57
	4 March 2021	622	Ordinary shares ³	\$6.37
	3 February 2021	622	Ordinary shares ³	\$6.29
	6 January 2021	626	Ordinary shares ³	\$6.33
	3 December 2020	990	Ordinary shares ³	\$3.92
	3 November 2020	1,008	Ordinary shares ³	\$3.90
	5 October 2020	1,068	Ordinary shares ³	\$3.75
	7 September 2020	1,110	Ordinary shares ³	\$3.62
	4 August 2020	1,093	Ordinary shares ³	\$3.65
	30 June 2020	1,152	Ordinary shares ³	\$3.44
	4 June 2020	1,132	Ordinary shares ³	\$3.54
	1 May 2020	1,236	Ordinary shares ³	\$3.20
	16 April 2020	6,193	Ordinary shares ³	\$3.17
	8 November 2019	1,349	Ordinary shares ³	\$2.95
	7 October 2019	1,404	Ordinary shares ³	\$2.82
	5 September 2019	1,445	Ordinary shares ³	\$2.74
	30 July 2019	1,456	Ordinary shares ³	\$2.65
	4 July 2019	1,549	Ordinary shares ³	\$2.50
30 May 2019	1,696	Ordinary shares ³	\$2.32	
Paul Newfield ⁶ (Director)	1 June 2021	493	Ordinary shares ³	\$8.01
	30 April 2021	496	Ordinary shares ³	\$8.02
	31 March 2021	532	Ordinary shares ³	\$7.57
	4 March 2021	622	Ordinary shares ³	\$6.37
	3 February 2021	622	Ordinary shares ³	\$6.29
	6 January 2021	626	Ordinary shares ³	\$6.33
	3 December 2020	990	Ordinary shares ³	\$3.92
	3 November 2020	1,008	Ordinary shares ³	\$3.90
	5 October 2020	1,068	Ordinary shares ³	\$3.75
	7 September 2020	1,110	Ordinary shares ³	\$3.62
	4 August 2020	1,093	Ordinary shares ³	\$3.65
	30 June 2020	1,152	Ordinary shares ³	\$3.44
	4 June 2020	1,132	Ordinary shares ³	\$3.54
	1 May 2020	1,236	Ordinary shares ³	\$3.20
	16 April 2020	6,193	Ordinary shares ³	\$3.17
	8 November 2019	1,349	Ordinary shares ³	\$2.95
	7 October 2019	1,404	Ordinary shares ³	\$2.82
	5 September 2019	1,445	Ordinary shares ³	\$2.74
	30 July 2019	1,456	Ordinary shares ³	\$2.65
	4 July 2019	1,549	Ordinary shares ³	\$2.50
30 May 2019	1,696	Ordinary shares ³	\$2.32	

Name and position	Date of relevant event	Number of equity securities	Type of equity security	Price at which equity securities were issued or provided
Vimal Vallabh ⁷ (Director)	1 June 2021	493	Ordinary shares ³	\$8.01
	30 April 2021	496	Ordinary shares ³	\$8.02
	31 March 2021	532	Ordinary shares ³	\$7.57
	4 March 2021	622	Ordinary shares ³	\$6.37
	3 February 2021	622	Ordinary shares ³	\$6.29
	6 January 2021	626	Ordinary shares ³	\$6.33
	3 December 2020	990	Ordinary shares ³	\$3.92
	3 November 2020	1,008	Ordinary shares ³	\$3.90
	5 October 2020	1,068	Ordinary shares ³	\$3.75
	7 September 2020	1,110	Ordinary shares ³	\$3.62
	4 August 2020	1,093	Ordinary shares ³	\$3.65
	30 June 2020	1,152	Ordinary shares ³	\$3.44
	4 June 2020	1,132	Ordinary shares ³	\$3.54
	1 May 2020	1,236	Ordinary shares ³	\$3.20
	16 April 2020	6,193	Ordinary shares ³	\$3.17
	8 November 2019	1,349	Ordinary shares ³	\$2.95
	7 October 2019	1,404	Ordinary shares ³	\$2.82
	5 September 2019	1,445	Ordinary shares ³	\$2.74
	30 July 2019	1,456	Ordinary shares ³	\$2.65
	4 July 2019	1,549	Ordinary shares ³	\$2.50
30 May 2019	1,696	Ordinary shares ³	\$2.32	
Fiona Oliver ⁸ (Director)	1 June 2021	493	Ordinary shares ³	\$8.01
	30 April 2021	496	Ordinary shares ³	\$8.02
	31 March 2021	532	Ordinary shares ³	\$7.57
	4 March 2021	622	Ordinary shares ³	\$6.37
	3 February 2021	622	Ordinary shares ³	\$6.29
	6 January 2021	626	Ordinary shares ³	\$6.33
	3 December 2020	990	Ordinary shares ³	\$3.92
	3 November 2020	1,008	Ordinary shares ³	\$3.90
	5 October 2020	1,068	Ordinary shares ³	\$3.75
	7 September 2020	1,110	Ordinary shares ³	\$3.62
	4 August 2020	1,093	Ordinary shares ³	\$3.65
	30 June 2020	1,152	Ordinary shares ³	\$3.44
	4 June 2020	1,132	Ordinary shares ³	\$3.54
	1 May 2020	1,236	Ordinary shares ³	\$3.20
	16 April 2020	6,193	Ordinary shares ³	\$3.17
	8 November 2019	1,349	Ordinary shares ³	\$2.95
	7 October 2019	1,404	Ordinary shares ³	\$2.82
	5 September 2019	1,445	Ordinary shares ³	\$2.74
	30 July 2019	1,456	Ordinary shares ³	\$2.65
	4 July 2019	1,549	Ordinary shares ³	\$2.50
30 May 2019	1,696	Ordinary shares ³	\$2.32	

Name and position	Date of relevant event	Number of equity securities	Type of equity security	Price at which equity securities were issued or provided
Geoffrey Swier ⁹ (Director)	1 June 2021	493	Ordinary shares ³	\$8.01
	30 April 2021	496	Ordinary shares ³	\$8.02
	31 March 2021	532	Ordinary shares ³	\$7.57
	4 March 2021	622	Ordinary shares ³	\$6.37
	3 February 2021	622	Ordinary shares ³	\$6.29
	6 January 2021	626	Ordinary shares ³	\$6.33
	3 December 2020	990	Ordinary shares ³	\$3.92
	3 November 2020	1,008	Ordinary shares ³	\$3.90
	5 October 2020	1,068	Ordinary shares ³	\$3.75
	7 September 2020	1,110	Ordinary shares ³	\$3.62
	4 August 2020	1,093	Ordinary shares ³	\$3.65
	30 June 2020	1,152	Ordinary shares ³	\$3.44
	4 June 2020	1,132	Ordinary shares ³	\$3.54
	1 May 2020	1,236	Ordinary shares ³	\$3.20
	16 April 2020	6,193	Ordinary shares ³	\$3.17
	8 November 2019	1,349	Ordinary shares ³	\$2.95
	7 October 2019	1,404	Ordinary shares ³	\$2.82
	5 September 2019	1,445	Ordinary shares ³	\$2.74
	30 July 2019	1,456	Ordinary shares ³	\$2.65
	4 July 2019	1,549	Ordinary shares ³	\$2.50
30 May 2019	1,696	Ordinary shares ³	\$2.32	
Deion Campbell (Senior Manager)	27 May 2021	127,750	Ordinary shares ¹¹	Nil ¹²
	18 September 2020	201,444	Performance Rights	Nil ¹²
	31 August 2020	21,383	Construction Bonus Rights	Nil ¹²
	31 August 2020	21,383	Construction Bonus Rights	Nil ¹²
	22 July 2020	122,800 ¹⁰	Ordinary shares ¹¹	Nil ¹²
	20 June 2020	91,250	Awards	Nil ¹²
	21 August 2019	175,830	Performance Rights	Nil ¹²
	5 July 2019	32,016	Construction Bonus Rights	Nil ¹²

Name and position	Date of relevant event	Number of equity securities	Type of equity security	Price at which equity securities were issued or provided
Steve Symons (Senior Manager)	27 May 2021	41,440	Ordinary shares ¹¹	Nil ¹²
	18 September 2020	77,978	Performance Rights	Nil ¹²
	3 August 2020	92,000	Ordinary shares ¹³	Nil ¹²
	22 July 2020	45,532 ¹⁰	Ordinary shares ¹¹	Nil ¹²
	20 June 2020	29,600	Awards	Nil ¹²
	16 June 2020	1,767	Construction Bonus Rights	Nil ¹²
	16 June 2020	7,200	Construction Bonus Rights	Nil ¹²
	5 December 2019	72,746	Ordinary shares ¹³	Nil ¹²
	21 August 2019	62,390	Performance Rights	Nil ¹²
	27 June 2019	11,852	Construction Bonus Rights	Nil ¹²
Clayton Delmarter (Senior Manager)	27 May 2021	37,987	Ordinary shares ¹¹	Nil ¹²
	18 September 2020	71,480	Performance Rights	Nil ¹²
	3 August 2020	81,246	Ordinary shares ¹³	Nil ¹²
	22 July 2020	42,428 ¹⁰	Ordinary shares ¹¹	Nil ¹²
	20 June 2020	27,133	Awards	Nil ¹²
	16 June 2020	9,967	Construction Bonus Rights	Nil ¹²
	16 June 2020	9,967	Construction Bonus Rights	Nil ¹²
	5 December 2019	55,538	Ordinary shares ¹³	Nil ¹²
	21 August 2019	58,137	Performance Rights	Nil ¹²
	26 June 2019	11,044	Construction Bonus Rights	Nil ¹²
Nigel Baker (Senior Manager)	27 May 2021	38,850	Ordinary shares ¹¹	Nil ¹²
	18 September 2020	73,104	Performance Rights	Nil ¹²
	22 July 2020	43,463 ¹⁰	Ordinary shares ¹¹	Nil ¹²
	20 June 2020	27,750	Awards	Nil ¹²
	16 June 2020	1,650	Construction Bonus Rights	Nil ¹²
	16 June 2020	6,750	Construction Bonus Rights	Nil ¹²
	21 August 2019	59,554	Performance Rights	Nil ¹²
	27 June 2019	11,313	Construction Bonus Rights	Nil ¹²

Notes:

1. The information in the above table relating to Directors and Senior Managers was confirmed by or on behalf of such persons. The information in the above table is given as at 8 June 2021 (being the latest practicable date before the date of this Scheme Booklet).
2. The registered holder of 93,535 of Bruce Harker's Shares are the trustees of the BJ & JS Harker Trust and the registered holder of 187,586 of Bruce Harker's Shares is Bell Gully Trustee Company Limited.
3. These Shares were acquired under a fixed trading plan under which the Directors who participate agree to apply part of their director fees towards the on-market purchase of Shares through NZX.
4. The registered holder of Vincent Hawksworth's Shares is Jane Elizabeth Hawksworth & CLM Trustees (Hawksworth) Limited as trustees of the Hawksworth No. 2 Trust.
5. The registered holder of Anne Urlwin's Shares is Maigold Holdings Ltd.
6. The registered holder of Paul Newfield's Shares is Bell Gully Trustee Company Limited.
7. The registered holder of Vimal Vallabh's Shares is Bell Gully Trustee Company Limited.
8. The registered holder of Fiona Oliver's Shares are the trustees of the Bella Vista Trust.
9. The registered holder of Geoffrey Swier's Shares is Maclagen Pty Ltd as trustee of the Swier Family Trust.
10. These Shares are held by CPU Share Plans Pty Ltd as trustee under the Restricted Share Scheme.
11. These Shares were issued pursuant to the Restricted Share Scheme.
12. Awards, Performance Rights and Construction Bonus Rights (and any resulting Shares) were issued to participating employees for nil cash consideration. See Section 4.18 of this Scheme Booklet for more information about Awards, Performance Rights and Construction Bonus Rights (and how they will be treated under the Scheme Implementation Agreement).
13. These Shares were issued pursuant to the Performance Rights Plan.

7.7 Trading in Tilt Renewables' Equity Securities

7.7.1 Other than as set out in Section 7.6.1 above, there has been no acquisition or disposition of any equity securities of Tilt Renewables during the 6-month period ending on 8 June 2021 (being the latest practicable date before the date of this Scheme Booklet) by:

- (a) any Director or Senior Manager or their Associates; or
- (b) any other person holding or controlling 5% or more of the Shares, to the knowledge of Tilt Renewables.

It should be noted that this section does not disclose the acquisition or disposition of Shares by NZCSD as that company only acts in relation to Shares as a custodian on the direction of the beneficial owners of such Shares, none of whom, to Tilt Renewables' knowledge, controls more than 5% of the Shares.

7.8 Intentions to Vote in favour of or against the Scheme

- 7.8.1 As at the date of this Scheme Booklet, every Director and Senior Manager has advised Tilt Renewables that he or she intends to vote all Shares held or controlled by him or her in favour of the Scheme.
- 7.8.2 Infratil 2018, which is an Associate of Bruce Harker, Paul Newfield and Vimal Vallabh, has committed to vote the 246,936,375 Shares it holds in favour of the Scheme, in accordance with the Infratil Voting Deed described in Section 6.7 of this Scheme Booklet.
- 7.8.3 Mercury, which is an Associate of Vincent Hawksworth, has committed to vote the 75,075,962 Shares it holds in favour of the Scheme, in accordance with the Mercury Deed Poll described in Section 6.7 of this Scheme Booklet.

7.9 Ownership of Equity Securities of the Acquirer and Mercury

7.9.1 The table below sets out the number, designation, and percentage of equity securities of any class of the Acquirer, Mercury or their respective Related Companies held or controlled by Tilt Renewables and each Director and Senior Manager and their Associates.

Name	Description	Number of equity securities held or controlled	Designation of equity security	Company	Percentage of class
Vincent Hawkworth	Director	32,080	Ordinary shares	Mercury	0.002%
Birkam Group Limited	Associate of Senior Manager ³	2,496	Ordinary shares	Mercury	0.0002%
Clayton Delmarter	Senior Manager	300	Ordinary shares	Mercury	0.00002%

Notes:

- The information in the above table relating to Directors and Senior Managers was confirmed by or on behalf of such persons. The information in the above table is given as at 8 June 2021 (being the latest practicable date before the date of this Scheme Booklet).
- The registered holder of 30,000 of Vincent Hawkworth's ordinary shares in Mercury is Investment Custodial Services Limited as nominee for the trustees of the Hawkworth Family Trust.
- Deion Campbell is a director and shareholder of Birkam Group Limited and hence this company is an Associate of Deion Campbell.

7.10 Trading in Equity Securities of the Acquirer or Mercury

7.10.1 The table below sets out details of the acquisition or disposition of any equity securities of the Acquirer, Mercury or any of their respective Related Companies during the 6-month period ending on 8 June 2021 (being the latest practicable date before the date of this Scheme Booklet) by:

- Tilt Renewables;
- each Director and Senior Manager and their Associates; and
- any other person holding or controlling 5% or more of the Shares, to the knowledge of Tilt Renewables.

Name and description	Number of equity securities acquired or disposed of	Type of equity security	Date of acquisition or disposition	Company	Consideration per equity security
Vincent Hawkworth (Director)	20,000	Ordinary shares	18 March 2021	Mercury	\$6.50

Notes:

- The information in the above table relating to Directors and Senior Managers was confirmed by or on behalf of such persons. The information in the above table is given as at 8 June 2021 (being the latest practicable date before the date of this Scheme Booklet).
- The registered holder of Vince Hawkworth's ordinary shares in Mercury noted in the table above is Investment Custodial Services Limited as nominee for the trustees of the Hawkworth Family Trust.

7.11 Arrangements between the Acquirer or Mercury and Tilt Renewables

7.11.1 Except as set out below, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Acquirer, Mercury or any of their respective Associates, and Tilt Renewables or any Related Company of Tilt Renewables, in connection with, in anticipation of, or in response to, the Scheme.

Confidentiality agreement – PARF2

7.11.2 Tilt Renewables and PARF2 (an Associate of the Acquirer) entered into a confidentiality agreement dated 4 February 2021 setting out the terms on which each party would provide the other party with access to information (including for due diligence purposes). This agreement terminates on the date two years after the date of the agreement. The key obligations are as follows:

- each party must keep all information supplied by or on behalf of the other party ("**Information**") strictly confidential and not disclose the Information (subject to certain customary exceptions including where Information becomes public knowledge other than as a result of a breach, information was independently acquired or developed by the recipient without the benefit or use of Information, the Information was lawfully received by the recipient from a third party not owing any confidentiality obligation to the provider, disclosure is to representatives or consortium members, or disclosure is required by law);

- (b) PARF2 and its representatives shall not, for two years following the date of the agreement, solicit or employ any officer, senior employee or contractor of Tilt Renewables or any Related Company of Tilt Renewables otherwise than as a result of normal non-targeted recruiting procedures; and
- (c) neither PARF2 nor any of its Associates may, directly or indirectly, acquire a relevant interest in any financial products in Tilt Renewables or any of its Related Companies, acquire an economic interest in any assets of Tilt Renewables or any of its Related Companies, enter into discussions with third parties with respect to acquiring ownership or control of Tilt Renewables, or announce an intention to make or make a takeover offer for Tilt Renewables. PARF2 agreed to maintain this standstill for a period of 12 months from the date of the agreement, subject to certain limited exceptions (including an ability to have discussions or enter into arrangements with Mercury provided it does not obtain a relevant interest in Shares owned by Mercury and an ability to implement the Scheme).

Confidentiality agreement - Mercury

7.11.3 Tilt Renewables and Mercury entered into a confidentiality agreement dated on or about 8 February 2021 setting out the terms on which each party would provide the other party with access to information (including for due diligence purposes). This agreement terminates on the date two years after the date of the agreement. The key obligations are as follows:

- (a) each party must keep all information supplied by or on behalf of the other party ("**Information**") strictly confidential and not disclose the Information (subject to certain customary exceptions including where Information becomes public knowledge other than as a result of a breach, information was independently acquired or developed by the recipient without the benefit or use of Information, the Information was lawfully received by the recipient from a third party not owing any confidentiality obligation to the provider, disclosure is to representatives or consortium members, or disclosure is required by law);
- (b) Mercury and its representatives shall not, for two years following the date of the agreement, solicit or employ any officer, senior employee or contractor of Tilt Renewables or any Related Company of Tilt Renewables otherwise than as a result of normal non-targeted recruiting procedures; and
- (c) neither Mercury nor any of its Associates may, directly or indirectly, acquire a relevant interest in any financial products in Tilt Renewables or any of its Related Companies, acquire an economic interest in any assets of Tilt Renewables or any of its Related Companies, enter into discussions with third parties with respect to acquiring ownership or control of Tilt Renewables, or announce an intention to make or make a takeover offer for Tilt Renewables. Mercury agreed to maintain this standstill for a period of 12 months from the date of the agreement, subject to certain limited exceptions (including an ability to have discussions or enter into arrangements with PARF2 provided PARF2 does not obtain a relevant interest in Shares owned by Mercury and an ability to implement the Scheme, and an ability to exercise rights or entitlements in respect of Mercury's existing shareholding in Tilt Renewables).

Scheme Implementation Agreement

7.11.4 Tilt Renewables, Mercury and the Acquirer entered into the original Scheme Implementation Agreement on 14 March 2021 (and a related disclosure letter dated 14 March 2021 which disclosed certain matters to the Acquirer and Mercury). On 16 April 2021, Tilt Renewables, the Acquirer and Mercury agreed to amend the original Scheme Implementation Agreement on the terms set out in the Amendment Agreement. The key legal terms of the Scheme Implementation Agreement (as amended by the Amendment Agreement) are as follows:

- (a) (Conditions) Implementation of the Scheme is subject to a number of Conditions, which must be satisfied or waived (if capable of being waived) prior to the Scheme being implemented. A summary of all of the Conditions is set out in Section 4.9 of this Scheme Booklet. They include Court approval, Shareholder approval, the OIO Condition, the FIRB Condition, the Condition that the Independent Adviser's Report concludes prior to the Scheme Meeting that the Scheme Consideration is within or above the Independent Adviser's valuation range for the Shares, and certain customary deal protection Conditions in favour of the Acquirer. Notably, the Scheme is not subject to any material adverse change condition.

- (b) (Scheme Consideration) If no Permitted Dividend is paid, the Scheme Consideration is NZ\$8.10 per Share. Prior to the Implementation Date, Tilt Renewables is entitled to declare and pay a dividend (which may carry imputation credits to the extent available) together with any related supplementary dividend. Such Permitted Dividend cannot exceed 8.1 cents per Share. If a Permitted Dividend is paid prior to the Implementation Date, the Scheme Consideration of NZ\$8.10 per Share will be reduced by the cash component of the Permitted Dividend.
- (c) (Recommendation and voting intentions) Tilt Renewables is required to ensure that each Non-Conflicted Director recommends that Shareholders vote in favour of the Scheme and undertakes to vote, or procure the voting of, all of the Shares held or controlled by him or her in favour of the Scheme, in each case, subject to the Independent Advisor's Report concluding that the Scheme Consideration is within or above the Independent Adviser's valuation range for the Shares.
- (d) (Exclusivity) Certain rights of exclusivity have been granted by Tilt Renewables in favour of the Acquirer and Mercury. These arrangements apply until the earliest of the termination of the Scheme Implementation Agreement, the Implementation Date and the End Date. These include customary "no shop", "no talk" and "no due diligence" restrictions, which generally prohibit Tilt Renewables from pro-actively soliciting proposals to acquire Tilt Renewables from third parties, engaging in negotiations or discussions in relation to any such proposal, or providing a third party with non-public information relating to Tilt Renewables that may assist such third party in formulating or finalising such a proposal.

The original Scheme Implementation Agreement contained exceptions to the "no talk" and "no due diligence" prohibitions if Tilt Renewables received a bona fide Competing Proposal that the Board determined, after taking advice from its external financial adviser, was, or was reasonably capable of becoming, a superior proposal and which the Board determined, after having taken advice from its external legal advisers, it needed to respond to in order to fulfil its fiduciary duties or statutory obligations. For the reasons specified in Section 4.2 of this Scheme Booklet, pursuant to the Amendment Agreement (and in consideration of an increase to the Scheme Consideration), Tilt Renewables agreed to the deletion of these exceptions. The Amendment Agreement, in effect, removed Tilt Renewables' ability to progress any Competing Proposal.

- (e) (Break Fee) Tilt Renewables has agreed to pay a break fee (and the Acquirer and Mercury have each agreed to pay a "reverse" break fee) in certain circumstances. The amount of the break fee (and reverse break fee) is NZ\$30,701,327. The circumstances in which the break fee (and reverse break fee) may be payable are set out in Section 4.7 of this Scheme Booklet. The break fee (or reverse break fee) is not payable only because Shareholders do not approve the Scheme, and is not payable if the Scheme is implemented.
- (f) (NZ Separation) Tilt Renewables will provide timely cooperation to the Acquirer and Mercury in connection with the New Zealand Separation.
- (g) (Termination) The Scheme Implementation Agreement contains the following termination provisions (characterised below in general terms):
 - (i) The Acquirer or Mercury may terminate if:
 - (aa) any of the warranties given by Tilt Renewables are breached, or any obligations or undertakings of Tilt Renewables are breached, where the consequences of that breach (other than in respect of the fundamental warranties) are material in the context of the Scheme and the Tilt Renewables Group (taken as a whole); and
 - (bb) a Prescribed Occurrence occurs between the date of the Scheme Implementation Agreement and 8.00am on the Implementation Date.
 - (ii) The Acquirer may terminate if the majority of the Non-Conflicted Directors fail to recommend the Scheme and/or fail to undertake to vote, or procure the voting of, all of the Shares held or controlled by them in favour of the Scheme or change, adversely qualify or withdraw that recommendation or undertaking or make any statement inconsistent with that recommendation or that undertaking.
 - (iii) Tilt Renewables may terminate if:
 - (aa) any of the warranties given by the Acquirer or Mercury are breached, or any obligations or undertakings of the Acquirer or Mercury are breached, where the consequences of that breach are material in the context of the Scheme;

- (bb) an insolvency event occurs in respect of the Acquirer, Mercury or Mercury Wind; or
 - (cc) the Independent Adviser's Report concludes prior to the Scheme Meeting that the Scheme Consideration is not within or above the Independent Adviser's valuation range for the Shares.
- (iv) The Scheme Implementation Agreement will terminate automatically if, at the Scheme Meeting, the Scheme Resolution is not passed provided such failure is not due to Mercury failing to vote in favour of the Scheme.
 - (v) Either Tilt Renewables or the Acquirer may terminate the Scheme Implementation Agreement if the Court determines not to grant either the Initial Court Orders or the Final Court Orders, that determination is not appealed (or is unsuccessfully appealed) and the terminating party has complied in all material respects with its obligations under the Scheme Implementation Agreement.
 - (vi) Either Tilt Renewables or the Acquirer may terminate the Scheme Implementation Agreement if the Scheme has not become Effective by the End Date, provided that the terminating party's (or, if the terminating party is the Acquirer, Mercury's) failure to comply with its obligations under the Scheme Implementation Agreement has not directly and materially contributed to the Scheme not becoming Effective by the End Date.
 - (vii) If any Conditions are not satisfied or (if capable of waiver) waived by 5:00pm on the End Date, Tilt Renewables and the Acquirer must consult to determine whether the Scheme may proceed by alternative means or method so as to achieve a commercial outcome which reflects the Scheme, and may agree to extend the relevant timeframes set out in the Scheme Implementation Agreement (including the End Date). If such alternative means or method is not agreed, or the parties do not agree to extend the relevant timeframes set out in the Scheme Implementation Agreement, either Tilt Renewables or the Acquirer may terminate the Scheme Implementation Agreement even if it has already been approved by Shareholders.
- (h) (Funding) The Acquirer has warranted that, at Implementation, it will have available to it on an unconditional basis sufficient cash reserves (whether from internal cash reserves or external funding arrangements or a combination of both) to satisfy the Acquirer's obligations to pay the Scheme Consideration.
 - (i) (Interim period) The Scheme Implementation Agreement includes a number of obligations on Tilt Renewables with regard to the ongoing operation of its business in respect of the period between signing of the Scheme Implementation Agreement until the implementation of the Scheme. These positive and negative obligations are generally designed to enable Tilt Renewables to continue to run its business in the normal course, while also recognising that it is appropriate for certain material actions to require the Acquirer's prior approval, given the potential change of ownership of Tilt Renewables under the Scheme.

A full copy of the original Scheme Implementation Agreement, and a full copy of the Amendment Agreement, is available on Tilt Renewables' investor relations website at www.tiltrenewables.com.

Voting Deed

- 7.11.5 Infratil 2018 is a Related Company of Tilt Renewables, as Infratil 2018 holds more than half of the Shares. Infratil 2018 has committed to vote the 246,936,375 Shares it holds in favour of the Scheme, in accordance with the Infratil Voting Deed described in Section 6.7 of this Scheme Booklet. Infratil and Infratil 2018 have released a substantial product holder notice to the market in respect of the Infratil Voting Deed (which has appended to it a full copy of the Infratil Voting Deed).

Mercury Deed Poll

- 7.11.6 Mercury has committed to vote all of its Shares in favour of the Scheme, in accordance with the Mercury Deed Poll described in Section 6.7 of this Scheme Booklet. This deed has been given in favour of, and is enforceable by, Tilt Renewables and the Takeovers Panel. Tilt Renewables has released a substantial product holder notice to the market in respect of the Mercury Deed Poll (which has appended to it a full copy of the Mercury Deed Poll).

Deed Poll

- 7.11.7 On 14 March 2021, the Acquirer executed the Deed Poll under which the Acquirer has undertaken in favour of each Scheme Shareholder to provide each Scheme Shareholder with the Scheme Consideration to which they are entitled under the Scheme, subject to the Scheme becoming Effective. The Deed Poll records that, under the Scheme Plan, each Scheme Shareholder appoints Tilt Renewables as its attorney and agent to enforce the Deed Poll. A copy of the form of the Deed Poll is set out in Annexure C of this Scheme Booklet.

Escrow Agreement

- 7.11.8 Prior to Tilt Renewables applying to the Court for the Final Court Orders, Tilt Renewables, the Acquirer, Computershare, Mercury and Mercury Wind will enter into the Escrow Agreement which will set out detailed arrangements relating to the completion of the Scheme. The Escrow Agreement will:
- (a) provide for Computershare to establish a trust account into which Mercury will deposit the excess value of the price payable by Mercury for the New Zealand Subsidiaries over the value of the Scheme Consideration attributable to Mercury's Scheme Shares and the Acquirer will deposit the balance of the total cash Scheme Consideration; and
 - (b) set out the process for Computershare to effect completion of the Scheme by transferring the Scheme Shares to the Acquirer and paying the Scheme Consideration to Scheme Shareholders.

7.12 Relationship between the Acquirer and Mercury, and directors and senior managers of Tilt Renewables

- 7.12.1 Other than as set out in Sections 7.12.2 and 7.12.3 below, Tilt Renewables is not aware of any agreement or arrangement (whether legally enforceable or not) that has been made, or is proposed to be made, between the Acquirer, Mercury or any of their respective Associates, and any of the directors or senior managers of Tilt Renewables or any Related Company of Tilt Renewables (including any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to, the Scheme.
- 7.12.2 Under the Scheme Implementation Agreement:
- (a) The Acquirer has agreed to (until the relevant Tilt Renewables Group member ceases to be part of the Acquirer Group):
 - (i) for a period of 7 years from the Implementation Date, ensure that the constitutions of each Tilt Renewables Group member (other than the New Zealand Subsidiaries) continue to have equivalent obligations to those currently contained in their constitutions at the date of the Scheme Implementation Agreement that provide for each company to indemnify each of its current and former directors and officers against any liability (excluding for fraud or wilful misconduct) incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Tilt Renewables Group (other than the New Zealand Subsidiaries);
 - (ii) procure that each Tilt Renewables Group member (other than the New Zealand Subsidiaries) complies with any provisions in deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time;
 - (b) Mercury has agreed to (until the relevant New Zealand Subsidiary ceases to be part of the Mercury Group):
 - (i) for a period of 7 years from the Implementation Date, ensure that the constitutions of each New Zealand Subsidiary continue to have equivalent obligations to those currently contained in their constitutions at the date of the Scheme Implementation Agreement that provide for each company to indemnify each of its current and former directors and officers against any liability (excluding for fraud or wilful misconduct) incurred by that person in his or her capacity as a director or officer of the company to any person other than a New Zealand Subsidiary; and
 - (ii) procure that each New Zealand Subsidiary complies with any provisions in deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time;

(c) The Acquirer and Mercury each waives and releases, and must procure that each member of the Acquirer Group or the Mercury Group (as applicable) waives and releases, all rights and claims which it may have against any Company Indemnified Person (other than Tilt Renewables) in respect of any misrepresentation, inaccuracy or omission in or from any information or advice given by that Company Indemnified Person in connection with any representation, warranty or undertaking given by Tilt Renewables in the Scheme Implementation Agreement or the preparation of this Scheme Booklet except where the Company Indemnified Person has engaged in wilful misconduct or fraud.

The above undertakings are given for the benefit of, and are enforceable by, the Company Indemnified Persons (which includes the directors and senior managers of Tilt Renewables and the directors and senior managers of each Subsidiary of Tilt Renewables).

- 7.12.3 The directors and senior managers of Tilt Renewables or any Related Company of Tilt Renewables that are Shareholders can enforce breaches of the Scheme Implementation Agreement as well as the Deed Poll.
- 7.12.4 As set out in Section 6.10 of this Scheme Booklet, the Acquirer has advised that it intends for the roles of the three members of the Australian Business' senior management team to be retained and to remunerate these executives at levels at least equivalent to those currently provided. As set out in Section 6.9 of this Scheme Booklet, Mercury has advised that it has agreed to make offers of employment to all four New Zealand employees of the Business in the same capacity and on Mercury's usual terms for similar employees.
- 7.12.5 Vincent Hawksworth is a director of Tilt Renewables and is the CEO of Mercury and a director of a number of Mercury's Subsidiaries. Other than as disclosed in the foregoing sentence, no Director or Senior Manager is also a director or senior manager of the Acquirer or Mercury, or any Related Company of the Acquirer or Mercury.

