

Disclosure of movement of 1% or more in substantial holding
or change in nature of relevant interest, or both

Sections 277 and 278, Financial Markets Conduct Act 2013

To NZX Limited

and

To Tilt Renewables Limited

Relevant event being disclosed: Movement of 1% or more in the substantial holding and change in nature of relevant interest

Date of relevant event: 15 August 2018

Date this disclosure made: 15 August 2018

Date last disclosure made: 1 November 2016

Substantial product holder(s) giving disclosure

Full name(s): Infratil Limited and related bodies corporate

Summary of substantial holding

Class of quoted voting products: Ordinary shares in Tilt Renewables Limited (TLT)

Summary for: Infratil Limited (**IFT**), Infratil 2018 Limited (**Infratil**) and the product holders listed in the Schedule

For **this** disclosure,—

(a) total number held in class: 243,621,227

(b) total in class: 312,973,000

(c) total percentage held in class: 77.841%

For **last** disclosure,—

(a) total number held in class: 159,742,389

(b) total in class: 312,973,000

(c) total percentage held in class: 51.04%

Details of transactions and events giving rise to relevant event

Details of the transactions or other events requiring disclosure: IFT, Infratil, and Renew Nominees Limited, Infratil Energy New Zealand Limited and Infratil Investments Limited (these three entities being the **IFT Holders**), have entered into an implementation agreement (**Implementation Agreement**) with Mercury NZ Limited (**Mercury**), establishing an unincorporated joint venture between Mercury and Infratil for the purposes of a proposed full takeover of Tilt Renewables Limited (**Tilt**). Under the Implementation

Agreement, the parties holding shares in Tilt (including the IFT Holders) have agreed to sell those shares into that takeover offer.

A copy of the Implementation Agreement is attached to this disclosure (12 pages).

A change in nature of the IFT Holders relevant interest has arisen as the IFT Holders power to dispose or otherwise deal with Tilt financial products is now subject to the terms of the Implementation Agreement.

For any future disclosures during the takeover offer period, IFT, Infratil and the IFT Holders intend to file a combined notice with Mercury (as acting in concert parties).

Details after relevant event

Details for IFT, Infratil and the product holders listed in the Schedule

Nature of relevant interest(s): registered holder and beneficial owner, subject to the agreement to sell shares into the takeover offer noted above

For that relevant interest,—

- (a) number held in class: Refer Schedule
- (b) percentage held in class: Refer Schedule
- (c) current registered holder(s): Refer Schedule
- (d) registered holder(s) once transfers are registered: Refer Schedule

Nature of relevant interest(s): Mercury's option to acquire additional shares from TECT Holdings Limited (as notified by Mercury on 14 May 2018) in a manner compliant with the Takeovers Code, now subject to agreement by Mercury under the Implementation Agreement to, if the offer becomes fully unconditional, exercise its option in a manner which complies with the Takeovers Code, with Infratil ultimately to become the holder of those shares

For that relevant interest,—

- (a) number held in class: 21,315,536
- (b) percentage held in class: 6.811%
- (c) current registered holder(s): TECT Holdings Limited
- (d) registered holder(s) once transfers are registered: Mercury NZ Limited

Nature of relevant interest(s): under the Implementation Agreement, IFT, Infratil and the IFT Holders have the ability to control how the following shares will be disposed

For that relevant interest,—

- (a) number held in class: 62,563,302

- (b) percentage held in class: 19.990%
- (c) current registered holder(s): Mercury NZ Limited
- (d) registered holder(s) once transfers are registered: Mercury NZ Limited

Additional information

Address(es) of substantial product holder(s): Refer to the Schedule

Contact details: Refer to the Schedule

Nature of connection between substantial product holders: Refer to the Schedule

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates: Mercury NZ Limited

Certification

I, Nicholas Lough, certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.

