Annual Report 2019

WE ARE GEN TILT

tilt renewables

WELCOME TO GEN TILT


GEARING UP
TO MAKE A
DIFFERENCE


HARNESSING
PEOPLE
POWER


ON THE


PART OF OUR
FUTURE
LANDSCAPE


GOING FROM
STRENGTH
TO STRENGTH


WE ARE
GEN TIL

THE POWERFUL ADVANCES WE MADE

We are powered by passionate people. From those who help find and develop our renewable energy options to the teams that manage our construction projects and ensure our assets operate effectively, we are committed to generating value for our shareholders. The teams that support our landowners, the communities we operate within and our corporate functions keep us operating effectively. Together, new thinking, new energy and our willingness to pursue a new approach make Tilt Renewables a great organisation. We have our own name for our strong culture. We are "Gen Tilt".

"I am a part of the finance team and I have been involved in number of exciting system improvement projects which will be greatly beneficial to the organisation. Everyone at Tilt Renewables puts their heart and soul to what they do and that is one thing special about us."

Kalpi Dhirasekera
Finance Officer

WE MADE A WORLD OF DIFFERENCE THIS YEAR

A$10.6M

Cash dividends paid in FY19 plus reinvestment in the business to set us up for further capital growth

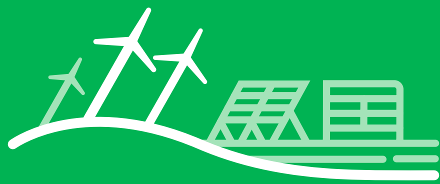
A$1.08B

Market Capitalisation A$1.08B

30%

EBITDAF A$134.8M up 30%

SECURED ~A$260M NEW EQUITY & A$300M DEBT



3.4 GW OF POTENTIAL INSTALLED CAPACITY

of projects in our development pipeline, spread across wind, solar and storage in New Zealand or Australia

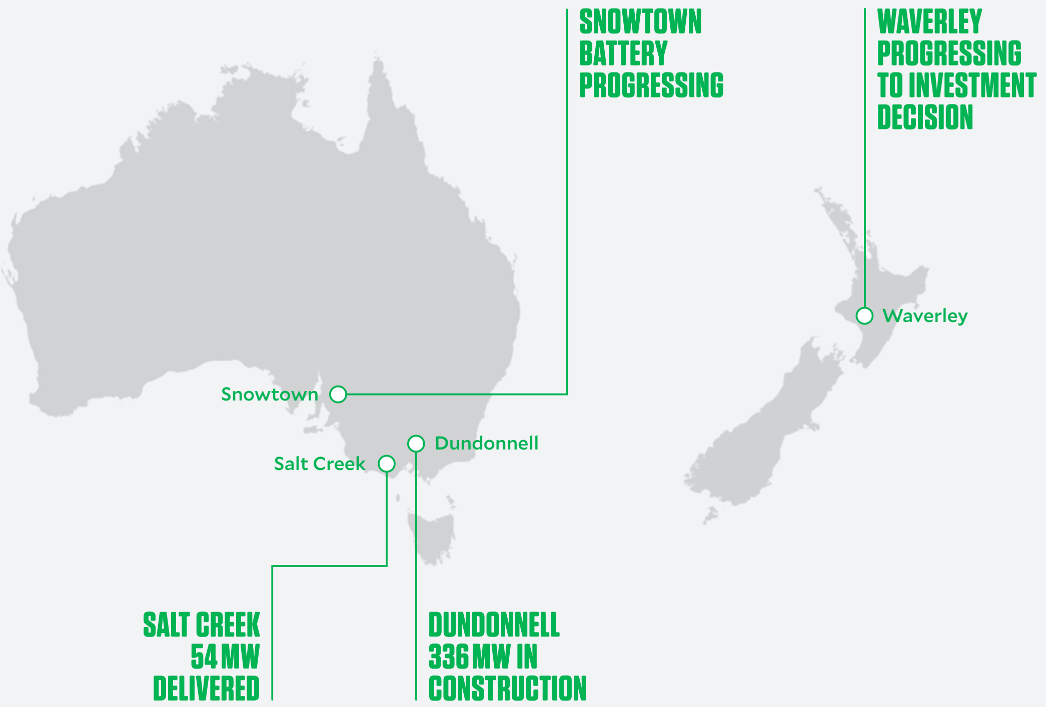
322 WIND TURBINES

spread across 8 assets and 2 countries

2.05 TWh OF CLEAN RENEWABLE ENERGY:

equivalent to 310,000 households powered by clean energy, providing CO_2 emissions savings of 2.2 million tonnes relative to black coal-fired generation; equivalent to more than 700,000 petrol cars off the road

SHAREHOLDER RETURN



PIPELINE ADVANCES

Storage and firming options available, including several battery sites

Consented solar at 660 MW

13 projects progressed to near term ready

1.0 GW

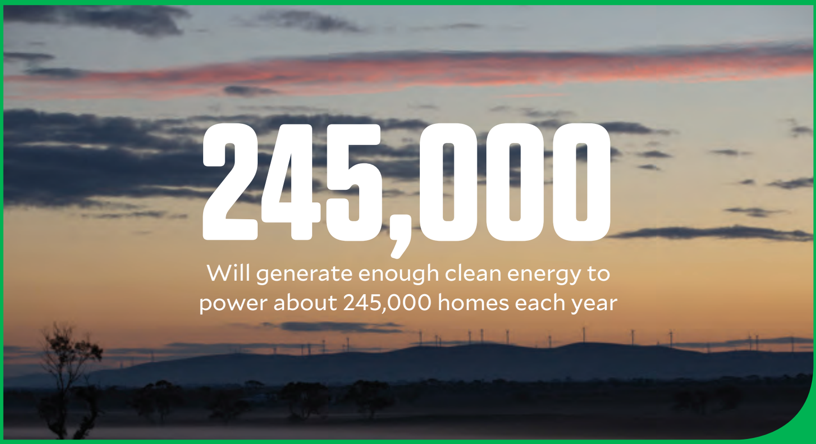
Liverpool 1 GW acquired

Project pipeline in 5 Australian States and both islands of New Zealand

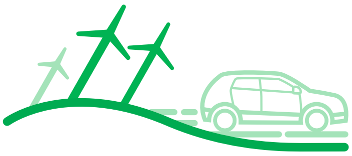
3.4 GW

Total pipeline over 3.4 GW

DUNDONNELL WIND FARM INVESTMENT



336 MW NEW CAPACITY



1.3M TONNES

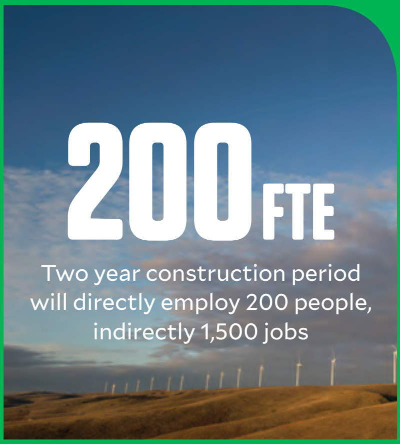
of CO_2 emissions saved annually on average, relative to black coal-fired generation; equivalent to removing 440,000 petrol cars from our roads

87%

87% of production already contracted

↑50%

Increases Tilt Renewables' asset base by 50%



~$45M

cash EBITDAF per year

$20-$25M

cash flow after debt per year

10 FTE

Once operational will directly employ 10 full-time staff during its 25 year operation

CHAIR & CHIEF EXECUTIVE REPORT

Deion Campbell (Chief Executive)
Bruce Harker (Chair)

Doing what we say we will

It is a pleasure to present the Annual Report for an interesting and formative year for Tilt Renewables.

This time last year, we were ready to play our part in the long game of progressive decarbonisation of the Australian and New Zealand electricity supplies. We have made significant progress in this regard, with completion of construction of the Salt Creek Wind Farm and commencement of construction of the Dundonnell Wind Farm, both in Victoria, continuing the diversification of our asset base.

We have also made great progress in New Zealand with the Waverley Wind Farm in Taranaki securing a long-term power purchase agreement from Genesis Energy, positioning for an investment decision later in 2019.

Aligned with our growth focus, we have also extended and strengthened our development pipeline, in particular with the addition of the Liverpool Range site with a capacity of up to 1000 GW in New South Wales. Our selection of late stage project opportunities is considered the best in market and we are constantly looking for opportunities to take these projects to construction and operation, in line with our strategy.

Dundonnell Wind Farm

Following the successful completion of construction of the Salt Creek Wind Farm during the year, it is exciting to be already in construction of our next project. Once operational, the 336 MW Dundonnell Wind Farm will be the largest project in our fleet, adding 50% to our installed asset base, and one of the largest in Australia.