7.13 Agreement between Tilt Renewables, and directors and senior managers

- 7.13.1 Except as set out in Sections 4.18 and 7.13.2 of this Scheme Booklet, Tilt Renewables is not aware of any agreement or arrangement (whether legally enforceable or not) that has been made, or is proposed to be made, between Tilt Renewables or any Related Company of Tilt Renewables, and any of the directors or senior managers or their Associates of Tilt Renewables or its Related Companies, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Scheme.
- 7.13.2 Tilt Renewables has agreed in the Scheme Implementation Agreement that it will not issue any further Awards, Performance Rights or Construction Bonus Rights prior to the Implementation Date. Tilt Renewables is, however, entitled to provide cash incentives to employees of the Tilt Renewables Group (which will include the Senior Managers) as part of their remuneration package in lieu of such Awards, Performance Rights and Construction Bonus Rights (as more fully described in Section 4.18 of this Scheme Booklet).

7.14 Interests of directors and senior managers of Tilt Renewables in contracts of the Acquirer, Mercury or their respective related companies

- 7.14.1 Except as set out in Sections 7.11, 7.12.2 and 7.12.3 above, no Director or Senior Manager or their Associates has an interest in any contract to which the Acquirer, Mercury or any of their respective Related Companies is a party. Tilt Renewables is unable to quantify the monetary value of the interests described in Sections 7.11, 7.12.2 and 7.12.3.
- 7.14.2 Vincent Hawksworth is a director of Tilt Renewables and is interested in his individual employment agreement with Mercury and associated employee incentive arrangements. The monetary value of those interests is not required to be disclosed as they are entered into in the ordinary course of business of Mercury and on usual terms and conditions.
- 7.14.3 Mercury and its Related Companies are each an associate of Vincent Hawksworth. Each such company inherently has an interest in all contracts to which it, and any Related Company of it, is a party (including the consortium arrangements between Mercury and the Acquirer described in Section 6 of this Scheme Booklet).

7.15 Interests of Tilt Renewables' substantial security holders in material contracts of the Acquirer, Mercury or their respective related companies

- 7.15.1 Except as set out in Section 7.15.2 and 7.15.3 below, no person who, to the knowledge of the Directors or the Senior Managers holds or controls 5% or more of any class of equity securities of Tilt Renewables, has an interest in any material contract to which the Acquirer, Mercury or any of their respective Related Companies is a party.
- 7.15.2 Mercury itself holds 5% or more of the Shares and inherently has an interest in all contracts to which Mercury, or any Related Company of Mercury, is a party (including the arrangements set out in Section 7.11 above and the consortium arrangements between Mercury and the Acquirer described in Section 6 of this Scheme Booklet).
- 7.15.3 Infratil 2018 holds or controls 5% or more of the Shares and has an interest in the Infratil Voting Deed set out in Section 7.11.5 above. As a Shareholder, Infratil 2018 can also enforce breaches of the Scheme Implementation Agreement as well as the Deed Poll.
- 7.15.4 NZCSD holds or controls 5% or more of the Shares and, as a Shareholder, it can enforce breaches of the Scheme Implementation Agreement as well as the Deed Poll.
- 7.15.5 Tilt Renewables is unable to quantify the monetary value of the interests described in Sections 7.15.2 to 7.15.4 (other than to say each Scheme Shareholder will be owed the Scheme Consideration for each Scheme Share owned by that Shareholder on implementation of the Scheme).

7.16 Additional information

- 7.16.1 In the opinion of the Directors, no additional information, to the knowledge of Tilt Renewables, is required to make the information in this Scheme Booklet correct or not misleading.

7.17 Recommendation

- 7.17.1 The Non-Conflicted Directors unanimously recommend that you vote in favour of the Scheme Resolution. The Non-Conflicted Directors' reasons for this recommendation are set out in Section 4.5 of this Scheme Booklet.
- 7.17.2 Vincent Hawksworth is the CEO of Mercury and, given Mercury's involvement in the Scheme, has abstained from making a recommendation in relation to the Scheme.

7.18 Actions of Tilt Renewables

- 7.18.1 Except as set out in Section 7.11 above, Tilt Renewables is not aware of any material agreement or arrangement (whether legally enforceable or not) of Tilt Renewables and its Related Companies entered into as a consequence of, in response to, or in connection with, the Scheme.
- 7.18.2 Other than the New Zealand Separation and as set out in Sections 4.3 and 4.18 of this Scheme Booklet, Tilt Renewables is not aware of any negotiations underway as a consequence of, in response to, or in connection with, the Scheme that relate to or could result in:
- (a) an extraordinary transaction, such as a merger, amalgamation, or reorganisation, involving Tilt Renewables or any of its Related Companies; or
 - (b) the acquisition or disposition of material assets by Tilt Renewables or any of its Related Companies; or
 - (c) an acquisition of equity securities by, or of, Tilt Renewables or any Related Company of Tilt Renewables; or
 - (d) any material change in the equity securities on issue, or policy relating to distributions, of Tilt Renewables.

7.19 Equity Securities of Tilt Renewables

- 7.19.1 Tilt Renewables currently has 377,232,299 ordinary shares on issue. The number of Tilt Renewables Shares is expected to adjust to a maximum of 379,028,729 ordinary shares, as contemplated by Section 4.18 of this Scheme Booklet and paragraph 7.19.3 below. All Shares are fully paid.

- 7.19.2 Subject to certain conditions in the constitution of Tilt Renewables and the NZX Listing Rules, each Tilt Renewables Share confers upon the holder the right to:
- (a) an equal share in dividends authorised by the Board;
 - (b) an equal share in the distribution of surplus assets on the liquidation of Tilt Renewables;
 - (c) participate in certain further issues of equity securities by Tilt Renewables; and
 - (d) a vote on a show of hands or to cast one vote per Share on a poll, at a meeting of Shareholders on any resolution, including a resolution to:
 - (i) appoint or remove a Director or auditor;
 - (ii) alter Tilt Renewables' constitution;
 - (iii) approve a major transaction;
 - (iv) approve an amalgamation involving Tilt Renewables; and
 - (v) put Tilt Renewables into liquidation.
- 7.19.3 In addition, as at the date of this Scheme Booklet, Tilt Renewables has on issue:
- (a) 1,650,138 outstanding Performance Rights under the Performance Rights Plan which could entitle the holders to a maximum of 1,650,138 Shares; and
 - (b) 146,292 outstanding Construction Bonus Rights which could entitle the holders to a maximum of 146,292 Shares,
- which could result in aggregate in an additional 1,76,430 Shares being issued prior to the Scheme Record Date. Tilt Renewables has agreed in the Scheme Implementation Agreement that no Awards, Performance Rights or Construction Bonus Rights will remain outstanding on the Implementation Date. The Awards, Performance Rights and Construction Bonus Rights have no right to vote.

7.20 Financial Information

- 7.20.1 A copy of Tilt Renewables' most recent annual report (for the year ended 31 March 2021) and half year report (for the six month period ended 30 September 2020) are available on Tilt Renewable's website: www.tiltrenewables.com/.
- 7.20.2 Each person who is eligible to vote on the Scheme is also entitled to obtain a hard copy of Tilt Renewables' most recent annual report or half year report by making a written request to Computershare using the contact information set out in this Scheme Booklet's directory.
- 7.20.3 Other than as set out in this Scheme Booklet, the Independent Adviser's Report, the annual report for the year ended 31 March 2021 or otherwise released to NZX and ASX, there have not been any material changes in the financial or trading position, or prospects, of Tilt Renewables since the annual report was prepared and sent to Shareholders.
- 7.20.4 The Directors are not aware of any information about the assets, liabilities, profitability and financial affairs of Tilt Renewables which is not contained in Tilt Renewables' most recent annual report or this Scheme Booklet (including the Independent Adviser's Report) which could reasonably be expected to be material to Shareholders when making a decision to vote for, or against, the Scheme Resolution.

7.21 Independent Advice on merits of Scheme

- 7.21.1 Calibre Partners Limited is the Independent Adviser who has provided a report in relation to the merits of the Scheme. A copy of the full Independent Adviser's Report is attached to this Scheme Booklet as Annexure A.

7.22 Asset Valuation

- 7.22.1 Except for the valuations embedded in the Independent Adviser's Report (attached to this Scheme Booklet as Annexure A), no information provided in this Scheme Booklet refers to a valuation of any asset of Tilt Renewables.

7.23 Prospective Financial Information

- 7.23.1 The Independent Adviser's Report contains prospective financial information in relation to Tilt Renewables. The principal assumptions on which the prospective financial information is based are set out in the Independent Adviser's Report.
- 7.23.2 Other than the prospective financial information referred to above, this Scheme Booklet does not refer to any other prospective financial information about Tilt Renewables. No assurance is given that any results in the prospective financial information will be achieved, and Tilt Renewables gives no undertaking to update the market at any time in relation to its performance against the prospective financial information. Further, such prospective financial information is subject to the disclaimers set out under the heading "Forward-looking statements" in the Important Information Section of this Scheme Booklet.

7.24 Sales of Unquoted Equity Securities under the Scheme

- 7.24.1 There are no unquoted equity securities that are subject to the Scheme.

7.25 Market Prices for Quoted Equity Securities

- 7.25.1 The Shares are quoted on the NZX and the ASX.
- 7.25.2 The closing price on the NZX and the ASX of Shares on:
- (a) 8 June 2021, being the latest practicable working day before the date on which this Scheme Booklet was sent to Shareholders, was NZ\$8.01 on the NZX and A\$7.53 on the ASX; and
 - (b) 12 March 2021, being the last day on which the NZX and the ASX were open for business before the date on which Tilt Renewables announced its entry into the Scheme Implementation Agreement, was NZ\$6.48 on the NZX and A\$6.12 on the ASX.
- 7.25.3 The highest and lowest closing market prices of Shares on the NZX and the ASX (and the relevant dates) during the six months to 12 March 2021 (being the last day on which the NZX and the ASX were open for business before the date on which Tilt Renewables announced that it had entered into the Scheme Implementation Agreement), were as follows:
- (a) the highest closing market prices was NZ\$6.90 per Share on the NZX (on 9 February 2021) and A\$6.50 per Share on the ASX (on 8 February 2021); and
 - (b) the lowest closing market price was NZ\$3.55 per Share on the NZX (on 23 September 2020) and A\$3.30 per Share on the ASX (on 15 September 2020).
- 7.25.4 Other than the issuance of equity securities as set out in Section 7.6.1 above, during the six month period before 12 March 2021 (being the last day on which the NZX and the ASX were open for business before the date on which Tilt Renewables announced that it had entered into the Scheme Implementation Agreement), Tilt Renewables did not issue any equity securities, make any changes to any equity securities on issue, or make any distributions, which could have affected the market prices of Shares.
- 7.25.5 Except as set out in this Scheme Booklet, there is no other information about the market price of Shares that would reasonably be expected to be material to the making of a decision by Shareholders to vote for, or against, the Scheme.

7.26 Other Information

- 7.26.1 The Directors are not aware of any additional information, which is not disclosed or referred to elsewhere in this Scheme Booklet, that could reasonably be expected to be material to the Shareholders when making a decision to vote for, or against, the Scheme Resolution.

7.27 Board Approval of Scheme Booklet

- 7.27.1 The contents of the Scheme Booklet have been approved by the Board, other than:
- (a) the Acquirer Information, which the Acquirer has approved;
 - (b) the Mercury Information, which Mercury has approved; and
 - (c) the Independent Adviser's Report, which has been prepared by the Independent Adviser.



SECTION 8 GLOSSARY

The meaning of terms used in this Scheme Booklet are set out below:

Acquirer	means Pisa Obligor Co 1 Pty Ltd (ACN 648 537 017), the entity acquiring all of the Scheme Shares under the Scheme
Acquirer Group	means the Acquirer and each of its Related Companies (but excluding members of the Tilt Renewables Group) and also includes: <ul style="list-style-type: none"> a) Future Fund Investment Company No. 5 Pty Limited and its Related Companies; b) AGL Energy Limited and its Related Companies; and c) the constituent entities and trusts of the QIC Global Infrastructure Fund and its investors
Acquirer Information	means such information regarding the Acquirer Group that is provided or approved by the Acquirer or any of its advisers for inclusion in Sections 5 and/ or 6 of this Scheme Booklet or in any supplementary information provided to Shareholders
Amendment Agreement	means the amendment agreement entered into between Tilt Renewables, the Acquirer and Mercury on 16 April 2021, which amended the original Scheme Implementation Agreement in the manner summarised in Section 7.11 of this Scheme Booklet
Associate	has the meaning given in section 4 of the Takeovers Code and " Associated " shall have a corresponding meaning
ASX	means ASX Limited or the Australian Securities Exchange, as the context requires
Australian Business	means the business carried on by Tilt Renewables and its Subsidiaries as at the date of the ISA Term Sheet, other than the New Zealand Business
Awards	means awards granted or issued under the Restricted Share Scheme
Board	means the board of directors of Tilt Renewables
Business	means the business carried on by the Tilt Renewables Group as at the date of the Scheme Implementation Agreement
Business Day	means any day other than a Saturday, Sunday, a statutory public holiday in Auckland, New Zealand or Melbourne, Australia and excluding any day between 25 December 2021 and 2 January 2022 (both dates inclusive)
Chair	means the chair of Tilt Renewables
Companies Act	means the Companies Act 1993 (New Zealand)
Company Indemnified Persons	means each member of the Tilt Renewables Group and each of their respective directors, officers, employees and financial and legal advisers.

Competing Proposal	<p>means any proposed:</p> <ul style="list-style-type: none"> a) takeover (whether a full or partial takeover under the Takeovers Code) in respect of Tilt Renewables by a Third Party; b) scheme of arrangement in respect of a Tilt Renewables Group member involving a Third Party; c) transfer or issuance of financial products of Tilt Renewables to a Third Party (i) where the Shareholders' approval is required under the Takeovers Code, or (ii) in respect of financial products which are convertible into, or exchangeable for, Shares, where Shareholders' approval would be required under the Takeovers Code if those financial products were Shares; d) sale of assets or financial products of any member of the Tilt Renewables Group to a Third Party, where such sale constitutes a material part of the Tilt Renewables Group's Business (and, for clarity, will not include (i) any sale, disposal of assets or winding up in relation to any business, division, subsidiary or other interest of the Tilt Renewables Group having a value of less than A\$10,000,000, or (ii) any accounting adjustment that results in a notional disposal of assets); or e) strategic alliance, joint venture, partnership, economic or synthetic merger or other transaction or arrangement which, if completed, would have the effect of a Third Party, directly or indirectly, having or being entitled to acquire a Relevant Interest in more than 20% of the Shares or more than 20% of the shares in any other member or members of the Tilt Renewables Group that individually or collectively contribute more than 20% of the consolidated EBITDAF of the Tilt Renewables Group or whose assets represent more than 20% of the total consolidated assets of the Tilt Renewables Group. <p>For the purposes of the definition of "Competing Proposal":</p> <ul style="list-style-type: none"> f) any such proposal may be an expression of interest, indicative, conditional or otherwise non-binding; g) paragraphs c), d) and e) above include any agreement (within the meaning of section 6 of the FMCA) whereby such a transaction is effected through a series of linked or related transactions which if conducted as a single transaction would constitute a "Competing Proposal" within the meaning of paragraphs c), d) or e) above; h) "Third Party" shall mean a Third Party together with its Associates; and i) (for the avoidance of doubt) any upstream proposal concerning Infratil 2018 will not, of itself, be considered to be a Competing Proposal
Computershare	means Computershare Investor Services Limited, Tilt Renewables' share registrar (which will be appointed as escrow agent under the Escrow Agreement)
Conditions	means the conditions to the Scheme, as summarised in Section 4.9 of this Scheme Booklet
Construction Bonus Rights	means the share based short term incentives that are contained in the remuneration packages of certain employees of the Tilt Renewables Group, whereby such employees are issued Shares if specified project related performance criteria are met
Court	means the High Court of New Zealand, Auckland Registry
COVID-19	means the SARS-Cov-2 novel coronavirus
Deed Poll	means the deed poll entered into by the Acquirer in favour of the Scheme Shareholders dated 14 March 2021 and reproduced for reference as Annexure C of this Scheme Booklet
Director or Directors	means a director or directors of Tilt Renewables

EBITDAF	means earnings before interest, tax, depreciation, amortisation and fair value adjustments
Effective	means, when used in relation to the Scheme, the coming into effect under section 236(3) of the Companies Act of the order of the Court made under section 236(1) of the Companies Act in relation to the Scheme
End Date	means 14 November 2021 (or, if the period to assess a FIRB application is extended by law, such later date as nominated by Tilt Renewables provided such date is no later than 14 March 2022), or such later date as contemplated by clause 7.4 of the Scheme Implementation Agreement or as Tilt Renewables and the Acquirer agree in writing
Escrow Agreement	means the escrow agreement to be entered into between Computershare, the Acquirer, Tilt Renewables, Mercury and Mercury Wind in relation to the Scheme
FATA	means the Foreign Acquisitions and Takeovers Act 1975 (Cth)
Final Court Hearing	means the final hearing of the Court in respect of the Scheme, which is currently expected to take place at 10:00am on 23 July 2021, or such later date as the Court directs
Final Court Orders	means, on application of Tilt Renewables, orders that the Scheme will be binding on Tilt Renewables, the Acquirer, Mercury, Mercury Wind, Scheme Shareholders and/or such other persons or class of persons as the Court may specify, in accordance with section 236(1) (and section 237, if applicable) of the Companies Act
Final Orders Date	means the day on which the Final Court Orders are sealed by the Court
FIRB	means the Foreign Investment Review Board
FIRB Condition	means the "FIRB approval" Condition summarised in Section 4.9 of this Scheme Booklet
FMCA	means the Financial Markets Conduct Act 2013 (New Zealand)
Government Agency	means any government, any department, officer or minister of any government and any governmental, semi-governmental, regulatory, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity, in any jurisdiction, and includes (for the avoidance of doubt) the OIO, the Takeovers Panel, the Financial Markets Authority and FIRB
Hyperwallet	means Hyperwallet Systems Inc. (a company incorporated under the federal laws of Canada) including any of its related companies
Implementation Date	means the day on which the Scheme is to be implemented, being two Business Days after the Scheme Record Date, or such other date agreed between Tilt Renewables and the Acquirer in writing
Implemented	means the time at which the Scheme is implemented and " Implementation " has a corresponding meaning
Independent Adviser	means Calibre Partners Limited, an independent advisory firm appointed by Tilt Renewables and approved by the Takeovers Panel as independent adviser to prepare the Independent Adviser's Report
Independent Adviser's Report	means the report prepared by the Independent Adviser in relation to the Scheme, as amended or updated from time to time and including any supplementary or replacement report, stating the Independent Adviser's opinion on the merits of the Scheme, a copy of which is attached as Annexure A

Infratil	means Infratil Limited (New Zealand company number 597366)
Infratil 2018	means Infratil 2018 Limited (New Zealand company number 6930095)
Infratil Voting Deed	means the voting deed entered into between the Acquirer and Infratil 2018 dated 14 March 2021 and which is described in Section 6.7 of this Scheme Booklet
Initial Court Orders	means the orders by the Court in connection with the Scheme for the purposes of section 236(2) of the Companies Act, dated 3 June 2021, which are available to view at www.tiltrenewables.com
ISA Term Sheet	means the implementation and separation agreement term sheet described in Section 6.9 of this Scheme Booklet
Mercury	means Mercury NZ Limited (New Zealand company number 936901)
Mercury Deed Poll	means the deed poll entered into by Mercury in favour of the Takeovers Panel and Tilt Renewables dated 18 March 2021 and which is described in Section 6.7 of this Scheme Booklet
Mercury Group	means Mercury and each of its Related Companies (but excluding members of the Tilt Renewables Group)
Mercury Information	means such information regarding the Mercury Group that is provided or approved by Mercury or any of its advisers for inclusion in Sections 5 and/ or 6 of this Scheme Booklet or in any supplementary information provided to Shareholders
Mercury Wind	means Mercury Wind Limited (New Zealand company number 8168991), the entity acquiring the New Zealand Subsidiaries under the Scheme
New Zealand Business	means the Tilt Renewables Group business of developing, owning and operating wind generation projects located in New Zealand as carried on by Tilt Renewables and the New Zealand Subsidiaries as at the date of the ISA Term Sheet
New Zealand Separation	means the transfer of the New Zealand Subsidiaries from Tilt Renewables to Mercury Wind on the terms set out in the Scheme Plan
New Zealand Subsidiaries	Means all fully paid ordinary shares in: <ul style="list-style-type: none"> a) Tilt Renewables Insurance Limited (New Zealand company number 8127307); b) Tararua Wind Power Limited (New Zealand company number 475852); and c) Waverley Wind Farm (NZ) Holding Limited (New Zealand company number 7580296), which owns all fully paid ordinary shares in Waverley Wind Farm Limited (company number 6920094)
Notice of Meeting	means the notice of meeting relating to the Scheme Meeting, which is set out in Section 3 of this Scheme Booklet
NZX	means NZX Limited and, where the context requires, the main board financial market that it operates
Non-Conflicted Directors	means each Director other than Vincent Hawksworth
OIO	means the Overseas Investment Office
OIO Condition	means the "OIO consent" Condition summarised in Section 4.9 of this Scheme Booklet

PARF1	PARF Company 1 Pty Ltd (ACN 613 789 692)
PARF2	PARF Company 2 Pty Ltd (ACN 613 789 772)
Performance Rights	means performance rights issued pursuant to the Performance Rights Plan
Performance Rights Plan	means the Tilt Renewables Group Performance Rights Plan
Permitted Dividend	means the dividend described in Section 4.3 of this Scheme Booklet
PowAR	means Powering Australian Renewables, being a fund that owns the Acquirer (as described in Section 5.2 of this Scheme Booklet)
Prescribed Occurrence	means an occurrence of any of the events set out in Schedule 1 of the Scheme Implementation Agreement including matters such as changes to capital structure, material litigation, amendments to constitutional documents, insolvency events, material dispositions and various other specific events other than an event agreed to in writing by the Acquirer or expressly required or permitted by the Scheme Implementation Agreement
Proxy Form	means the proxy/voting form/admission card which accompanies this Scheme Booklet
Register	means the Share register maintained by Computershare on behalf of Tilt Renewables
Related Company	has the meaning given to that expression in section 2(3) of the Companies Act, read as if the reference to "company" in that section included any body corporate or entity, wherever incorporated
Relevant Interest	has the meaning given to that term in section 235(1) of the FMCA
Representative	means, in relation to a person, any director, officer, employee or agent of, and any accountant, auditor, financier, financial adviser, legal adviser, technical adviser or other expert adviser or consultant to, that person
Restricted Share Scheme	means the Tilt Renewables Group Development Business Incentive Restricted Share Scheme
Scheme or Scheme of Arrangement	means a scheme of arrangement under Part 15 of the Companies Act under which (a) the New Zealand Subsidiaries will be acquired by and transferred to Mercury Wind, and (b) all of the Scheme Shares held by Scheme Shareholders will be transferred to the Acquirer and the Scheme Shareholders will be entitled to receive the Scheme Consideration, in each case, in accordance with the Scheme Plan, subject to any amendment or modification made pursuant to section 236(2) of the Companies Act
Scheme Booklet	means this document together with its annexures
Scheme Consideration	means NZ\$8.10 in respect of each Scheme Share held by a Scheme Shareholder, as adjusted for any Permitted Dividend payable, except as provided for in the Scheme Plan in relation to Mercury only, in cash
Scheme Implementation Agreement	means the scheme implementation agreement between Tilt Renewables, the Acquirer and Mercury dated 14 March 2021, as amended by the Amendment Agreement and on 24 May 2021 and 2 June 2021 (to provide for minor amendments to the Scheme Plan) and " original Scheme Implementation Agreement " means such agreement as it existed prior to being amended by the Amendment Agreement
Scheme Meeting	means the meeting of Shareholders ordered by the Court to be convened in respect of the Scheme and includes any adjournment of that meeting

Scheme Plan	means the scheme plan attached as Annexure B to this Scheme Booklet, subject to any amendments approved by Tilt Renewables and the Acquirer in writing and approved by the Court under section 236(1) of the Companies Act
Scheme Record Date	means 7:00pm on the date which is five Business Days after the later of: <ul style="list-style-type: none"> a) the Final Orders Date; b) the date on which the OIO Condition is satisfied; and c) the date on which the FIRB Condition is satisfied, or such other date agreed between the Acquirer and Tilt Renewables in writing
Scheme Resolution	means the resolution set out in the Notice of Meeting to be put to Shareholders at the Scheme Meeting to approve the Scheme
Scheme Shares	means all of the Shares on issue on the Scheme Record Date
Scheme Shareholder	means a person who is registered in the Register on the Scheme Record Date as the holder of one or more Scheme Shares
Senior Managers	means Deion Mark Campbell, Stephen John Symons, Clayton Douglas Delmarter and Nigel Lester Baker
Shareholder	means a person who is registered in the Register as the holder of one or more of the Shares from time to time
Share	means a fully paid ordinary share in Tilt Renewables
Subsidiary	has the meaning given to that term in section 5 of the Companies Act, read as if the reference to "company" in that section included any body corporate or entity, wherever incorporated
Takeovers Code	means the takeovers code approved in the Takeovers Regulations 2000 (SR 2000/210) as amended including by any applicable exemption granted by the Takeovers Panel under the Takeovers Act 1993
Takeovers Panel	means the Takeovers Panel established by section 5(1) of the Takeovers Act 1993
Tilt Renewables	means Tilt Renewables Limited (NZX and ASX: TLT) (New Zealand company number 1212113)
Tilt Renewables Group	means Tilt Renewables and its Subsidiaries
Third Party	means a person other than: <ul style="list-style-type: none"> a) a member of the Acquirer Group; or b) an Associate of a member of the Acquirer Group in respect of the Transaction
Trading Halt Date	means the date which is two Business Days after the Final Orders Date or such other date as Tilt Renewables and the Acquirer agree in writing
Transaction	means the New Zealand Separation, and the acquisition by the Acquirer of all the Scheme Shares, through the implementation of the Scheme in accordance with the Scheme Plan
Voting Eligibility Date	means the time for determining eligibility to vote at the Scheme Meeting, expected to be 7:00pm on 12 July 2021 or, if the Scheme Meeting is adjourned, being 7:00pm on the day which is two Business Days before the adjourned meeting time for the Scheme Meeting

Tilt Renewables Limited

Independent Adviser's Report in relation to the proposed
scheme of arrangement with Powering Australian Renewables and
Mercury NZ Limited

June 2021

STATEMENT OF INDEPENDENCE

Calibre Partners confirms that it:

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

Calibre Partners has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Panel's Guidance Note on Independent Advisers for the purposes of preparing this report.



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1. Executive summary

1.1 Introduction

Tilt Renewables Limited (**Tilt Renewables**) is a New Zealand incorporated company listed on both the NZX Main Board and ASX (under a foreign exempt listing). Tilt Renewables is a developer and operator of renewable energy assets, which currently has nine wind farms generating electricity across Australia and New Zealand.

Infratil Limited (**Infratil**), which holds the largest shareholding in Tilt Renewables with a 65.5% stake, announced on 7 December 2020 that it had commenced a strategic review of its shareholding in Tilt Renewables.¹

On 14 March 2021, Tilt Renewables entered into a Scheme Implementation Agreement (**SIA**) with Mercury NZ Limited (**Mercury**) and Pisa Obligor Co 1 Pty Ltd (**Pisa Obligor**) (together, **the Consortium**). Pisa Obligor is a wholly-owned subsidiary of Powering Australian Renewables (**PowAR**).

Pursuant to the SIA, the parties agreed to implement a court-approved scheme of arrangement (**the Scheme**) to effect the sale of all outstanding shares in Tilt Renewables. The proposed transaction is structured such that PowAR (via Pisa Obligor) effectively acquires Tilt Renewables' Australian business and Mercury (via a wholly-owned subsidiary, Mercury Wind Limited) effectively acquires Tilt Renewables' New Zealand business.

On 16 April 2021, Tilt Renewables announced that amendments had been made to the SIA (including an increase to the proposed consideration) following the receipt of a competing proposal by another bidder.

The proposed consideration is NZ\$8.10 per share² in cash, payable to all shareholders.

Mercury currently owns 19.9% of Tilt Renewables' shares and proceeds from the sale of these shares (approximately NZ\$608 million) are, in effect, to be set off against the purchase price for Tilt Renewables' New Zealand business. Mercury has announced to the market that this represents an enterprise value of NZ\$797 million (equivalent to AU\$741 million at an NZ\$/AU\$ exchange rate of 0.93).³

1.2 Scheme approval

The Scheme is subject to a number of key conditions that are set out in the Scheme Booklet, including the approval of Tilt Renewables' shareholders.

Shareholders are being asked to vote to approve or reject the implementation of the Scheme. For the Scheme to proceed, it is necessary that both of two voting thresholds are met, being:

1. At least 75% of the votes cast in each interest class (entitled to vote and voting) must be in favour of the Scheme.
2. More than 50% of the total number of Tilt Renewables shares on issue must be voted in favour of the Scheme.

Mercury will vote in its own interest class, as it is part of the Consortium acquiring Tilt Renewables' assets. Mercury has entered a deed poll to vote its entire shareholding in favour of the Scheme.

Infratil is expected to vote in the same interest class as other ordinary shareholders and its shareholding is expected to represent 81.8% of all shares in that class. Infratil has entered into a voting deed with Pisa Obligor to vote its entire shareholding in favour of the Scheme.

Tilt Renewables' non-conflicted directors recommend that shareholders vote in favour of the Scheme.⁴

¹ Infratil owns its shareholding in Tilt Renewables via a wholly-owned subsidiary, Infratil 2018 Limited.

² The proposed consideration of NZ\$8.10 per share is subject to a reduction due to any payment of a permitted dividend.

³ Mercury and Pisa Obligor have agreed an NZ\$634,434,937 equity value for the NZ transferring assets, subject to adjustments.

⁴ Non-conflicted directors refer to directors of Tilt Renewables who have not abstained from giving a recommendation due to a conflict of interest. The only conflicted director is Vincent Hawksworth, who is also the CEO of Mercury.



1.3 Potential outcomes

The possible outcomes are:

- **The Scheme is implemented**

The shareholder voting thresholds for this transaction will be met if the interest class composition does not change and Infratil and Mercury vote in the manner which they have undertaken to do. If all other steps required to implement the Scheme (as set out in the Scheme Booklet) are completed, then the Scheme will be implemented. In that event, all shareholders of Tilt Renewables would have their shares acquired at NZ\$8.10 per share⁵ (although Mercury's proceeds are subject to a set-off arrangement). Tilt Renewables' shares would cease to be quoted on the NZX Main Board and the ASX.

- **The Scheme does not proceed**

The Scheme will not proceed if the other conditions in the SIA are either not satisfied or waived, or if the SIA is validly terminated. If the Scheme does not proceed, then no shares would be transacted and Tilt Renewables would remain a listed company with its shares quoted on the NZX Main Board and the ASX.

Pursuant to the SIA, Tilt Renewables cannot solicit or evaluate any alternative proposal to the Scheme, nor can it terminate the SIA if a superior proposal were to be received.

⁵ The proposed consideration of NZ\$8.10 per share is subject to a reduction due to any payment of a permitted dividend.