SCHEDULE

Registered Holder of Relevant Interest	Total held in class			Nature of association	Address and Contact details
	Class	Number Held	Percentage Held		
Renew Nominees Limited	Ordinary shares	110,399,170	35.274%	Related body corporate of Infratil Limited	5 Market Lane Wellington 6140 Nicholas Lough +64 4 473 2399 legal@hrlmorrison.com
Infratil Energy New Zealand Limited	Ordinary shares	48,470,446	15.487%	Related body corporate of Infratil Limited	5 Market Lane Wellington 6140 Nicholas Lough +64 4 473 2399 legal@hrlmorrison.com
Infratil Investments Limited	Ordinary shares	872,773	0.279%	Related body corporate of Infratil Limited	5 Market Lane Wellington 6140 Nicholas Lough +64 4 473 2399 legal@hrlmorrison.com

Takeover Implementation Agreement

relating to
Tilt Renewables Limited

Infratil Limited

Infratil 2018 Limited

Renew Nominees Limited

Infratil Energy New Zealand Limited

Infratil Investments Limited

Mercury NZ Limited



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TAKEOVER IMPLEMENTATION AGREEMENT

Date: 15 August 2018

PARTIES

Infratil Limited (*IFT*)

Infratil 2018 Limited (*Infratil*)

Renew Nominees Limited (*Renew*)

Infratil Energy New Zealand Limited (*IENZL*)

Infratil Investments Limited (*IIL*)

(Renew, IENZL, and IIL (and if applicable, Infratil), together the *IFT holders*)

Mercury NZ Limited (*MCY*)

BACKGROUND

- (A) IFT, through the IFT holders, and MCY are shareholders in Tilt.
- (B) MCY holds an option over the remaining shares in Tilt held by TECT Holdings Limited (respectively, *Option* and *TECT shares*).
- (C) IFT, through Infratil, and MCY wish to launch a full Takeover Offer for all of the shares in Tilt (including the shares held by them in a several capacity) under, and in compliance with, the Takeovers Code.
- (D) The Takeover Offer will be conditional on required regulatory approvals (FIRB), but will not be subject to a 90% acceptance condition.
- (E) Pursuant to the Takeover Offer, and any ensuing Compulsory Acquisition, IFT and MCY intend to acquire 100% of the shares.
- (F) This agreement sets out the terms on which the parties will make the Takeover Offer and records the steps to be taken by the parties to implement the transaction.

THE PARTIES AGREE as follows:

1 DEFINITIONS AND CONSTRUCTION

1.1 Defined terms

In this agreement, unless the context requires otherwise:

Closing means the settlement of the last acquisition under the Takeover Offer and/or Compulsory Acquisition or, as the context may require, the point in time at which such settlement occurs.



Compulsory Acquisition means compulsory acquisition of the remaining Shares not held or controlled by the Joint Venture under Part 7 of the Takeovers Code.

control has the meaning given in the Takeovers Code.

Dominant Owner has the meaning given in the Takeovers Code.

Effective Date has the meaning in clause 3.1

Joint Venture has the meaning in clause 3.1.

JV parties means Infratil and MCY.

Shares means all ordinary shares on issue in Tilt.

Takeover Offer means the takeover offer to be made by the JV parties under clause 3.2(a).

Takeovers Code means the takeovers code recorded in the Takeovers Code Approval Order 2000 as consolidated, amended, re-enacted or replaced from time to time and as varied by any applicable exemption granted by the Takeovers Panel.

Takeovers Panel means the Takeovers Panel established by the Takeovers Act 1993.

Tilt means Tilt Renewables Limited.

Tilt Shares, in respect of a person, means all Shares held or controlled by that person.

working day has the meaning given in the Companies Act 1993.

Voting Rights has the meaning given in the Takeovers Code.

1.2 Construction

In the construction of this agreement, unless the context requires otherwise:

Currency: a reference to any monetary amount is to New Zealand currency.

Headings: headings appear as a matter of convenience and do not affect the construction of this agreement.