Last year we highlighted that the Dundonnell Wind Farm was being offered into the Victorian Government's "Victorian Renewable Energy Auction Scheme" (VREAS) and we are pleased that the project secured a long term offtake for 37% of the output via that scheme.

In addition, a further 50% of the production from Dundonnell has been contracted to Snowy Hydro resulting in price certainty for 87% of the project's output and maintaining a total contracted position for Tilt Renewables above 80%.

This is significant as it allows us to continue our strategy of being flexible with offtake structures for future projects, including progressing with a higher level of merchant, or uncontracted revenue should the right opportunity be presented.

↑50%

Dundonnell Wind Farm will be adding 50% to our installed asset base, and will be one of the largest wind farms in Australia.

A total investment of $560m was required to fund the construction of Dundonnell. This was achieved with a $300m debt facility and $260m of equity raised via an accelerated renounceable right offer, which was well supported by existing shareholders.

This flagship project, which connects to a very strong part of the Victorian electricity grid, is scheduled to be completed late in 2020.

Operating Results Reflect a Return to Average Wind Conditions and the Contribution of Salt Creek

Another year of satisfactory availability across all operational assets allowed the company to make the most of the wind conditions, in particular the higher than expected wind in the first few months. Production exceeded 2 TWh, in line with long term expectations of our growing asset base and 14% ahead of the prior year.

Our safety performance was again below our expectations, with a total of four recordable injuries. All of these injuries can be attributed to preventable actions. Our mission is to improve our safety culture and continue moving beyond safety as a compliance activity, to capture the hearts and minds of our people.

Healthy Financial Results

With the improved energy yield from the assets, our financial results were also ahead of the prior year, with revenue up 22% to $193.3m.

Earnings before interest, tax, depreciation, amortisation and fair value movement of financial instruments (EBITDAF) were $134.8m, an improvement of 30% on the prior year. Net profit after tax (NPAT) was $12.2m and net cash from operating activities was $112.4m reflected the improved wind conditions.

Whilst we are pleased with this outcome, the EBITDAF result reflects the capitalisation of expenses incurred during the year in respect of the Dundonnell Wind Farm, which will not be repeated next year.

Strategic Focus Unchanged and Productive

We maintain attention to progressing the development pipeline, which even following the investment in the Dundonnell project, is still more than 3,400 MW, including over 2,000 MW with required planning approvals.

Our focus on moving late stage projects through to construction is important and we are excited to have secured a 20-year power purchase agreement for the 130 MW Waverley Wind Farm in New Zealand and anticipate an investment decision for that project later in 2019.

If it proceeds to construction, the Waverley Wind Farm will be the first project financed wind project in New Zealand and will employ the latest wind turbines, which have allowed the cost of wind generated energy drop so much in other markets.

The relationship established with Genesis Energy is important for Tilt Renewables and is the first step in a potentially wider partnership with that company, with our renewables capability and development pipeline aligning with their interest in decarbonising their energy mix over time.

At 130 MW, Waverley will be our largest New Zealand project and the third largest across the entire asset base. The project will put our operational asset base above 1 GW and mean we have almost doubled our assets since demerger, doing what we said we would.

In general, we are encouraged by the increased interest in new generation in the New Zealand market and as one of the only credible independent renewables developers in that market, hope to be able to progress other projects available in our pipeline of options.

For this reason, we also expect to start the early work to understand what the repowering of the first stages of the Tararua site would look like during the year ahead. That said, it will not be easy to justify decommissioning those machines, which continue to operate very reliably.

Both Dundonnell and Waverley demonstrate the considerable capacity in our small team to deliver shareholder value from the pipeline as market opportunities are presented. Our team is appropriately sized to deliver these projects successfully and we would look to augment the project delivery capacity should additional opportunities arise.

The pipeline of opportunities remains technology neutral, including solar, battery and pumped hydro. For now, we have not seen the right opportunity for investment in solar, with many serious consequences of solar project economics unfolding in the market this year. Progress on the Highbury pumped hydro option has been deliberately slowed following feasibility study results and other activity in that market. We do continue to progress the Snowtown battery opportunity, taking advantage of experience gained by the market from existing battery projects and improvement in technology economics.

Policy Environment

It has been another year of uncertainty in the Australian energy policy environment, with the proposed National Energy Guarantee (NEG) being scuppered and blamed for the demise of yet another Australian Prime Minister.

The Federal election in May produced a surprise result, reinstating the coalition government which maintains a more cautious approach to the potential for renewable energy to support the commitments made by Australia to reduce carbon emissions.

The Federal Government does appear to recognise the climate and economic benefits of replacing to the ageing coal fired generation fleet with renewables and has committed to the Snowy Hydro 2.0 pumped storage project, which will provide significant storage to support further penetration of renewables.

There remains a long way to go in Australia in terms of total electricity system preparedness for intermittent renewables and perhaps the cautious approach will provide the best outcome over the long term.

Tilt Renewables remains patiently ready to respond to market opportunities, is not forced to construct any particular project and has options in New Zealand, where the political and policy framework remains more stable.

Ultimately we believe decarbonisation of the energy sector will happen, with wind and solar sitting alongside peaking and storage technologies. State and Federal Government schemes in Australia will both compliment and conflict progress at times, but at the end of the day the economic and climate benefits of renewables will lead to success.

Our aim is to be great asset operators and the leading developer that is shovel ready, super flexible, value driven, trusted and the preferred PPA counterparty for the industry.

We do what we say we will

Final Dividend

Efficient use of shareholder equity is a focus of the Board, which decided not to pay a final dividend this year, with the retained cash anticipated to be used on near term investment opportunities, such as Waverley and the Snowtown battery.

Dividend payments were made in June 2018 and November 2018, totalling 3.40 cents per share.

Opportunities to ensure appropriate equity is used in our operational and development projects are being explored, with a view to achieving attractive investment returns and the lowest possible cost of energy in a competitive market.

Thanks

Finally, we are again indebted to the Board and the Executive Leadership Team for another huge effort.

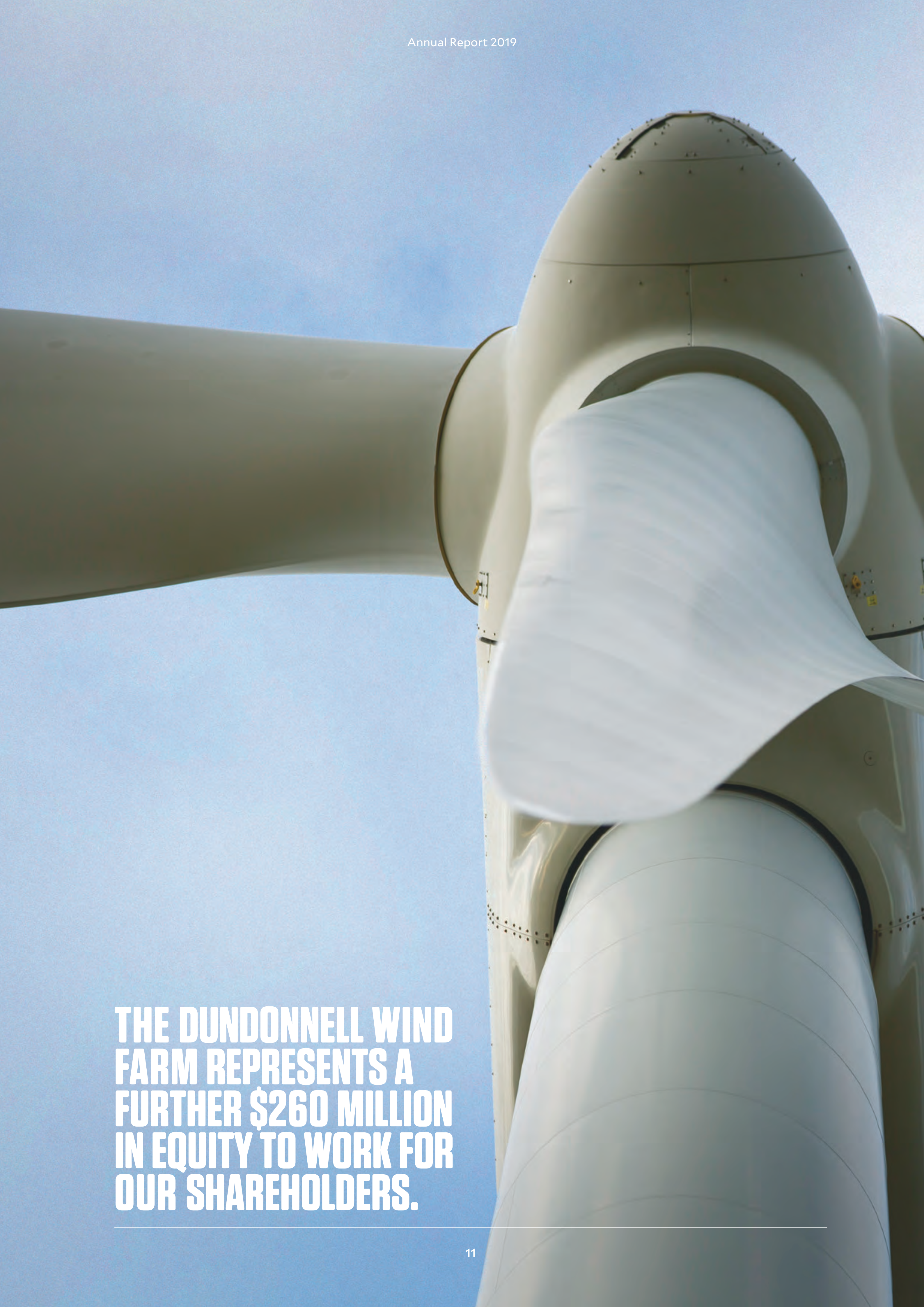
Our thanks also go to the entire staff plus our suppliers and partners, all of whom helped Tilt Renewables to a successful and transformative year, securing our position as the leading renewables company in Australasia. We will require similar support and effort to achieve our goal of even bigger results in the years ahead.