1.4 Key issues to be considered by shareholders

For shareholders deciding whether to approve or reject the Scheme, key issues to be considered include:

- The proposed consideration of NZ\$8.10 per share⁶ is 3% above the top end of our NZ\$6.20 to NZ\$7.83 per share valuation range as at 31 March 2021. The difference may be due to potential synergies perceived by PowAR and Mercury, or possibly due to a value ascribed to anticipated profits likely to be accrued between the valuation date and the date of completion.
- The proposed consideration also represents:
 - A premium of 106.6% to the closing share price of NZ\$3.92 on 4 December 2020, which was the last trading day before Infratil announced a strategic review of its shareholding in Tilt Renewables.
 - A premium of 25.0% to the closing share price of NZ\$6.48 on 12 March 2021, which was the last trading day before the SIA was announced to the market.
- The shareholder approval thresholds for this transaction will be met if the interest class composition does not change and Infratil and Mercury vote in the manner which they have undertaken to do. We consider this to be likely.
- We consider the New Zealand Overseas Investment Office and Australian Foreign Investment Review Board are also likely to approve the Scheme, because Tilt Renewables' Australian and New Zealand operations (including the development options) would respectively be owned and controlled by PowAR (an Australian entity) and Mercury (a New Zealand entity), rather than by foreign shareholders.
- Pursuant to the SIA, Tilt Renewables cannot solicit or evaluate any alternative proposal to the Scheme, nor can it terminate the SIA if a superior proposal were to be received. Given the SIA cannot be terminated in such circumstances, neither Mercury nor Infratil are released from their voting commitments. This means that the emergence of a superior alternative transaction is unlikely unless the SIA terminates due to reasons such as a condition not being fulfilled.
- In theory, there is nothing to prevent another party from issuing a formal takeover offer to acquire Tilt Renewables, or to procure a shareholder to requisition a meeting of shareholders to consider a competing proposal, at some time before shareholders vote on the Scheme. In saying this, it would be presumptive to assume that a superior proposal will eventuate, given the above as well as the highly publicised process to facilitate the current proposal, the time that has elapsed since it was announced and the fact Infratil has agreed not to sell its shares other than under the Scheme. Mercury has also indicated it would vote against any competing proposal and the substantial shareholdings held by Infratil and Mercury may discourage a third party from making a formal takeover offer.
- If the Scheme is not implemented, Tilt Renewables would remain a listed company with its shares quoted on the NZX Main Board and the ASX. In the absence of any other factors, we consider there is a real prospect that Tilt Renewables' share price could recede from current levels.

In our opinion, the offer is reasonable. The proposed consideration is above the top end of our assessed valuation range.

The above should be read in conjunction with our analysis of the merits of the Scheme, as set out in Section 7 of this Independent Adviser's Report (**Report**).

Voting on the Scheme is a matter for individual shareholders based on their own views as to value and future market conditions, as well as their risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences can vary widely across shareholders and we note the after-tax value of the proposed consideration may vary between shareholders given their respective tax positions. Shareholders will need to consider these consequences and, if appropriate, consult their own professional advisers.

⁶ The proposed consideration of NZ\$8.10 per share is subject to a reduction due to any payment of a permitted dividend.



2. Background

2.1 Prior to the Scheme

On 7 December 2020, Tilt Renewables received notice that Infratil had commenced a strategic review of its shareholding in the company.

Following the strategic review process initiated by Infratil, Tilt Renewables announced on 4 February 2021 that it had received a number of non-binding indicative proposals from potential buyers. A number of parties were then granted access to due diligence.

We understand that Tilt Renewables received multiple binding proposals. This competitive sale process ultimately led to Tilt Renewables and the Consortium entering into the SIA on 14 March 2021.

2.2 The Scheme

On 14 March 2021, Tilt Renewables entered into the SIA to effect the sale of all outstanding shares.

On 16 April 2021, Tilt Renewables announced that amendments had been made to the SIA following the receipt of a competing proposal by another bidder. Notable changes to the SIA included an increase to the proposed consideration, from NZ\$7.80 to NZ\$8.10 per share⁷, and the removal of provisions allowing Tilt Renewables to evaluate any competing proposal to the Scheme or to terminate the SIA if a superior proposal were to be received.

Under the amended terms of the SIA, Pisa Obligor is to acquire all of the Tilt Renewables shares (including Mercury's 19.9% interest) for consideration of NZ\$8.10 per share⁷. Pisa Obligor is a wholly-owned subsidiary of PowAR. A wholly-owned subsidiary of Mercury, Mercury Wind Limited, is to acquire Tilt Renewables' New Zealand operations (including the development options) for an enterprise value of approximately NZ\$797 million⁸ and proceeds from the sale of Mercury's shares in Tilt Renewables (approximately NZ\$608 million) will be set off against this price. Pisa Obligor will retain ownership of all of Tilt Renewables' Australian assets.

The SIA is to be implemented via a scheme of arrangement under Part 15 of the Companies Act 1993 (**Companies Act**) and is subject to key conditions that include:

- The approval of Tilt Renewables' shareholders.
- The approval of the High Court of New Zealand (**High Court**) in accordance with the Companies Act.
- The approval of the New Zealand Overseas Investment Office.
- The approval of the Australian Foreign Investment Review Board.
- No prescribed occurrences as defined in Schedule One of the SIA.

Pursuant to the SIA, Tilt Renewables cannot solicit or evaluate any alternative proposal to the Scheme, nor can it terminate the SIA if a superior proposal were to be received.

Mercury will vote in its own interest class, as it is part of the Consortium acquiring Tilt Renewables' assets. Mercury has entered a deed poll to vote its entire shareholding in favour of the Scheme.

Infratil is expected to vote in the same interest class as other ordinary shareholders and its shareholding is expected to represent 81.8% of all shares in that class. Infratil has entered into a voting deed with Pisa Obligor to vote its entire shareholding in favour of the Scheme.

Tilt Renewables' non-conflicted directors intend to vote the shares they hold or control in favour of the Scheme and unanimously recommend that other shareholders also vote in favour.

⁷ The proposed consideration of NZ\$8.10 per share is subject to a reduction due to any payment of a permitted dividend.

⁸ Mercury and Pisa Obligor have agreed an NZ\$634,434,937 equity value for the NZ transferring assets, subject to adjustments.



2.3 Profile of PowAR

PowAR is an investment fund established in 2016 and is one of the largest owners of renewable generation assets in Australia. PowAR's primary objective is to drive investment in large-scale renewable energy generation in Australia and, in doing so, support Australia's transition to a clean energy future.

PowAR owns and operates more than 800 megawatts (**MW**) of generation capacity. PowAR's current assets include the 199 MW Silverton Wind Farm, 102 MW Nyngan Solar Farm and 53 MW Broken Hill Solar Farm in New South Wales, as well as the 453 MW Coopers Gap Wind Farm in Queensland.

The PowAR partners are long-term investors that combine institutional capital with incumbent retail expertise:

- **AGL:** AGL Energy Limited is a leading integrated energy business that is listed on the ASX. It has over 4 million customers and a more than 11 gigawatts (**GW**) generation portfolio.
- **QIC:** The Queensland Investment Corporation is an independent investment manager owned by the Queensland Government, with over AU\$85 billion in assets under management in December 2020.
- **Future Fund:** The Future Fund is Australia's sovereign wealth fund with over AU\$170 billion in assets under management.

2.4 Profile of Mercury

Mercury is a New Zealand electricity generator and retailer that is listed on both the NZX Main Board and ASX. The New Zealand Government is Mercury's largest shareholder with a legislated 51% shareholding.

Mercury's electricity generation is 100% from renewable sources and currently averages around 6,600 gigawatt hours (**GWh**) per annum, representing approximately 15% of New Zealand's generation market. Mercury's nine hydroelectric power stations along the Waikato River generate, on average, around 4,000 GWh of electricity each year. In addition, Mercury operates and owns (in whole or part) five geothermal stations in the central North Island, two of which are in partnership with Maori land trusts. It is also constructing a wind farm at Turitea (part of the Tararua Range in the Manawatu region), which is expected to be New Zealand's largest wind farm.

Mercury's retail operations serve residential, commercial, industrial and spot market customers. The company has approximately 750 permanent employees based across New Zealand.



2.5 Purpose of this Report

Tilt Renewables is subject to the Takeovers Code (**the Code**).

The Scheme is governed by the Companies Act and is required to be approved by the High Court in order to proceed. The High Court will not approve a scheme that affects the voting rights of a company subject to the Code unless:

- It is satisfied that the shareholders of the company will not be adversely affected by the use of a scheme rather than the Code to effect the change involving the company; or
- The High Court is presented with a 'no-objection statement' from the Takeovers Panel (**the Panel**). The Panel will take various factors into account when considering an application for a no-objection statement, including:
 - All material information relating to the scheme proposal has been disclosed.
 - The standard of disclosure to all shareholders has been equivalent to the standard that would be required by the Code in a Code-regulated transaction, or is otherwise appropriate in all of the relevant circumstances.
 - The interest classes of shareholders have been adequately identified.
 - Other key matters have been addressed and there are no other reasons for the Panel to object to the scheme.

The practice of the Panel (except in very limited circumstances) is to require the preparation of an Independent Adviser's Report before it will consider issuing a 'no-objection statement' to the High Court.

The Board has engaged Calibre Partners to prepare this Report to inform Tilt Renewables' shareholders on the merits of the Scheme. Our appointment has been approved by the Panel. Shareholders should read the Scheme Booklet issued by Tilt Renewables in conjunction with this Report.

Accepting or rejecting the Scheme is a matter for individual shareholders based on their views as to value and future market conditions, as well as their risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences can vary widely between shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional advisers.

2.6 Other

The sources of information we have had access to and relied upon are set out in Appendix 1.

This Report should be read in conjunction with the statements and declarations set out in Appendix 2 regarding our independence, qualifications, general disclaimer and indemnity, as well as restrictions on the use of this Report.

References to 'NZ\$' are to New Zealand Dollars and references to 'AU\$' are to Australian Dollars. When referring to Tilt Renewables, references to financial years or 'FY' mean Tilt Renewables' financial years ended 31 March.

Tables may not add due to rounding.

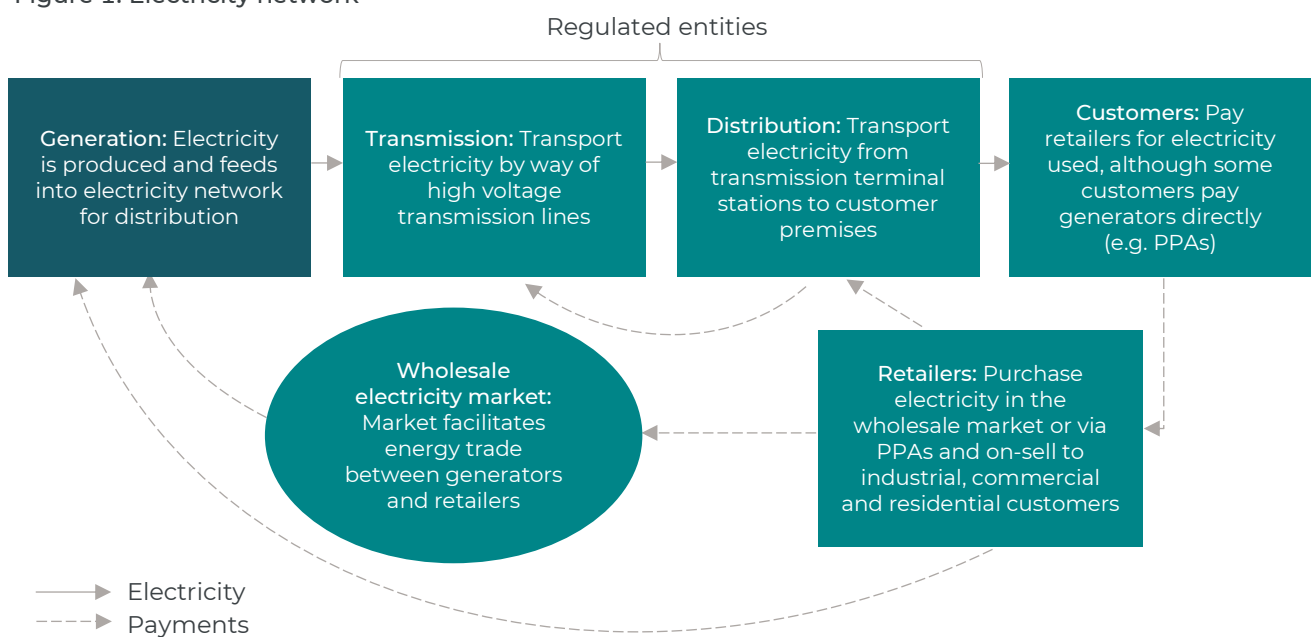


3. Industry Overview

In both Australia and New Zealand, electricity is supplied to the majority of consumers through an electricity network or 'grid'. Generators connected to the grid produce electricity that is transported on high-voltage transmission lines (the transmission network) over long distances and then through a lower voltage distribution network to end consumers (the distribution network). Most industrial, commercial and residential consumers are connected to the distribution network and buy electricity through a retail company (retailer). This is illustrated by Figure 1 below.

Tilt Renewables owns and operates generation assets that are connected to the electricity networks in Australia and New Zealand. Generators earn revenue by selling electricity in the wholesale electricity markets and through derivative contracts with retailers or large energy users, for example via power purchase agreements (**PPAs**).

Figure 1: Electricity network



3.1 Australia electricity market

Australia is experiencing a rapid transition towards a decarbonised energy system, which will be dominated by renewable energy and distributed energy resources. Tilt Renewables is seeking to participate in and benefit from this transition.

Tilt Renewables currently has 506 MW of installed renewable capacity and a development pipeline of over 3,500 MW in Australia.

Overview of the market in Australia

Australia's electricity market is split into different geographic areas, being:

- **National Electricity Market (NEM):** Australia's NEM is a wholesale market that connects the eastern and southern states and territories of Queensland, New South Wales, Victoria, South Australia, Tasmania and ACT. By geographical span, the NEM is the largest interconnected power system in the world.
- **South West Interconnected System (SWIS):** A wholesale energy and capacity market where electricity is traded via bilateral contracts. SWIS services the populated south west region of Western Australia. Tilt Renewables does not yet have any operating assets located in this market, but it has projects in development that will form part of the SWIS.

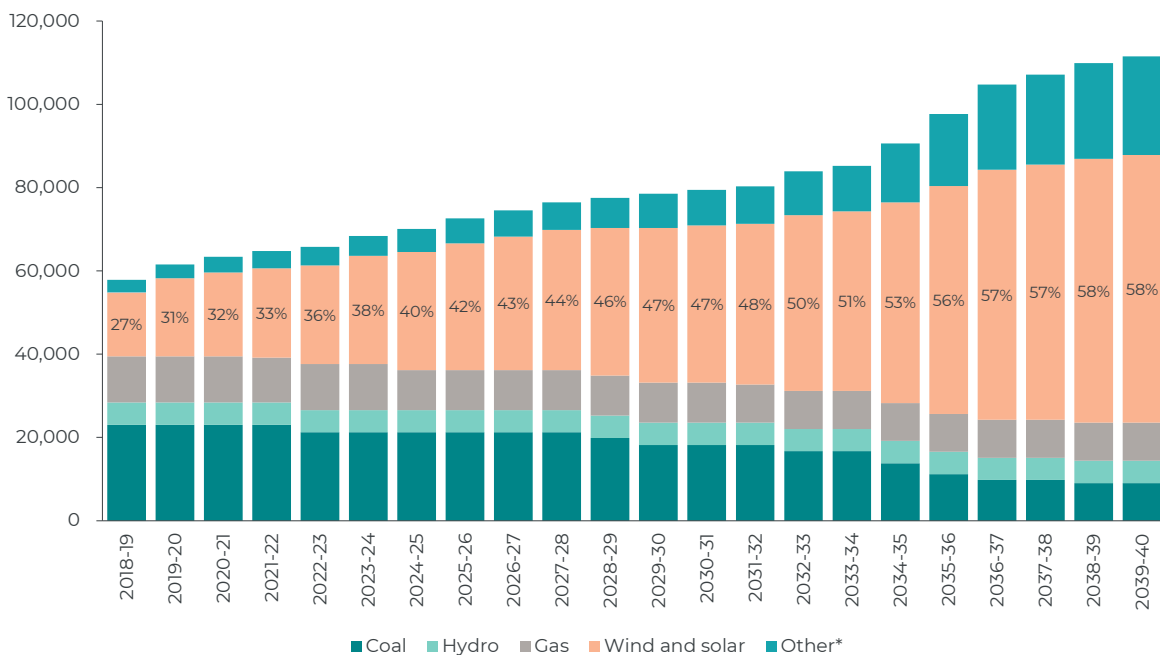


- North West Interconnected System (**NWIS**): An unregulated, privately-owned transmission network where energy is traded via bilateral contracts. It services local communities and resource projects in the Pilbara region of Western Australia. Tilt Renewables is not active in this market.
- Territory Generation: A government-owned corporation in the Northern Territory that owns and operates eight power stations across five separate networks. Three of the power stations are regulated by the Australian Energy Regulator.

All of Tilt Renewables' current operating assets in Australia are part of the NEM. Coal has historically been the dominant fuel source used by generators in the NEM because the marginal cost of production was low. However, a number of coal assets across the NEM are approaching the end of their economic lives and will shut down in coming years.

The Australian Energy Market Operator (**AEMO**) is the authority responsible for operating the electricity systems in the NEM and SWIS markets. AEMO advises that wind and solar are now the lowest cost resources for electricity generation and forecasts that wind and solar capacity within the NEM will grow from a 27% share of the market in 2018-19 to 58% by 2039-40.⁹ This is illustrated in Figure 2.

Figure 2: Forecast NEM generation capacity (MW)



Source: Australian Energy Market Operator Integrated System Plan July 2018

*Other includes utility storage, biomass and distributed storage

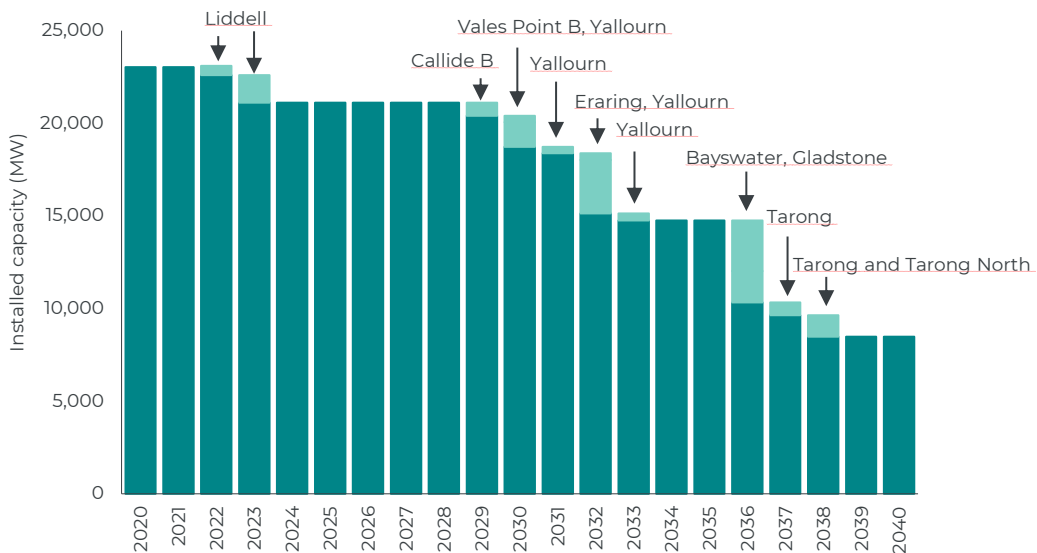
⁹ Australian Energy Market Operator Integrated System Plan July 2018.



Figure 3 below illustrates that coal-fired generation in the NEM is projected to decline over time. The expected reduction in capacity is due to a number of coal-fired generation assets nearing the end of their economic lives. These assets experience more frequent and longer unplanned outages as they age, which leads to higher operating and maintenance costs and makes them less profitable to operate.

Since the State of the energy market 2020 report was published, EnergyAustralia has reached an agreement with the Victoria State Government to retire Yallourn power station earlier, in mid-2028.

Figure 3: Closure profile for coal-fired generators¹⁰



Source: State of the energy market 2020

Regulatory environment

Australia's electricity market is currently reliant on non-renewable sources, with coal and gas still accounting for over 70% of total generation output.¹¹ However, significant changes are happening and the Integrated System Plan prepared by AEMO sets out that 90% of electricity demand is expected to be met by renewable generation in 2035.¹² The growth in renewable electricity is being supported by various federal and state government policies, some of which are discussed below.

- Australia's Federal Government introduced the Renewable Energy Target (**RET**) in 2001 following the passing of the Renewable Energy (Electricity) Act 2000. The RET scheme operates to incentivise investment in renewable generation by making it relatively more attractive to supply power produced from renewable sources compared to fossil fuels. There have been numerous changes to the RET scheme since its introduction, including separating the scheme into a Large-scale Renewable Energy Target (**LRET**) and Small-scale Renewable Energy Target (**SRET**) in 2011.

In 2015, the LRET target was revised to 33,000 GWh per annum of additional large-scale renewable electricity by 2020. This target is to remain in place until the scheme ends in 2030. It also mandates the surrender of Large-Scale Generation Certificates (**LGCs**) by liable entities (mainly electricity retailers) to fulfil their obligations under the legislation. LGCs are created by producers of renewable energy and can be sold in addition to the electricity, increasing the potential revenue from a renewable generation asset and thereby supporting the development of these projects.

A 100% exemption from RET liability is applied to electricity used to carry out eligible emissions-intensive trade-exposed activities.

¹⁰ EnergyAustralia has since reached an agreement to close Yallourn in mid-2028.

¹¹ Clean Energy Australia Report (March 2021), Clean Energy Council.

¹² Australian Energy Market Operator Integrated System Plan July 2020.



- In 2016, Australia committed to the Paris Agreement alongside numerous other countries under the United Nations Framework Convention on Climate Change. The Paris Agreement commits countries to take action on climate change and will ensure regulatory environments in committed countries favour renewable energy generation. Under the Paris Agreement, Australia's Federal Government has committed to reducing Australia's carbon emissions to between 26% and 28% of 2005 levels by 2030.¹³

The purpose of the Paris Agreement is to:

- Keep the global average temperature from exceeding 2°C above pre-industrial levels, while pursuing efforts to limit the temperature increase to 1.5°C.
 - Strengthen the ability of countries to deal with the impacts of climate change.
 - Ensure that financial flows support the development of low-carbon and climate-resilient economies.
- All states in the NEM have adopted an economy-wide 'net zero by 2050' emissions reduction target.
 - The New South Wales Government and Federal Government have announced the first proposed Renewable Energy Zones (**REZs**) to boost investment in renewable energy generation. REZs are new transmission network infrastructure projects that connect multiple generators of renewable energy within the REZ to the wider transmission system. By connecting multiple generators in the same location, REZs aim to reduce costs and enable the generators to provide cheaper and more reliable electricity.
 - Australia's Federal Government provides financial assistance towards investment in renewable technologies through the Australian Renewable Energy Agency (**ARENA**) and the Clean Energy Finance Corporation (**CEFC**).

ARENA was established to provide grants towards renewable energy projects and received AU\$2.5 billion of funding from the Federal Government, which lasts through until 2022.

CEFC was established to invest in renewable energy technology and received AU\$10 billion of funding from the Federal Government. CEFC does not provide grants, but rather invests in renewable energy development projects that have a positive expected rate of return.

- The Clean Energy Regulator (**CER**) was established as an independent authority in 2012 and it administers schemes (including the RET) to reduce Australia's carbon emissions. Under the Carbon Farming Initiative Act 2011 and the Carbon Credits (Carbon Farming Initiative) Regulations 2011 legislation, the CER issues Australian Carbon Credit Units (**ACCUs**) for activities that contribute to a reduction in emissions. One ACCU is earned for each tonne of carbon dioxide equivalent that is either stored or avoided by a project. ACCUs can be sold to generate income, either to the Australian Government through a carbon abatement contract or in the secondary market.

¹³ Australia's 2030 Emission Reduction Target, Australian Government.



Australia wholesale electricity prices

It is common for industry participants to use PPAs and financial derivatives to hedge their electricity price risk and create better cash flow certainty.

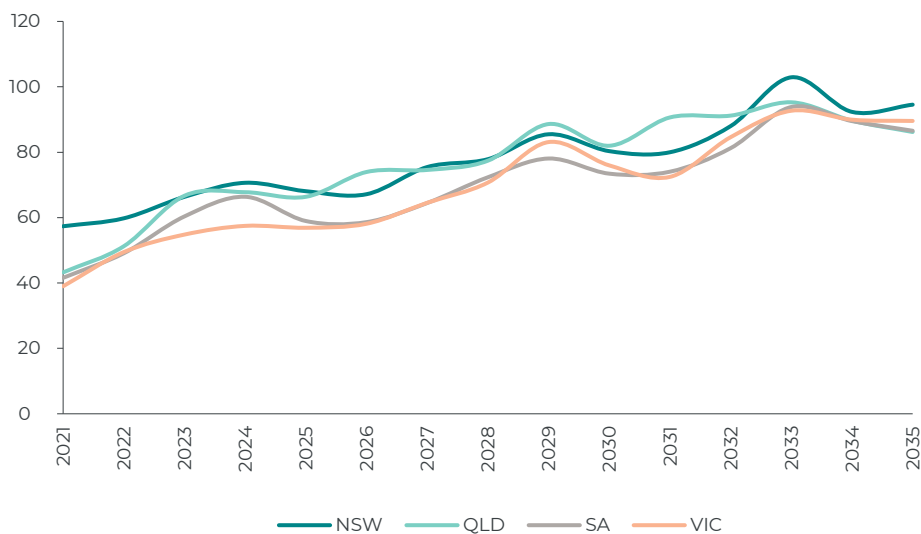
In Australia, approximately 80% of Tilt Renewables' electricity and LGC sales are currently contracted under PPAs, meaning the remaining 20% is exposed to market prices in the NEM where its operating wind farms are located. Tilt Renewables' exposure to merchant prices will increase where current PPAs expire and are not replaced with new PPAs.

Tilt Renewables relies on numerous sources for its internal modelling of wholesale electricity prices.

- In the short term, its modelling of electricity prices is largely based on forward curves derived from the ASX Futures market, which extend out approximately three years.
- Longer term prices have been derived from estimates by third-party consultants who are technical experts that specialise in providing electricity pricing forecasts. Their analysis takes into consideration key factors that influence wholesale prices for electricity, including market demand, industry supply capacity and generation mix, asset decommissioning profiles, the long-run marginal cost of new generation and the regulatory environment.

Figure 4 summarises the modelled average wholesale electricity prices in the NEM, out to 2035. The prices are measured in real dollars (AU\$ 2021) and are based on ASX Futures in the short term and third-party consultant forecasts in the longer term.

Figure 4: NEM forecast wholesale electricity prices (AU\$ per MWh)



Source: Tilt Renewables



Large-Scale Generation Certificates (LGCs)

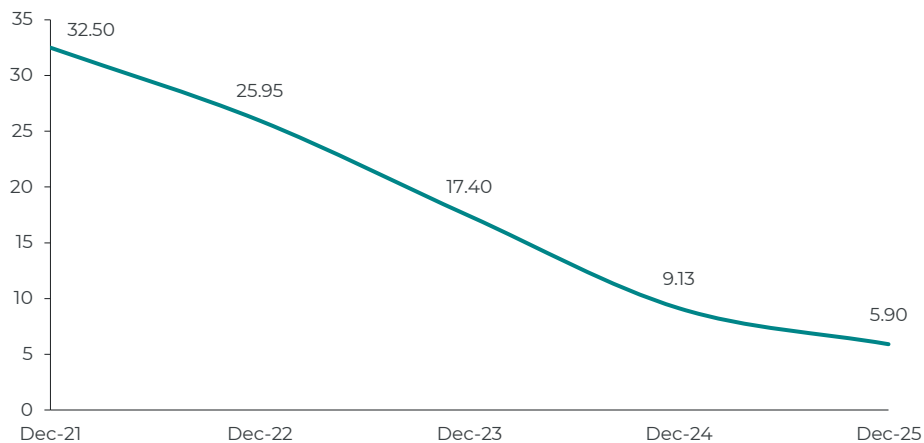
Under the RET, eligible renewable energy generators are able to create LGCs. All of Tilt Renewables' operating wind farms in Australia are accredited renewable power stations that earn LGCs.

One LGC is created for each megawatt hour (MWh) of renewable electricity produced. Renewable electricity generators can then trade LGCs separately from the underlying electricity sold in market. LGCs are typically sold to liable entities such as electricity retailers, who are obligated to surrender LGCs each year to fulfil certain obligations, and they trade at prices determined by supply and demand.

Figure 5 shows that LGC prices are forecast to steadily decline between now and the end of 2025. This trend reflects that significantly more renewable generation assets are being commissioned in Australia, increasing the supply of LGCs in the market beyond the 33,000 GWh target (which does not increase through to expiry of the RET in December 2030).

Tilt Renewables has advised that new or committed renewable electricity production now exceeds the RET target and the RET no longer presents a key incentive for companies to develop further renewable generation assets.

Figure 5: LGC forward prices (AU\$ per LGC)



Source: Mercari Licensed Electronic Swap Execution Facility (18 March 2021)



3.2 New Zealand electricity market

Tilt Renewables is the second largest wind farm operator in New Zealand after Meridian Energy, contributing 330 MW out of a total 1,045 MW of installed capacity in this country.¹⁴ It also has more than 1,500 MW in its New Zealand development pipeline.

Renewable electricity projects are increasing in number, as New Zealand's energy needs are forecast to grow significantly and the government aspires to reduce carbon emissions. Tilt Renewables is well placed to benefit from New Zealand's decarbonisation initiatives and further expansion in renewable energy, given the size of its development pipeline.

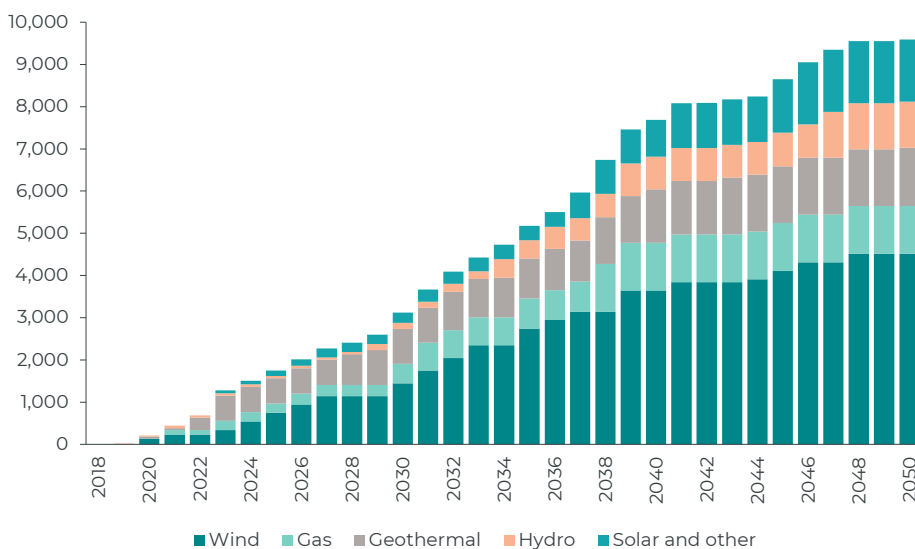
Overview of the market in New Zealand

New Zealand has one electricity grid with an installed generation capacity of over 9.2 GW. Nearly all of the South Island's production is generated by hydroelectric power stations, whereas in the North Island the electricity is generated using a mix of geothermal, natural gas, hydro, coal and wind resources. The North Island accounts for more than 60% of electricity demand in New Zealand.

New Zealand has the third highest rate of renewable energy generation as a share of primary supply in the OECD (after Norway and Iceland).¹⁵ Approximately 82% of the electricity generated in New Zealand is currently produced from renewable sources, and this is expected to increase as coal and gas-fired generation is reduced. Genesis Energy, the owner of the Huntly Power Station and one of New Zealand's biggest coal users, has pledged to cut its carbon footprint by replacing its fossil-fuelled plants with energy sourced from renewable generation assets.