Negative Obligations: a reference to a prohibition against doing any thing includes a reference to not permitting, suffering or causing that thing to be done.

No Contra Proferentem Construction: the rule of construction known as the contra proferentem rule does not apply to this agreement.

Parties: a reference to a party to this agreement or any other document includes that party's personal representatives/successors and permitted assigns.

Person: a reference to a person includes a corporation sole and also a body of persons, whether corporate or unincorporate.



Related Terms: where a word or expression is defined in this agreement, other parts of speech and grammatical forms of that word or expression have corresponding meanings.

Singular, Plural and Gender: the singular includes the plural and vice versa, and words importing one gender include the other genders.

Statutes and Regulations: a reference to an enactment or any regulations is a reference to that enactment or those regulations as amended, or to any enactment or regulations substituted for that enactment or those regulations.

Writing: a reference to "written" or "in writing" includes all modes of presenting or reproducing words, figures and symbols in a tangible and permanently visible form.

2 FUNDAMENTAL PRINCIPLES

2.1 Paramountcy

The provisions of this clause 2 are paramount and, to the extent that any other provision in this agreement is inconsistent with the provisions of this clause, that other provision will be read subject to this clause.

2.2 IFT's Tilt Shares

- (a) Nothing in this agreement or any other document contemplated by or entered into to give effect to this agreement, confers on MCY the ability or right to hold or control the voting rights or any other rights attaching to (or confers on MCY any interest in) any IFT holder's Tilt Shares.
- (b) IFT and the IFT holders have the exclusive right to exercise and/or control the exercise of all Voting Rights attaching to the IFT holders' Tilt Shares in whatever manner they see fit until the Closing.

2.3 MCY's Tilt Shares

- (a) Nothing in this agreement or any other document contemplated by or entered into to give effect to this agreement, confers on IFT, Infratil or the IFT holders the ability or right to hold or control the voting rights or any other rights attaching to (or confers on IFT, Infratil or the ITF holders any interest in) MCY's Tilt Shares.
- (b) MCY has the exclusive right to exercise and/or control the exercise of all Voting Rights attaching to its Tilt Shares in whatever manner it sees fit until the Closing.

2.4 Compliance with law

- (a) The parties acknowledge that by executing this agreement they will be "associates" (as defined in the Takeovers Code) of each other. Other than as expressly contemplated by this agreement for so long as they are "associates" of each other, each party agrees not to acquire any further legal or beneficial interest in any Shares, increase their respective holding or control of Voting Rights in Tilt or take any other action, in each case that would be in breach of the Takeovers Code or the Financial Markets Conduct Act 2013.
- (b) For the avoidance of doubt, this clause does not prevent the parties from entering into agreements with other shareholders of Tilt under which those shareholders agree to accept the Takeover Offer. Subject to Rule 36 of the Takeovers Code, nor does it prevent IFT exercising its 'creep right' under the Takeovers Code at any time.



Nor does it necessarily mean that IFT and MCY or their respective related companies will be associates after the Takeover Offer is completed.

- (c) Nothing in this agreement will require any party to do any act or thing in contravention of the Takeovers Code, the Companies Act 1993 or the Financial Markets Conduct Act 2013.

3 JOINT VENTURE

3.1 Joint Venture

With effect from the date of this agreement (*Effective Date*), the JV parties form an unincorporated joint venture on the terms set out in this agreement (*Joint Venture*).

3.2 Purpose

The purpose of the Joint Venture is for the JV parties:

- (a) to make a full takeover offer, under and in accordance with the Takeovers Code, to acquire all of the Shares (including the shares held by them on a several basis);
- (b) subsequent to making the Takeover Offer, and provided they become the holders or controllers of 90% or more of the Voting Rights in the Company, to complete Compulsory Acquisition; and
- (c) following completion of the Takeover Offer and Compulsory Acquisition to de-list Tilt from NZX and ASX,

(together, the *Purpose*).

