



15 March 2021

Infratil confirms support for acquisition proposal for Tilt from a consortium of Powering Australian Renewables and Mercury NZ

Infratil welcomes the announcement today by Tilt Renewables Limited (**Tilt**) that it has entered into a Scheme Implementation Agreement (**SIA**) with Powering Australian Renewables (**PowAR**) and Mercury NZ Limited (**Mercury**). Under the SIA, it is proposed that PowAR will effectively acquire Tilt's Australian business and Mercury will acquire Tilt's New Zealand business by way of a Scheme of Arrangement (**Scheme**), and Tilt shareholders will receive NZ\$7.80 per share in cash¹ (**Transaction**). Tilt's announcement is attached.

As part of the Transaction, Infratil has entered into a binding Voting Deed with PowAR under which Infratil has committed to vote all the Tilt shares that it controls, representing 65.5% of Tilt shares on issue, in favour of the Scheme.

The Transaction follows Infratil's announcement on 7 December 2020 that it had initiated a strategic review of its shareholding in Tilt. Jason Boyes, incoming Infratil CEO, said "We are very pleased with the outcome of the strategic review, which involved an extensive outreach program to identify potential bidders around the world, followed by a highly competitive auction process run by Tilt. We believe the price offered by PowAR and Mercury represents compelling value for Tilt and Infratil is pleased to support the transaction."

Subject to any pre-completion dividends, Infratil's gross proceeds from the sale of its 65.5% stake in Tilt will be approximately NZ\$1,926.1 million. As at 30 September 2020, Infratil's carrying value of Tilt was NZ\$704.1 million and the sale price represents a ~99% premium to the Tilt share price prior to Infratil's 7 December 2020 announcement.

Infratil's investment in Tilt originated when Tilt was part of Trustpower and Infratil has been a strong supporter of the company's growth since Tilt was demerged from Trustpower in 2016.

The Scheme is currently expected to take approximately 4 months to be implemented. Implementation of the Scheme remains subject to a number of conditions and termination events, which are summarised in Tilt's announcement. The Voting Deed is attached to Infratil's Substantial Product Holder Notice, a copy of which is also attached.

Impact on Estimated FY2021 International Portfolio Annual Incentive Fee

As part of its Investor Day on 16 February 2021, Infratil noted that Tilt would be included in the FY2021 assessment of the International Portfolio Annual Incentive Fee based on an undisturbed valuation. Infratil advises that for these purposes a Tilt share price of NZ\$5.44 per share will be applied, resulting in an increase in the FY2021 International Portfolio Annual Incentive Fee accrual to NZ\$217.0 million (previously NZ\$147.3 million). Infratil notes that the actual International Portfolio Annual Incentive Fee as at 31 March 2021 will be determined based on independent valuations of each of the other relevant investments, together with the Tilt undisturbed valuation. If an International Portfolio Annual Incentive Fee is ultimately determined to be payable at 31 March 2021, the fee will be payable in three equal tranches

¹ Subject to reduction for any permitted dividend paid by Tilt prior to implementation.

over the period to 31 March 2023, with the latter two tranches only being payable if the total valuation of all of the relevant investments as at 31 March 2022 and 31 March 2023 respectively, is no less than the total valuations determined as at 31 March 2021.

International Portfolio Realised Incentive Fee

In addition, Infratil advises that an International Portfolio Realised Incentive Fee assessment will be undertaken upon completion of the sale of Tilt, which will reflect the difference between the 31 March 2021 undisturbed valuation, plus the 12% hurdle through to the completion date, and the actual sale proceeds less associated sales costs. The Realised Incentive Fee payable will in part depend on when completion occurs and final sales costs, however based on the estimated four month timetable to implementation, the fee is estimated as NZ\$107.1 million and would be payable in April 2022.

Advisers

Infratil is being advised by Goldman Sachs as financial adviser and Buddle Findlay and Allens as legal advisers.

Any enquiries should be directed to:

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