



22 October 2018

Significant impairment reported by Tilt Renewables requires change to Independent Directors' recommendation

On 19 October 2018, Tilt Renewables Limited ("Tilt Renewables") announced that it expects to write-down the carrying value of its Australian windfarm assets by A\$125 - A\$130 million. **This is equivalent to a reduction in value of NZ\$0.43 – NZ\$0.45 per share and represents approximately 12% of the value of the Australian generation assets.**

Infratil believes that adjusting the Northington Partners independent adviser report for the updated assumptions would put the TLT JV's offer price of NZ\$2.30 per share well within a revised independent fair value range. Tilt Renewable's Independent Directors should therefore urgently update their Target Company Statement recommendation.

Tilt Renewables announced that the impairment has resulted from reductions in expected prices for large-scale generation credits and forward electricity prices since its last reporting period of 31 March 2018. The 30 September 2018 valuation has been prepared by Tilt Renewables' independent accountant, Deloitte, and has also been reviewed by Tilt Renewables' auditor, PricewaterhouseCoopers.

The announcement reinforces Infratil's view that the independent Adviser's Report prepared by Northington Partners does not accurately reflect Tilt Renewables' current value. As a result, Infratil believes the Independent Directors of Tilt Renewables should urgently revisit the Northington Partners fair value range and that the Independent Directors should update their recommendation to Tilt Renewables shareholders in relation to the TLT JV takeover offer. This will enable Tilt Renewables shareholders to make a fully informed decision whether to accept the takeover offer before the offer closes on 29 October (unless extended in accordance with the Takeovers Code).

Infratil also highlights the following key points:

- Infratil maintains that the valuation prepared by Northington Partners is overly optimistic and is not supported by market benchmarks. Deloitte's review is further evidence that Northington Partners have used assumptions that do not adequately reflect the risk profile of Tilt Renewables, including discount rates that are inconsistent with those that will be applied for Tilt Renewables' 30 September financial statements.
- Infratil believes the Independent Directors of Tilt Renewables have fundamentally understated the risks associated with the business by taking an overly optimistic view on the outlook of the renewables sector in Australia and New Zealand. The material impairment of the Australian windfarms a month after the release of the Tilt Renewables Target Company Statement underlines the risks associated with investing in a company exposed to increased regulatory and political uncertainty.

Any enquiries should be directed to:

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