3.3 No other activity

Unless the JV parties otherwise agree in writing, the Joint Venture shall not engage in any business or activity which is not the Purpose, or reasonably incidental to the Purpose.

4 TAKEOVER OFFER

4.1 Takeover Offer

The JV parties must jointly send:

- (a) a takeover notice, in a form approved by both JV parties, to Tilt in accordance with the Takeovers Code within 1 working day of the date of this agreement; and
- (b) an offer under the Takeovers Code to acquire all of the voting securities in Tilt which they do not already own or control, in a form approved by both JV parties, no later than 21 days after sending the takeover notice under clause 4.1(a) (or such other timeframe or basis that Infratil and MCY may agree).

4.2 Acceptance of Takeover Offer

Each IFT holder and MCY must accept the Takeover Offer within 2 working days of it being made, in respect of all Tilt Shares held by it. MCY agrees to set-off the consideration payable to it against the consideration payable by it.



4.3 Option

- (a) Mercury agrees that it will exercise the option after the Offer has become unconditional and before the Closing date of the Offer, in a manner which complies with the Takeovers Code. If MCY acquires those shares under rule 36 of the Takeovers Code, Mercury agrees to promptly accept the Offer and before the Closing Date. As a result, whether acquired under the Offer or via rule 36 of the Takeovers Code, Infratil would ultimately become the registered holder of those shares.
- (b) If the Takeover Offer is not made, or is withdrawn or lapses, MCY will not seek to exercise the Option if (and, if so, while) IFT and MCY are "associates", as defined in the Takeovers Code, of each other.

4.4 Funding, Registration and Costs

- (a) IFT will procure Infratil to pay the Takeover Offer price in respect of all Shares acquired pursuant to the Takeover Offer (and, if applicable, the exercise price for the TECT shares acquired under the Option) (other than the Shares owned by MCY, in respect of which MCY will pay the Takeover Offer price) and all Shares acquired pursuant to the Takeover Offer will be registered into the name of Infratil or such other wholly owned nominee IFT may direct (other than the Shares owned by MCY which will be (or remain) registered into the name of MCY or its wholly owned nominee).
- (b) The representatives of Infratil on the steering committee of the Joint Venture will determine if the Takeover Offer period should be extended, whether any other variations to the Takeover Offer which are permissible pursuant to the Takeovers Code should be made and whether any conditions should be waived, and make any other decisions in respect of the Takeover Offer, provided that such decisions do not put either party in breach of law, and in each case following consultation with the representatives of MCY on the steering committee of the Joint Venture.
- (c) IFT and Infratil will be responsible for all printing costs, mailing costs, legal costs, independent adviser's costs and other costs and expenses necessary or desirable to give effect to the Purpose (but excluding MCY's legal and other costs), including without limitation costs pursuant to section 49 of the Takeovers Act 1993.
- (d) Except as set out in clauses 4.4(a) and (c), the parties will meet their own costs relating to the negotiation, preparation and implementation of this agreement.

4.5 Compulsory Acquisition

- (a) Immediately following the close of the Takeover Offer, if Infratil and MCY have become (in aggregate) the Dominant Owner, the Joint Venture will implement Compulsory Acquisition and IFT will procure Infratil to pay the acquisition price in respect of all Shares acquired pursuant to the Compulsory Acquisition and all Shares acquired pursuant to the Compulsory Acquisition will be registered into the name of Infratil or such other wholly owned nominee IFT may direct.
- (b) On completion of Compulsory Acquisition:
 - (i) Infratil and MCY will enter into a shareholders' agreement in the form agreed by the JV parties and, for the purpose of identification, initialled by each of the JV parties on or about the time of entry into this agreement.



- (ii) Infratil and MCY will each have the right to appoint directors to Tilt and its subsidiaries in accordance with the shareholders' agreement.