The Ministry of Business, Innovation and Employment (**MBIE**) predicts that due to a decline in the cost of solar and wind technologies combined with a limited supply of gas, most future developments will be in the form of renewable generation assets. This is illustrated by Figure 6 below.

Figure 6: Cumulative new development by energy source (MW)



Source: Energy in New Zealand 2020, MBIE

¹⁴ New Zealand Wind Energy Organisation on wind farms operating and under construction.

¹⁵ Energy Resources Aotearoa on New Zealand's energy mix.



The New Zealand Wind Energy Association explains that investment in wind farms is increasing for a number of reasons, including:

- Wind is a renewable resource and is not reliant on ongoing exploration. Unlike water (hydroelectricity), it is not in demand for other purposes such as irrigation, conservation and recreation.
- New Zealand receives an abundance of wind from the 'Roaring Forties', which are westerly winds that blow in latitudes 40 to 50. As a result, New Zealand is widely regarded as having excellent wind patterns for the generation of electricity.
- The cost of electricity generation is not influenced by international markets for fossil fuels, which can be volatile.
- Wind farms are not exposed to costs related to carbon emissions.
- Negative public sentiment towards non-renewable energy is increasing. This will likely lead to further regulatory changes that favour renewable energy.
- Land used for wind farms can serve multiple purposes, including grazing livestock and cropping.

Regulatory environment

New Zealand's policy and regulatory environment is supportive of growth in renewable energy. The New Zealand Government has introduced a target to raise renewable electricity's contribution from 82% of total generation output to 95% by 2025, and to 100% by 2035. Some of New Zealand's other renewable energy initiatives are discussed below.

- Like Australia, New Zealand committed to the Paris Agreement in 2016.
- The New Zealand Government passed the Crown Minerals (Petroleum) Amendment Act in 2018, which legislates that no new offshore exploration permits will be available to oil and gas companies.
- In November 2019, the New Zealand Government passed the Climate Change Response (Zero Carbon) Amendment Act (**CCR Act**) to provide a framework for implementing climate change policies. The CCR Act aims to achieve the following:
 - Reduce net emissions of all greenhouse gases (except biogenic methane) to zero by 2050.
 - Reduce emissions of biogenic methane to between 24% and 47% below 2017 levels by 2050, including to 10% below 2017 levels by 2030.¹⁶
 - Establish a system of emissions budgets as a step towards the long-term target.
 - Ensure the government develops and implements policies for climate change adaptation and mitigation.
- An independent Climate Change Commission was established in December 2019 following the passing of the CCR Act. The Climate Change Commission was established to help the New Zealand Government to set and achieve emission budgets, reduction targets and policy direction. Its draft advice, released in January 2021, explicitly states that in order to combat climate change, increasing the supply of renewable energy must be a priority.
- The New Zealand Emissions Trading Scheme (**NZ ETS**) creates a financial disincentive for companies that produce or import non-renewable sources of energy. Under the NZ ETS, producers or importers of non-renewable energy sources must purchase and surrender NZ ETS units.

¹⁶ Ministry for the Environment on the Climate Change Response (Zero Carbon) Amendment Act.



Avoided Cost of Transmission and Transmission Pricing Methodology

Transpower is a State-Owned Enterprise that owns and operates New Zealand's national electricity transmission system. Transpower transmits most of New Zealand's electricity to regional distribution companies via high-capacity, high-voltage transmission lines. It also supplies electricity directly to some large industrial companies.

Two of Tilt Renewables' current wind farms receive payments from Transpower under the Avoided Cost of Transmission (**ACOT**) scheme, for transmission savings they create by being embedded directly into local electricity networks.

The Electricity Authority is responsible for approving the transmission pricing methodology (**TPM**) that prescribes how Transpower allocates transmission costs amongst its customers. It approved updates to the TPM in 2017 but is continuing an ongoing review of the methodology. The Electricity Authority published new transmission pricing guidelines on 10 June 2020 and Transpower will now develop a new TPM in line with these guidelines, which is expected to be in place by April 2023. Tilt Renewables does not consider the proposed TPM changes will have a material impact on its costs.

Tiwai Point aluminium smelter

The Tiwai Point aluminium smelter (**Tiwai Point**) is owned by Rio Tinto (79%) and Sumitomo (21%) via a joint venture called New Zealand Aluminium Smelters Limited. Tiwai Point is located at the bottom of the South Island and is the largest user of electricity in New Zealand, accounting for approximately 13% of total electricity demand.¹⁷

In July 2020, Rio Tinto announced plans to wind down Tiwai Point's operations due to low global aluminium prices, high transmission charges and increased competition. Following negotiations between Tiwai Point's shareholders and the New Zealand Government, an agreement was reached that will see Tiwai Point continue to operate through until the end of 2024.

The eventual closure of Tiwai Point is likely to have a material impact on electricity demand in New Zealand and on wholesale electricity prices, at least in the short term.

¹⁷ Tiwai Point smelter closure: What happens to the electricity sector, Radio New Zealand, 9 July 2020.

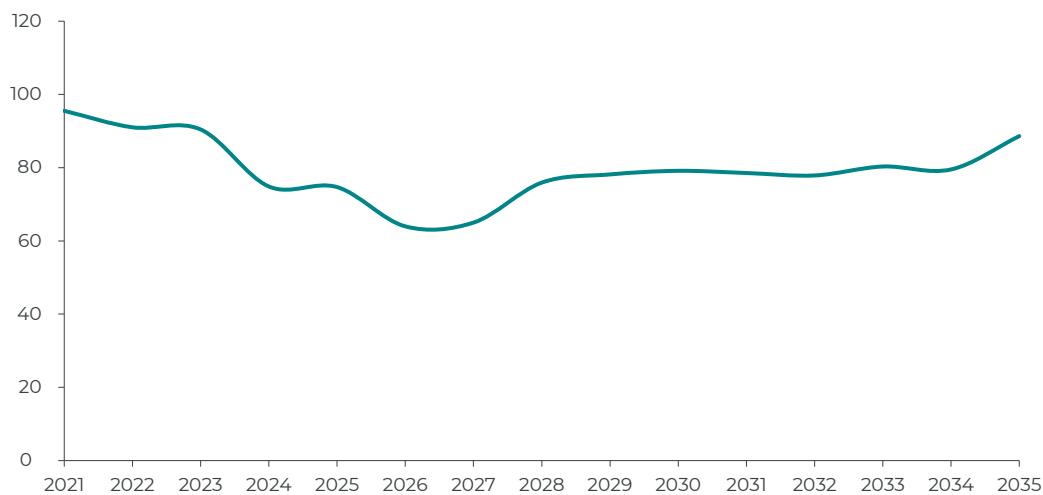


New Zealand wholesale electricity prices

Figure 7 below presents the Climate Change Commission's view on forecast wholesale electricity prices in New Zealand. It forecasts that prices will decline until 2026, predominantly as a consequence of Tiwai Point's impending closure, which will result in surplus electricity generation and defer the need for investment in new generation assets.¹⁸ Prices are then expected to recover through to 2035, as New Zealand's energy needs grow in the long term. MBIE estimates that an additional 6.3 GW of generation capacity will be required in New Zealand by 2050 and 55% is anticipated to come from wind.¹⁹

Wholesale electricity prices are currently higher than average, in part due to a dry La Niña weather pattern and low water storage levels in New Zealand's hydro lakes, as well as gas shortages. These market conditions also come at the end of a long period of relatively low investment in new generation by New Zealand energy companies.

Figure 7: New Zealand forecast wholesale electricity price (NZ\$ per MWh, January 2021)



Source: New Zealand Climate Change Commission

¹⁸ 2021 Draft Advice for Consultation, New Zealand Climate Change Commission.

¹⁹ Energy in New Zealand 2020, MBIE.



4. Tilt Renewables overview

4.1 Background and history

Tilt Renewables is a developer and operator of renewable energy assets. It currently has nine wind farms in operation across Australia and New Zealand, as well as various wind, solar, battery and gas power stations in its development pipeline.

Tilt Renewables was established in 2016 following a demerger from Trustpower Limited (**Trustpower**). At the demerger, Tilt Renewables took ownership and control of all operating wind farms in Australia and New Zealand, plus a number of wind development projects. Trustpower retained the hydroelectric power stations and its electricity, gas and telecommunications retail business.

A timeline of key events since Tilt Renewables was established is shown below.

Figure 8: Timeline of key events



Source: NZX announcements and Tilt Renewables



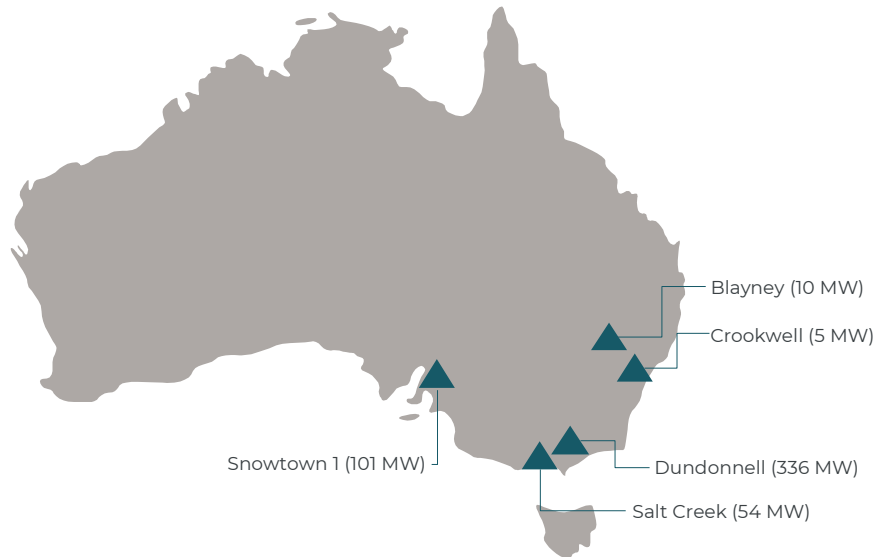
4.2 Operating assets

Five of Tilt Renewables' operating wind farms are located in Australia and four are in New Zealand. Total installed capacity is currently 836 MW²⁰ and the average asset age is 5.6 years.

Australia operating assets

Figure 9 shows the locations and installed capacity of each operating asset in Australia.

Figure 9: Australia operating assets



Source: Tilt Renewables

Tilt Renewables' Australian wind farms are located in New South Wales, Victoria and South Australia, and all operate in the NEM. Their total installed capacity is 506 MW.

Table 1 provides further details about each of Tilt Renewables' operating assets in Australia.

Table 1: Australia operating assets

Wind farm	Location	Capacity (MW)	Generation (GWh)	Commission year	Useful life (years)	PPA counterparty (volume %)
Dundonnell	VIC	336	1,230	2021*	30	Snowy Hydro (50%), VIC Govt. (37%), ALDI (6%)
Snowtown 1	SA	101	357	2008	25	n/a
Salt Creek	VIC	54	172	2018	30	Meridian (100% electricity)
Blayney	NSW	10	20	2000	25	n/a
Crookwell	NSW	5	8	1998	25	Origin (100% electricity)
Total		506	1,787			

Source: Tilt Renewables

*Expected date to reach full capacity

²⁰ Figure includes Dundonnell, which is still in the commissioning phase.



Dundonnell

Tilt Renewables' most significant operating asset is its Dundonnell wind farm. Construction of the Dundonnell wind farm commenced in 2019 and this asset started generating electricity from March 2020.

It was expected that Dundonnell would achieve practical completion midway through 2020, but AEMO imposed a temporary output limit of 130 MW in June 2020. AEMO increased the limit to 150 MW in September 2020, then to 226 MW in November 2020 and later to 295 MW in December 2020²¹. Tilt Renewables is continuing to work with AEMO on this matter and expects Dundonnell to be fully commissioned during 2021.

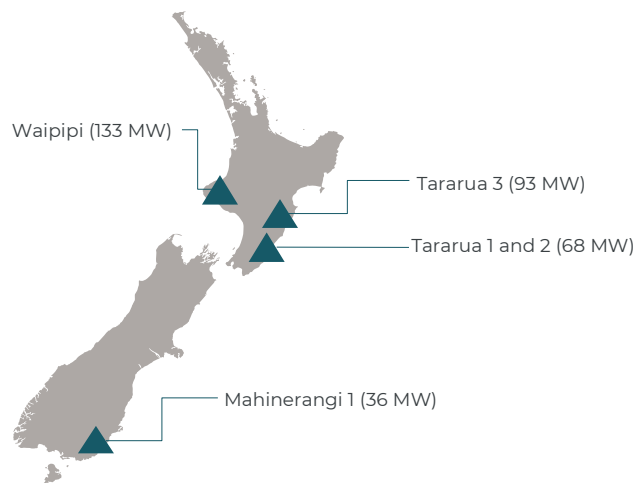
Once fully commissioned, Dundonnell will be Tilt Renewables' largest generating asset at 336 MW (66% of its total capacity in Australia) and Australia's fifth largest wind farm by installed capacity.

Dundonnell's output is highly contracted. In 2018, Tilt Renewables secured bundled PPAs to supply electricity and LGCs to Snowy Hydro and the Victoria State Government. In 2020, Tilt Renewables signed its first corporate PPA to supply ALDI with electricity and LGCs. Together these PPAs contract 93% of the electricity and LGCs generated by Dundonnell, with the Snowy Hydro and Victoria State Government PPAs expiring in 2035, and the ALDI PPA expiring in 2030.

New Zealand operating assets

Figure 10 shows the locations and installed capacity of each operating asset in New Zealand.

Figure 10: New Zealand operating assets



Source: Tilt Renewables

Tilt Renewables' New Zealand wind farms have a total installed capacity of 330 MW and are spread across the Manawatu, Taranaki and Otago regions.

²¹ At 295 MW, approximately 97% of expected electricity production is able to be generated.



Table 2 provides further details about each of Tilt Renewables' operating assets in New Zealand.

Table 2: New Zealand operating assets

Wind farm	Location	Capacity (MW)	Generation (GWh)	Commission year	Useful life (years)	PPA counterparty (volume %)
Waipipi	Taranaki	133	455	2021	30	Genesis (100%)
Tararua 3	Manawatu	93	318	2007	25	Trustpower (100%)
Tararua 1 and 2	Manawatu	68	245	1999 / 2004	25	Trustpower (100%)
Mahinerangi 1	Otago	36	101	2011	25	Trustpower (100%)
Total		330	1,119			

Source: Tilt Renewables

Waipipi

Waipipi is Tilt Renewables' largest operating wind farm in New Zealand. It has recently reached practical completion and is the first wind farm commissioned in New Zealand in more than four years. Waipipi has an installed capacity of 133 MW and is expected to generate around 455 GWh of electricity per annum, making it New Zealand's third largest wind farm. Tilt Renewables has entered into a 20-year PPA under which 100% of the electricity generated by Waipipi is sold to Genesis Energy.



4.3 Development pipeline

Tilt Renewables is constantly searching for quality sites and assessing new greenfield opportunities to further expand its portfolio. Its strategy is to have a mix of late-stage and shovel-ready projects in both Australia and New Zealand, along with having sites that are subject to further investigation and approvals.

Tilt Renewables currently has a development pipeline of more than 5,000 MW across various technologies. Approximately 2,700 MW relates to late-stage projects and assets in Australia account for 70% of the development pipeline.

Tables 3 and 4 provide some details on identified development projects in Australia and New Zealand. Tilt Renewables expects the Rye Park wind farm in New South Wales will be the next asset constructed, and the Liverpool Range and Waddi wind farms (in Australia) and the Omamari wind farm (in New Zealand) could follow next. However, the regulatory and market design framework in Australia is undergoing significant reform and the connection process is very complex. A large number of projects have experienced significant commissioning delays caused by substantial development activity and the complexity of the network connection process.

Table 3: Australia development pipeline

Asset	Type	Location	Approvals	Stage	Capacity (MW)*
Liverpool Range	Wind	NSW	Secured	Late	1,300
Palmer	Wind	SA	Secured	Late	410
Rye Park	Wind	NSW	Secured	Late	396
Waddi	Wind and solar	WA	Secured	Late	108
Snowtown BESS	Battery	SA	Secured	Late	20
Dalvui BESS	Battery	VIC	Advancing	Mid	200
Latrobe Valley BESS	Battery	VIC	Advancing	Mid	150
Bushy Creek	Wind	QLD	Advancing	Mid	140
Dysart	Solar	QLD	Secured	Mid	120
North Creek	Solar	QLD	Secured	Mid	80
Chewko	Solar	QLD	Secured	Mid	70
Snowtown North	Solar	SA	Secured	Mid	43
QLD Wind 1	Wind	QLD	Advancing	Early-mid	200
QLD Solar	Solar	QLD	Feasibility	Early-mid	50
VIC Gas	Gas	VIC	Feasibility	Early	100
NSW Solar	Solar	NSW	Feasibility	Early	85
QLD Wind 2	Wind	QLD	Feasibility	Early	84
Total					3,557

Source: Tilt Renewables

* Proposed capacity is subject to change



Table 4: New Zealand development pipeline

Asset	Type	Location	Approvals	Stage	Capacity (MW)*
Kaiwera Downs	Wind	Southland	Secured	Late	200
Mahinerangi 2	Wind	Otago	Secured	Late	160
Omamari	Wind	Northland	Application lodged	Late	73
Tararua (repowering)	Wind	Manawatu	Advancing	Mid	110 / 205 ²²
NZ wind projects	Wind	Various	Feasibility	Early	980
Total					1,523

Source: Tilt Renewables

*Proposed capacity is subject to change

Rye Park

Rye Park is a shovel-ready wind farm project in New South Wales, Australia. Tilt Renewables has secured a 15-year PPA for this asset, under which approximately 55% of the electricity and LGCs generated by the project will be sold to a subsidiary of Newcrest Mining.

All requisite land access, environmental and planning approvals have been obtained for Rye Park. The remaining key development activities required to commence construction are being closed out and financing due diligence is currently in progress.

Tilt Renewables anticipates that the construction of Rye Park will commence in 2021 and expects this wind farm to be commissioned by 2023.

Once commissioned, Rye Park is expected to have an installed capacity of 396 MW and, on average, generate almost 1,200 GWh of electricity per annum.

²² 110 MW is for repowering of Tararua 1 and 2, whereas 205 MW would be the repowering of the entire Tararua site (all three stages).



4.4 Key revenue drivers

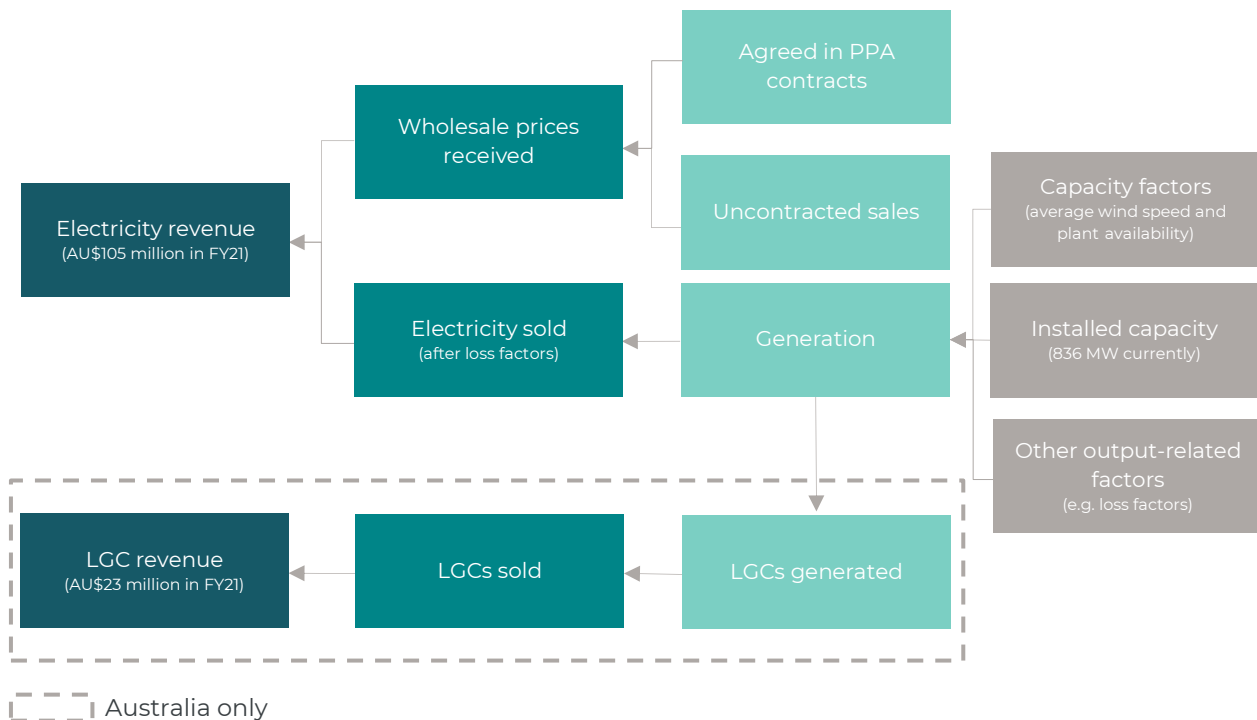
Currently, Tilt Renewables' revenue is derived solely from renewable generation activities. Tilt Renewables' revenue is generated through two primary sources:

1. The sale of wholesale electricity in Australia and New Zealand.
2. The sale of LGCs created by generating electricity from renewable sources, in Australia.

Electricity revenue contributed 82% of Tilt Renewables' total revenue in FY21 and LGC revenue contributed approximately 18%. Other revenues are relatively immaterial.

A summary of the key factors influencing revenue is illustrated by Figure 11 below.

Figure 11: Simplified summary of revenue model



Electricity revenue

Tilt Renewables earns wholesale electricity revenue by selling power through the following channels:

- **Contract revenue earned under PPAs or contracts for differences (CFDs):** Revenue is earned based on a fixed price for the actual volume of electricity generated and sold in a given period.

An emerging trend in Australia's energy markets is the use of corporate PPAs. Electricity end users (as opposed to electricity retailers) agree to buy power under a direct agreement with a generator. Tilt Renewables has signed two corporate PPAs, under which 6% of Dundonnell's output is sold directly to ALDI for a period of 10 years and approximately 55% of the output from Rye Park will be sold to a subsidiary of Newcrest Mining. Tilt Renewables intends to sign further corporate PPAs on future projects.

- **Market or spot revenue:** A generator connected to the grid (e.g. the NEM in Australia) sells wholesale electricity at prevailing market prices.
- **Avoided cost of transmission (ACOT) revenue:** As noted in Section 3.2, this refers to payments made by Transpower to generators with assets embedded into local electricity distribution networks. ACOT revenue is not a material revenue stream for Tilt Renewables.



Large-Scale Generation Certificate (LGC) revenue

As outlined in Section 3.1, Tilt Renewables creates and sells LGCs in Australia pursuant to the RET scheme. All of Tilt Renewables' generation assets in Australia are accredited to receive LGCs. No such government policy currently exists in New Zealand but Tilt Renewables' New Zealand assets have recently registered under the New Zealand Energy Certificate System, noting that the company has not yet contracted or transacted any certificates under that scheme.

For certain assets, Tilt Renewables has entered into bundled PPAs (which cover the sale of both electricity and LGCs) and LGC-only forward contracts with a range of counterparties.

LGC revenue was almost AU\$23 million in FY21, representing 18% of Tilt Renewables' total revenue.

4.5 Snowtown 2 sale

Snowtown 2 is a 270 MW capacity wind farm located in South Australia, which was developed, constructed and operated by Tilt Renewables. Tilt Renewables sought expressions of interest for the sale of Snowtown 2 in June 2019, at which time it was the largest wind farm ever offered to the Australian market in a single transaction.

Snowtown 2 was sold to Palisade Investment Partners Limited and First State Super for an enterprise value of AU\$1.07 billion in December 2019, and this has been Tilt Renewables' only asset sale.



4.6 Share ownership

Tilt Renewables has 376,833,884 shares on issue and more than 9,800 registered shareholders. Table 5 shows the top 20 shareholders as at 31 March 2021, which together held 93.51% of the shares on issue.

Table 5: Share register as at 31 March 2021

Shareholder	Shares	Percentage
1 Infratil 2018 Limited	246,936,375	65.53%
2 Mercury NZ Limited	75,075,962	19.92%
3 TEA Custodians Limited Client Property Trust Account – NZCSD	6,382,778	1.69%
4 Custodial Services Limited (A/C 1)	4,196,032	1.11%
5 Generate Kiwisaver Public Trust Nominees Limited – NZCSD	3,523,509	0.94%
6 Accident Compensation Corporation – NZCSD	3,174,440	0.84%
7 Public Trust (The Aspiring Fund) – NZCSD	2,856,228	0.76%
8 HSBC Nominees (New Zealand) Limited – NZCSD	2,006,323	0.53%
9 Citibank Nominees (New Zealand) Limited – NZCSD	1,767,956	0.47%
10 FNZ Custodians Limited	1,763,348	0.47%
11 Forsyth Barr Custodians Limited	1,048,882	0.28%
12 CPU Share Plans Pty Limited	865,099	0.23%
13 New Zealand Depository Nominee Limited	663,159	0.18%
14 JBWere (NZ) Nominees Limited	534,729	0.14%
15 Public Trust (NZPT40) – NZCSD	356,549	0.09%
16 FNZ Custodians Limited (DRP NZ A/C)	280,984	0.07%
17 Custodial Services Limited (A/C 4)	267,755	0.07%
18 Public Trust Class 10 Nominees Limited – NZCSD	234,255	0.06%
19 JPMorgan Chase Bank – NZCSD	220,679	0.06%
20 Investment Custodial Services Limited	220,000	0.06%
Top 20 shareholders	352,375,042	93.51%
Remaining shareholders	24,458,842	6.49%
Total	376,833,884	100%

Source: Computershare data, which looks through shares held by New Zealand Central Securities Depository as a bare trustee custodian

Tilt Renewables has a number of share incentive schemes. Prior to completion, and subject to Board approval, a further 2,194,845 shares are expected to be issued following 31 March 2021. This means, for valuation purposes, the fully diluted number of shares on issue is 379,028,729.

Table 6 shows the most recent substantial product holder (**SPH**) interests notified to NZX, as at 31 March 2021. The SPH holdings differ from those in Table 5 due to timing and differences between legal interests and interests that must be disclosed to the NZX pursuant to New Zealand legal requirements.

Table 6: Substantial product holders as at 31 March 2021

Entity	Date of notice	Shares	Percentage
Pisa Obligor Co 1 Pty Ltd	15 Mar 2021	322,012,337	85.5%
Infratil Limited and Infratil 2018 Limited	15 Mar 2021	246,936,375	65.5%
Mercury NZ Limited	15 Mar 2021	75,075,962	19.9%
Tilt Renewables Limited	19 Mar 2021	75,075,962	19.9%

Source: SPH notices released as NZX announcements



Infratil is currently Tilt Renewables' largest shareholder but has entered a voting deed under which it has agreed to vote its 65.5% interest in favour of the Scheme, subject to certain terms and conditions. Mercury is part of the Consortium acquiring Tilt Renewables' assets and has entered a deed poll to vote its 19.9% interest in favour of the Scheme.

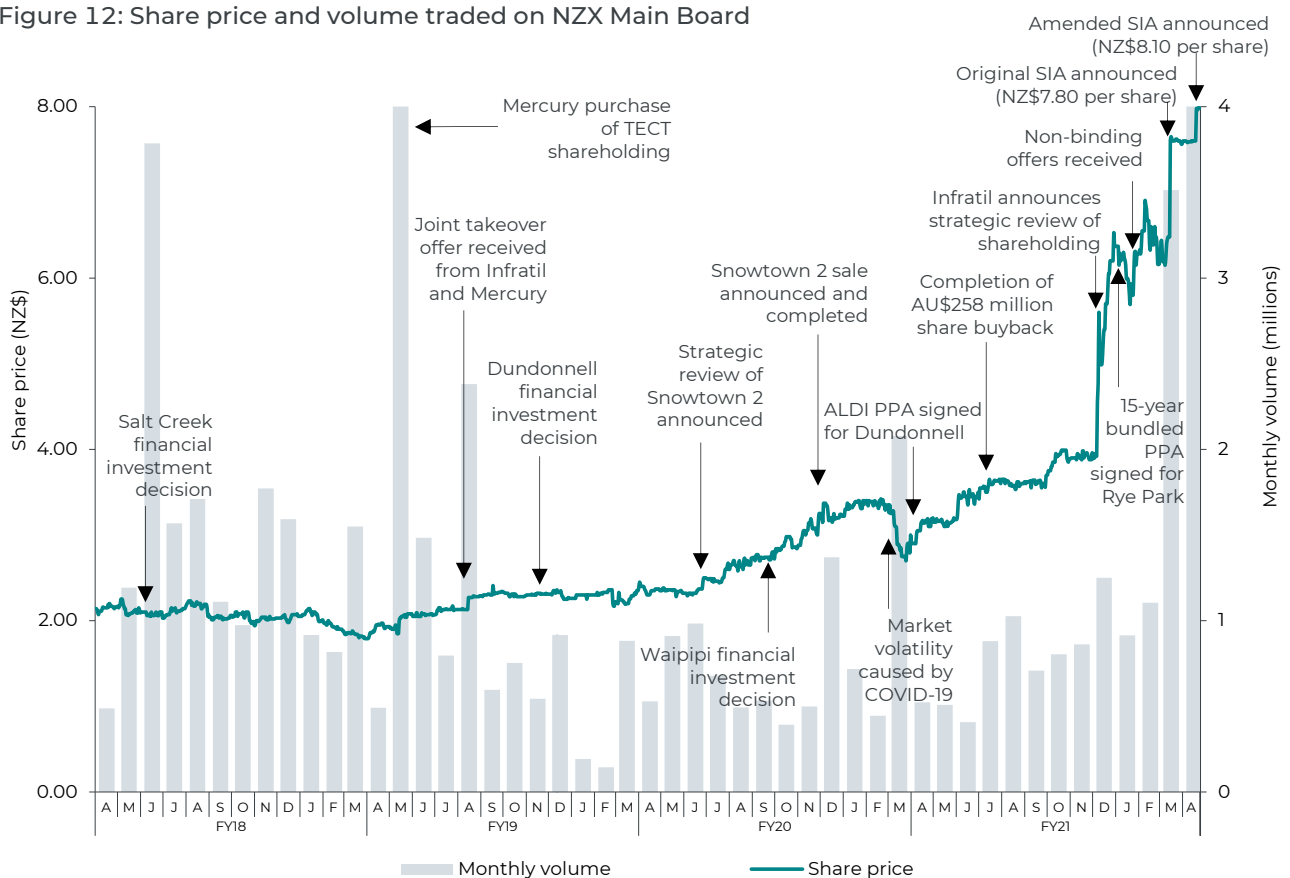
Pisa Obligor is a subsidiary of PowAR and it has separate interests over both Infratil's and Mercury's shares. The interests relate to the voting arrangements described at Section 2.2 and in the Scheme Booklet.

Tilt Renewables' substantial interest relates to the deed poll that Mercury has entered into to vote its entire shareholding in favour of the Scheme. Further details are set out in the Scheme Booklet.

4.7 Share price performance

Figure 12 illustrates the prices and volumes of shares traded in Tilt Renewables since April 2017.

Figure 12: Share price and volume traded on NZX Main Board



Source: S&P Capital IQ and Calibre Partners analysis

Since listing in 2016, Tilt Renewables' share price has generally trended upwards as the business has expanded its production capacity, grown its development pipeline and improved financial performance.

Tilt Renewables' share price declined during March 2020 in response to the emergence of COVID-19, from NZ\$3.35 at the end of February 2020 to a low of NZ\$2.75 on 20 March 2020. However, general economic conditions and share market performance have improved since this period.

On 7 December 2020, Infratil announced a strategic review of its shareholding in Tilt Renewables. A competitive sale process was subsequently undertaken, which ended in Tilt Renewables entering into the SIA on 14 March 2021.