3.40

CENTS PER SHARE DIVIDENDS PAID

Bruce Harker
Chair

Deion Campbell
Chief Executive



THE DUNDONNELL WIND FARM REPRESENTS A FURTHER $260 MILLION IN EQUITY TO WORK FOR OUR SHAREHOLDERS.

OUR BOARD

Paul Newfield

MA (Hons), MPhil

Director

Member – Audit and Risk Committee

Paul's experience includes managing listed and unlisted investments across the energy, utilities and infrastructure sectors in Australia, New Zealand, North America and Europe. He is the Chief Investment Officer of H.R.L. Morrison & Co., where he has overall responsibility for analysing investment markets, directing origination activity and assessing specific investment opportunities. Before that, Paul was a Principal at The Boston Consulting Group. Paul has been a Director of Tilt Renewables since its establishment in October 2016.

Fiona Oliver

LLB, BA

Independent Director

Chair – Audit and Risk Committee, Chair – (Member post 31 March 2019) Independent Directors Committee

Fiona is an experienced Board Director and Audit Committee Chair. Her active board roles include Deputy Chair of Public Trust and Board Director and Audit Committee Chair of Gentrack Group Limited, BNZ Life Insurance Limited and BNZ Insurance Services Limited. Fiona is also a member of the Inland Revenue's Risk and Assurance Committee. Fiona has Executive level operational leadership experience in asset management, funds management and private equity, including holding the roles of Chief Operating Officer of BT Funds Management, Westpac's investment arm, and GM Wealth Management for AMP NZ. Fiona also managed the Risk and Operations functions of AMP's Sydney and (then) London based private equity division. Prior to a career in management, Fiona practiced as a corporate and commercial lawyer at a senior level in Auckland, Sydney and London, specialising in corporate finance/mergers and acquisitions. Fiona has been a Director of Tilt Renewables since its establishment in October 2016.

Phillip Strachan

BCom, FCPA, Member AICD

Independent Director

Chair – Health, Safety, Environment and Community Committee, Member – People, Remuneration and Nominations Committee, Member – Independent Directors Committee

Phillip has extensive experience in operations and governance at the executive level. He is currently a Director of the Great Barrier Reef Foundation and a member of the Audit and Risk Committee of the University of Sunshine Coast. He is a former Chair of Queensland Rail, was the President of the Australian Aluminium Council and held several executive roles over a 36 year career with Rio Tinto Group, including the Chief Executive Officer at the Rio Tinto global aluminium product group based in Montreal. Phillip has been a Director of Tilt Renewals since its establishment in October 2016.

Bruce Harker
PhD (Elec Eng), BE(Hons), Dist FIPENZ

Chair
Chair – People, Remuneration and Nominations Committee, Member – Health, Safety, Environment and Community Committee

Bruce has extensive experience in corporate governance and energy markets with a focus on renewable energy development. He is an executive of H.R.L Morrison & Co. Bruce previously chaired the Australian hydro business, Southern Hydro Partnership and was deputy chair of ASX listed Energy Developments Limited. He was a Director of Trustpower Limited from 2000 and Board Chair from 2007 to 2015. He also chaired start up electricity retailer, Lumo, previously Victoria Electricity over the period from 2004 to 2012 from its first signed customer through to 500,000 customers. Bruce has been the Chair of Tilt Renewables since its establishment in October 2016.

Geoffrey Swier
MCom (Econ)

Independent Director
Member – Audit and Risk Committee, Member – Health, Safety, Environment and Community Committee, Member – Independent Directors Committee

Geoffrey has over 25 years of experience in micro-economic reform, notably in the establishment of competitive energy markets, privatisation and the development of water industries. He is an independent Director of Trustpower Limited, a consultant with a Melbourne consulting firm, Farrier Swier Consulting and Board member of Health Purchasing Victoria. Geoffrey's past roles include being a Member of the Australian Energy Regulator and Associate Member of the Australian Competition and Consumer Commission. Geoffrey has been Director of Tilt Renewables since establishment in October 2016.

Anne Urlwin
BCom, FCA, ACIS, CFInstD

Independent Director
Member – (Chair post 1 April 2019) Independent Directors Committee, Member – People, Remuneration and Nominations Committee

Anne is a professional company Director with experience in a diverse range of sectors including construction, infrastructure, energy, telecommunications and health. As a former Director of Meridian Energy, she brings energy sector experience and a strong interest in renewable energy. Until late 2017 she was Chairman of commercial construction group Naylor Love which, combined with her current roles as a Director of City Rail Link Ltd and of Chorus Ltd, provide relevant governance experience in major infrastructure projects. Anne's other current public listed directorships are with Summerset Group Holdings Ltd and Steel and Tube Holdings Ltd. Anne has been a Director of Tilt Renewables since June 2018.

Vimal Vallabh
BCom, LLB, CFA IMC

Director
Vimal has been involved in the development and acquisition of power and renewable energy projects and related supply chain companies across Europe, the U.S. and Africa for the past 20 years. He is currently Head of Energy at H.R.L Morrison & Co. and a Board Director at Longroad Energy (U.S.A.). He has previously held roles in the energy industry, private equity and investment banking. Vimal has been a Director of Tilt Renewables since its establishment in October 2016.

OUR EXECUTIVE TEAM

Deion Campbell

BEng (Elect, Hons), MEng (Elect), FEngNZ, CMInstD

Chief Executive

Deion is a professional electrical engineer with a career spanning more than 25 years in the renewables industry, including wind and hydro power. Deion has been involved in the development, construction and operation of new wind and hydro assets with a total investment of more than $1.5B in New Zealand and Australia. In addition to his engineering, project delivery and operational experience, Deion has held senior management roles in publicly listed companies since 2011. Deion has been involved in or led corporate activities including large investment decisions, demerging listed entities, M&A, equity raising, takeover activity and asset divestment.

With an entrepreneurial, growth oriented approach to leadership, Deion's teams are encouraged to achieve innovative outcomes across the asset lifecycle to deliver increased shareholder value.

In addition to his engineering degrees, Deion has completed executive training at INSEAD, is a Fellow of Engineering NZ and is a Chartered Company Director.

Clayton Delmarter

BSc (Tech), GDipBus(Fin)

Executive General Manager Renewable Development

Clayton has worked in the renewable energy space for over 17 years and has oversight of the development and delivery of Tilt Renewables extensive project pipeline. Previously he worked in a number of management roles at Trustpower, a vertically integrated electricity generator and retailer. These included Project Delivery Manager, responsible for the successful execution of a number of wind, hydro and irrigation projects throughout New Zealand and Australia, as well as Acting General Manager Generation, and Engineering Manager. Clayton has also spent time working in North America on large scale renewable energy developments.

In order from left to right:
Clayton Delmarter, Deion Campbell,
Steve Symons, Nigel Baker.

Steve Symons

BBus (Acc), CA

Chief Financial Officer and Company Secretary

Steve is a highly experienced finance professional with over 20 years' experience within the energy sector in several senior finance roles. He joined the Tilt Renewables team as the Chief Financial Officer and Company Secretary in October 2016. Prior to joining Tilt Renewables, Steve held senior finance and management roles at Palisade Investment Partners and Epic Energy (now Energy Australia). In addition, Steve was the Managing Director of Roaring 40s for two years. Steve has a Bachelor of Business (Accounting) and is a Chartered Accountant. Steve is also a member of the Australian Institute of Company Directors.

