NZX AND ASX ANNOUNCEMENT

14 March 2021

Tilt Renewables Board recommends acquisition proposal from a consortium of Powering Australian Renewables and Mercury NZ

Tilt Renewables Limited (**Tilt Renewables**) has entered into a Scheme Implementation Agreement (**SIA**) with Powering Australian Renewables (**PowAR**) and Mercury NZ Limited (**Mercury**) (together, **the Consortium**) under which it is proposed that PowAR will effectively acquire Tilt Renewables' Australian business and Mercury will acquire Tilt Renewables' New Zealand business. This transaction will be implemented by way of Scheme of Arrangement (the **Scheme**) where Tilt Renewables shareholders will receive NZ$7.80 per share in cash.

Tilt Renewables' decision to enter into the SIA with the Consortium follows a competitive sale process during which Tilt Renewables received multiple binding proposals to acquire the company.

Bruce Harker, Chair of Tilt Renewables, said "*This compelling acquisition proposal is a result of Tilt Renewables' constant focus on delivering long-term value for shareholders and the Board is pleased that, with these new owners, the transition to renewables in Australia and New Zealand will continue to accelerate.*"

PowAR has entered into a voting deed with Infratil. Under the terms of the deed, subject to customary conditions, Infratil has agreed to vote its entire 65.5% shareholding in Tilt Renewables in favour of the Scheme.

Mercury, currently Tilt Renewables' second largest shareholder, behind Infratil, with a 19.92% shareholding has agreed to vote its entire shareholding in favour of the Scheme, as a separate interest class.

In the absence of a superior proposal, and subject to the Scheme Consideration being within or above the Independent Adviser's value range, the Non-Conflicted Directors[1] of Tilt Renewables intend to vote their shares in favour of the proposed Scheme and recommend that other shareholders also vote in favour.

Tilt Renewables shareholders will have the opportunity to vote on the Scheme at a meeting likely to be held in around four months' time. Therefore, Tilt Renewables shareholders do not need to take any action at this time.

The Scheme is subject to customary conditions, some regulatory approvals (including Overseas Investment Office (NZ) and Foreign Investment Review Board (AU)), shareholder approval and ultimately High Court approval in New Zealand.

[1] 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 was Vincent Hawksworth, who is also CEO of Mercury.

Overview of the Scheme

Under the terms of the Scheme, Tilt Renewables shareholders will be entitled to receive NZ$7.80[2] per share in cash (**Scheme Consideration**), subject to all applicable conditions being satisfied or waived and the Scheme being implemented.

The Scheme Consideration represents a:

- 99.0% 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
- 98.6% premium to Tilt Renewables' 1-month volume weighted average price (VWAP) on the NZX to 4 December 2020 of NZ$3.93 per share
- 102.7% premium to Tilt Renewables' 3-month VWAP on the NZX to 4 December 2020 of NZ$3.85 per share

If the Scheme is implemented, a shareholder who invested in Tilt Renewables upon demerger in 2016, who participated in the entitlement offer in 2019 and capital return in 2020 will realise a return on investment, including dividends paid, of approximately 40% per annum.

CEO of Tilt Renewables, Deion Campbell, said: "*This proposal reflects the great capability of our team and the progress we have made in our relatively short history, since we were established and dual listed on the NZX and ASX in October 2016. With the support of our shareholders, we have developed and delivered a portfolio of flagship renewable assets, grown our industry-leading development pipeline and made a lasting positive impact on the communities in which we operate. I am excited by the next chapter in our history with PowAR and Mercury, which will be an acceleration of our shared vision: to drive the transition to renewables through everything we do.*"

Under the SIA, Tilt Renewables will be bound by customary exclusivity provisions, including "no shop", "no talk" (subject to the fiduciary obligations of the Tilt Renewables Directors) and "notification" obligations as well as "matching" rights. A break fee of 1% will be payable by Tilt Renewables in certain circumstances, and a reverse break fee of 1% will be payable by the Consortium in certain circumstances.

A full copy of the SIA is attached to this announcement.