On 16 April 2021, Tilt Renewables announced that amendments had been made to the SIA following the receipt of a competing proposal from another bidder. Notably, the proposed consideration increased from NZ\$7.80 to NZ\$8.10 per share²³. Tilt Renewables' share price has recently peaked at NZ\$8.01 per share following this announcement.

Table 7: Share prices and volumes in the periods to 4 December 2020 (before Infratil strategic review announcement)

	Share price (NZ\$)			Volume (million)	Proportion of issued capital
	Low	High	VWAP		
One month	3.88	3.98	3.93	0.8	0.2%
Three months	3.55	3.99	3.85	2.3	0.6%
Six months	3.35	3.99	3.75	4.7	1.2%

Source: S&P Capital IQ, FactSet and Calibre Partners analysis

Approximately 4.7 million shares traded in the six months immediately prior to the announcement of Infratil's strategic review, at prices between NZ\$3.35 and NZ\$3.99 per share. The proposed consideration of NZ\$8.10 per share²³ represents:

- A premium of 106.6% to the closing share price of NZ\$3.92 on 4 December 2020.
- A premium of 106.3% to the VWAP of NZ\$3.93 in the month ended 4 December 2020.
- A premium of 110.5% to the VWAP of NZ\$3.85 in the three months ended 4 December 2020.
- A premium of 116.2% to the VWAP of NZ\$3.75 in the six months ended 4 December 2020.

Table 8: Share prices and volumes in the periods to 12 March 2021 (before SIA announcement)

	Share price (NZ\$)			Volume (million)	Proportion of issued capital
	Low	High	VWAP		
One month	6.15	6.67	6.39	0.6	0.2%
Three months	4.99	6.90	6.30	3.1	0.8%
Six months	3.55	6.90	5.31	5.8	1.5%

Source: S&P Capital IQ, FactSet and Calibre Partners analysis

Approximately 5.8 million shares traded in the six months immediately prior to the original SIA being announced, at prices between NZ\$3.55 and NZ\$6.90 per share. The proposed consideration of NZ\$8.10 per share²³ represents:

- A premium of 25.0% to the closing share price of NZ\$6.48 on 12 March 2021.
- A premium of 26.9% to the VWAP of NZ\$6.39 in the month ended 12 March 2021.
- A premium of 28.6% to the VWAP of NZ\$6.30 in the three months ended 12 March 2021.
- A premium of 52.5% to the VWAP of NZ\$5.31 in the six months ended 12 March 2021.

²³ The proposed consideration of NZ\$8.10 per share is subject to a reduction due to any payment of a permitted dividend.

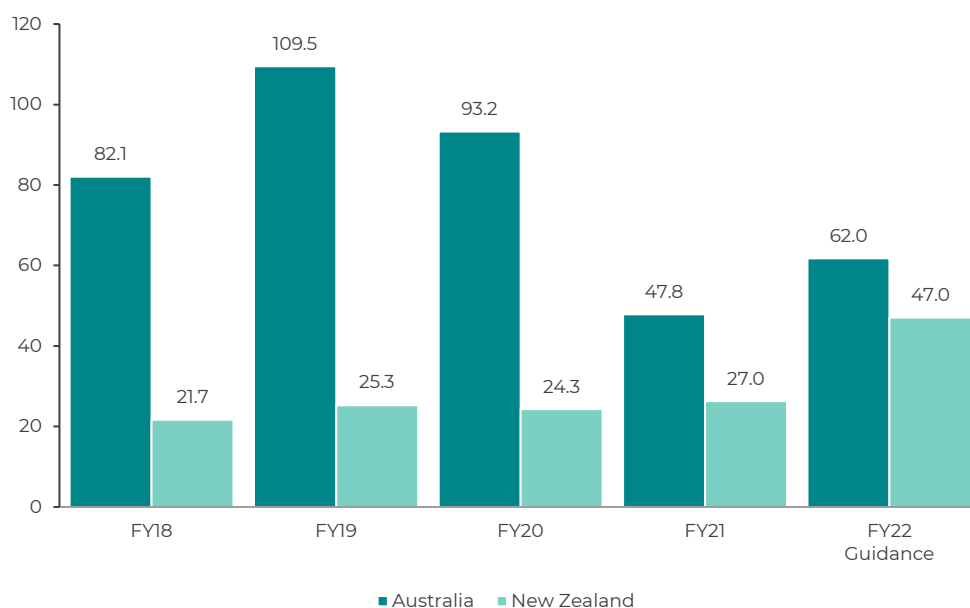


5. Financial overview

5.1 Financial performance

Figure 13 shows the EBITDAF²⁴ of Tilt Renewables' Australian and New Zealand businesses, for FY18–FY21 (actuals) and the midpoints of its FY22 earnings guidance. The segmental earnings include a full allocation of corporate and development costs between the countries.

Figure 13: EBITDAF by geography (AU\$ million)



Source: Tilt Renewables statutory accounts and guidance

Tilt Renewables' EBITDAF increased from AU\$103.8 million to AU\$134.8 million between FY18 and FY19, due to higher electricity revenue being achieved in both Australia and New Zealand, as well as an AU\$17.1 million increase in LGC revenue. It benefitted from good wind conditions during FY19 and annual electricity production exceeded 2,000 GWh for the first time.

EBITDAF decreased between FY19 and FY21, mainly because earnings have been significantly lower in Australia. Snowtown 2 was sold during Q3 of FY20, which resulted in Tilt Renewables generating less electricity in that year. However, Tilt Renewables' financial performance in FY20 was ahead of expectations when normalised for the Snowtown 2 transaction. FY21 was the first financial year with no earnings contribution from Snowtown 2, which is why EBITDAF decreased further from FY20. Dundonnell reached practical completion in July 2020 and continued to ramp up production as it advanced through a number of AEMO capacity hold points throughout FY21.

Tilt Renewables has issued FY22 EBITDAF guidance to the market, in a range of AU\$104 million to AU\$114 million for the consolidated group. EBITDAF is expected to improve in both Australia and New Zealand primarily because Dundonnell and Waipipi will make full-year contributions to earnings.

An ongoing part of Tilt Renewables' business is the development of new generation assets. All costs are expensed where incurred before a decision is made to progress to the construction of a new asset. This includes costs related to exploration, evaluation and consenting activities. In the year when a project reaches financial close and transitions to the construction phase, all relevant costs are capitalised.

²⁴ EBITDAF means earnings before interest, tax, depreciation, amortisation and fair value movements.



Tilt Renewables has adopted NZ IFRS 16 – Leases since the beginning of FY20. This financial reporting standard has removed the classification of leases as either operating leases or finance leases. In FY20, reported EBITDAF for Tilt Renewables' whole business was AU\$5.5 million higher as a direct consequence of the change in accounting standard, but there was no impact on Tilt Renewables' cash flows.

Australia financial performance

Table 9 summarises Tilt Renewables' Australian earnings for FY18–FY21 (actuals) and the midpoint of its FY22 guidance. The historical accounts reflect audited financial statements.

Table 9: Australia financial performance (AU\$ 000)

	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Guidance
Electricity revenue	73,842	86,391	71,493	61,164	
LGC revenue	47,802	64,908	56,140	22,578	
Other operating revenue	–	–	990	465	
Total revenue	121,644	151,299	128,623	84,207	
Generation production costs	(20,088)	(25,918)	(18,362)	(13,274)	
Employee benefits	(8,020)	(8,058)	(8,612)	(9,770)	
Other operating expenses	(11,456)	(7,828)	(8,404)	(13,329)	
EBITDAF	82,080	109,495	93,245	47,834	62,000
<i>EBITDAF margin %</i>	<i>67.5%</i>	<i>72.4%</i>	<i>72.5%</i>	<i>56.8%</i>	
<i>Total generation (GWh)</i>	<i>1,225</i>	<i>1,395</i>	<i>1,170</i>	<i>1,129</i>	
<i>Implied average electricity price (AU\$/MWh)</i>	<i>60.28</i>	<i>61.91</i>	<i>61.11</i>	<i>54.18</i>	

Source: Tilt Renewables statutory accounts and guidance

Revenue

Tilt Renewables' electricity revenue in Australia peaked at AU\$86.4 million in FY19 prior to the sale of Snowtown 2 in December 2019, but has declined since the sale of this wind farm. Although no revenue budget has been provided, Tilt Renewables expects electricity revenue to increase in FY22 as Dundonnell will be operating at full capacity. Tilt Renewables estimates that Dundonnell will contribute approximately 1,230 GWh of generation in FY22 and 93% of its generation output is being sold under the long-term PPA contracts with Snowy Hydro, the Victoria State Government and ALDI.

LGC revenues have also decreased since FY19 due to a combination of lower generation output and lower realised prices. LGC revenue is projected to reduce further in FY22 as LGC prices continue to fall. As noted in Section 3.1, Australia's current RET scheme expires in 2030.



Operating expenses

Generation production costs typically range between 20% and 30% of electricity revenue. This category of operating expenditure comprises the following types of costs:

Cost item	Type	Approximate % in FY22
Operating and maintenance (O&M)	All sites are on defined contracts with fixed / variable structure	60%
Market and ancillary services	Market based	14%
Royalties	All sites are on defined contracts with fixed / variable structure	8%
Connection charges	Contracted	5%
Property rates and utilities	Stable	5%
Insurance	Market based	4%
Stakeholder engagement, environment and compliance	Stable	4%

Tilt Renewables' operating assets are structured such that a majority of these costs are contracted and predictable. Some O&M expenditure is capitalised when asset replacements are undertaken at sites.

Employee benefit expenses include all staff salaries and wages, as well as costs related to Tilt Renewables' incentive schemes. In addition to base remuneration, all permanent employees are able to participate in a Short Term Incentive plan, which is an at-risk component of remuneration directly linked to corporate financial results, strategic objectives and individual performance. Selected senior managers participate in a Long Term Incentive plan whereby shares are issued at the end of a three-year vesting period if various total shareholder return hurdles are met. A Development Business Incentive plan is also available to certain senior managers to encourage a strong focus on value creation in the development pipeline.

The vast majority of employee benefit expenses are allocated to Tilt Renewables' Australian business, because most staff are based in Australia (currently only four staff are in New Zealand). Tilt Renewables' Australia-based employees also support the New Zealand business.

Other operating expenses comprises Australia's share of Tilt Renewables' corporate and development costs, all of which have been allocated based on the location where they are incurred. These categories include the following types of costs:

Cost item	Description
Business support	Employee expenditure and remuneration, utilities, business-as-usual costs, software licenses etc.
Corporate support	Listing fees, Board costs and other corporate administration expenses
Generation development	Expenditure allocated to development activities (e.g. exploration, technical studies, consenting and approvals, consultants)
Other expenditure	Legal costs, advisory and other items



New Zealand financial performance

Table 10 summarises Tilt Renewables' New Zealand earnings for FY18–FY21 and the midpoint of its FY22 guidance, reported in Australian Dollars. The historical accounts reflect audited financial statements.

Table 10: New Zealand financial performance (AU\$ 000)

	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Guidance
Electricity revenue	36,313	41,592	41,118	43,689	
Other operating revenue	–	382	493	433	
Total revenue	36,313	41,974	41,611	44,122	
Generation production costs	(11,131)	(11,893)	(12,617)	(9,790)	
Employee benefits	(142)	(241)	(1,961)	(3,138)	
Other operating expenses	(3,348)	(4,544)	(2,752)	(4,170)	
EBITDAF	21,692	25,296	24,281	27,024	47,000
<i>EBITDAF margin %</i>	<i>59.7%</i>	<i>60.3%</i>	<i>58.4%</i>	<i>61.2%</i>	
<i>Total generation (GWh)</i>	<i>571</i>	<i>659</i>	<i>665</i>	<i>711</i>	
<i>Implied average electricity price (AU\$/MWh)</i>	<i>63.60</i>	<i>63.11</i>	<i>61.83</i>	<i>61.45</i>	

Source: Tilt Renewables statutory accounts and guidance

The performance of Tilt Renewables' New Zealand business has been relatively stable since FY18 and particularly between FY19 and FY21.

Revenue increased by AU\$5.7 million (15.6%) and EBITDAF by AU\$3.6 million (16.6%) in FY19, mainly because strong wind conditions enabled a better yield from each of Tilt Renewables' three operating assets (Tararua 1 and 2, Tararua 3 and Mahinerangi 1).

Waipipi wind farm near Waverley has since been constructed and began generating electricity in November 2020. On average, this asset is forecast to add approximately 455 GWh of electricity production per year. 100% of Waipipi's generation output is supplied to Genesis Energy until Q1 of 2041.

Employee benefit expenses were elevated in FY20 and FY21 due to the recognition of incentive scheme costs. Such costs were AU\$2.5 million for the New Zealand business in FY21 and specifically related to the issuance of Tilt Renewables shares to senior management personnel.

Corporate and development costs are expected to be higher in FY21 and FY22 than in recent historical years, as Tilt Renewables continues to expand its business and development pipeline. New Zealand's allocated share of these costs was AU\$4.2 million (24%) in FY21.



5.2 Financial position

Table 11 presents Tilt Renewables' financial position as at 31 March between 2018 and 2021.

Table 11: Historical financial position (AU\$ 000)

	Mar 18	Mar 19	Mar 20	Mar 21
Cash at bank	45,913	94,940	228,799	155,269
Other financial assets	–	225,468	449,989	158,387
Accounts receivable and prepayments	31,827	26,710	16,061	21,941
Receivable from related parties	2,090	4,121	2,920	1,687
Taxation receivable	–	653	9,053	–
Derivative financial statements	–	289	4,702	34,258
Current assets	79,830	352,181	711,524	371,542
Property, plant and equipment	1,170,613	1,066,727	1,014,016	1,444,572
Derivative financial instruments	100,504	113,320	4,264	180,217
Intangible assets	597	546	546	–
Non-current assets	1,271,714	1,180,593	1,018,826	1,624,789
Total assets	1,351,544	1,532,774	1,730,350	1,996,332
Borrowings	36,781	190,180	17,363	29,071
Accounts payable and accruals	15,652	16,515	57,327	11,723
Lease liabilities	–	1,578	10,348	11,850
Derivative financial instruments	14,292	19,794	5,196	2,820
Taxation and related party payables	2,411	–	–	4,563
Current liabilities	69,136	228,067	90,234	60,027
Borrowings	602,269	476,613	243,543	460,072
Accounts payable and accruals	2,837	2,694	2,743	2,392
Lease liabilities	–	21,335	115,163	125,872
Deferred tax liability	161,668	105,279	28,055	126,562
Derivative financial instruments	5,469	42,810	67,330	57,475
Non-current liabilities	772,243	648,731	456,834	772,373
Total liabilities	841,379	876,798	547,068	832,400
Net assets	510,165	655,976	1,183,282	1,163,931
Share capital	–	259,933	261,573	6,270
Retained earnings	126,282	127,821	649,973	716,924
Revaluation reserve	391,345	292,927	305,527	390,888
Cash flow hedge reserve	–	(19,310)	(44,735)	73,915
Foreign currency translation reserve	(7,551)	(5,861)	9,384	(27,106)
Other reserves	89	466	1,560	3,040
Total equity	510,165	655,976	1,183,282	1,163,931

Source: Tilt Renewables statutory accounts



Key points to consider when reviewing Tilt Renewables' balance sheets include the following:

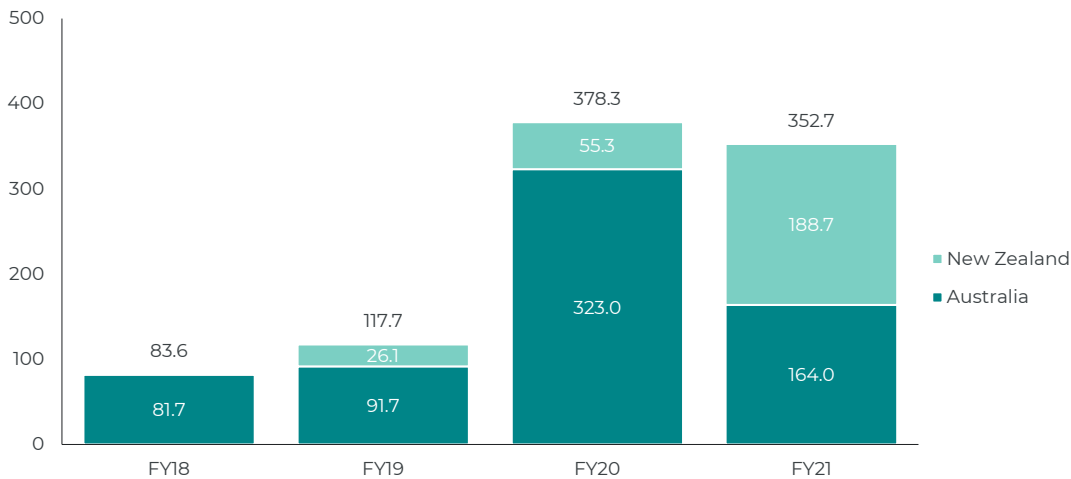
- Tilt Renewables had cash on hand of AU\$155.3 million and other financial assets of AU\$158.4 million as at 31 March 2021. Other financial assets include term deposits and restricted cash balances held in a margin account for electricity trading purposes. The vast majority of these amounts are not repayable on demand or readily convertible into cash, but will be recovered within 12 months.
- Property, plant and equipment (**PPE**) is the most significant asset category and it includes Tilt Renewables' generation assets. Tilt Renewables' operating assets are reported at fair value less accumulated depreciation and are revalued by independent external valuers every three years, or more frequently if there is evidence of a significant change in value. Most of the Australian and New Zealand generation assets were last revalued at 31 March 2020 using a discounted cash flow (**DCF**) methodology.
- New assets under construction are recognised as work in progress and measured at cost. However, a valuation is undertaken upon completion of a new asset to ensure it is carried at fair value on the balance sheet. In FY21, a valuation of Waipipi was undertaken, which resulted in a positive fair value adjustment of NZ\$132 million.
- Tilt Renewables has secured loans via portfolio, working capital and project finance debt facilities in Australia and New Zealand. At 31 March 2021, Tilt Renewables' total drawn borrowings were AU\$489.1 million and undrawn amounts totalled AU\$47.9 million across all facilities.
- Prior to the sale of Snowtown 2, a new AU\$616 million project finance facility was established and AU\$86 million of unrestricted cash was returned to Tilt Renewables. This new debt facility was repaid by the purchaser as part of the sale in FY20 and part of Tilt Renewables' sale proceeds were used to repay an additional AU\$64 million of debt that was due to mature in October 2020.
- Derivative financial instruments are used to manage financial risks associated with foreign exchange rates, interest rates and electricity prices and volumes (including in relation to PPAs). These financial instruments are measured at fair value and recognised as either assets or liabilities on Tilt Renewables' balance sheet. Movements in the fair value of financial instruments are recorded either as gains or losses in the income statement or as changes to the reserve accounts in equity, depending on their nature.
- Due to the introduction of NZ IFRS 16, Tilt Renewables changed how its lease obligations are accounted for in FY20. It now treats all leases as finance leases and recognises right-of-use assets as part of PPE and related lease liabilities on the balance sheet. Tilt Renewables has not restated comparative amounts for the periods prior to the adoption of NZ IFRS 16, and therefore leases previously classified as operating leases (which include leases of land and buildings and electricity transmission lines) are not recognised in the March 2018 and March 2019 balance sheets presented in Table 11.
- The deferred tax liability reflects taxable temporary differences between the carrying amounts of assets and liabilities and their corresponding tax cost base. It has been created by temporary differences related to PPE (including asset revaluations), employee benefits and derivative financial instruments.
- Share capital increased by almost AU\$260 million in FY19 because new equity was raised via an underwritten pro-rata accelerated entitlement offer to partially finance the construction of Dundonnell. Share capital decreased significantly during FY21 because an AU\$258 million share buyback was completed following the sale of Snowtown 2.



5.3 Capital expenditure and commitments

Figure 14 illustrates Tilt Renewables' capital additions in Australia and New Zealand for the period FY18–FY21. All amounts are reported in Australian Dollars.

Figure 14: Capital additions by geography (AU\$ millions)



Source: Tilt Renewables statutory accounts

The vast majority of Tilt Renewables' capital expenditure relates to the construction of new generation assets and therefore it is highly variable from year to year. Development expenditure is scoped and considered on a project-by-project basis and, as noted in Section 5.1 above, development costs are not capitalised until a project transitions into the construction phase.

Tilt Renewables' capital additions were particularly large in FY20 and FY21 as the Dundonnell and Waipipi wind farms were constructed during these periods. Future development capital expenditure is contingent on individual projects reaching a financial investment decision.

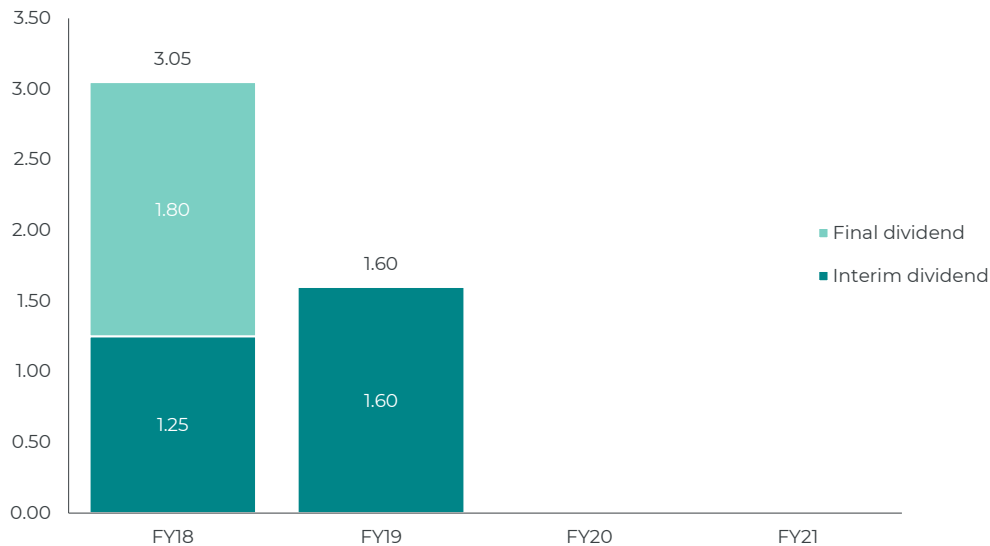
Tilt Renewables has not reported other notable capital commitments and is not aware of any material contingent liabilities at the date of this Report. Tilt Renewables' sustaining capital expenditure requirements are relatively insignificant, as many capital items are covered under O&M agreements.



5.4 Dividends

Figure 15 shows Tilt Renewables' dividend payments between FY18 and FY21.

Figure 15: Dividends (AU\$ cents per share)



Source: Tilt Renewables statutory accounts

Tilt Renewables declared interim and final dividends to its shareholders in FY18.

Tilt Renewables declared an interim dividend of 1.60 cents per share (in AU\$) for FY19, which was paid in November 2018. It decided not to declare a final dividend in order to retain cash for investment opportunities such as Dundonnell and Waipipi.

No interim or final dividends were declared for FY20. However, Tilt Renewables returned AU\$258 million via a share buyback in July 2020 (during FY21).

The Board has determined not to pay a dividend for FY21, due to its ongoing focus on current and near-term investment projects.



6. Valuation

6.1 Valuation approach

Standard of value

We have estimated the 'fair market value' of Tilt Renewables. Fair market value is the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, both acting at arm's length.

Business interest being valued

Our valuation is based on the acquisition of the whole of Tilt Renewables and accordingly incorporates a premium for control.

All else being equal, a controlling interest in shares is typically more valuable than an interest without control. This is because a non-controlling interest has limited influence over important business decisions, such as declaring dividends and determining the investment strategy. Accordingly, the value we have assessed exceeds the level at which, under normal market conditions, we would generally expect shares in Tilt Renewables would trade on the share market.

Common valuation techniques

There are four valuation methodologies that are commonly used for valuing businesses:

1. Discounted cash flow (DCF) analysis
2. Capitalisation of earnings
3. Estimate of proceeds from an orderly realisation of assets
4. Industry rules of thumb.

Each of these methodologies is appropriate in different circumstances. A key factor in determining which methodology is appropriate is the actual practice commonly adopted by purchasers of the type of business involved. These valuation methodologies are explained in more detail at Appendix 3.

Valuation techniques to be employed

We have separately valued the various parts of Tilt Renewables and then aggregated the component parts to determine the value of the whole business. This is commonly referred to as a sum-of-the-parts valuation.

We have adopted the DCF methodology to estimate the fair market value of Tilt Renewables' current operating assets in Australia and New Zealand, as well as the Rye Park wind farm development. We consider this approach is appropriate because:

- The DCF methodology is suited to valuing businesses where current earnings are not representative of expected future earnings. The DCF methodology allows the variable nature of key factors such as future generation output, electricity prices and LGC prices to be specifically addressed, as well as the construction time and cash flows associated with Rye Park.
- The DCF methodology requires long-term financial forecasts. Tilt Renewables has prepared long-term financial forecasts for each of its existing assets, as well as for Rye Park (**the Forecasts**). The Forecasts were finalised in April 2021 and represent Tilt Renewables' best estimate of the future financial performance of its operating assets and Rye Park. The Forecasts include projections of wholesale electricity prices that were sourced from independent third-party consultants, and we have given consideration to these when valuing Tilt Renewables.
- The DCF methodology is commonly used by participants in the electricity industry. One of the key reasons for this is that most fixed assets in the industry (including wind farms) have limited asset lives, following which significant capital expenditure is required to renew assets. The DCF methodology is able to account for the asset lives and age of assets.



We have valued Tilt Renewables' future development opportunities, including its development pipeline but excluding Rye Park, based on estimates of value per MW. We consider the use of value per MW for development projects to be appropriate because:

- Tilt Renewables has not prepared financial forecasts for its development projects. This prevents the use of the DCF valuation methodology and capitalisation of earnings. In addition, as these projects have not reached the stage where construction can begin, it is difficult to know the exact metrics on which they would proceed.
- The key elements of information known about the development projects are how progressed they are and the relative size of the projects. This means we can ascribe the projects a value, based on their relative size when measured in MW.
- When ascribing a value per MW to the development projects, we can take account of the likely time before the projects can begin construction, the costs that Tilt Renewables would need to incur to progress the projects, as well as the risks associated with the projects not proceeding.

In addition to the above methodologies, we have cross-checked our valuation results using other methodologies. In particular, we have considered earnings multiples for Tilt Renewables' operating assets and value per MW for both the existing assets and Rye Park.

Valuation date

We have adopted a valuation date of 31 March 2021, which is the date of the most recent balance sheet available at the time we prepared this Report.

Our valuation was finalised on 29 April 2021. When preparing the valuation, we considered and factored in events that occurred up to this date. However, our valuation does not take into account unforeseen events that occur after 29 April 2021. Therefore, when deciding on whether to vote to approve or reject the Scheme, shareholders may want to also consider events that occur after 29 April 2021, such as movements in the prices of other listed companies, changes to interest rates, and changes to foreign exchange rates.



6.2 Valuation summary

We estimate the value of Tilt Renewables' equity at between NZ\$6.20 and NZ\$7.83 per share, as summarised in Table 12. Our assessed value range compares to the offer price of NZ\$8.10 per share²⁵.

Table 12: Valuation assessment (AU\$ million, except where specified otherwise)

		Low	High
Australia operating assets	<i>Section 6.3.2</i>	1,105	1,190
NZ operating assets	<i>Section 6.3.3</i>	590	635
Total operating assets		1,695	1,825
Rye Park	<i>Section 6.4.1</i>	165	230
Australia development assets	<i>Section 6.4.2</i>	409	705
NZ development assets	<i>Section 6.4.2</i>	86	150
Other development opportunities	<i>Section 6.4.3</i>	30	50
Total development opportunities		690	1,135
Enterprise value		2,385	2,960
Net debt		(175)	(175)
Interest rate swaps		(24)	(24)
Equity value		2,186	2,761
Fully diluted shares on issue (million)		379.0	379.0
Share value (AU\$ per share)		5.77	7.28
<i>NZ\$/AU\$ exchange rate</i>		<i>0.93</i>	<i>0.93</i>
Share value (NZ\$ per share)		6.20	7.83

We assess the enterprise value of Tilt Renewables at between AU\$2,385 million and AU\$2,960 million. Approximately two thirds of the value we ascribe to Tilt Renewables' enterprise is associated with its operating assets, while the remaining amount (at approximately one third) is associated with potential future developments. Our assessments of the component parts of Tilt Renewables' enterprise value are set out in greater detail at Sections 6.3 and 6.4.

To convert the enterprise value into an equity value, we have deducted net debt and the tax-effected value of Tilt Renewables' interest rate swaps, based on its balance sheet at 31 March 2021.²⁶

Our valuation is for 100% of Tilt Renewables and therefore includes a premium for control. The value exceeds the price at which, based on current market conditions, we would expect Tilt Renewables' shares to trade in the absence of a takeover offer or transaction similar in nature to the Scheme.

Our assessment of value for the operating portfolio sits within a relatively narrow range, with the low and high ends approximately 4% away from the midpoint value of AU\$1,760 million. We consider this reasonable given the highly contracted nature and low operating leverage of the existing assets. In comparison, our valuation assessment for Tilt Renewables' development opportunities is in a relatively wide range, with the low and high ends approximately 24% away from the midpoint of AU\$913 million. We consider this reasonable given the uncertainty associated with these potential future projects, as well as their inherent operating leverage (with no capital expenditure yet incurred).

²⁵ The proposed consideration of NZ\$8.10 per share is subject to a reduction due to any payment of a permitted dividend.

²⁶ Net debt is AU\$175 million, comprising current and non-current borrowings (AU\$489.1 million) less cash at bank (AU\$155.3 million) and other financial assets (AU\$158.4 million). Tilt Renewables also had an AU\$33.8 million net liability position for its interest rate swaps at 31 March 2021. For valuation purposes, we have tax-adjusted this amount to reflect the tax benefit that would be received if the interest rate swaps were closed out at their current value.



6.3 Operating portfolio

We have valued Tilt Renewables' current operating wind farms using a DCF approach. Further details are provided below.

6.3.1 DCF principal assumptions and valuation parameters

Forecast cash flows: The DCF valuation is based on the Forecasts, which were finalised by Tilt Renewables' in April 2021. The principal assumptions that underpin the Forecasts include:

- For each operating asset, cash flow projections extend to the end of their remaining design life.
- Generation output is dependent on various factors, including how often the wind farms are halted for maintenance and the prevailing wind conditions. Tilt Renewables has forecast a 'P50' energy yield for each operating asset, which means that Tilt Renewables expects there is a 50% probability in any given year that electricity production will be at least at the forecast level. Additionally:
 - In the short term, generation output is expected to increase in both countries due to the completion of Dundonnell in Australia and Waipipi in New Zealand.
 - Generation output is projected to decline as Tilt Renewables' assets age and reach the end of their useful lives.
 - Excluding Rye Park, generation output is forecast to average approximately 1,500 GWh per annum over the next 30 years in Australia.
 - Annual generation output is forecast to average almost 800 GWh in New Zealand over the next 20 years, with Waipipi contributing more than 50% of this production (on average). None of Tilt Renewables' existing assets have a design life that extends beyond the next 20 years.
- Electricity prices utilised by Tilt Renewables are based on a combination of ASX Futures and estimates provided to Tilt Renewables by third-party technical consultants.
- LGC spot prices are forecast to decrease and a nominal floor price is assumed from 2025. No LGC revenue is earned by Tilt Renewables after the RET scheme expires in 2030.
- Tilt Renewables' generation output and pricing (for electricity and LGCs) are highly contracted in both Australia and New Zealand. Terms specified in existing PPAs have been reflected in the Forecasts.
- O&M costs are based on terms and conditions specified in agreements with Tilt Renewables' contractors. Royalties paid to land owners range between 1.15% and 3.00% of electricity revenue from the relevant Tilt Renewables' operating assets in Australia and New Zealand. Other operating expenses are forecast to be almost AU\$14 million in FY22 and escalate at CPI inflation rates.
- Corporate overheads total more than AU\$20 million per annum and are allocated between Australia and New Zealand based on their respective gross operating profits. Tilt Renewables has advised that most of these expenses are incurred to explore, secure and progress new development opportunities. Based on this, we have reduced these costs by 75% when valuing Tilt Renewables' operating wind farms.
- Minimal capital expenditure is required to sustain Tilt Renewables' existing PPE, as a result of the O&M contracting structures in place for each asset.
- CPI inflation rates range between 1.5% and 2.5% per annum across all forecast years. Tilt Renewables' long-term assumptions are based on the views of the Reserve Bank of Australia and Reserve Bank of New Zealand. We have revised the New Zealand CPI assumptions to reflect the New Zealand Treasury's latest inflation projections.
- Amounts are converted between New Zealand Dollars and Australian Dollars at an NZ\$/AU\$ exchange rate of 0.93.