Nigel Baker

BE (Mech, Hons), GDip (Project Management)

Executive General Manager Generations and Trading

Nigel is a senior executive with over 20 years industry experience including the last 18 years in the operation, construction and commercialisation of renewable energy assets. He Joined the Tilt Renewables team in February 2018 as General Manager Generation and Trading. Prior to joining Tilt Renewables, Nigel held senior operations and management positions with Pacific Hydro both in Australia and Chile, where in recent years he was the General Manager of Pacific Hydro's Chilean business and CEO of a renewable energy joint venture between Pacific Hydro and Statkraft of Norway. Nigel has a Bachelor of Engineering (Mechanical, with Honours) from the University of Melbourne, has completed post-graduate studies at RMIT (Grad Dip in Project Management) and the London Business School (Senior Executive Programme) and is a member of the Australian Institute of Company Directors.


CAPACITY
TO MAKE
CHANGE

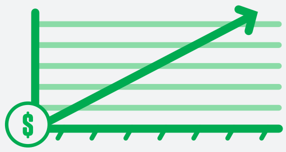
GENERATING GROWTH

"I have a dynamic and responsible role at Tilt Renewables that gives me the opportunity to work closely on all aspects of developing and building a wind farm, either from the Melbourne Office or out on the project site. Being part of the renewable energy industry really drives me to work hard to make a sustainable and lasting impact for future generations."

Mark Selvaratnam
Assistant Project Manager

WE GENERATE SHAREHOLDER VALUE:

Equity raise completed at a premium to renouncing investors



Share price currently NZ$0.60 ahead of offer price as at 7 May 2019

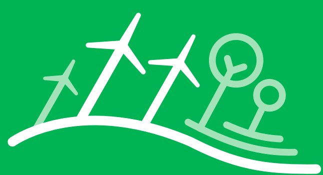
23.7%

12 month price up NZ$0.45 (+23.7%) as at 7 May 2019

WE PROVIDE ENVIRONMENTAL AND FINANCIAL DIVIDENDS:

A$10.6M

Cash dividends of A$10.6M paid during the year



Equivalent to CO_2 reduction of ~4.6kg per share in FY2019*

2.05TWh

More than 2.05 million TWh of emissions free energy created

* Assuming CO_2 emissions intensity of 1,050kg/MWh which is typical for black coal fired plant in AUS/NZ

OPERATIONAL ASSETS

Australia

The Australian assets performance was above target, including the successful addition of Salt Creek Wind Farm to the fleet. A total of 1,395 GWh was generated by the Australian assets.

Blayney

Wind Farm

Maximum capacity:

10 MW

Estimated annual production:
18 GWh

Electricity: 100% contracted until October 2020

LGCs: 100% contracted until October 2020

Crookwell

Wind Farm

Maximum capacity:

5 MW

Estimated annual production:
8 GWh

Electricity: 100% contracted until July 2018*

LGCs: 100% contracted until July 2018

Salt Creek

Wind Farm

Maximum capacity:

54 MW

Estimated annual production:
172 GWh

Electricity: 50% contracted until 31 December 2018 and then 100% contracted until December 2030

LGCs: Uncontracted

Snowtown 1

Wind Farm

Maximum capacity:

101 MW

Estimated annual production:
357 GWh

Electricity: 89% contracted until December 2018

LGCs: 89% contracted until December 2018

Snowtown

Wind Farm

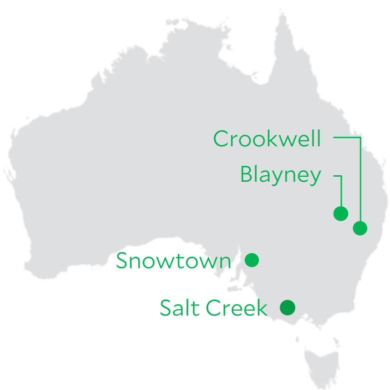
Maximum capacity:

270 MW

Estimated annual production:
875 GWh

Electricity: 100% contracted until December 2030

LGCs: 100% contracted until December 2030



* Negotiations ongoing at the time of writing to extend this contract

Right: Tararua Wind Farm, New Zealand

New Zealand

The New Zealand assets performance was on target notwithstanding lower than expected wind conditions. A total of 659 GWh was generated by the New Zealand assets.

Mahinerangi 1

Wind Farm

Maximum capacity:

36 MW

Estimated annual production:
101 GWh

Electricity: 100% contracted until end of the asset life

Tararua 1 & 2

Wind Farm

Maximum capacity:

68 MW

Estimated annual production:
245 GWh

Electricity: 100% contracted until end of the asset life

Tararua 3

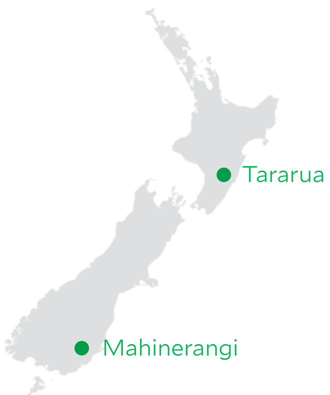
Wind Farm

Maximum capacity:

93 MW

Estimated annual production:
318 GWh

Electricity: 100% contracted until end of the asset life



DEVELOPMENT PIPELINE

We have a strong pipeline of development that is geographically, climatically and technologically diverse. The investment potential of these options, along with our ability to deliver on them is one of the best in the industry.


HARNESSING
PEOPLE
POWER

HELPING OUR PEOPLE THRIVE

"Tilt Renewables has provided me with the opportunities to further grow within the renewables industry whilst still maintaining connection with the operational sites."

Mark Telfer
Production Supervisor

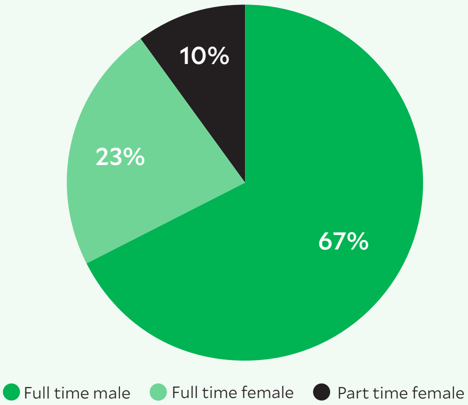
"Gen Tilt" celebrates the combined strengths of our team. We believe that when you bring diverse people together, support and encourage them to pursue opportunities to change the face of energy, the scene is set for significant progress. Within our company, everyone who works here in whatever capacity has a part to play and contributions to make. Together those inputs bring out the best in people and deliver better outcomes for our shareholders.

OUR PEOPLE

"I am grateful for the opportunity to be part of the Tilt Renewables Renew Leadership Program. It has helped me develop my leadership skills and has provided support in my transition into the Stakeholder and Environment Manager role."

Cara Layton *(above)*
Stakeholder and Environment Manager

Work type:



Note: there are currently no male part time employees as at 31 March 2019.

Gender Diversity as at 31 March 2019:

	Board Level	Executive Level	Senior Managers	Employees (not incl. Executive or Snr Managers)
Total	**7**	**4**	**10**	**26**
No. of women	2	0	4	9
No. of men	5	4	6	17
% of women	29%	0	40%	35%
% of men	71%	100%	60%	65%

We have a workforce of 40, that brings with it the knowledge and innovative approach from three generations, multiple cultures, different backgrounds, gender diversity and a variety of beliefs. The thing that binds us all together, as Gen Tilt, is the passion for working within the renewable energy industry and making a difference to the world every day.

For the second year in a row we have completed an engagement survey which has had 100% participation and this year saw our engagement score increase by 12% to a score of 77%, which is 7% above the Australian 2019 benchmark and 5% above the Emerging Global Utilities and Energy Benchmark. We were pleased with this shift and happy that 95% of our team reported that they are proud to work for Tilt Renewables.

Career Development – harnessing people power

Providing our team with meaningful and inspiring work is essential as our people are integral to our success. That's why we are committed to supporting them through their individual career journeys and helping them thrive. Late 2018 saw the implementation of the Renew Leadership program which involved including all our employees in workshops and surveys to identify the core leadership competencies for the different roles within Tilt Renewables. We believe that you can lead from whatever position you are in and that leadership doesn't only apply when you have direct reports.

Defined under 4 broad banners our targeted leadership competencies align to: Show Up, Step Up, Speak Up and Own Up, with 6 core leadership competencies identified across all roles: Instils Trust, Communicates Effectively, Demonstrates Self Awareness, Collaborates, Ensures Accountability and Customer Focus. These competencies align with our people practices and form a foundation for recruitment and performance management.

The Renew Leadership program is building a connected and aligned leadership community whilst helping to embed essential leadership behaviours. Our People Leaders and some selected employees, 18 in total, have participated in action learning workshops to help them understand themselves, their styles and the way in which they interact with others. The program will continue throughout 2019.