5 PARTICIPANTS

From the Effective Date until the date on which this agreement is terminated:

- (a) no JV party may sell, transfer or otherwise dispose of any interest in the Joint Venture;
- (b) no party may take any step, or do any act, matter or thing, directly or indirectly:
 - (i) which is intentionally designed to frustrate the Purpose; or
 - (ii) which is inconsistent with the spirit, intent or provisions of this agreement; and
- (c) IFT and MCY will form a steering committee for the Joint Venture which has the power and authority to govern and control the Joint Venture in relation to all matters in respect of the Takeover Offer and the Compulsory Acquisition. As at the date of this agreement the members of the steering committee comprise Marko Bogoevski and Fraser Whineray but either may nominate an alternate or delegate to act in their place from time to time. Nothing in this clause is intended to stop either member of the steering committee from consulting his or her board as he or she thinks fit.

6 TERMINATION

6.1 Parties remain bound

A party will remain bound by this agreement until:

- (a) it is terminated in accordance with clause 6.2; or
- (b) the party, having acted in compliance with this agreement, ceases to be a shareholder in Tilt; or
- (c) the Joint Venture completes the Takeover Offer without becoming the holder or controller of 90% or more of the Voting Rights in the Company; or
- (d) the Joint Venture completes Compulsory Acquisition, and Tilt is de-listed from NZX and ASX.

6.2 Termination

This agreement will automatically terminate if for any reason the Takeover Offer does not become unconditional and as a result the JV parties do not become bound to acquire Shares under the Takeover Offer.

6.3 Consequences of termination

- (a) Subject to sub-clauses (b) and (c), if this agreement is terminated, then the parties will cease to have any further rights or obligations under this agreement.



- (b) Termination or expiry of this agreement will not affect any rights or liabilities that accrued prior to termination.
- (c) Clauses 7 and 8 will survive termination of this agreement.

7 MCY BOARD REPRESENTATION

7.1 IFT supportive of MCY board seat

IFT has advised MCY that subject to the Takeover Offer becoming unconditional and the TECT shares being acquired and registered in the name of Infratil; IFT intends to support the appointment to the board of directors of Tilt of a person nominated by MCY.

7.2 Status of the statement of intention

The statement of intention recorded in clause 7.1 (*Statement of Intention*) reflects IFT's intention as at the date of this agreement. The Statement of Intention is not a voting undertaking and does not confer on MCY the ability or right to hold or control the voting rights or any other rights attaching to (or confer on MCY any interest in) any IFT holder's Tilt Shares. Nothing in this statement is intended to make each other associated persons under the NZX Listing Rules or associates under the Takeovers Code.

7.3 IFT acknowledgements

Without limiting clause 7.2, IFT and the IFT holders acknowledge that:

- (a) MCY has relied on the Statement of Intention; and
- (b) MCY and Tilt may refer to the Statement of Intention, including in any documents prepared by Tilt to be sent to Tilt shareholders.

8 CONFIDENTIALITY

8.1 Confidentiality Obligation

Subject to clause 8.2, each party must keep confidential and make no disclosure of all information obtained from the other party or its advisers under this agreement or in the course of negotiations in respect of this agreement (*Information*).

8.2 Exceptions

Information may be disclosed by a party if:

- (a) disclosure is required by law (including the rules of any stock exchange on which the disclosing party is listed) or is necessary to obtain the benefits of, or fulfil obligations under, this agreement;
- (b) that Information already is, or becomes, public knowledge other than as a result of a breach of clause 8.1 by the disclosing party; or
- (c) disclosure is made to the disclosing party's lawyer, accountant or other adviser.



9 GENERAL

9.1 Agreement binding

Each party warrants and represents to the other that this agreement creates obligations which are legally binding on it and are enforceable against it in accordance with its terms.