Discount rate: We have estimated different discount rates for Tilt Renewables' Australian and New Zealand operating portfolios. We have determined the discount rates based on estimates of the post-tax, nominal weighted average cost of capital (**WACC**) for each operating portfolio.

A key input when determining a WACC is the cost of equity. We have determined the cost of equity using a different Capital Asset Pricing Model (**CAPM**) formula for Australia and New Zealand. In particular:

- For the Australian generation assets, we have estimated the cost of equity by applying the Sharpe-Lintner CAPM. This version of CAPM is commonly used by the Australian Energy Regulator.
- For the New Zealand generation assets, we have estimated the cost of equity by applying the Simplified Brennan-Lally CAPM. This version of CAPM is commonly used by valuation professionals in New Zealand and is also used by the New Zealand Commerce Commission.

Our WACC assessments are detailed at Appendix 4. We have applied different discount rates to each year's cash flows, based on their timing. Our approach is equivalent to applying a single discount rate of 5.6% for the Australian operating wind farms and 6.0% for the New Zealand wind farms.

Terminal value assumptions: Wind turbines have a typical design life of 25–30 years. At the end of an asset's design life, the operator must decide whether to decommission the site, extend the asset's life or 'repower' the asset by incurring capital expenditure to replace the existing turbines and enhance site infrastructure. The ultimate decision will depend on numerous factors and may vary for different sites.

For each of Tilt Renewables' wind farms, it is possible that the economic life may exceed their design life and O&M contract without additional capital expenditure being incurred. However, it is likely that their operating costs will increase and their availability factors will reduce, due to older assets having greater maintenance requirements. Existing permits and approvals typically allow for operations at Tilt Renewables' sites to continue beyond the design lives of the wind farms.

For valuation purposes, we have assumed that each operating asset continues to generate electricity for five years beyond the end of its design life, and contributes positive net cash flows during this period. We have not considered any salvage value or potential decommissioning costs beyond this extension.

Sensitivities: In addition to estimating the enterprise values using the above 'base case' assumptions, we have also considered the impacts on value of making the following standalone adjustments (keeping all else equal):

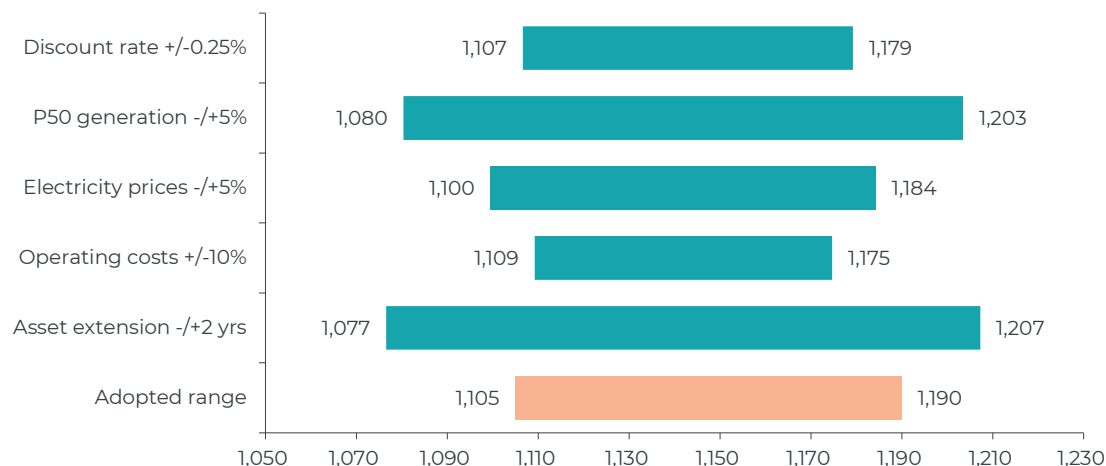
- **Discount rate +/- 0.25%:** Our discount rate approach is equivalent to applying a single discount rate of 5.6% for the Australian operating portfolio and 6.0% for the New Zealand assets. We have considered the impact of applying a single discount rate that is lower or higher by 25 basis points.
- **P50 generation +/- 5%:** We have considered the impact of electricity production being 5% higher or lower over the remaining lives of each operating asset.
- **Electricity prices +/- 5%:** Although most of Tilt Renewables' pricing is currently subject to PPA contracts, some electricity is sold at spot prices in the wholesale market. We have considered the impact of 5% higher or lower merchant prices on uncontracted revenues.
- **Operating costs +/- 10%:** We have considered the impact of Tilt Renewables' operating expenditure being 10% higher or lower than the base case forecast in all future years.
- **Asset life extension +/- 2 years:** As our base case assumption, we have assumed each wind farm can continue to produce electricity for five years past the end of its design life, without the need for additional capital investment. We have also considered the impact on value if this extension is two years shorter or longer.



6.3.2 DCF valuation – Australia operating assets

Using the DCF methodology, we estimate the enterprise value of Tilt Renewables' Australian operating assets at AU\$1,142 million using the 'base case' assumptions. We have adopted a range of between AU\$1,105 million and AU\$1,190 million for our wider valuation of the Tilt Renewables shares. This range was adopted after considering the sensitivities shown in Figure 16.

Figure 16: DCF valuation – Australia operating assets (AU\$ million)



Our adopted range is above the average of the valuation ranges from our sensitivity analysis. We consider this appropriate because, in our opinion, the terminal value (which is based on the 5-year asset life extension in the base case DCF) has more upside potential than downside potential. Tilt Renewables will have a range of options available when each asset nears and passes the end of its design life, including repowering or running down the asset. This should give Tilt Renewables flexibility when extracting value from its portfolio.

As a cross-check to our assessed range, we have considered the earnings multiple and value per MW implied by our valuation range. We have compared these valuation metrics to equivalent metrics for benchmark transactions set out at Appendices 5 and 6.

Our valuation range of between AU\$1,105 million and AU\$1,190 million for the operating wind farms in Australia is equivalent to:

- An earnings multiple of 17.8x–19.2x FY22 EBITDAF for these wind farms, which is based on the midpoint of Tilt Renewables' earnings guidance for Australia at AU\$62.0 million EBITDAF in FY22.
- Between AU\$2.2 million and AU\$2.4 million per installed MW, which is based on Tilt Renewables' 506 MW of installed generation capacity in Australia.

We consider these metrics are reasonable and supported by the valuation metrics at Appendices 5 and 6. In particular:

- Comparable listed companies have earnings multiples between 10.5x and 23.8x forecast EBITDA²⁷, with a median of 14.5x EBITDA. The operating wind farms in Australia have an earnings multiple towards the upper end of this range.
- Comparable transactions for operating wind farms and wind farm companies in Australia have occurred at prices of between AU\$1.5 million and AU\$4.2 million per MW, with a median of AU\$2.8 million per MW. Our assessment for the Australian operating assets is towards the lower end of this range. However, some of the benchmarks include development opportunities, which we have valued separately for Tilt Renewables.

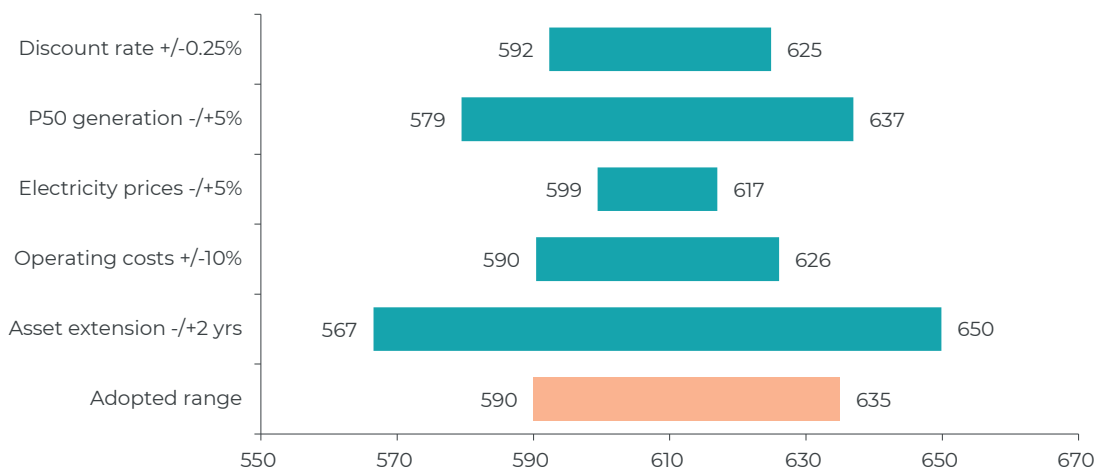
²⁷ EBITDA means earnings before interest, tax, depreciation and amortisation.



6.3.3 DCF valuation – New Zealand operating assets

Using the DCF methodology, we estimate the enterprise value of Tilt Renewables' New Zealand operating assets at AU\$608 million using the 'base case' assumptions. We have adopted a range of between AU\$590 million and AU\$635 million, after considering the sensitivities shown in Figure 17.

Figure 17: DCF valuation – New Zealand operating assets (AU\$ million)



As a number of the wind farms within Tilt Renewables' New Zealand portfolio are approaching the end of their design life, the assumptions regarding asset life extension have a relatively large impact on their value.

As for the Australian assets, our adopted range is above the average of the valuation ranges from our sensitivity analysis. We consider this appropriate because, in our opinion, the terminal value has more upside potential than downside potential. Tilt Renewables will have a range of options available when each asset nears and passes the end of its design life, including repowering or running down the asset. This should give Tilt Renewables flexibility when extracting value from its portfolio.

As for the operating wind farms in Australia, we have compared our valuation range to the benchmark transactions set out at Appendices 5 and 6. Our valuation range of between AU\$590 million and AU\$635 million for the New Zealand operating wind farms is equivalent to:

- An earnings multiple of 12.6x–13.5x FY22 EBITDAF for these wind farms, which is based on the midpoint of Tilt Renewables' earnings guidance for New Zealand at AU\$47.0 million EBITDAF in FY22.
- Between AU\$1.8 million and AU\$1.9 million per installed MW, which is based on Tilt Renewables' 330 MW of installed generation capacity in New Zealand.

We consider these metrics are reasonable and supported by the valuation metrics at Appendices 5 and 6. In particular:

- Comparable listed companies have earnings multiples between 10.5x and 23.8x forecast EBITDA, with a median of 14.5x EBITDA. The New Zealand operating wind farms have an earnings multiple towards the lower end of this range. However, a number of the New Zealand assets are approaching the end of their design life, so we would expect these assets to have a lower value than many comparable companies, when benchmarked using earnings.
- Comparable transactions for operating wind farms and wind farm companies in Australia have occurred at prices of between AU\$1.5 million and AU\$4.2 million per MW, with a median of AU\$2.8 million per MW. Our assessment for the New Zealand operating assets is towards the low end of this range. However, some of the benchmarks include development opportunities, which we have valued separately for Tilt Renewables. In addition, the New Zealand assets tend to be nearer the end of their design lives relative to the comparable Australian assets.



6.4 Development opportunities

Tilt Renewables has a significant pipeline of potential future projects. It also has an experienced team of professionals capable of identifying and progressing new projects that are not in its development pipeline.

We assess the value of Tilt Renewables' future development opportunities, including its development pipeline, at between AU\$690 million and AU\$1,135 million, as summarised in Table 13.

Table 13: Valuation of development pipeline

	Approx. capacity (MW)	Value of pipeline (AU\$ 000 per MW)		Value of pipeline (AU\$ million)	
		Low	High	Low	High
Rye Park development	396	417	581	165	230
Australia development pipeline – Late stage	1,820	200	350	364	637
New Zealand development pipeline – Late stage	430	200	350	86	150
Australia development pipeline – Mid stage	450	100	150	45	68
Other development opportunities	1,870+			30	50
Total value of development opportunities				690	1,135

When valuing the potential development pipeline, we have considered value in three broad categories:

- We have valued Rye Park using the DCF methodology and estimate the project's value at between AU\$165 million and AU\$230 million. This project has a PPA (for approximately 55% of output) and construction is expected to commence in 2021.
- We have ascribed a value to Tilt Renewables' other wind and solar projects that are at a late stage or mid-stage based on a value per MW. We estimate the combined value of these projects at between AU\$495 million and AU\$855 million.
- We have ascribed a broad estimate of between AU\$30 million and AU\$50 million to Tilt Renewables' other development opportunities, including its early-stage projects, its battery and gas projects, and other projects that Tilt Renewables may identify in the future. This value estimate takes account of, but is not directly related to, the installed capacity of the planned projects.

We describe the valuations of each of the above categories below.



6.4.1 Rye Park

As outlined earlier in the Report, Tilt Renewables has secured a 15-year PPA for Rye Park, under which approximately 55% of its output will be sold to a subsidiary of Newcrest Mining. We understand that discussions to potentially secure additional PPAs for this wind farm are ongoing.

All requisite land access, environmental and planning approvals have been obtained for Rye Park. The remaining key development activities required to commence construction are being closed out and financing due diligence is currently in progress.

The Forecasts prepared by Tilt Renewables include cash flow projections for the construction and operation of Rye Park. Using these cash flow projections, we have valued the Rye Park project using the DCF valuation methodology.

DCF principal assumptions and valuation parameters

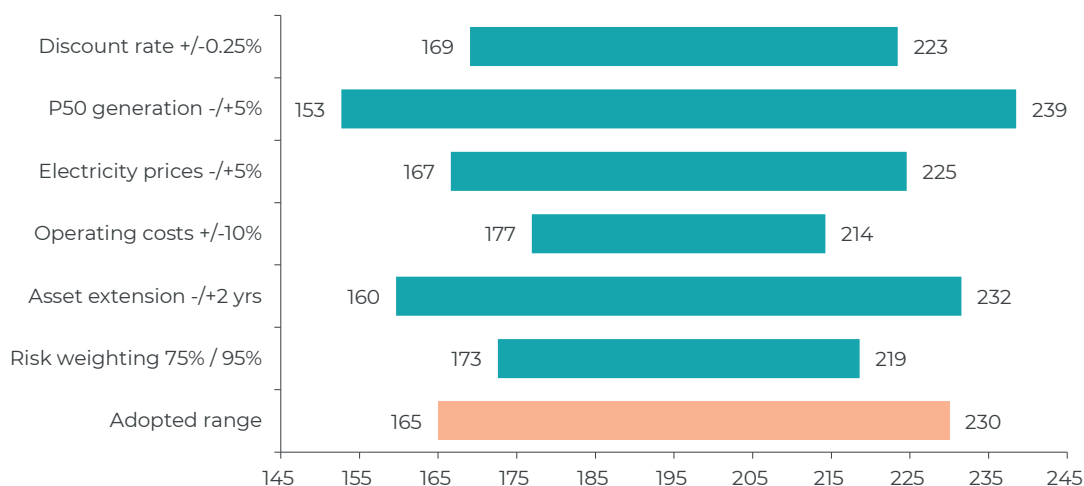
Many of the assumptions underpinning our DCF valuations of Tilt Renewables' current operating portfolio also apply to our valuation of Rye Park. Key additional parameters include:

- Tilt Renewables has set a target of 2021 for construction to begin and expects this wind farm will be commissioned by 2023.
- Total capital expenditure to build Rye Park is estimated at approximately AU\$765 million.
- Installed capacity is expected to be 396 MW and generation is forecast to average almost 1,200 GWh per annum over Rye Park's design life.
- Approximately 55% of Rye Park's electricity and LGC production is contracted through to the end of 2038. In the Forecasts, Tilt Renewables has assumed that no additional PPAs will be secured.
- We apply the same discount rate assumptions as those used to value Tilt Renewables' operating portfolio in Australia. However, to recognise the additional uncertainty related to project execution and the future performance of Rye Park, we have applied a risk-weighting factor to the DCF valuation result. We have applied an 85% risk-weighting factor and show the impact of applying a risk-weighting factor of between 75% and 95% in our sensitivity analysis.

DCF valuation – Rye Park

Using the DCF methodology, we estimate the enterprise value of the Rye Park project at AU\$196 million using the 'base case' assumptions, after applying the 85% risk-weighting factor. We have adopted a range of between AU\$165 million and AU\$230 million for our wider valuation of the Tilt Renewables shares. This range was adopted after considering the sensitivities shown in Figure 18.

Figure 18: DCF valuation – Rye Park (AU\$ million)





6.4.2 Late-stage and mid-stage wind and solar projects

We estimate value of between AU\$495 million and AU\$855 million for the late-stage and mid-stage wind and solar projects identified in Tilt Renewables' development pipeline. Our valuation of these projects is based on estimates of value per MW, as summarised in Table 14.

Table 14: Valuation of late and mid-stage wind and solar projects (excluding Rye Park)

	Approx. capacity (MW)	Value of pipeline (AU\$ 000 per MW)		Value of pipeline (AU\$ million)	
		Low	High	Low	High
Australia development pipeline – Late stage	1,820	200	350	364	637
New Zealand development pipeline – Late stage	430	200	350	86	150
Australia development pipeline – Mid stage	450	100	150	45	68
Total				495	855

We have ascribed value to these projects at rates of AU\$200,000–AU\$350,000 per MW for late-stage projects and AU\$100,000–AU\$150,000 per MW for mid-stage projects.

In coming to our assessed ranges, we considered the following:

- We estimate the value of wind farm projects at roughly AU\$450,000–AU\$650,000 per MW, once the projects have been contracted (e.g. PPA signed) but before capitalised construction costs have been incurred. This range is based on our valuations of the Dundonnell and Waipipi wind farms (which have recently been completed by Tilt Renewables), as well as our valuation of the Rye Park wind farm (which is expected to have construction begin in 2021). This range is before taking account of any risk-weighting factors (e.g. 85% risk-weighting factor applied to value Rye Park).
- None of the development projects have reached the stage where they have a signed PPA contract and are ready for construction. Therefore, we consider these projects have a value at below the AU\$450,000–AU\$650,000 per MW range. We have assessed the ranges for the late-stage and mid-stage projects after allowing for:
 - The time until the projects are ready to be constructed (time value of money).
 - The costs yet to be incurred to progress the projects, including management costs and other fees.
 - The risks associated with development projects, including the risk that projects will not proceed or that they proceed on terms that are less favourable than for previous projects.
- We have also considered the prices paid to acquire other pre-construction wind farm projects. We detail three benchmark transactions at Appendix 6, being Cherry Tree, Stockyard Hill and Mt Emerald. These transactions occurred at prices of between AU\$110,000 per MW and AU\$210,000 per MW. None of these projects had PPAs before the transaction. The Stockyard Hill transaction included both the sale of the wind farm project at AU\$110 million and the simultaneous execution of a long-term PPA.

We have excluded the possible repowering of Tilt Renewables' Tararua wind farm site when estimating the generation capacity of the development projects. Although Tilt Renewables treats the repowering of Tararua as a mid-stage development project, the value associated with this project is already captured when we value the existing New Zealand wind farms.



6.4.3 Remaining development opportunities

We have ascribed value of AU\$30 million to AU\$50 million to Tilt Renewables' remaining development opportunities. This value is associated with:

- Battery projects in Australia that are expected have a combined capacity of 370 MW and which are predominantly classified by Tilt Renewables as being mid-stage projects in its development pipeline.
- Wind and solar projects (in Australia and New Zealand) that are expected to have a combined capacity of approximately 1,400 MW and which are classified by Tilt Renewables as being at an early stage or early/mid-stage.
- One gas project of 100 MW in Australia that Tilt Renewables is investigating for feasibility, and which it classifies as being a mid-stage project.
- Other projects that Tilt Renewables has not yet identified but is likely to identify in the future. Tilt Renewables employs an experienced and skilled team of staff who progress its development pipeline, including the identification of potential value-enhancing projects.

It is difficult to ascribe value to the above projects. Many are likely to encounter issues that will prevent them from proceeding, such as not receiving the required permits and other approvals, or not being commercially viable once investigated or progressed.

In our opinion, minimal value should be ascribed to these development projects relative to Tilt Renewables' more advanced projects. The risks associated with these projects are much higher and additional costs need to be incurred to investigate them further. That said, we consider these additional development opportunities add value to Tilt Renewables, as some are likely to reach a more advanced stage.

We also do not consider the value associated with these projects will necessarily be proportional to the potential installed capacity of the identified development projects. There are issues as to exactly how progressed each project is, as well as the value per MW likely being different for battery storage plants, electricity generation assets using gas, and electricity generation assets that use intermittent resources such as wind and solar.

Nevertheless, as a broad cross-check, the value we ascribe to the above development opportunities is roughly AU\$16,000 to AU\$27,000 per MW of the identified projects in the development pipeline.²⁸ After considering factors specific to the projects, including their early-stage nature and the additional costs that would need to be incurred before they can proceed to construction, we consider this valuation range to be reasonable.

²⁸ These projects have approximately 1,870 MW of capacity.



6.5 Possible reasons for difference in value

The proposed consideration of NZ\$8.10 per share²⁹ is 3% above the top end of our NZ\$6.20 to NZ\$7.83 per share valuation range. The difference may be due to potential synergies perceived by PowAR and Mercury, or due to a possible increase in the share value between the valuation date and the completion date. We address each of these issues below.

6.5.1 Potential synergies

In various market announcements, PowAR and Mercury have emphasised that Tilt Renewables' energy assets and development opportunities will complement their existing portfolios. All parties to the transaction have a shared goal to accelerate investment in renewables and to be market leaders in the transition towards Australia and New Zealand having decarbonised energy systems.

Pursuant to the Scheme, PowAR and Mercury are to acquire Tilt Renewables' development pipeline. The acquirers may be able to leverage their own financial resources and abilities to secure PPAs and bring the development assets more quickly to market.

Furthermore, we consider the acquirers are likely attracted to the prospect of not having to incur significant time and costs to create equivalent development pipelines. The acquisition of Tilt Renewables presents PowAR and Mercury with a unique opportunity to readily access a scale platform of operating and development assets that are aligned with both of their strategic ambitions.

PowAR and Mercury have their own specialist resources and expertise when it comes to developing and operating electricity generation assets. Therefore, the parties may be able to achieve cost savings following the acquisition of Tilt Renewables if they can rationalise the teams or reduce other costs.

The value of any potential synergies to PowAR and Mercury is extremely difficult to assess with any accuracy and accordingly we have not included them in our valuation assessment.

Synergies perceived by PowAR and Mercury may represent part of the difference between the value we have assessed per share, and the proposed consideration of NZ\$8.10 per share²⁹.

6.5.2 Increased value at the completion date

Our valuation date is 31 March 2021, although completion of the Scheme is not expected until August 2021. Between the two dates, Tilt Renewables is forecast to generate additional profits and will further advance its development opportunities.

In theory, the average expected outcome is for the value of the shares to increase by the return on equity over the intervening period.

Assuming a post-tax return on equity of 8% per annum (weighted across the whole business, including the development opportunities), and assuming completion on 31 August 2021, an indicative increase in our valuation range could be approximately NZ\$0.21 to NZ\$0.26 per share.

²⁹ The proposed consideration of NZ\$8.10 per share is subject to a reduction due to any payment of a permitted dividend.



7. Merits of the Scheme

The Code requires the independent adviser to form an opinion as to the merits of the proposed transaction and, in doing so, to take into consideration issues wider than just a valuation.

The term 'merits' has no definition in either the Code or in any statute dealing with securities or commercial law in New Zealand. Although the Code does not prescribe a meaning of the term 'merits', the Panel has interpreted the word to include both positives and negatives in respect of a transaction. We have adopted that approach in preparing this Report.

7.1 Tilt Renewables' operations and development opportunities

Tilt Renewables is a developer and operator of renewable energy assets. It currently has nine wind farms in operation across Australia and New Zealand, as well as various wind, solar, battery and gas power stations in its development pipeline.

Five of Tilt Renewables' operating wind farms are located in Australia and four are in New Zealand. Its total installed capacity is currently 836 MW³⁰ and the average asset age is 5.6 years. Dundonnell is Tilt Renewables' largest generating asset at 336 MW and is Australia's fifth largest wind farm by capacity. Waipipi is its largest operating wind farm in New Zealand and is the first wind farm commissioned in New Zealand in more than four years. Waipipi has an installed capacity of 133 MW and is expected to generate around 455 GWh of electricity per annum.

Tilt Renewables is constantly searching for quality sites and assessing new greenfield opportunities to further expand its portfolio. It has an experienced team capable of developing new projects.

Tilt Renewables has a development pipeline of more than 5,000 MW across various technologies and regions throughout Australia and New Zealand. Approximately 2,700 MW relates to late-stage projects and assets in Australia account for 70% of the development pipeline.

Tilt Renewables expects construction of the Rye Park wind farm in New South Wales to commence in 2021 and anticipates this wind farm will be commissioned by 2023. Once commissioned, Rye Park is expected to have an installed capacity of 396 MW and generate, on average, almost 1,200 GWh of electricity per annum.

7.2 Tilt Renewables' recent performance

Tilt Renewables' EBITDAF increased from AU\$103.8 million to AU\$134.8 million between FY18 and FY19, due to higher electricity revenue being achieved in both Australia and New Zealand, as well as an AU\$17.1 million increase in LGC revenue. It benefitted from good wind conditions during FY19 and annual electricity production exceeded 2,000 GWh for the first time.

EBITDAF decreased between FY19 and FY21, mainly because earnings have been significantly lower in Australia. Snowtown 2 was sold during Q3 of FY20, which resulted in Tilt Renewables generating less electricity in that year. FY21 was the first financial year with no earnings contribution from Snowtown 2. Dundonnell reached practical completion in July 2020 and continued to ramp up production as it advanced through a number of AEMO capacity hold points throughout FY21.

Tilt Renewables has issued FY22 EBITDAF guidance to the market, in a range of AU\$104 million to AU\$114 million for the consolidated group. EBITDAF is expected to improve in both Australia and New Zealand primarily because Dundonnell and Waipipi will make full-year contributions to earnings.

³⁰ Figure includes Dundonnell, which is still in the commissioning phase.



7.3 Standalone valuation of Tilt Renewables

We assess the enterprise value of Tilt Renewables at between AU\$2,385 million and AU\$2,960 million. Approximately two thirds of the value we ascribe is associated with its operating assets, while the remaining amount (at approximately one third) is associated with potential future developments.

After adjusting enterprise value for net debt and interest rate swaps, we assess the full underlying value of Tilt Renewables' shares at between NZ\$6.20 and NZ\$7.83 per share. This valuation range was determined on 29 April 2021 and we considered events that occurred up to this date when valuing Tilt Renewables.

Our valuation is for 100% of Tilt Renewables and therefore includes a premium for control. The value exceeds the price at which, based on current market conditions, we would expect Tilt Renewables' shares to trade in the absence of a takeover offer or transaction similar in nature to the Scheme.

We have separately valued the various parts of Tilt Renewables and then aggregated the component parts to determine the value of the whole business. This is commonly referred to as a sum-of-the-parts valuation.

- We adopted the DCF methodology to estimate the fair market value of Tilt Renewables' current operating assets in Australia and New Zealand, as well as the Rye Park wind farm development.
- We have valued Tilt Renewables' future development opportunities, including its development pipeline but excluding Rye Park, based on estimates of value per MW.
- We have cross-checked our valuation results using other methodologies. In particular, we have considered earnings multiples for Tilt Renewables' operating assets and value per MW for both the existing assets and Rye Park.

Our valuation of Tilt Renewables is set out in greater detail at Section 6 of this Report.

7.4 Proposed consideration

The proposed consideration is NZ\$8.10 per share³¹ in cash, payable to all shareholders.

Mercury currently owns 19.9% of Tilt Renewables' shares and proceeds from the sale of these shares (approximately NZ\$608 million) are, in effect, to be set off against the purchase price for Tilt Renewables' New Zealand business. Mercury has announced to the market that this represents an enterprise value of NZ\$797 million (equivalent to AU\$741 million at an NZ\$/AU\$ exchange rate of 0.93).³²

The proposed consideration of NZ\$8.10 per share³¹ represents:

- A premium of 106.6% to the closing share price of NZ\$3.92 on 4 December 2020, which was the last trading day before Infratil announced a strategic review of its shareholding in Tilt Renewables.
- A premium of 25.0% to the closing share price of NZ\$6.48 on 12 March 2021, which was the last trading day before the SIA was announced to the market.

The proposed consideration is 3% above the top end of our assessed valuation range as at 31 March 2021.

Synergies perceived by PowAR and Mercury may represent part of the difference between the value we have assessed per share, and the proposed consideration. The acquirers have emphasised that Tilt Renewables' energy assets and development opportunities will complement their existing portfolios.

The difference between the proposed consideration and our valuation assessment may also be due to a possible increase in share value between the valuation date and the completion date.

Between our 31 March 2021 valuation date and an assumed completion date of 31 August 2021, Tilt Renewables is forecast to generate additional profits and will further advance its development opportunities. In theory, the average expected outcome is for the value of the shares to increase by the return on equity over the intervening period. Assuming a post-tax return on equity of 8% per annum, we estimate an indicative increase in our valuation could be between NZ\$0.21 and NZ\$0.26 per share.

³¹ The proposed consideration of NZ\$8.10 per share is subject to a reduction due to any payment of a permitted dividend.

³² Mercury and Pisa Obligor have agreed an NZ\$634,434,937 equity value for the NZ transferring assets, subject to adjustments.



7.5 Voting on the Scheme

For the Scheme to proceed, it is necessary that both of two voting thresholds are met, being:

1. At least 75% of the votes cast in each interest class (entitled to vote and voting) must be in favour of the Scheme.
2. More than 50% of the Tilt Renewables shares on issue must be voted in favour of the Scheme.

Mercury will vote in its own interest class, as it is part of the Consortium acquiring Tilt Renewables' assets. Mercury has entered a deed poll to vote its entire shareholding in favour of the Scheme.

Infratil is expected to vote in the same interest class as other ordinary shareholders and its shareholding is expected to represent 81.8% of all shares in that class. Infratil has entered into a voting deed with Pisa Obligor to vote its entire shareholding in favour of the Scheme.

Tilt Renewables' non-conflicted directors recommend that shareholders vote in favour of the Scheme.

7.6 Alternatives to the Scheme

The SIA is to be implemented via a scheme of arrangement under Part 15 of the Companies Act and is subject to key conditions that include:

- The approval of Tilt Renewables' shareholders.
- The approval of the High Court in accordance with the Companies Act.
- The approval of the New Zealand Overseas Investment Office.
- The approval of the Australian Foreign Investment Review Board.
- No prescribed occurrences as defined in Schedule One of the SIA.

The shareholder approval thresholds for this transaction will be met if the interest class composition does not change and Infratil and Mercury vote in the manner which they have undertaken to do. We consider this to be likely.

We consider the New Zealand Overseas Investment Office and Australian Foreign Investment Review Board are also likely to approve the Scheme, because Tilt Renewables' Australian and New Zealand operations (including the development options) would respectively be owned and controlled by PowAR (an Australian entity) and Mercury (a New Zealand entity), rather than by foreign shareholders.