We were also pleased to have internally promoted two females during the last year into the two people leadership vacancies that we had.

With a keen interest in the quality and diversity of the next generation of talent in our industry and acknowledging that not all people have the opportunity to undertake university studies, we have partnered with Monash University to sponsor an Engineering degree student who is experiencing financial hardship.

Well being

Our Renew(able) You Program continues to encourage holistic wellness across mental, physical, social and financial considerations. The program has expanded to include a purchased leave initiative and an eight-week paid parental leave scheme which helps to make us a competitive employer and to be seen as an employer of choice. Our senior managers have been invited to participate in the Executive Health Assessment program allowing them the opportunity to undertake extensive health checks.

Always willing to try new initiatives, we also held a bring your child to work day to help our working parents during the summer school holidays.

Remuneration

The financial benefits provided to our employees are designed to attract and retain the highest calibre talent. We check our remuneration against the market at least once a year to ensure that we remain competitive. When undertaking reviews we ensure that gender is not a consideration in any component of our remuneration system. A holistic and fair approach is taken across the organisation, checking remuneration relativities and ensuring that there are no gaps driven by gender and no bias when rewarding our people.

In addition to salary, all permanent employees participate in a short term incentive plan (STI) which is an at risk component of compensation directly linked with corporate strategic objectives and individual performance.

Selected senior managers also participate in a long term incentive plan (LTI) designed to align with the long term interest of shareholders and a development business incentive plan (DBI) which encourages a strong focus on value creation in the Group's development pipeline.

Details of the LTI and DBI are disclosed in the Corporate Governance pages.

Left: Andrew Blizzard – Health and Safety Officer
Below: Sarah McCormick – People and Culture Executive

SAFETY LEADERSHIP

Our people and contractors work closely together to make Safety First a priority for every task, every day.

The Tilt Renewables Board actively leads the health and safety culture of our company. Key performance indicators (KPIs) for health and safety are approved each year and used for the evaluation of business performance and in the criteria for assessing annual bonuses for all staff.

Health and safety KPIs for FY2019 included a mix of lead and lag indicators. We made good progress on lead indicators with an increased focus on improved awareness, including staff health and safety training, audits, public safety certification, contractor management programs and critical risk controls.

Snowtown Wind Farm passed more than 900 days without a recordable incident, demonstrating that outstanding safety performance on wind farms is completely achievable.

However, our lag indicators included 4 Lost-Time Incidents (LTIs) across all Tilt Renewables sites during the year and 3 other recordable incidents, resulting in a Total Recordable Incident Frequency Rate (TRIFR) for the year of 24.6, well above the target of <10. Whilst the absolute number of LTIs during the year was disappointing, a 73% decrease in the LTI Severity Rate (average days lost per LTI) was recorded.

Overall we were disappointed with this result and recognise the need to work harder to ensure improved performance in this area. All these incidents involved contractor staff, who undertake most of the physical work on our assets. Tilt Renewables continues to work closely with our business partners to align health and safety cultures and expand processes for the management and support of health and safety in our suppliers. Activities include pre-qualification reviews, selection criteria, regular audits of contractors' safety management systems and frequent engagement with contractor staff on emerging health and safety topics. This ensures we continue to build a relationship that continues to support them to make Safety First an absolute priority.

Health and Safety Measures

Thorough investigations were conducted for each of the above incidents (as well as others of high potential where no injury resulted), corrective actions implemented and lessons learnt communicated across our sites as we seek to eliminate incidents and strive for happy and healthy workplaces.

Right: Dayne Stoneman, Zenviron.

Measure	Description	2019	2018
TRIFR	Total Recordable Injury Frequency Rate (TRIFF) is the number of lost time injuries, restricted work injuries and applicable medical treatment incidents per million hours worked	24.6	14.2
LTIs	Lost time injuries	4	1
RI	Recordable injuries (RI) is a combination of LTI and Medical Treatment Injury and Restricted Work Injury (RWI)	7	4

Health and Safety Training

During FY19, health and safety related training was included in all Tilt Renewables staff training plans. Over 110 training courses were completed by staff, equating to more than three per staff member. Training course included the following:

- First Aid
- Construction Induction Card
- Work Safety at Heights
- Wind Turbine Rescue
- 4WD and Remote Driver Training
- Incident Management
- Fire Extinguisher
- Emergency Warden
- Safety Compliance
- Manual Handling

Safety in Construction

As part of the commencement of construction on Dundonnell Wind Farm, there has been increased focus placed on safety, including workshops contractors highlighting safety lessons learnt following the completion of Salt Creek Wind Farm. Tilt Renewables Health, Safety, Environment and Community Board Sub-Committee visited the Dundonnell site during the early stages of construction, to provide their review, oversight and show commitment to the safe execution of this project.

Public Safety

Tilt Renewables also focuses on ensuring the safety of the wider public who may visit or interact with our construction or operating sites. During 2018, Tilt Renewables achieved certification, through an external auditing body, to the New Zealand Standard NZS7901 for public safety. The external audit covered our systems and processes used to manage public safety across our Australian and New Zealand sites.


CR 97 TG
NEW SOUTH WALES


FEET FIRMLY
PLANTED
ON THE GROUND

POWERED BY LIGHT AND AIR

Our commitment to the environment and a sustainable future comes through in more than just the renewable assets we own. Each project is committed to preserving our cultural heritage and minimising our impact to the environment, for generations to come.

We continue to seek ways to reduce our footprint on the environment we depend on for our generation:

- Tilt Renewable National Greenhouse and Energy Reporting (NGER) emissions reported decreased 22% from FY18.
- Total emissions from the construction of Salt Creek Wind Farm was 596 Tonnes of CO_2-e, this will be offset in the first 6.5 months of operations (assuming medium wind).
- Our electricity supply is 100% carbon neutral, certified under the Australian Government's National Carbon Offset Standard.

Left: Zoe Leske, Dundonnell Wind Farm Community

ENVIRONMENT & SUSTAINABILITY

Cultural Heritage

When developing a renewable energy project it is important to understand the impacts there could be on cultural heritage. The process for doing this can vary, depending on the country, state or region, but typically would a heritage advisor undertaking assessments and preparing management plans in consultation with local indigenous representatives.

This process is used to ensure the project is designed to avoid or minimise any impacts on cultural heritage, and outlines measures to be taken before, during and after the construction of a project in order to manage and protect cultural heritage in the area.

This process also brings the benefit of discovering and capturing new information about the history of the area.

Tiverton Offset Site

One of the offset sites associated with the Dundonnell Wind Farm is part of the 'Tiverton' property. The 900 ha property not only has been secured to improve native vegetation conditions, it has been fenced by a 6 foot high feral proof fence with the intention to exclude foxes, cats, hares and rabbits. Tiverton is currently Victoria's largest feral predator-free conservation reserve.

Tiverton is located in stony rise country with wetlands that support many water birds including Brolgas, which are vulnerable in Victoria. The site has historically been managed as low stocking sheep grazing site. The sheep grazing has since intensified however is being undertaken using the model of cell crash grazing with the intention to diversify the grassland plain.

Odonata Sponsorship

Tilt Renewables have a sponsorship arrangement with Odonata (http://www.odonata.org.au), a not-for-profit entity committed to the restoration and rejuvenation of Australian biodiversity.

Odonata have successfully delivered unique biodiversity programs, and together with support from sponsorship partners, like Tilt Renewables, will continue to do so.

Odonata have a successful working relationship with government and are a well-respected organisation in the biodiversity field. The services Odonata provides include:

- Management of threatened species and programs;
- Incubate businesses;
- Incubate farming properties;
- Support environment and agriculture entrepreneurs;
- Catalyse investment;
- Maximise philanthropic funding; and
- Environment education.

This sponsorship enables Tilt Renewables to go above and beyond the environmental compliance activities in the attempt to have a net positive environmental impact as a result of the project.

Furthermore, as a renewable energy business, the Proponent supports the Odonata's endeavours as it aligns with the Proponents philosophy in moving towards a more environmentally sustainable world.

ODONATA

Left: Cultural Heritage – Representatives from the Eastern Maar Aboriginal corporation undertaking survey on the Dundonnell Wind Farm site

Dry Stone Walls

The landscape of the western districts of Victoria, in which Tilt Renewables Dundonnell Wind Farm and Salt Creek Wind Farm are located, are dominated by the most dramatic and accomplished dry stone walls in Australia. It is said that Australia's stone walls are taller, thicker and deeper than elsewhere in the world and Western Victoria has up to 3,000km of these.

The Victorian gold rushes in 1851 decimated the farm labour force of shepherds, so fences were needed. Dry stone walls came to the fore.