Background to the Scheme

On 7 December 2020 Infratil announced a strategic review of its 65.5% shareholding in Tilt Renewables, including assessing the potential divestment of its shareholding. As a result of this strategic review, Tilt Renewables announced on 4 February 2021 that it had received a number of non-binding indicative proposals to acquire 100% of the shares in the Company.

The Board of Tilt Renewables reviewed these non-binding indicative proposals and decided to grant a number of parties access to due diligence materials and executive management to enable these parties to prepare binding proposals.

After reviewing the binding proposals the Board of Tilt Renewables determined that the Scheme is in the best interests of the company.

[2] Subject to a reduction due to any payment of Permitted Dividend.

Indicative timetable and next steps

Tilt Renewables is preparing a Scheme Booklet which will contain information relating to the Scheme, including the reasons for the Non-Conflicted Directors' unanimous recommendation and details of the Scheme Meeting. The Scheme Booklet will also include an Independent Adviser's Report, prepared in accordance with guidance of the Takeovers Panel.

The process to implement the Scheme will include a Scheme Meeting where Tilt Renewables shareholders will be given the opportunity to vote on the Scheme. It is expected to take approximately five months for the Scheme to be implemented.

Advisers

Tilt Renewables is being advised by Lazard as financial adviser and Russell McVeagh and Ashurst as legal advisers.

Key Highlights

- Mercury NZ Limited (**Mercury**) to acquire Tilt Renewables' New Zealand assets and, following that, Powering Australian Renewables (**PowAR**) to acquire 100% of the outstanding shares in Tilt Renewables under a Scheme of Arrangement for NZ$7.80 per share in cash
- The Scheme Consideration represents approximately a 99% premium to Tilt Renewables' share price immediately prior to the December 2020 announcement by Tilt Renewables' largest shareholder of a strategic review of its shareholding
- The Scheme Consideration implies a market capitalisation (equity value) for Tilt Renewables of approximately NZ$2,956 million, an enterprise value of NZ$3,124 million and a multiple of 28x EV/EBITDA (FY22)[3]
- The acquisition proposal highlights the quality and potential of the Tilt Renewables business, as the largest pure-play renewable energy platform across both the Australian and New Zealand energy markets
- Tilt Renewables' Board of Directors believes it is a compelling proposal and its Non-Conflicted Directors will vote the shares they each control in favour of the Scheme and recommend that other shareholders also vote in favour, in the absence of a superior proposal
- Tilt Renewables' largest shareholder, Infratil Limited (**Infratil**), has entered a Voting Deed in respect of its 65.5% shareholding under which it has agreed to vote in favour of the Scheme
- Tilt Renewables' second largest shareholder, Mercury, has agreed to vote its 19.92% shareholding in favour of the Scheme

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[3] Based on 379.0 million fully diluted shares on issue, comprising of 376.8 million ordinary shares outstanding and 2.2 million rights, net debt of A$156m as at 30 September 2020, and broker consensus FY22 EBITDA of A$105m as at 12 March 2021. Figures converted using an A$ to NZ$ exchange rate of 0.93.

About PowAR

PowAR was established in 2016 as a partnership between AGL and QIC on behalf of its managed clients QGIF and the Future Fund. The partners are long-term investors and have significant combined institutional capital with incumbent retail energy expertise as follows:

- QIC: independent investment manager owned by the Queensland Government with over A$85 billion in assets under management (as at 31 December 2020);
- Future Fund: Australia's sovereign wealth fund with over A$160 billion under management; and
- AGL: leading ASX-listed integrated energy business with over 4 million customers and a 11GW+ generation portfolio.

PowAR's current assets include the 199 MW Silverton Wind Farm, 102 MW Nyngan Solar Plant and 53 MW Broken Hill Solar Plant in New South Wales as well as the 453 MW Coopers Gap Wind Farm in Queensland.

About Mercury

Mercury, together with its subsidiaries, is an electricity generator and energy retailer in New Zealand. As a retailer of electricity and gas, Mercury currently services the energy needs of residential, commercial and industrial customers. Mercury is listed on the NZX Main Board and has a foreign exempt listing on the ASX. As at close of the Business Day on 11 March 2021, it had a market capitalisation on the NZX of approximately NZ$8.0 billion.