If the Scheme is successful, shareholders that wish to maintain an exposure to Tilt Renewables' assets, or the wider electricity industry, would be able to invest the proceeds into the shares of Mercury or other listed companies in the sector.

If for some reason the Scheme is not implemented, Tilt Renewables would remain a listed company with its shares quoted on the NZX Main Board and the ASX. In the absence of any other factors, we consider there is a real prospect that Tilt Renewables' share price could recede from current levels.



7.7 Likelihood of an increase to the proposed consideration

On 16 April 2021, Tilt Renewables announced that amendments had been made to the SIA following the receipt of a competing proposal by another bidder. Notable changes to the SIA included the removal of provisions allowing Tilt Renewables to evaluate any competing proposal to the Scheme or to terminate the SIA if a superior proposal were to be received.

Given the SIA cannot be terminated in such circumstances, neither Mercury nor Infratil are released from their voting commitments. This means that the emergence of a superior alternative transaction is unlikely unless the SIA terminates due to reasons such as a condition not being fulfilled.

In theory, there is nothing to prevent another party from issuing a formal takeover offer to acquire Tilt Renewables, or to procure a shareholder to requisition a meeting of shareholders to consider a competing proposal, at some time before shareholders vote on the Scheme. In saying this, it would be presumptive to assume that a superior proposal will eventuate, given the above as well as the highly publicised process to facilitate the current proposal, the time that has elapsed since it was announced and the fact Infratil has agreed not to sell its shares other than under the Scheme. Mercury has also indicated it would vote against any competing proposal and the substantial shareholdings held by Infratil and Mercury may discourage a third party from making a formal takeover offer.

If a further competing proposal were to eventuate, PowAR (via its subsidiary, Pisa Obligor) may increase the proposed consideration if it thought the Scheme were otherwise likely not be successful. As the shareholder vote approaches, there will be more certainty as to whether a further competing proposal is likely to emerge. This may be a relevant consideration for Tilt Renewables shareholders who vote by proxy.



Appendix 1: Sources of information

Documents relied upon

Key information sources we have used and relied on, without independent verification, in preparing this Report include the following:

- Tilt Renewables annual reports
- Tilt Renewables investor presentations
- Tilt Renewables management accounts
- Tilt Renewables financial models
- Tilt Renewables share register as at 31 March 2021 (Computershare)
- Australian Energy Market Operator (AEMO)
- Australian Clean Energy Council
- Australian Energy Regulator
- Mercari Pty Ltd
- New Zealand Ministry of Business, Innovation and Employment (MBIE)
- New Zealand Ministry for the Environment
- New Zealand Climate Change Commission
- New Zealand Wind Energy Association
- S&P Capital IQ
- FactSet
- Yieldbroker
- Reserve Bank of Australia
- Reserve Bank of New Zealand
- New Zealand Treasury
- Broker reports
- NZX announcements
- Other publicly available information

We have also had discussions with Tilt Renewables' management team in relation to the nature of its business operations and the known risks and opportunities for Tilt Renewables in the foreseeable future.

Reliance upon information

In forming our opinion, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Tilt Renewables and its advisers. We have no reason to believe any material facts have been withheld.

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



Appendix 2: Qualifications and declarations

Qualifications

Calibre Partners is an independent New Zealand Chartered Accounting practice. The firm has established its reputation nationally through the provision of professional financial consultancy services with a corporate advisory and insolvency emphasis, and because we have no audit or tax divisions, we avoid potential conflicts of interest that may otherwise arise. This allows Calibre Partners to regularly act as an independent adviser and prepare independent reports.

The persons responsible for preparing and issuing this Report are Grant Graham (BCom, CA), Hamish Don (BCom (Hons)) and Shaun Hayward (BCom, BProp, CFA). All have significant experience in providing corporate finance advice on mergers, acquisitions and divestments, advising on the value of shares and undertaking financial investigations.

Disclaimers

This Report should not be used or relied upon for any purpose other than as an expression of Calibre Partners' opinion as to merits of the proposed transaction. Calibre Partners expressly disclaims any liability to any Tilt Renewables securityholder that relies, or purports to rely, on this Report for any other purpose and to any other party who relies, or purports to rely, on the Report for any purpose.

This Report has been prepared by Calibre Partners with care and diligence, and the statements and opinions given by Calibre Partners in this Report are given in good faith and in the belief, on reasonable grounds, that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Calibre Partners or any of its officers or employees for errors or omissions however arising (including as a result of negligence) in the preparation of the Report, provided that this shall not absolve Calibre Partners from liability arising from an opinion expressed recklessly or in bad faith.

Indemnity

Tilt Renewables has agreed that, to the extent permitted by law, it will indemnify Calibre Partners and its partners, employees and officers in respect of any liability suffered or incurred as a result of, or in connection with, the preparation of the Report. This indemnity does not apply in respect of any negligence, misconduct or breach of law. Tilt Renewables has also agreed to indemnify Calibre Partners and its partners, employees and officers for time incurred and any costs in relation to any inquiry or proceeding initiated by any person, except where Calibre Partners or its partners, employees and officers are guilty of negligence, misconduct or breach of law, in which case Calibre Partners shall reimburse such costs.

Independence

Calibre Partners and the persons responsible for the preparation of this Report do not have at the date of this Report, and have not had, any shareholding in, or other relationship, or conflict of interest with Tilt Renewables that could affect their ability to provide an unbiased opinion in relation to this transaction. Calibre Partners will receive a fee for the preparation of this Report. This fee is not contingent on the success or implementation of the proposed transaction or any transaction complementary to it. Calibre Partners and the persons responsible for the preparation of this Report have no direct or indirect pecuniary interest or other interest in this transaction. We note for completeness that a draft of this Report was provided to Tilt Renewables and its advisers, solely for the purpose of verifying the factual matters contained in this Report. While minor changes were made to the drafting, no material alteration to any part of the substance of this Report, including the methodology or conclusions, were made as a result of issuing the draft.

Consent

Calibre Partners consents to the issuing of the Report, in the form and context in which it is included, in the information to be sent to Tilt Renewables' shareholders. Neither the whole nor any part of the Report, nor any reference thereto, may be included in any other document without the prior written consent of Calibre Partners as to the form and context in which it appears.



Appendix 3: Valuation methodologies

There are four methodologies commonly used for valuing businesses:

1. Discounted cash flow (DCF) analysis
2. Capitalisation of earnings
3. Estimate of proceeds from an orderly realisation of assets
4. Industry rules of thumb.

Each of these valuation methodologies is appropriate in different circumstances. A key factor in determining which methodology is appropriate is the actual practice commonly adopted by purchasers of the type of business involved.

Discounted cash flow

It is a fundamental principle that the value of an asset or business is represented by its expected future cash flows, discounted to present value at a rate that reflects the risks inherent in those cash flows. This approach, referred to as the DCF methodology, is particularly suited to situations where a business is in a growth phase or requires significant additional investment to achieve its projected earnings.

The DCF methodology requires considerable judgement in estimating future cash flows and the valuer generally places significant reliance on medium to long-term projections prepared by management. The DCF valuation methodology can also be very sensitive to changes in underlying assumptions. Notwithstanding these limitations, DCF valuations are appropriate where current earnings are not representative of reasonable expectations of future earnings.

Capitalisation of earnings

The capitalisation of earnings methodology requires an assessment of the maintainable earnings of the business and the selection of an appropriate capitalisation rate, or earnings multiple. This methodology is most appropriate where there is a long history of relatively stable returns and capital expenditure requirements are neither large nor irregular. In practice, it is often difficult to obtain accurate forecasts of future cash flows and therefore the capitalisation of earnings methodology is often used as a surrogate for the DCF methodology.

Realisation of assets

The realisation of assets approach is based on an estimate of the proceeds from an orderly sale of assets. This methodology is more commonly applied to businesses that are not going concerns. The valuation result reflects liquidation values and typically attributes no value to any goodwill associated with ongoing trading.

Industry rules of thumb

In some industries, businesses are valued using well established 'rules of thumb'. Generally, these rules of thumb are used as a cross-check for other valuation methodologies.



Appendix 4: Discount rates

We have determined the discount rates that we apply to Tilt Renewables based on an assessment of its post-tax, nominal weighted average cost of capital (WACC).

We have assessed and applied different discount rates for Tilt Renewables' Australian and New Zealand operations, based on the different macroeconomic conditions in each country and the valuation techniques commonly adopted by valuation practitioners in each country.

We have also applied different discount rates to each year's cash flows, based on their timing.

It is a commonly accepted practice to determine WACC using the following formula:

$$WACC = R_d(1 - T_c) \frac{D}{D + E} + R_e \frac{E}{D + E}$$

Where:

E = the market value of equity capital

D = the market value of debt capital

R_d = the required rate of return on debt capital (cost of debt)

R_e = the required rate of return on equity capital (cost of equity)

T_c = the statutory corporate tax rate

Leverage

When estimating Tilt Renewables' cost of capital, we have assumed a gearing ratio of 25% for the consolidated group. This is higher than Tilt Renewables' leverage (net debt to enterprise value) of below 10% at 31 March 2021. However, it is broadly similar to the median leverage for the comparable listed companies shown in Table A4.1.

During the construction and commissioning phases of a new project, Tilt Renewables' actual leverage can be materially higher. Tilt Renewables tends to secure project finance facilities for new assets, under which the debt is fully repaid over a term of 20–25 years. Its most recent project finance transaction, Waipipi, had a gearing ratio of approximately 85% at the date it was commissioned, with the debt to be repaid over 25 years.

For completeness, an assessment of WACC is generally not significantly affected by leverage.

Cost of debt

At 31 March 2021, Tilt Renewables' various debt facilities allow it to borrow at credit margins that range between 24 basis points and 205 basis points above benchmark bank bill rates in Australia and New Zealand (BBSY and BKBM). BBSY and BKBM rates are currently very low and not dissimilar to the short term risk-free rates we adopt in our WACC calculations.

For our Australia and New Zealand discount rate calculations, we have assumed a margin of 150 basis points over the risk-free rates adopted in each country. In setting this margin, we considered the level of leverage we have assumed for Tilt Renewables, at 25% average net debt to enterprise value.



Capital Asset Pricing Model

The Capital Asset Pricing Model (CAPM) is typically used to determine a cost of equity.

For Tilt Renewables' Australian operations, we have adopted the Sharpe-Lintner specification of CAPM, which is the model adopted by the Australian Energy Regulator.

It uses the following formula:

$$R_e = R_f + \beta_e [R_m - R_f] + SCRP$$

Where:

R_f = the risk-free rate of return

β_e = the equity beta for the entity being valued

R_m = the expected return on the market portfolio

SCRP = Specific company risk premium

It is common practice in New Zealand to use a version of CAPM that has been modified to recognise the New Zealand tax regime and its favourable tax treatment of equity returns. The specification most commonly adopted is the Simplified Brennan-Lally CAPM. This model is applicable to post-corporate tax, but pre-investor tax cash flows. It uses the following formula:

$$R_e = R_f(1 - T_i) + \beta_e [R_m - R_f(1 - T_i)] + SCRP$$

Where:

T_i = investors' effective tax rate on interest, dividends and capital gains

R_f = the risk-free rate of return

β_e = the equity beta for the entity being valued

R_m = the expected return on the market portfolio

SCRP = Specific company risk premium

The terms [$R_m - R_f(1 - T_i)$] are generally grouped into a single tax-adjusted market risk premium (**TAMRP**).

Investors' effective tax rate (T_i)

For the purpose of the New Zealand cost of equity, we have adopted an effective investors' tax rate on interest, dividends and capital gains of 28%. This is the rate commonly used by valuers in New Zealand.

Risk-free rate (R_f)

Tilt Renewables has provided us with cash-flow projections that cover the design lives of its existing wind farms and Rye Park.

We have assessed and applied different discount rates to the cash flows that occur in each year of the Forecasts, based on the timing of those cash flows. The key difference between the discount rates we have determined for each period is the risk-free rate adopted.

For Australia, we have adopted the yields on Australian Treasury Bonds as a measure of its risk-free rates. Australian Treasury Bonds have maturities that range between 1 month and 30 years, and we have interpolated between data points where required.



For New Zealand, we have adopted the risk-free interest rates specified by the New Zealand Treasury for use by government entities for certain accounting valuation purposes.³³ These risk-free interest rates are measured as at 31 January 2021 and were determined with reference to the overnight cash rate, Treasury bills, government bond yields and long-term expectations.

We have adjusted the New Zealand rates to allow for the change in New Zealand Government bond yields between 31 January 2021 and 23 April 2021 (bond yields increased during this time).

The spot risk-free rates that we have adopted for the Australian and New Zealand operations are summarised in Tables A4.2 and A4.3, respectively.

Equity beta (β_e)

An equity beta is a measure of an investment's volatility. The beta of the market portfolio is 1.0. A beta above 1.0 indicates that an investment is more volatile than the market and has higher systematic (market-related) risk. A beta below 1.0 indicates that an investment has a lower level of systematic risk. An equity beta factors in the leveraging effect of debt in a company's capital structure.

To determine an asset beta for Tilt Renewables, we have considered the asset betas of comparable listed companies in the electricity industry. Table A4.1 summarises our analysis.

Table A4.1: Asset betas

Company	Country	Activity	Primary generation	Leverage 2-year median	Asset beta 2-year-weekly	Asset beta 5-year-monthly
Meridian Energy	NZ	Gentailer	Hydro/Wind	10%	1.24	1.19
Mercury	NZ	Gentailer	Hydro/Geothermal	14%	0.95	0.73
Contact Energy	NZ	Gentailer	Hydro/Geothermal	17%	1.17	0.86
Genesis Energy	NZ	Gentailer	Thermal/Hydro	27%	0.83	0.81
Trustpower	NZ	Gentailer	Hydro	22%	0.68	0.16
NZ Windfarms	NZ	Generator	Wind	13%	0.45	0.51
Genex Power	Australia	Generator	Solar/Pumped Hydro	57%	0.61	0.61
Northland Power	Canada	Generator	Wind	56%	0.47	0.19
Innergex	Canada	Generator	Hydro/Wind	56%	0.50	0.09
Boralex	Canada	Generator	Wind	53%	0.63	0.26
Atlantica Sustainable	USA	Generator	Solar	66%	0.45	0.32
Falck Renewables	Italy	Generator	Wind	28%	0.78	0.77
Min				10%	0.45	0.09
Max				66%	1.24	1.19
Median				27%	0.66	0.56

Source: S&P Capital IQ, company announcements and financial statements, and Calibre Partners analysis

We adopt an asset beta in the range of 0.50–0.60 for the purpose of valuing Tilt Renewables' assets in both Australia and New Zealand. This is based on the above analysis, after removing outliers at the top and bottom ends of the 2-year-weekly and 5-year-monthly ranges.

The Sharpe-Lintner and Brennan-Lally CAPM versions apply different formulas to convert asset betas into equity betas.

³³ <https://treasury.govt.nz/information-and-services/state-sector-leadership/guidance/reporting-financial/discount-rates/discount-rates-and-cpi-assumptions-accounting-valuation-purposes>



The Sharpe-Lintner CAPM uses the following formula:

$$\beta_e = \beta_a[1 + D/E(1 - T)]$$

We estimate an equity beta range of 0.62–0.74 for inclusion in our Australian discount rate calculations. This has been calculated using the above formula by inputting our estimates of Tilt Renewables' asset beta and leverage, and Australia's corporate tax rate of 30%.

The Brennan-Lally CAPM applies the following formula:

$$\beta_e = \beta_a[1 + D/E]$$

We estimate an equity beta range of 0.67–0.80 for our New Zealand discount rate calculations. This has been calculated using the above formula by inputting our estimates of Tilt Renewables' asset beta and leverage.

Market risk premium

A market risk premium is the excess expected return on the market portfolio of risky equity assets (share market returns) over the return on risk-free assets (government bond returns).

In Australia, a market risk premium of 6.5% has been widely used in regulatory price determinations by the Australian Energy Regulator and is still used at the time of this Report. We have adopted 6.5% as the market risk premium in our discount rate calculations for Tilt Renewables' Australian assets.

A TAMRP is used in the Brennan-Lally CAPM, which is the market risk premium adjusted for tax considerations. We have determined an appropriate TAMRP is 7.5% (for inclusion in our New Zealand discount rate calculations) after considering:

- Valuation professionals typically use a TAMRP between 7.0% and 8.0% when valuing New Zealand companies. We consider a rate that is above the low end of this typical range is appropriate in the current economic environment. The midpoint of 7.5% is the most widely adopted TAMRP when valuing New Zealand companies today.
- The New Zealand Treasury's guidance on discount rates suggests a market risk premium of around 7.0% is appropriate.

Specific company risk premium (SCRIP)

We have not included an extra risk premium in our assessed discount rates. However, we have applied a separate risk-weighting factor in our valuation of Rye Park (refer Section 6.4.1).

Discount rates adopted

The discount rates we have adopted in our DCF valuations of Tilt Renewables' Australian and New Zealand assets are summarised at key dates over the following pages, in Tables A4.2 and A4.3 respectively.

For our Australian discount rate calculations, we have estimated the risk-free rate and WACC for periods between the maturity dates of Australian Treasury Bonds.



Table A4.2: Discount rates – Australia

Cash flow year	Spot risk-free rates adopted	Equity beta (midpoint)	Market risk premium	SCRP	WACC (midpoint)
Year 1	0.04%	0.68	6.50%	–	3.61%
Year 2	0.07%	0.68	6.50%	–	3.63%
Year 3	0.10%	0.68	6.50%	–	3.66%
Year 4	0.42%	0.68	6.50%	–	3.96%
Year 5	0.69%	0.68	6.50%	–	4.20%
Year 10	1.64%	0.68	6.50%	–	5.09%
Year 15	2.08%	0.68	6.50%	–	5.49%
Year 20	2.42%	0.68	6.50%	–	5.81%
Year 25	2.57%	0.68	6.50%	–	5.92%
Year 30	2.65%	0.68	6.50%	–	6.01%

Source: Yieldbroker and Calibre Partners analysis

Our discount rate approach for the Australian operations is equivalent to applying a single WACC of 5.6%.

Table A4.3: Discount rates – New Zealand

Cash flow year	Spot risk-free rates adopted	Equity beta (midpoint)	TAMRP	SCRP	WACC (midpoint)
Year 1	0.20%	0.74	7.50%	–	4.54%
Year 2	0.29%	0.74	7.50%	–	4.60%
Year 3	0.39%	0.74	7.50%	–	4.68%
Year 4	0.59%	0.74	7.50%	–	4.82%
Year 5	0.94%	0.74	7.50%	–	5.07%
Year 10	1.63%	0.74	7.50%	–	5.57%
Year 15	2.19%	0.74	7.50%	–	5.97%
Year 20	2.55%	0.74	7.50%	–	6.23%
Year 25	2.80%	0.74	7.50%	–	6.41%
Year 30	2.99%	0.74	7.50%	–	6.55%

Source: New Zealand Treasury and Calibre Partners analysis

Our discount rate approach for the New Zealand assets is equivalent to applying a single WACC of 6.0%.



Appendix 5: Comparable listed companies

Table A5.1 presents forecast EBITDA multiples for publicly-listed companies that generate electricity from renewable sources. Descriptions of the comparable companies follow the table.

Table A5.1: Comparable listed companies

Company	Country	Activity	Primary generation	Enterprise value (AU\$ million)	Forecast EBITDA multiple ³⁴
Meridian Energy	NZ	Gentailer	Hydro/Wind	15,948	23.8x
Mercury	NZ	Gentailer	Hydro/Geothermal	10,494	20.1x
Contact Energy	NZ	Gentailer	Hydro/Geothermal	6,664	14.5x
Genesis Energy	NZ	Gentailer	Thermal/Hydro	4,350	11.3x
Trustpower	NZ	Gentailer	Hydro	3,410	15.8x
NZ Windfarms	NZ	Generator	Wind	65	11.5x
Genex Power	Australia	Generator	Solar/Pumped Hydro	328	22.7x
Northland Power	Canada	Generator	Wind	17,482	14.4x
Innergex	Canada	Generator	Hydro/Wind	9,049	17.6x
Boralex	Canada	Generator	Wind	7,962	13.6x
Atlantica Sustainable	USA	Generator	Solar	12,793	10.5x
Neoen	France	Generator	Solar	9,956	16.3x
Falck Renewables	Italy	Generator	Wind	3,770	10.9x
Min					10.5x
Max					23.8x
Median					14.5x

Source: S&P Capital IQ, company announcements and financial statements, and Calibre Partners analysis

Meridian Energy

Meridian Energy is a generator and retailer of electricity and gas in New Zealand and Australia. It generates electricity from hydroelectric power stations and wind farms located in these countries, and from a solar farm in the Pacific Islands. Meridian Energy sells its electricity to residential, business and industrial customers under the Meridian and Powershop brands.

Mercury

Mercury is a generator and retailer of electricity in New Zealand. It operates nine hydroelectric power stations on the Waikato River and five geothermal generation stations in the central North Island. Mercury sells electricity to residential, commercial, industrial and spot market customers under the GLOBUG, Bosco and Mercury brands.

Contact Energy

Contact Energy is a generator and retailer of electricity and natural gas in New Zealand. It produces and sells electricity to commercial and industrial customers, and also sells electricity, natural gas, broadband and other products and services to retail customers. Contact Energy operates two hydroelectric power stations, five geothermal power stations, three thermal power stations and a gas storage facility.

³⁴ Forecast multiples are calculated based on available FY22 EBITDA estimates, for all companies except NZ Windfarms.



Genesis Energy

Genesis Energy is a generator and retailer of electricity in New Zealand, and also owns a 46% interest in the Kupe oil and gas field that lies in the offshore Taranaki basin. Genesis Energy produces electricity from thermal, hydroelectric and wind sources. It sells its electricity to residential, business and industrial customers under the Genesis Energy and Energy Online brands.

Trustpower

Trustpower is a generator and retailer of electricity in New Zealand. It currently services approximately 263,000 electricity customers, 42,000 gas customers and 106,500 telecommunications customers. Trustpower owns 25 hydroelectric power stations with a total installed capacity of 487 MW.

NZ Windfarms

NZ Windfarms is a generator of electricity in New Zealand. It owns a wind farm in the Manawatu region, which has an installed capacity of 46 MW and generates electricity to power approximately 19,000 homes.

Genex Power

Genex Power is a generator of renewable energy in Australia. It currently generates electricity from solar farms, has one pumped hydro asset under construction and has a significant development pipeline of hydroelectric power stations, wind farms and solar farms.

Northland Power

Northland Power is a renewable electricity generator with assets located across North America, Europe, Latin America and Asia. It currently has 2,681 MW of installed capacity, comprising a mix of wind assets (44%), natural gas assets (36%) and other generation assets (20%).

Innergex

Innergex is a renewable energy producer with operations in Canada, the United States, France and Chile. It owns, develops and operates hydroelectric power stations, wind and solar farms, and energy storage facilities. Innergex currently owns and operates 75 generation assets and has interests in 10 projects under development and prospective opportunities.

Boralex

Boralex is a developer and manager of renewable energy assets across Canada, France, the United Kingdom and the United States. It has interests in 88 wind farms, 16 hydroelectric power stations, two thermal power stations and 10 solar farms. It also operates two hydroelectric power stations on behalf of other companies.

Atlantica Sustainable

Atlantica Sustainable manages renewable energy, natural gas, transmission and transportation infrastructure in the United States, Canada, Mexico, Peru, Chile, Uruguay, Spain, Algeria and South Africa. It owns 28 assets with a combined 1,591 MW of installed generation capacity.

Neoen

Neoen is a developer and manager of renewable energy assets. It manages solar farms, wind farms and energy storage plants across Europe, South America, North America, Africa and Australia.

Falck Renewables

Falck Renewables is a developer and manager of renewable energy assets. It generates electricity through wind farms, biomass and photovoltaic energy plants. Falck Renewables operates in Italy, the United Kingdom, Germany, France, Spain, the United States, Japan, Sweden and Mexico.



Appendix 6: Comparable transactions

Operating wind farm transactions

Table A6.1 summarises recent transactions of operating wind farms and wind farm companies in Australia. Descriptions of the transactions follow the table.

Table A6.1: Comparable transactions – operating wind farms

Date	Target	Acquirer	% Acquired	Implied EV (AU\$ million)	Capacity (MW)	Implied price (AU\$ million per MW)
Oct 20	Australian Renewable Energy	Infrastructure Capital Group	75	400	119	3.4
Jun 20	Infigen Energy	Iberdrola	100	1,412	928	1.5
Jan 20	Stockyard Hill	Nebras Power	49	1,200	527	2.3
Dec 19	Snowtown 2	Palisade Investment Partners / First State Super	100	1,073	270	4.0
Oct 19	Macarthur	AMP Capital	50	1,760	420	4.2
Dec 18	Cherry Tree ³⁵	John Laing Group PLC	100	132	57	2.3
Feb 17	Bald Hills	Infrastructure Capital Group	100	350	107	3.3
Jun 16	Cullerin Range	DUET Group	100	72	30	2.4
Mar 16	Taralga	State Power Investment Corp.	100	300	107	2.8
Median						2.8

Source: S&P Capital IQ, company announcements and financial statements, and Calibre Partners analysis

Australian Renewable Energy Trust

In October 2020, Infrastructure Capital Group acquired a 75% stake in the Australian Renewable Energy Trust from Engie and Mitsui, for approximately AU\$400 million. Included in the transaction were the 119 MW Willogoleche wind farm, located in South Australia, as well as exclusive rights to an approximate 1,330 MW development pipeline of wind and solar projects along the eastern seaboard of Australia.

Infigen Energy

Iberdrola completed a successful takeover of Infigen Energy Ltd (ASX: IFN) in 2020. The price paid for Infigen Energy's shares implied a total equity value of almost AU\$900 million and an enterprise value of approximately AU\$1.4 billion. At June 2020, Infigen Energy's portfolio comprised owned renewable energy assets, firming assets (including gas power and storage) and contracted renewables capacity.

Stockyard Hill

In January 2020, Nebras Power acquired a 49% equity stake in the 527 MW Stockyard Hill wind farm in Australia. Stockyard Hill was partially completed at the time of sale with commissioning of the wind farm expected in early 2021. Goldwind, through its Hong Kong affiliates, sold the 49% equity stake to Nebras Power and retained a 51% interest in this asset.

Snowtown 2

Tilt Renewables sold the 270 MW Snowtown 2 wind farm for an enterprise value of AU\$1.07 billion in December 2019, to Palisade Investment Partners and First State Super. This transaction implied a price of AU\$4.0 million per MW.

³⁵ The enterprise value of Cherry Tree has been adjusted to assume the capital expenditure required to complete construction of this wind farm had been incurred.



Macarthur

In October 2019, Malakoff Corporation sold its 50% equity stake in the 420 MW Macarthur wind farm to AMP Capital. The Macarthur wind farm is located approximately 16 kilometres east of the Macarthur township in Victoria, Australia. Malakoff Corporation received AU\$357 million in cash for its 50% interest.

Cherry Tree

Cherry Tree wind farm is located in Victoria, Australia and was acquired by John Laing Group PLC from Infigen Energy in December 2018. The implied enterprise value shown in Table A6.1 includes the capital expenditure subsequently incurred to construct the asset, as it had not been built at the date of sale. Cherry Tree was commissioned in 2020 and has an installed capacity of 57 MW.

Bald Hills

In February 2017, Infrastructure Capital Group acquired the Bald Hills wind farm from Mitsui & Co., Ltd. for AU\$350 million. This wind farm commenced operations in 2015 and has an installed capacity of 107 MW. Bald Hills is located in Victoria, Australia.

Cullerin Range

In June 2016, Origin Energy agreed to sell its Cullerin Range wind farm to a subsidiary of DUET Group, for AU\$72 million. Cullerin Range is a 30 MW wind farm located in New South Wales, which has been operating since 2009. Origin Energy continued to source electricity from this wind farm after signing a long-term offtake agreement.

Taralga

Banco Santander sold the Taralga wind farm to China's State Power Investment Corporation in March 2016, for an enterprise value of approximately AU\$300 million. This wind farm is located in New South Wales, Australia and has an installed capacity of 107 MW. At the time of sale, Taralga had a 10-year PPA to supply its generation output to EnergyAustralia.



Pre-construction wind farm transactions

Table A6.2 summarises transactions of pre-construction wind farm projects in Australia. Descriptions of the transactions follow the table.

Table A6.2: Comparable transactions – wind farm projects

Date	Target	Acquirer	% Acquired	Implied EV (AU\$ million)	Capacity (MW)	Implied price (AU\$ million per MW)
Dec 18	Cherry Tree	John Laing Group PLC	100	7	57	0.12
May 17	Stockyard Hill	Goldwind	100	110	527	0.21
Jun 16	Mt Emerald	RATCH	100	20	181	0.11
Median						0.12

Source: S&P Capital IQ, company announcements and financial statements, and Calibre Partners analysis

Cherry Tree

As noted above, Cherry Tree was sold by Infigen Energy to John Laing Group PLC in December 2018. Prior to adjusting for the capital expenditure incurred to construct this wind farm, the price paid was effectively AU\$0.12 million per MW.

Stockyard Hill

Stockyard Hill was acquired as a development opportunity by Goldwind for AU\$110 million in May 2017. As part of the sale to Goldwind, Origin Energy (the vendor) committed to a PPA to purchase 100% of the electricity and associated LGCs generated by Stockyard Hill until 2030. Construction of this 527 MW wind farm commenced in May 2018.

Mt Emerald

Mt Emerald was acquired as a development opportunity by RATCH for AU\$20 million in June 2016. Construction of this wind farm later commenced in February 2017 and was completed in October 2018. A PPA was signed under which the electricity generated by Mt Emerald is sold to Ergon Energy Queensland through to 2030.



Appendix 7: Glossary of key terms

Term	Definition
ACOT	Avoided Cost of Transmission
AEMO	Australian Energy Market Operator
ALDI	ALDI Foods Pty Limited
ASX	Australian Securities Exchange
AU\$	Australian Dollars
BBSY	Bank Bill Swap Bid Rate
BKBM	Bank Bill Benchmark Rate
CAPM	Capital Asset Pricing Model
Code	New Zealand Takeovers Code
Consortium	Mercury NZ Limited and Pisa Obligor Co 1 Pty Ltd, formed to acquire Tilt Renewables shares
DCF	Discounted cash flow
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDAF	Earnings before interest, tax, depreciation, amortisation and fair value movements
Forecasts	Long-term financial forecasts for Tilt Renewables' operating assets and Rye Park development
FY	Financial year ended 31 March
GW	Gigawatts
GWh	Gigawatt hours
IFRS	International Financial Reporting Standard
Infratil	Infratil Limited
LGC	Large-Scale Generation Certificate
MBIE	Ministry of Business, Innovation and Employment
Mercury	Mercury NZ Limited
MW	Megawatts
MWh	Megawatt hours
NEM	National Electricity Market
Newcrest Mining	Newcrest Mining Limited
NZ\$	New Zealand Dollars
NZX	New Zealand Stock Exchange or NZX Limited
O&M	Operating and maintenance
Panel	New Zealand Takeovers Panel
Pisa Obligor	Pisa Obligor Co 1 Pty Ltd, a wholly-owned subsidiary of Powering Australian Renewables
PowAR	Powering Australian Renewables
PPA	Power purchase agreement
PPE	Property, plant and equipment
Report	Independent Adviser's Report, in relation to the proposed scheme of arrangement
RET	Renewable Energy Target set by the Australian Government
REZ	Renewable Energy Zone
Scheme	Proposed scheme of arrangement between Tilt Renewables, PowAR and Mercury
SIA	Scheme Implementation Agreement to effect the sale of all shares in Tilt Renewables
SPH	Substantial product holder
TAMRP	Tax-adjusted market risk premium
Tilt Renewables	Tilt Renewables Limited
VWAP	Volume-weighted average price
WACC	Weighted average cost of capital

ANNEXURE B SCHEME PLAN

SCHEME PLAN

SCHEME OF ARRANGEMENT PURSUANT TO PART 15 OF THE COMPANIES ACT 1993

PARTIES

TILT RENEWABLES LIMITED ("Company")

PISA OBLIGOR CO 1 PTY LTD ("Acquirer")

MERCURY NZ LIMITED ("Mercury")

MERCURY WIND LIMITED ("Mercury Wind")

Each person who is registered in the Register as the holder of one or more Scheme Shares (together the "Scheme Shareholders")

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions:** In this Scheme Plan, unless the context otherwise requires:

"**Acquirer Payment Obligation**" means an amount equal to the NZ Transferring Assets Purchase Price that the Acquirer agrees to pay to Mercury in consideration of Mercury agreeing to provide the Loan Note to the Acquirer.