Dry stone walls (pictured) were constructed and used from early settlement of the land, many continue to be used today to mark the boundary of properties and paddocks. Dry stone walls were typically constructed as metal was expensive and a combination of timber post with wire was almost impossible to construct in the stony western plains. The basalt plains needed clearing for farming and stones were the solution for economical wind-and-fire-proof fencing.

The development of Dundonnell Wind Farm has considered the location of these walls, ensuring that there is minimal impact on this unique man-made landscape feature.

Native Vegetation Offsets and Biodiversity

Tilt Renewables acknowledges that whilst in developing a renewable energy project there is every endeavor to avoid environmental impacts as a result of a project, all impacts cannot be avoided.

In order to compensates for biodiversity losses arising from native vegetation removal a native vegetation offset is often required.

Tilt Renewables have sourced a number of different native vegetation offsets associated with their projects, including finding suitable offsets sites on neighbouring or host landowner properties, or using a brokerage services to find suitable offsets further afield.

Below: Bill and Karen Blackmore, Dundonnell Wind Farm host landowners pictured with dry stone wall

Right: Mahinerangi Wind Farm, New Zealand

OUR COMMITMENT TO THE ENVIRONMENT & A SUSTAINABLE FUTURE COMES THROUGH IN MORE THAN JUST THE RENEWABLE ASSETS WE OWN.


GROWING
ASSETS FOR
GOOD

HELPING COMMUNITIES SUCCEED

The support of landowners and the community is vital to our continued success. We continue to engage closely with communities and return long term value through local investments, benefits sharing and scholarships.

Left: Manpreet Singh, Snowtown Roadhouse

How we engage

Tilt Renewables is committed to open and honest dialogue with all stakeholders, with an aim to build and enhance community acceptance and trust in all projects and in the renewable energy industry as a whole.

Tilt Renewables prides itself in fostering strong landowner and community relationships and is committed to an open and honest dialogue with all stakeholders. Tilt Renewables aims to build and enhance community acceptance and trust on all projects, and for the wider renewable energy industry.

Whilst not always 'measurable', stakeholder and community engagement is extremely important in the life cycle of projects.

Tilt Renewables knows that not all communities are the same so does not look for one size fits all solutions and recognizes that there has been as shift in interest and expectations in renewable energy projects by all stakeholders, driven by:

- Federal and state politics
- Increased media attention
- New state government policy, reverse auction schemes and release of best practice guidelines
- Communities facing significant change and concerns with cumulative impact

For all its projects Tilt Renewables prepares and implements a Stakeholder and Community Engagement Plan, to:

- Provide a comprehensive engagement framework to guide engagement across all phases of the project, to ensure a consistent focus and delivery;
- Provide an effective and adaptive stakeholder and community engagement framework, which can be modified in response to community needs and expectations;
- Provide a framework for measuring the success and impact of engagement on the project; and
- Provide greater rigour to the document management and complaint management processes.

The Stakeholder and Community Engagement Plan is a live document, which is updated throughout the life-cycle of the project. The purpose of the Plan is to outline the engagement approach through all phases of a project, including mapping of stakeholders, outlining the objectives and guiding principles for engagement, specifying the methods of engagement and timing and identification of issues and risks.

How we share our benefits

A renewable energy project brings many direct opportunities for employment to the region during both the construction phase and ongoing operations once the project is commissioned.

Flow on economic benefits are also achieved as the project brings demand for local business services and consumer goods. Most regions have a range of businesses that will provide services to a project.

Tilt Renewables highly values the communities its assets operate in and continues to listen to the needs and interests of these communities to find additional ways to partner and provide economic support.

Traditionally, Tilt Renewables 'benefit sharing' has included sponsorship activities, education programs, host and neighbour payments, local employment and community funds. This approach has been further developed in response to changing expectations (and needs) and government best practice guidelines.

Left and right: Members of the Dundonnell Wind Farm Community

DUNDONNELL WIND FARM

The Dundonnell Wind Farm development is the largest project delivered as Tilt Renewables. It's an important milestone, confirming our continued capability to successfully deliver projects and laying a solid foundation for future growth.

Benefit Sharing Plan

A Benefits Sharing Plan has been prepared specifically for the Dundonnell Wind Farm. The overarching objectives of the plan are to:

- Ensure that the immediate Dundonnell Wind Farm community directly benefits from the presence of the project in their community;
- Contribute towards broader public benefits and economic development that address the needs of the region throughout the lifecycle of the project;
- Build on strategic opportunities to drive local innovation; and
- Create a legacy beyond the immediate project benefits of Dundonnell Wind Farm.

The Benefits Sharing Plan focuses on three key local, regional and educational benefits and captures all of the key benefit sharing principals that are outlined by the Victorian State Government Guidelines. This requirement was part of the Victorian State Governments Renewable Energy Auction Scheme (VREAS), Tilt Renewables successfully tendered. The scheme supports the Victorian Government plan to increase Victoria's Renewable Energy Target (VRET) to 50 percent by 2030.

Tilt Renewables has other development projects in Western Victoria, in various stages of development, and has been an active member of the local community since the mid 2000's, forming strong links to the local Dundonnell community. It is through this ongoing relationship that Tilt Renewables has developed an understanding of the local community, and the challenges it faces. This knowledge underpins the approach to the programs developed for the Benefits Sharing Plan.

Through this engagement, the key social challenges that are faced by the region can generally be summarised into the following:

- Cost of energy;
- Mental health;
- Crime rate and substance abuse;
- Violence against women and children;
- Aging population;
- Sustainable local employment; and
- Accessibility of education and opportunity to return to the region.

The programs, which make up the Benefits Sharing Plan, have been developed considering these challenges.

Local Investment – Vestas Renewable Energy Hub

Supplementary to the Dundonnell Wind Farm Benefit Sharing Plan, Tilt Renewables are implementing a Local Industry Development Plan and Local Investment Plan, which provide commitments to support local businesses and furthering regional investment. A key milestone in the implementation of the Local Investment Plan was the announcement of the Vestas Renewable Energy Hub (the Facility).

The Facility will assemble hubs and drive trains for the Dundonnell and Berrybank (GPG) Wind Farms delivering on commitments under VRET Support Agreement and was well received by local media.

This was something the team worked very hard with Vestas on during compilation of our VRET bid and would not have happened without the Dundonnell Wind Farm. Whilst this is something Vestas will lead and deliver on; Tilt Renewables was the catalyst for driving the thinking around this and making it happen.

Other local content and employment commitments associated with the Dundonnell Wind Farm include sourcing local materials and manufacturing (e.g. sourcing a percentage of the tower sections from Keppel Prince).

Above and centre: Dundonnell Wind Farm construction site

Below: Bill and Karen Blackmore, Dundonnell Wind Farm host landowners

COMMUNITY STORIES

Lend a Hand Fund Snowtown

The Snowtown Wind Farm 'Lend a Hand Foundation' is a committee that administers a $45,000 per annum community benefit fund. The committee is an independent group that lives and operates in the Snowtown area, and has been in existence since the beginning of the Snowtown Wind Farm, Stage 1.

The Lend a Hand Foundation provides support for local community projects, charities, schools and individuals when they need it most.

Examples of the initiatives have included (but are not limited to):

- Snowtown Community Bus (pictured)
- 350 History Books for Brinkworth History Group;
- Paving for the Mundoora Bowling Club;
- Bute Lions Club Tree planting and painting power poles by the school;
- Blyth Bowling Club Fridge;
- Snowtown Primary School Oval sub surface water project.

Other local community support initiatives included the sponsorship of the concrete for the Snowtown skate park, installation of the big blade tourist attraction, local club and community sponsorships, native vegetation planting and cultural heritage initiatives, as well as coordination with the County Fire Service have all enabled Tilt Renewables to gain a genuine understanding of and connection with the local community.

Lend a Hand Fund Salt Creek

The Salt Creek 'Lend a hand' foundation have been active in distributing their allotted funding over the last six months including provision of funds towards an upgrade of facilities at the Woorndoo Mortlake Football Netball Club, contribution to Mortlake Men's Shed and a new incubator for the Mortlake College.

Top left: School children pictured with school bus sponsored by the Snowtown Wind Farm Lend a Hand Foundation.

Bottom left: Woorndoo Mortlake Football Netball Club President

Top right: Caitlin and Anna Gannon

Centre right: Jas and Eddy Baker

Bottom right: Michael Loughead, Salt Creek Wind Farm Scholarship Recipient

National Wind Farm Open Day

Tilt Renewables and Vestas opened the gates of the Salt Creek Wind Farm, on Sunday October 21 2018, as part of the Clean Energy Council's National Wind Farm Open Day.

It was a chance for the community to get up close and personal with an operating wind farm, find out more about the Salt Creek Wind Farm, (and other Tilt Renewables projects and Australia's clean energy future. The day was a family friendly event with activities including model making, colouring in and mural making, face painting and a jumping castle. The day was a great success!