9.2 Notices

All notices and other communications to be given under this agreement must be in writing addressed to the person to whom it is to be sent (but in the case of Infratil, or any IFT holder, to IFT on their behalf), at the physical address or email address from time to time designated by that party. Until any other designation is given, the physical address and email address of each party is:

Infratil Limited
Address: 5 Market Lane,
Wellington 6011, New Zealand

Attention: Head of Legal
Email: Legal@HRLMorrison.com

Mercury NZ Limited
Address: Level 3, 109 Carlton Gore Road,
Newmarket, 1023, New Zealand

Attention: General Counsel
Email: legal@mercury.co.nz

with a copy (which will not constitute notice) to:

Attention: Strategy and Planning Manager
Email: samuel.moore@mercury.co.nz

and a copy (which will not constitute notice) to:

roger.wallis@chapmantripp.com

Any notice given under this agreement will be deemed to have been received:

- at the time of delivery, if delivered by hand;
- 5 working days after the date of mailing, if sent by ordinary post;
- the working day following the day actually received, if sent by email,

but any notice received after 5.00pm or on a non-working day will be deemed to have been received on the next working day.

9.3 Amendments

No amendment to this agreement is effective unless it is in writing and signed by IFT (on behalf of itself, Infratil and each IFT holder, and IFT is hereby authorised to sign any amendment on behalf of Infratil and each IFT holder) and by MCY.

9.4 Assignment

No party may assign or transfer its interest in, or its rights or obligations under, this agreement.

9.5 Further assurances

Subject to clause 2.2, 2.3, 2.4 and 7.2, each party will from time to time on request by any of the other parties execute and deliver all documents and do all other acts



and things, which are necessary or reasonably required to give full force and effect to the provisions of, and arrangements contemplated by, this agreement.

9.6 Waiver

Any delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this agreement shall not operate as a waiver of such right, power or remedy. A waiver of any breach of any provision of this agreement shall not be effective unless that waiver is in writing and is signed by the party against whom that waiver is claimed. A waiver of any breach shall not be, or be deemed to be, a waiver of any other or subsequent breach.

9.7 Counterparts

This agreement may be executed in any number of counterparts (including electronic copies) and provided that each party has executed a counterpart, the counterparts together shall constitute a binding and enforceable agreement between the parties.

9.8 Entire agreement

This agreement constitutes the entire agreement, understanding and arrangement (express and implied) between the parties relating to the subject matter of this agreement and supersedes and cancels any previous agreement, understanding and arrangement relating thereto whether written or oral.

9.9 Severance

If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and shall not affect the enforceability, legality, validity or application of any other provision of this agreement.

9.10 Governing law

This agreement is governed by the laws of New Zealand and the parties submit to the jurisdiction of the courts of New Zealand in respect of any dispute or proceeding arising out of this agreement.



EXECUTION

Infratil Limited

by its authorised signatory:

Signature

Marko Bogoevski

Name

Chief Executive Officer

Title

Infratil 2018 Limited

by its authorised signatory:

Signature

Marko Bogoevski

Name

Director

Title

Renew Nominees Limited

by its authorised signatory:

Signature

Marko Bogoevski

Name

Director

Title

Infratil Energy New Zealand Limited

by its authorised signatory:

Signature

Marko Bogoevski

Name

Director

Title

Infratil Investments Limited

by its authorised signatory:

Signature

Marko Bogoevski

Name

Director

Title

Mercury NZ Limited

by its authorised signatory:

Signature

Fraser Whineray

Name

Chief Executive Officer

Title



EXECUTION

Infratil Limited
by its authorised signatory:

Signature

Marko Bogoievski
Name

Chief Executive Officer
Title

Infratil 2018 Limited
by its authorised signatory:

Signature

Marko Bogoievski
Name

Director
Title

Renew Nominees Limited
by its authorised signatory:

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Director
Title

Infratil Investments Limited
by its authorised signatory:

Signature

Marko Bogoievski
Name

Director
Title

Mercury NZ Limited
by its authorised signatory:



Signature

Fraser Whineray
Name

Chief Executive Officer
Title