"**ASX**" means ASX Limited or the Australian Securities Exchange, as the context requires.

"**Business Day**" means any day other than a Saturday, Sunday, a statutory public holiday in Auckland, New Zealand or Melbourne, Australia and excluding any day between 25 December 2021 and 2 January 2022 (both dates inclusive).

"**Companies Act**" means the Companies Act 1993.

"**Computershare**" means Computershare Investor Services Limited.

"**Conditions**" means:

- (a) the conditions set out in clause 3.1 of the Scheme Implementation Agreement; and
- (b) such other conditions made or required by the Court under section 236(1) of the Companies Act and approved in writing by the Company, Mercury and the Acquirer in accordance with clause 3.2 of the Scheme Implementation Agreement.

"**Consideration**" means \$8.10 in respect of each Scheme Share held by a Scheme Shareholder, as adjusted in accordance with the Scheme Implementation Agreement which, except as contemplated by clause 4.2, is payable in cash.

"**Court**" means the High Court of New Zealand, Auckland Registry.

"**Deed Poll**" means the deed poll entered into by the Acquirer in favour of the Scheme Shareholders.

"**Encumbrance**" means:

- (a) any security interest within the meaning of section 17(1)(a) of the Personal Property Securities Act 1999 or section 12(1) of the Personal Property Securities Act 2009 (Cth) and any option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind (other than any reservation of title by suppliers in the ordinary course of business); and
- (b) any agreement to create any of the foregoing.

"End Date" has the meaning given to that term in the Scheme Implementation Agreement

"Final Court Orders" means, on application of the Company, orders that the Scheme will be binding on the Company, the Acquirer, Mercury, Mercury Wind, the Scheme Shareholders and/or such other persons or class of persons as the Court may specify, in accordance with section 236(1) (and section 237, if applicable) of the Companies Act.

"Final Orders Date" means the day on which the Final Court Orders are sealed by the Court.

"FIRB" means the Foreign Investment Review Board.

"Funds" has the meaning given to that term in clause 3.1.

"Government Agency" means any government, any department, officer or minister of any government and any governmental, semi-governmental, regulatory, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity, in any jurisdiction, and includes (for the avoidance of doubt) the Overseas Investment Office, the Takeovers Panel, the Financial Markets Authority and FIRB.

"Hyperwallet" means Hyperwallet Systems Inc. (a company incorporated under the federal laws of Canada) including any of its related companies.

"Implementation Date" means the day on which the Scheme is to be implemented, being the date two Business Days after the Record Date, or such other date as the Acquirer and the Company agree in writing, and **"Implementation"** correspondingly means the time at which implementation commences with the first step under clause 4.1(a).

"Loan Note" means Mercury's obligation to advance the Acquirer an amount equal to the NZ Transferring Assets Purchase Price.

"Mercury Consideration" means the Consideration multiplied by the number of Scheme Shares held by Mercury.

"NZ Transferring Assets" means all fully paid ordinary shares in:

- (i) Tilt Renewables Insurance Limited (company number 8127307);
- (ii) Tararua Wind Power Limited (company number 475852); and
- (iii) Waverley Wind Farm (NZ) Holding Limited (company number 7580296), which owns all fully paid ordinary shares in Waverley Wind Farm Limited (company number 6920094).

"NZ Transferring Assets Purchase Price" means the sum of \$634,434,937, representing the equity value of the NZ Transferring Assets agreed between Mercury and the Acquirer, which, subject to completion of all the steps outlined in clause 4.1 on Implementation, as provided in this Scheme Plan, Mercury and the Acquirer will procure to be satisfied on the Implementation Date in accordance with clause 4, subject to such purchase price adjustments as are determined by Mercury, the Acquirer and the Company following Implementation.

"NZX" means NZX Limited and, where the context requires, the main board financial market that it operates.

"NZX Listing Rules" means the NZX Main Board Listing Rules.

"Record Date" has the meaning given to that term in the Scheme Implementation Agreement.

"Register" means the Share register maintained by Computershare on behalf of the Company.

"Registered Address" means, in relation to a Shareholder, the address shown in the Register as at the Record Date.

"Scheme" means this scheme of arrangement, subject to any alterations or conditions made or required by the Court under Part 15 of the Companies Act and approved by the Acquirer, Mercury and the Company in writing.

"Scheme Implementation Agreement" means the scheme implementation agreement dated 14 March 2021 between the Acquirer, Mercury and the Company, as amended on 16 April 2021.

"Scheme Meeting" means the special meeting of Shareholders ordered by the Court to be convened pursuant to section 236(2)(b) and 236A(2) of the Companies Act in respect of the Scheme (and including any meeting convened following any adjournment or postponement of that meeting).

"Scheme Shares" means all of the Shares on issue on the Record Date.

"Share" means a fully paid ordinary share in the Company.

"Shareholder" means a person who is registered in the Register as the holder of one or more Shares from time to time.

"Takeovers Panel" means the Takeovers Panel established by section 5(1) of the Takeovers Act 1993.

"Trading Halt Date" means the date which is two Business Days after the Final Orders Date or such other date as the Acquirer and the Company agree in writing.

"Trust Account" has the meaning given to that term in clause 3.1.

"Unconditional" means all of the Conditions having been satisfied or, if capable of waiver in accordance with the Scheme Implementation Agreement, waived.

1.2 **Interpretation:** In this Scheme Plan, unless the context otherwise requires:

- (a) headings are to be ignored in construing this document;
- (b) the singular includes the plural and vice versa;
- (c) words of any gender include all genders;
- (d) a reference to a clause, is a reference to a clause of this Scheme Plan;
- (e) a reference to a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (f) reference to any document (including this Scheme Plan) includes reference to that document (and, where applicable, any of its provisions) as amended, novated, supplemented, or replaced from time to time;
- (g) reference to a party, person or entity includes:
 - (i) an individual, partnership, firm, company, body corporate, corporation, association, trust, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
 - (ii) an employee, sub-contractor, agent, successor, permitted assign, executor, administrator and other representative of such party, person or entity;
- (h) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (i) the words "including" or "includes" do not imply any limitation;
- (j) a reference to any time is a reference to that time in New Zealand; and
- (k) references to money or "\$" are to New Zealand dollars.

1.3 **Things required to be done other than on a Business Day:** Unless otherwise indicated, if the day on which any act, matter or thing is to be done is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.4 **No contra proferentem:** No term or condition of this Scheme Plan will be construed adversely to a party solely because that party was responsible for the preparation of this Scheme Plan or a provision of it.

2. CONDITIONS

2.1 **Conditions:** The implementation of the Scheme is conditional in all respects on:

- (a) all of the Conditions having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement by 8.00am on the Implementation Date; and
- (b) neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with its terms before 8.00am on the Implementation Date.

3. CONSIDERATION INTO trust account

3.1 **Obligation to pay Consideration into Trust Account:** Subject to the Scheme Implementation Agreement not having been terminated and the Scheme having become Unconditional (except for the Conditions set out in clauses 3.1(d) and 3.1(e) of the Scheme Implementation Agreement), the Acquirer must, by no later than 4.00pm on the Business Day before the Implementation Date, deposit (or procure the deposit of) in immediately available cleared funds an amount equal to the aggregate amount of the cash Consideration payable to Scheme Shareholders in a New Zealand dollar denominated trust account operated by Computershare (the "**Funds**" and that account the "**Trust Account**").

3.2 Details of Trust Account:

(a) Subject to clauses 3.2(b), 5.4, 5.5 and 5.6, the Trust Account will be held and operated by Computershare on the basis that the Funds are held on trust for the Acquirer and to its order, such that only the Acquirer may direct how the Funds will be paid from the Trust Account.

(b) Clause 3.2(a) is subject to a standing written direction from the Acquirer to the Company and to Computershare to make payment of the cash Consideration to the Scheme Shareholders in accordance with this Scheme Plan upon transfer of the Scheme Shares to the Acquirer under clause 4.1(b).

(c) The details of the Trust Account will be provided to the Acquirer by (or on behalf of) Computershare not less than three Business Days before the Implementation Date.

3.3 **Interest:** Any interest earned on the amount deposited in the Trust Account up to Implementation will be payable to the Acquirer by Computershare as directed by the Acquirer (less bank fees and other third party charges relating to the account).

3.4 **Scheme not implemented:** Should the implementation of the Scheme not occur by 5.00pm on the Implementation Date for any reason, Computershare will immediately repay the Funds to the Acquirer to such New Zealand dollar denominated account instructed to Computershare by the Acquirer.

4. IMPLEMENTATION

4.1 **Implementation:** Subject to any amendments or variations as may be required by the Court, the conditions set out in clause 2 being satisfied (to be confirmed to Computershare by written notice given by the Acquirer and the Company prior to 9.00 am on the Implementation Date, which written notice must be so given immediately after 8.00am on the Implementation Date upon the conditions set out in clause 2 being satisfied), the cash Consideration having been deposited into the Trust Account in accordance with clause 3.1, commencing at 9.00 am on the Implementation Date, the following steps will occur sequentially:

(a) first, without any further act or formality, in consideration for Mercury assuming the obligation to satisfy the NZ Transferring Assets Purchase Price on behalf of Mercury Wind, the New Zealand Transferring Assets will transfer from the Company to, and vest in, Mercury Wind;

(b) second, without any further act or formality, all the Scheme Shares, together with all rights and entitlements attaching to them as at the Implementation Date, will be transferred to the Acquirer, and the Company must enter, or procure Computershare enter, the name of the Acquirer in the Register as holder of all of the Scheme Shares; and

(c) third, in accordance with the instructions set out in clause 3.2(b), subject to compliance in full with clause 4.1(b) and, except as provided for in clause 4.2, the Company must instruct Computershare to pay or procure the payment from the Trust Account of the cash Consideration to each Scheme Shareholder based on the number of Scheme Shares held by such Scheme Shareholder as set out in the Register as at the Record Date, except in respect of Mercury which is to pay the difference between the amount of the Mercury Consideration and the face value of the Loan Note.

4.2 Given the Mercury Consideration is less than the amount of the Loan Note, Mercury agrees that the Acquirer may, and irrevocably instructs the Acquirer to, satisfy the Mercury Consideration in part satisfaction of the Loan Note. Mercury must satisfy the balance of the Loan Note in cash in New Zealand dollars to the Acquirer by electronic funds transfer in immediately available cleared funds to a bank account nominated by the Acquirer, which may be the Trust Account, by no later than 4.00 pm on the Business Day before the Implementation Date.

- 4.3 In satisfaction of and substitution for Mercury's obligation to satisfy the NZ Transferring Assets Purchase Price as referred to in clause 4.1(a), the Acquirer Payment Obligation will transfer from Mercury to, and vest in, the Company, such that following such transfer the Acquirer Payment Obligation will be a liability of the Acquirer owed to the Company, and an asset of the Company, for an amount equal to the NZ Transferring Assets Purchase Price.

5. PAYMENT OF CONSIDERATION

- 5.1 **Method of payment:** The payment obligations under clause 4.1(c) will be satisfied by:
- (a) where a Scheme Shareholder has, prior to the Record Date, provided bank account details to enable Computershare and the Company to make payments of New Zealand dollars by electronic funds transfer, Computershare must pay the Consideration in New Zealand dollars to the Scheme Shareholder by electronic funds transfer of the relevant amount to the bank account nominated by that Scheme Shareholder;
 - (b) where a Scheme Shareholder has, prior to the Record Date, provided bank account details to enable Computershare and the Company to make payments of Australian dollars by electronic funds transfer, Computershare must pay the Consideration to the Scheme Shareholder by electronic funds transfer of the relevant amount in Australian dollars to the bank account nominated by that Scheme Shareholder;
 - (c) where a Scheme Shareholder that has an address outside of New Zealand and Australia has, prior to the Record Date, registered to be paid by Hyperwallet, Computershare must transfer the Consideration owed to such Scheme Shareholder to the New Zealand dollar denominated trust account operated by Hyperwallet and instruct Hyperwallet to pay that Consideration (less any applicable costs and fees) to such Scheme Shareholder (in the currency nominated by such Scheme Shareholder to Hyperwallet); or
 - (d) where a Scheme Shareholder has not provided the information and/or taken the steps contemplated by clauses 5.1(a), 5.1(b) and 5.1(c) to enable payment to be made to such Scheme Shareholder in a manner contemplated by one of those clauses (or if an electronic payment to such Scheme Shareholder is rejected by the recipient bank) Computershare must retain the Consideration owed to that Scheme Shareholder in the Trust Account.

If a Shareholder has given more than one payment direction, then the later in time will be followed.

- 5.2 **Joint holders:** In the case of Scheme Shares held in joint names:
- (a) the Consideration is payable to the bank account nominated by the joint holders or, at the sole discretion of the Company, nominated by the holder whose name appears first in the Register as at the Record Date; and
 - (b) any other document required to be sent under this Scheme Plan, will be sent to either, at the sole discretion of the Company, the holder whose name appears first in the Register as at the Record Date or to the joint holders.
- 5.3 **Surplus in Trust Account:** To the extent that, following satisfaction of the obligations under clause 4.1(c), there is a surplus in the Trust Account, that surplus (less the aggregate amount of the Consideration retained in the Trust Account in accordance with clause 5.1(d) or clause 5.6(b), and less bank fees and other third party charges relating to the account) shall be promptly paid to the Acquirer.
- 5.4 **Holding on Trust:** The Company must, in respect of any monies retained by Computershare pursuant to clause 5.1(d) or clause 5.6(b), instruct Computershare to hold such monies in the Trust Account on trust for the relevant Scheme Shareholders for a period of two years and thereafter, subject to clause 5.6, to pay any remaining money in the Trust Account to the Company.
- 5.5 **Unclaimed monies:** During the period of two years commencing on the Implementation Date, on request in writing from a Scheme Shareholder that has not received payment of the Consideration in accordance with clause 5.1(a), 5.1(b) or 5.1(c), Computershare must, if such Scheme Shareholder has taken the necessary steps required to effect payment to such Scheme Shareholder in a manner contemplated by clause 5.1(a), 5.1(b) or 5.1(c), pay to that Scheme Shareholder the Consideration held on trust for that Scheme Shareholder in a manner contemplated by clause 5.1(a), 5.1(b) or 5.1(c) (or in any other manner approved by Computershare and agreed to by that Scheme Shareholder).

5.6 Orders of a court or Government Agency: Notwithstanding any other provision of this Scheme Plan, if written notice is given to the Company prior to the Record Date of an order or direction made by a court of competent jurisdiction or a Government Agency that:

- (a) requires Consideration to be provided to a third party in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder in accordance with clause 4.1(c), the Company will be entitled to procure, and the Acquirer will be deemed to have instructed Computershare to ensure, that provision of that Consideration is made in accordance with that order or direction; or
- (b) prevents the Consideration from being provided to any particular Scheme Shareholder in accordance with clause 4.1(c), or the payment of such Consideration is otherwise prohibited by applicable law, the payment (equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Consideration) will be retained in the Trust Account until such time as provision of the Consideration to the Scheme Shareholder in accordance with clause 4.1(c) or clause 5.5 (as applicable) is permitted by that order or direction or otherwise by law, and such provision or retention (as the case may be) will constitute the full discharge of the Acquirer's and the Company's obligations under clause 4.1(c) with respect to the amount so provided or retained.

5.7 Exchange Rate:

- (a) If a Scheme Shareholder elects to be paid in Australian dollars as contemplated by clause 5.1(b), the conversion of the Consideration into Australian dollars will be undertaken in a manner and at an exchange rate determined by Computershare, and neither the Company nor the Acquirer will be responsible for (or have any liability in connection with) any such conversion.
- (b) If a Scheme Shareholder elects to be paid by Hyperwallet in a foreign currency as contemplated by clause 5.1(c), the conversion of the Consideration into such foreign currency will be undertaken in a manner and at an exchange rate determined by Hyperwallet, and neither the Company nor the Acquirer will be responsible for (or have any liability in connection with) any such conversion.

6. DEALING IN SHARES

6.1 Trading Halt:

- (a) Following the sealing of the Final Court Orders the Company will advise NZX and ASX of the grant of the Final Court Orders and, once known, the Trading Halt Date and Record Date and use its reasonable endeavours to procure that the NZX and ASX suspend trading in the Shares from the close of trading on the Trading Halt Date.
- (b) The Company must not accept for registration, nor recognise for any purpose (except a transfer to the Acquirer pursuant to this Scheme Plan and any subsequent transfer by the Acquirer or its successors in title), any transfer or transmission application or other request received after 7.00 pm on the Record Date or received prior to such time, but not in registrable or actionable forms.

6.2 Register:

- (a) The Company must register registrable transmission applications or registrable transfers of Shares received prior to the Trading Halt Date before 7.00pm on the Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires the Company to register a transfer that relates to a transfer of Shares on which the Company has a lien.
- (b) A holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares, or any interest in them, after close of trading on the Trading Halt Date otherwise than pursuant to this Scheme Plan, and any attempt to do so will have no effect and the Company and the Acquirer shall be entitled to disregard any such disposal.
- (c) For the purposes of determining entitlements to the Consideration, but subject to the requirements of the NZX Listing Rules, the Company must maintain the Register in accordance with the provisions of this clause 6 until the Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Consideration.
- (d) From 7.00pm on the Record Date, each entry that is current on the Register (other than entries on the Register in respect of the Acquirer), will cease to have effect except as evidence of entitlement to the Consideration in respect of the Shares relating to that entry.

- (e) As soon as possible on the first Business Day after the Record Date and in any event by 7:00pm on that day, the Company must make available to the Acquirer in the form the Acquirer reasonably requires, details of the names, Registered Addresses and holdings of Shares for each Scheme Shareholder as shown in the Register on the Record Date.

7. GENERAL PROVISIONS

- 7.1 **Amendments to Consideration:** The Acquirer may increase the Consideration by written notice at any time to the Company prior to the Scheme Meeting, provided that the Scheme Implementation Agreement has not been terminated in accordance with its terms prior to the receipt of such notice by the Company.
- 7.2 **Title to and rights in Scheme Shares:**
- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme Plan to the Acquirer will, at the time of transfer to the Acquirer, vest in the Acquirer free from all Encumbrances and free from any restrictions on transfer of any kind.
- (b) Each Scheme Shareholder is taken to have warranted to the Acquirer on the Implementation Date that all their Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme Plan will, at the time of transfer, be fully paid and free from all Encumbrances and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Shares to the Acquirer together with any rights and entitlements attaching to those Shares.
- 7.3 **Authority given to Company:** Each Scheme Shareholder, without the need for any further act:
- (a) on the Final Orders Date, irrevocably appoints the Company as its attorney and agent for the purpose of enforcing the Deed Poll against the Acquirer (but without limiting each Scheme Shareholder's right to itself enforce the Deed Poll); and
- (b) on the Implementation Date, irrevocably appoints the Company as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to the Scheme and the transactions contemplated by it,
- and the Company accepts each such appointment. Each such attorney and agent, may sub-delegate its functions, authorities or powers under this clause 7.3 to one or more of the Company's directors or senior managers.
- 7.4 **Binding effect of Scheme:**
- (a) The Scheme binds:
- (i) the Company;
- (ii) Mercury;
- (iii) Mercury Wind;
- (iv) the Acquirer; and
- (v) all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on the Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting).
- (b) In the event of any inconsistency, this Scheme Plan overrides the constitution of the Company.
- 7.5 **End Date:** If the Scheme has not become Unconditional on or before the End Date, or if the Scheme Implementation Agreement is terminated in accordance with its terms at any time, this Scheme Plan is immediately void and of no further force or effect (other than any provision of the Scheme or this Scheme Plan relating to the repayment to the Acquirer of any Funds deposited in accordance with clause 3 and the interest thereon (less bank fees and other third party charges relating to the account)).
- 7.6 **No liability when acting in good faith:** Each Scheme Shareholder agrees that none of the directors, officers or employees of the Company or the Acquirer, will be liable for anything done or omitted to be done in the performance of the Scheme in good faith.

7.7 **Successor obligations:** To the extent that any provision of the Scheme or this Scheme Plan imposes any obligation on the Acquirer or the Company that continues or arises after the implementation of the Scheme, such obligation may instead be performed by any successor or related company of the Acquirer or the Company (as applicable) in which case the obligation will be satisfied as if performed by the Acquirer or the Company (as applicable).

7.8 **Governing law:**

- (a) This Scheme Plan and any non-contractual obligations arising out of or in connection with it is governed by and must be construed in accordance with the laws of New Zealand.
- (b) The courts having jurisdiction in New Zealand have exclusive jurisdiction to settle any dispute arising out of or in connection with this Scheme Plan (including a dispute relating to any non-contractual obligations arising out of or in connection with this Scheme Plan) and the parties irrevocably submit to the exclusive jurisdiction of the courts having jurisdiction in New Zealand.

ANNEXURE C

DEED POLL

Deed Poll

relating to a scheme of arrangement under Part 15 of the Companies Act 1993 involving Tilt Renewables Limited

PARTIES

Pisa Obligor Co 1 Pty Ltd

Acquirer

Each registered holder of Scheme Shares as at 7.00pm on the Record Date

Scheme Shareholders

DEED dated 14 March 2021

PARTIES

Pisa Obligor Co 1 Pty Ltd (ACN 648 537 017)
("Acquirer")

Each registered holder of Scheme Shares as at 7.00pm on the Record Date

("Scheme Shareholders")

INTRODUCTION

- A. Tilt Renewables Limited ("**Company**"), Mercury and the Acquirer are parties to the Scheme Implementation Agreement.
- B. The Company has agreed in the Scheme Implementation Agreement to propose a scheme of arrangement between the Company, the Acquirer, Mercury and the Scheme Shareholders, the effect of which will be that all Scheme Shares will be transferred to the Acquirer, and the Acquirer will provide or procure the provision of the Consideration to the Scheme Shareholders.
- C. The Acquirer is entering into this Deed Poll for the purpose of undertaking in favour of the Scheme Shareholders to pay the Consideration to the Scheme Shareholders in accordance with the terms of the Scheme Plan.

COVENANTS

1. DEFINED TERMS AND INTERPRETATION

1.1 **Defined terms:** In this Deed, unless the context requires otherwise:

"**Final Orders**" means, on application of the Company, orders that the Scheme will be binding on the Company, Mercury, the Acquirer, the Scheme Shareholders and such other persons or class of persons as the Court may specify, in accordance with section 236(1) (and section 237, if applicable) of the Companies Act;

"**Mercury**" means Mercury NZ Limited;

"**Scheme Implementation Agreement**" means the scheme implementation agreement between the Company, Mercury and the Acquirer dated 14 March 2021 whereby the Company has agreed to propose a scheme of arrangement; and

"**Scheme Plan**" means the Scheme plan attached as Schedule 5 to the Scheme Implementation Agreement, subject to any alterations or conditions approved by the Acquirer, Mercury and the Company in writing and which are disclosed to the Court prior to the Court making the Final Orders.

- 1.2 **Words defined in the Scheme Plan:** Words defined in the Scheme Plan which are not separately defined in this Deed Poll have the same meaning when used in this Deed Poll.
- 1.3 **Interpretation:** Clauses 1.2 and 1.4 of the Scheme Plan apply to the interpretation of this Deed Poll, except that references to "this Scheme Plan" are to be read as reference to "this Deed Poll".
- 2. NATURE OF THIS DEED POLL**
- 2.1 **Third party rights and appointment of attorney:**
- (a) This Deed Poll is intended to, and does, confer a benefit on, and therefore may be relied on and enforced by, any Scheme Shareholder in accordance with its terms under Part 2, Subpart 1 of the Contract and Commercial Law Act 2017 (but not otherwise), even though the Scheme Shareholders are not party to it.
 - (b) Under the Scheme Plan each Scheme Shareholder appoints the Company as the Scheme Shareholder's attorney and agent to enforce this Deed Poll against the Acquirer with effect on and from the date prescribed for such appointment in the Scheme Plan (but without limiting each Scheme Shareholder's right to itself enforce this Deed Poll).
 - (c) Notwithstanding clauses 2.1(a) and 2.1(b), this Deed Poll may be varied by the Acquirer and the Company in accordance with clause 7.2 without the approval of any Scheme Shareholders or Mercury.
- 2.2 **Continuing obligations:** This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until either:
- (a) the Acquirer has fully performed its obligations under it; or
 - (b) it is terminated under clause 3.2.
- 3. CONDITIONS**
- 3.1 **Conditions:** This Deed Poll, and the obligations of the Acquirer under it, are conditional in all respects on the Scheme becoming Unconditional (save for the Conditions set out in clauses 3.1(d) and 3.1(e) of the Scheme Implementation Agreement).
- 3.2 **Termination:** The obligations of the Acquirer under this Deed Poll will automatically terminate, and the terms of this Deed Poll will be of no force or effect, if:
- (a) the Scheme Implementation Agreement is validly terminated in accordance with its terms before the Scheme becomes Unconditional; or
 - (b) the Scheme does not become Unconditional on or before 5.00pm on the End Date,
- unless the Acquirer and the Company otherwise agree in writing.
- 3.3 **Consequences of termination:** If this Deed Poll is terminated under clause 3.2, then the Acquirer is released from its obligations to further perform this Deed Poll.

4. SCHEME CONSIDERATION

- 4.1 Subject to the Scheme Implementation Agreement not being terminated and the Scheme having become Unconditional (save for the Conditions set out in clauses 3.1(d) and 3.1(e) of the Scheme Implementation Agreement), the Acquirer undertakes in favour of each Scheme Shareholder to deposit, or procure the deposit of, in immediately available cleared funds, by no later than 4.00pm on the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Consideration payable in cash to all Scheme Shareholders (including any cash Consideration payable to Mercury) on the Implementation Date as set out in clause 3.1 of the Scheme Plan, such deposit to be made into the Trust Account to be held and dealt with by Computershare in accordance with the Scheme Plan.
- 4.2 Subject to clause 3, the Acquirer irrevocably acknowledges and agrees that, subject to compliance in full by the Company with its obligations under clause 4.1 of the Scheme Plan, the Consideration deposited into the Trust Account must be, and will be, paid in accordance with clause 5 of the Scheme Plan in satisfaction of the Scheme Shareholders' respective entitlements to receive the Consideration under the Scheme in accordance with the Scheme Plan.

5. WARRANTIES

- 5.1 The Acquirer warrants in favour of each Scheme Shareholder that:
- (a) it is a company validly incorporated in Australia;
 - (b) it has the corporate power to enter into, and perform its obligations under, this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
 - (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken, or will prior to the Implementation Date take, all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
 - (d) this Deed Poll is valid and binding on it and enforceable against it in accordance with its terms; and
 - (e) this Deed Poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

6. NOTICES

- 6.1 **Manner of giving notice:** Any notice or other communication to be given under this Deed Poll must be in writing and may be physically delivered or sent by email to the Acquirer at:

Attention: Geoff Dutailis

Physical address: Powering Australian Renewables, Level 10, 70 Phillip Street, Sydney NSW 2000, Australia

Email address: gdutailis@parf.com.au

with a copy to (which will not constitute notice):

Address: Harnos Horton Lusk
Level 33, Vero Centre
48 Shortland Street, Auckland 1140

Attention: Andrew Harnos / Nathanael Starrenburg

Email: andrew.harnos@hhl.co.nz / nathanael.starrenburg@hhl.co.nz

or at any such other address or email address notified for this purpose to the other parties under this clause. Any notice or other communication sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).

6.2 When notice given: In the absence of earlier receipt, any notice or other communication is deemed to have been given:

- (a) if delivered, on the date of delivery; or
- (b) if sent by email, four business hours (being the hours between 9.00am and 5.00pm on a Business Day in the jurisdiction of the recipient) after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered (excluding an "out of office" automated message),

but if the notice or other communication would otherwise be taken to be received after 5.00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9.00am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

6.3 Proof of service: In proving service of a notice or other communication, it is sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted either by prepaid post or by prepaid airmail or that the e-mail was properly addressed and transmitted by the sender's server into the network and there was no apparent error in the operation of the sender's e-mail system, as the case may be.

6.4 Documents relating to legal proceedings: This clause 6 does not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this Deed Poll.

7. GENERAL

7.1 Waiver:

- (a) The Acquirer may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right in respect of the Scheme unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) For the purposes of clause 7.1(a):

- (i) conduct includes a delay in exercising a right;
- (ii) right means any right arising under or in connection with this Deed Poll and includes the right to rely on this clause; and
- (iii) waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.2 Variation:

- (a) Subject to clauses 7.2(b) and 7.2(c), this Deed Poll may not be varied.
- (b) Before the date on which the Final Orders are made, this Deed Poll may be varied by agreement in writing between the Acquirer and the Company, in which event the Acquirer will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.
- (c) If the Court orders that it is a condition of the Scheme that the Acquirer enters into a new deed poll which has the effect of reversing any variation under clause 7.2(b), then, if the Acquirer so agrees, the Acquirer must promptly enter into a further deed poll in favour of the Scheme Shareholders to give effect to the reversal of that variation.

7.3 Cumulative rights: The rights, powers and remedies of the Scheme Shareholders under this Deed Poll are cumulative and do not exclude any other rights, power or remedies provided by law independently of this Deed Poll.

7.4 Assignment: The rights and obligations of the Acquirer and each Scheme Shareholder under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with at law or in equity. Any purported dealing in contravention of this clause 7.4 is invalid.

7.5 Further assurance: The Acquirer must, at its own expense, do all things reasonably required of it to give full force and effect to this Deed Poll and the transactions contemplated by it.

7.6 Governing law and jurisdiction:

- (a) This Deed Poll and any non-contractual obligations arising out of or in connection with it are governed by the law applying in New Zealand.
- (b) The courts having jurisdiction in New Zealand have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed Poll (including a dispute relating to any non-contractual obligations arising out of or in connection with this Deed Poll) and the Acquirer irrevocably submits to the exclusive jurisdiction of the courts having jurisdiction in New Zealand.

7.7 Service of process: The Acquirer appoints Andrew Harnos and Nathanael Starrenburg of Harnos Horton Lusk as its agent in New Zealand for service of process and other documents in any legal action or proceedings arising out of or in connection with this Deed Poll and will ensure that at all times prior to the termination of this Deed Poll, Andrew Harnos and Nathanael Starrenburg of Harnos Horton Lusk or a replacement appointed by the Acquirer and approved by the Company, is authorised and able to accept service of process and other documents on its behalf in New Zealand.

Executed and delivered as a deed poll

Signed, sealed and delivered by **PISA
OBLIGOR CO 1 PTY LTD** in accordance
with section 127 of the *Corporations Act
2001* (Cth) by:



Signature of director

CHERYL BART

Name of director (print)



Signature of director/secretary

ANKIT MEHTA

Name of director/secretary (print)

DIRECTORY

TILT RENEWABLES LIMITED

C/- Russell McVeagh

Level 30, Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

REGISTRAR

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road Takapuna
Auckland 0622
New Zealand

Computershare Investor Services Pty Limited

Yarra Falls
452 Johnston Street, Abbotsford
Victoria 3067
Australia
0800 991 101 or +64 9 488 8777

SOLICITORS

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Level 30, Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

Ashurst (Australia)

Level 26
181 William Street
Melbourne
Victoria 3000
Australia

AUDITORS

PricewaterhouseCoopers

Level 19/2, Riverside Quay Southbank, Melbourne
Victoria 3006
Australia