Education Scholarship

Tilt Renewables are proud to be working in close partnership with the host landowner of the Salt Creek Wind Farm, Peter Coy, who has established the Salt Creek Charitable Trust.

The Trust provides for the Salt Creek Scholarship which will be awarded to one student from Victoria's Western District each year for the next 25 years and have been developed to assist rural students who might not otherwise be able to access leading higher institutions due to the cost of relocation and accommodation away from home.

The Trust is funded by the host landowner's contribution of $15,000, which is matched dollar for dollar by Tilt Renewables. In February 2019 the first student, Michael Loughhead (pictured), was awarded the Salt Creek Scholarship at an event held at the Salt Creek Wind Farm.

"The Salt Creek Scholarship is an amazing opportunity that I am so grateful to have received. It is a profound initiative that is inspiring to see great people through Tilt and Peter Coy recognise rural students in Victoria. My studies have benefited so much being able to transition to university without complications through the scholarship."


WE DO
WHAT WE SAY
WE WILL

CORPORATE GOVERNANCE

Tilt Renewables is committed to protecting our future through leading practice corporate governance. We have embedded the principles of the NZX Corporate Governance Code 2017 ('NZX Code') throughout our decision-making forums, instilling a culture that goes beyond compliance to ensure an ethical and sustainable future.

Tilt Renewables intends to transition to the new NZX Listing Rules on 30 June 2019. In anticipation of its transition, Tilt Renewables has begun reviewing its governance policies and charters to ensure they reflect the requirements and best practice under the updated NZX Corporate Governance Code.

As is the case with all equity security issuers, the implications of Tilt Renewables' transition to the new Listing Rules include that:

- from its transition date Tilt Renewables is no longer required to publish an interim/half-year report;
- any managing director of Tilt Renewables (there is currently no managing director) will no longer be exempt from the obligation to retire on rotation;
- the Board should have a majority of independent directors (Tilt Renewables already complies with this); and
- in determining whether a transaction qualifies as a major transition, Tilt Renewables will need to consider whether a transaction will significantly change, either directly or indirectly, the nature of Tilt Renewables' business.

Tilt Renewables has requested NZX re-document its existing ruling and waiver to have continuing effect after its transition date. Details of these are provided in the Statutory Information section.

The following sections provide an overview of how our governance framework supports each of the principles in the NZX code. The referenced policies and procedures have been set by the Executive Team and approved by the Board, they can be found on the investors section of our website **https://www.tiltrenewables.com.**

Principle 1: Code of ethical behaviour

Code of Ethics

Our Code of Ethics requires the Board and all employees to act at all times with high standards of honesty, integrity and ethical conduct. This specifically covers (but is not limited to):

- Avoiding actual or apparent conflicts of interest
- Full, fair, accurate, timely and understandable corporate disclosures
- Compliance with applicable laws, rules and regulations
- Responsibilities and accountabilities
- Disciplinary action and prompt reporting to the Board of Code of Ethics violations

The Code of Ethics is also supported by our core values and reflected in our policies and procedures.

Whistleblowing Policy

We are committed to ensuring that all persons have a safe, reliable and confidential way of reporting any Reportable Conduct and that all such reports are taken seriously. The Whistleblowing Policy provides a means for anyone employed by, acting on behalf of or providing services to Tilt Renewables, to report serious wrongdoing (also known as Reportable Conduct). This Policy is consistent with the Protected Disclosures Act 2000.

Securities Trading Policy

In order to protect our reputation and safeguard employees who may want to buy or sell Tilt Renewables securities, the Securities and Trading Policy details when and how securities can be traded legally and responsibly. The Policy specifies how Tilt Renewables monitors trading by directors and employees, handles policy breaches and provides disclosures required under the Financial Markets Conduct Act 2013.

Principle 2: Board composition and performance

Board of Directors Corporate Governance Charter

Roles and responsibilities of the Board are articulated in the Board of Directors Corporate Governance Charter. The Board's role includes:

- Representing shareholder interests and ensure effectively and timely reporting to shareholders.
- Setting Tilt Renewables' strategic direction and monitoring implementation.
- Ensuring the Company's values are embedded in all decisions and interactions.
- Selecting and appointing the Chief Executive Officer.
- Ratifying the appointment of the Chief Financial Officer.
- Ratifying the remuneration of senior management.
- Monitoring and approval of annual budgets.
- Ensuring effective risk, assurance and compliance management to protect Company assets and support the achievement of objectives.
- Monitoring compliance with policies and ethical standards.
- Periodically reviewing senior management succession planning.
- Ensuring it functions independently of the management team.

The Charter also defines the role and responsibilities of the Board Sub Committees, described further in Principle 3. The Board meets formally at least six times per annum to perform its duties under the Charter and out of session whenever necessary to deal with urgent matters. Board and Sub Committee meetings and member attendance for the FY19 year is summarised below:

Directors	Board Meetings, incl Conference Calls	Audit & Risk Committee	People, Remuneration & Nominations Committee	Health, Safety, Environment & Community Committee	Independent Directors Committee
B. Harker	9		5	1	
P. Newfield	8	5			
V. Vallabh	8				
F. Oliver	9	6			23
G. Swier	9	6		1	17
P. Strachan	9		5	1	23
A. Urlwin	8		4		20
Total	**9**	**6**	**5**	**1**	**23**

Nomination and Appointment of Directors

Directors are elected by shareholders. In considering potential new (or re-elected) Directors to recommend to shareholders, the Board seeks to identify candidates with appropriate depth and diversity of skills and experience to contribute to the effective governance of Tilt Renewables.

The Chair is appointed by the Board and does not also perform the role of Chief Executive Officer.

As required by our Constitution and the NZX Listing Rules, the Board which consists of seven Directors, including four independent Directors, meets the requirement of a minimum of two independent Directors as well as the recommended majority of independent Directors. As at 31 March 2019, the Board included F. Oliver, P. Strachan, G. Swier and A. Urlwin as independent Directors and B. Harker (Chair), V.Vallabh and P. Newfield as non-independent Directors of Tilt Renewables.

Director Agreements

The Board has determined that Director Agreements are not necessary, as they are provided written notification of role requirements and remuneration and provided advice on disclosure obligations, corporate policies and indemnity and insurance arrangements.

The Board has determined that Director Agreements are not necessary at this time, and therefore Recommendation 2.3 of the NZX Corporate Governance Code has not been adopted by Tilt Renewables for the accounting period, as Directors are provided with copies of all of Tilt Renewables' governance documents upon their appointment, including:

- the Corporate Governance Charter, which (as noted above) sets out the roles and responsibilities of the Board and thus the expectations of the Director;
- the Code of Ethics, which sets out how Directors can identify any conflicts of interest and the process on how to disclose any conflicts of interests; and
- the Executive and Director Remuneration Policy, which sets out the principles which apply to the Director's remuneration.

In addition, upon their appointment Directors are provided with written notification of the details relevant to them personally, including their specific remuneration entitlements and indemnity and insurance arrangements.

Director Training

Following their appointment, Directors are supported in familiarising themselves with Tilt Renewables, our strategy and our supporting policies and procedures. This continues throughout their tenure. Directors are also expected to undertake any necessary training to ensure that they remain up to date with developments in the industry. In order to facilitate this, directors are allocated a training allowance of up to $3,000.

The Directors maintain a register of their continuing professional development which is periodically provided to the Company in support of record keeping.

Review of Board Performance

The Chair undertakes an annual assessment of the Board's performance, including its performance against the requirements of the Charter, individual Sub Committees and the individual performance of Directors.

An external review of the effectiveness of the Board and of Board processes is undertaken every two years.

Diversity and Inclusion Policy

Tilt Renewables' success can be attributed to the diversity of its employees, shareholders and other stakeholders. The Diversity and Inclusion Policy describes how a mixture of skills, experiences, views, backgrounds and life experiences is valued for enabling better thinking, increased innovation and delivering exceptional results. The Policy also details our commitment to facilitating an inclusive workplace and providing flexible working arrangements that support people's differing needs.

Principle 3: Board Committees

The Board is supported by four Sub Committees to enhance its effectiveness and maintain governance focus on key areas of importance. These include the Audit and Risk Committee, the Health, Safety, Environment and Community Committee, the Remuneration Committee and the Independent Directors Committee.

Audit and Risk Committee

The Audit and Risk Committee meets at least four times per year. As at March 2019, its membership consisted of Directors F. Oliver (Chair), G.Swier and P. Newfield. As recommended by the NZX Code, this composition has a majority of independent Directors, 100% non-executive Directors and the Chair is not the Chair of the Board.

