



15 August 2018

Infratil and Mercury to make full takeover offer for Tilt Renewables

Infratil Limited (through its subsidiary Infratil 2018 Limited) ("**Infratil**") and Mercury NZ Limited ("**Mercury**") have today announced their intention to make a full takeover offer for Tilt Renewables Limited ("**Tilt Renewables**"). Infratil and Mercury already respectively hold or control 51.04% and 19.99% of the Tilt Renewables shares.

The offer price of NZ\$2.30 represents a 24.3% premium to the closing share price of Tilt Renewables on 11 May 2018, being the last trading day before Mercury acquired a 19.99% stake in Tilt Renewables from TECT Holdings Limited ("**TECT**"), a company 100% owned by the Tauranga Energy Consumer Trust, for NZ\$2.30 per share.

Infratil is confident that the Board of Tilt Renewables will support the offer, given the premium it represents for minority shareholders relative to recent trading and comparables in the Australian renewables sector as well as the delivery of certain value to Tilt Renewables minority shareholders.

Tilt Renewables has approximately 11% market share of installed wind capacity in Australasia, with a total installed capacity of 637MW across 8 wind farms. Tilt Renewables is well positioned to contribute to the continued decarbonisation of Australia and New Zealand with a development pipeline of more than 1,600MW of planning approved projects covering wind, solar and storage technologies. Tilt Renewables has recently submitted a bid to sell output from the Dundonnell Wind Farm ("**Dundonnell**") to the Victorian Government. Dundonnell is a 336MW development project in Western Victoria that will require significant capital investment by Tilt Renewables and its shareholders.

Tilt Renewables has stated that it intends to fund Dundonnell using a combination of new corporate debt and a significant equity raising (representing approximately 45% of Tilt Renewables' current equity value¹). Infratil and Mercury's offer provides shareholders with the opportunity to sell their Tilt Renewables shares at an attractive price. Alternatively, in the event of a successful Dundonnell bid outcome, shareholders will be required to contribute a significant amount of new equity relative to their existing shareholding or be diluted in an equity raising.

Infratil believes Tilt Renewables is well positioned to continue executing on its strong and diverse development pipeline. For Infratil, the offer represents a continuation of its proven approach of investing in businesses with supportive market dynamics that can respond to a disciplined focus on operating performance and capital allocation. Tilt Renewables will become a more meaningful investment for Infratil. Infratil is looking forward to partnering with Mercury and contributing towards the continued decarbonisation of Australasia.

¹ Based on the closing price of Tilt Renewables shares on the NZX of NZ\$2.13 on 14 August 2018, being the last trading day prior to the lodgement of Infratil and Mercury's notice of intention to make a full takeover offer.

TECT, the third largest shareholder in Tilt Renewables which continues to hold 6.81%, granted Mercury an option over the remainder of its shares in May 2018. Following the offer becoming fully unconditional Mercury has agreed to exercise the option to acquire those shares in a manner which complies with the takeovers code, with Infratil ultimately to become the holder of those shares. The agreement between Infratil and Mercury, combined with the shares covered by the TECT option, aggregates to 77.84% of Tilt Renewables shares.

NZ\$208.54m of funding is required to acquire all of the shares that Infratil and Mercury do not currently hold or control at the offer price. Infratil has sufficient funding capacity and intends to fund the takeover offer, and any near-term Tilt Renewables development projects, through the use of existing cash and debt facilities available to it.

The only substantive condition of the offer is approval from the Australian Foreign Investment Review Board ("**FIRB**"). There is also a 50% acceptance condition that will be satisfied promptly after the offer is launched. There are some other customary restrictive conditions that Infratil and Mercury currently intend to waive or declare as satisfied (to the extent permitted by law) once the FIRB condition is satisfied. Payments would commence within 7 days thereafter.

A copy of the Notice of Intention to make an offer has been sent to the NZX and ASX. The offer is intended to be formally sent to shareholders in early September, and is expected to close in October.

UBS is acting as financial adviser to Infratil. Buddle Findlay is providing legal advice.

Any enquiries should be directed to:

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