The key objectives of this Committee are to:

- Assist the Board in discharging its responsibilities to exercise due care, diligence and skill in overseeing the effective management of material business risks (except for those allocated to the Health, Safety, Environment and Community Committee).
- Oversee and appraise the quality of internal and external audits.
- Review financial information presented by management to shareholders, regulators and the general public.
- Determine the adequacy of Tilt Renewables' operating and accounting controls, including the detection and prevention of fraud.
- Monitor compliance with statutory and regulatory matters relating to financial and corporate accounting.
- Provide strategic guidance and feedback to the Board and management on the risk management framework.

Health, Safety, Environment and Community Committee

The Health, Safety, Environment and Community (HSEC) Committee meets at least twice per year. However during FY19 the Committee only met once as the scheduled March 2019 meeting occurred in April 2019. As at 31 March 2019, its membership consisted of Directors P. Strachan (Chair), B. Harker and G. Swier.

The key objectives of this Committee are to:

- Assist the Board in meeting their HSEC due diligence requirements.
- Verify the appropriateness of resources and processes to manage HSEC duties.
- Ensure HSEC risks are effectively managed.
- Ensure there are appropriate early stage go/no-go screening and evaluation frameworks for HSEC for new projects and the Board is fully informed on HSEC risks when considering new investments.
- Monitor and assess the stakeholder reputation of Tilt Renewables in respect to HSEC matters.

Independent Directors Committee

The Independent Directors Committee meets on an as required basis. As at 31 March 2019, its membership consisted of Directors F. Oliver (Chair), P. Strachan, G. Swier and A. Urlwin. From 1 April 2019 A. Urlwin has taken over as the Chair of this Committee.

The key objectives of this Committee are to:

- Independently consider prospective capital raisings by the Company, including increasing the proportion of shareholding held by the controlling shareholder where the increase is more than minor and participation in an underwrite facility by the controlling shareholder.
- Recommend to the Board whether the proposed capital raising should proceed in the manner contemplated, or with variations the Committee considers appropriate.
- Advise the Board on governance arrangements related to capital raising, including delegations to the Committee where there may be actual or perceived conflicts.

The People, Remuneration and Nominations Committee

The People, Remuneration and Nominations Committee meets on an as required basis, but annually as a minimum. As at 31 March 2019, its membership consisted of Directors B. Harker (Chair), P. Strachan and A. Urlwin.

The key objectives of this Committee are to:

- Assist the Board in ensuring Tilt Renewables attracts and retains the talented people required to deliver our strategy.
- Managing the employment and removal of the Chief Executive Officer and participation in the appointment of the Chief Financial Officer.
- Provide annual review and recommendation to the Board for approval of fair and reasonable remuneration for Directors and executives having regard to performance and the current employment environment.
- Identify and recommend individuals for nomination (including rotation and reappointment) to be members of the Board and Sub Committees to ensure effective composition.
- Assist the Board in ensuring Tilt Renewables has sufficient provisions to meet its Listing Rules and legal obligations as they relate to people, remuneration and nominations.

Takeover Policy

In the event of a takeover offer being received, the Board will follow the Takeover Policy maintaining its strategic objective of maximising value for shareholders. The specific objectives of this strategy that apply in the event of a takeover offer and as detailed in the Policy are:

- Tilt Renewables shareholders are fully informed with respect to value of securities, the Company, the value of the offer and the offer process.
- Credible alternatives are considered and, if appropriate made available to shareholders.
- Tilt Renewables is appropriately prepared for any takeover or similar approach.
- Tilt Renewables complies with all of its legal, regulatory and Listing Rules requirements.
- Tilt Renewables is able to respond in a professional, timely and coordinated manner.

Principle 4: Reporting and disclosure

Market Disclosure Policy

Tilt Renewables recognises that full and fair disclosure of material information to shareholders and the public is crucial in enabling orderly behaviour in the market and promoting investor confidence. We continue to provide our balanced disclosure during good times and bad so that all parties have fair access to such information.

In accordance with the Board's Market Disclosure Policy, the Company Secretary has been appointed as Tilt Renewables Disclosure Officer, responsible for monitoring the business to ensure that disclosure obligations and the Policy are complied with.

Financial Reporting

As evidenced by the information provided in this year's Financial Statements, Tilt Renewables has a range of supporting systems, tools and processes to ensure it meets the financial reporting requirements as prescribed by the Companies Act 1993, Financial Markets Conduct Act 2013 and the NZX Listing Rules. These include:

Revenue Risk Management

Tilt Renewables has a Board approved internal policy, procedure and committee to manage risk related to the sale and purchase of electricity and LGCs in the wholesale markets. Derivative instruments and Power Purchase Agreements (PPAs) are used to manage the risk of future price fluctuations. Wholesale electricity and LGC trades occur within risk limits set by the Board.

Treasury Management

Tilt Renewables has a Board approved internal policy, procedure and Risk Revenue Committee to manage finance, cash flow, interest rate and foreign exchange risks. These specify the instruments approved for use for risk management purposes and activities which are outside the Board's risk appetite and therefore prohibited.

Delegation and Authority

Tilt Renewables has a Board approved internal policy and procedures to manage financial, contractual, project and other required delegations and authorities. These provide limited authorities for staff to approve activities that don't require (or have prior agreed) Board or Sub Committee level approvals.

Non-financial Reporting

In alignment with its risk profile, Tilt Renewables has internal policies, systems and processes to manage and report on its non-financial activities. These provide employees with sufficient guidance to operate effectively and efficiently, as well as providing tiered reporting through management to the Board and Sub Committees. These policies systems and processes are also subject to regular audit and assurance activities and updates to ensure continuous improvement.

Principle 5: Remuneration

Directors holding office and their remuneration

The Directors holding office as at 31 March 2019 and during this financial year are listed below, along with their remuneration and other benefits received for the period. Additonally, they recieved the training allowance identified in Principle 2.

Name	Position	Board Fees	Committee Fees	IDC Fees for Takeover	Total
Bruce Harker	Chairman	190,000	-		190,000
Paul Newfield	Director	90,000	10,000		100,000
Vimal Vallabh	Director	90,000	-		90,000
Fiona Oliver	Independent Director	90,000	32,833	54,196	177,029
Geoffrey Swier	Independent Director	90,000	24,000	17,649	131,649
Phillip Strachan	Independent Director	90,000	30,000	26,307	146,307
Anne Urlwin	Independent Director	71,250	12,333	20,646	104,229
	Total	**711,250**	**109,166**	**118,798**	**939,214**

Chief Executive Officer Remuneration

Deion Campbell holds the role of Chief Executive Officer as at 31 March 2019 and has done so throughout this financial year. His total remuneration earned was as follows:

	31 March 2019	31 March 2018
Base Salary	$697,179	$88,373
Superannuation	$28,975	$8,396
Short Term Incentive*	$203,700	$45,320
One-off amounts**	$58,333	-
Total	**$988,187**	**$142,089**

** Short term incentives represent amounts which were accrued in the year and were paid in May/June of the following financial year.*

***As described in paragraph 10.5 of the Takeover Code Disclosures in the Tilt Renewables Target Statement dated 17 September 2018, Deion was one of five senior employees to receive a payment as a result of the takeover.*

In addition, during the year ended 31 March 2019 Tilt Renewables introduced the Development Business Incentive. Following the end of the year Deion was issued with 212,948 restricted shares in accordance with the terms of that incentive plan, as described further below.

During the year Deion was also issued the following Performance Rights under the Long Term Incentive plan as described further below.

	31 March 2019	31 March 2018
LTI – Relative TSR	89,285	-
LTI – Absolute TSR	138,888	-
Total	**228,173**	**-**

Deion was not remunerated by the Company for being a Director of any Tilt Renewables subsidiary companies as this was part of his role as Chief Executive Officer of Tilt Renewables.

Executive and Director Remuneration Policy

Tilt Renewables is committed to remuneration practices that provide a fair and reasonable link between remuneration and performance. The Executive and Director Remuneration Policy is designed to balance performance and rewards to create and deliver long term shareholder value.

The Policy applies to Board and Executives and includes the following three key components:

Fixed Remuneration

This comprises fixed cash salary plus superannuation. Fixed salary is based on the scale and complexity of the role and appropriate market benchmarking.

Short Term Incentive (STI)

STI is an at-risk element of the overall cash remuneration. STIs are subject to the successful operational performance against Key Performance Indicators (KPIs) set by the People, Remuneration and Nominations Committee annually in line with Tilt Renewable strategic goals. These KPIs include health and safety, financial, project and leadership performance components.

To help align executives and senior staff with the interests and outcomes for shareholders, Tilt Renewables also maintains two incentive schemes paid in shares. These schemes, described in more detail below, are based on different performance timeframes to reflect the nature of the underlying activities required for each. The time based performance and dealing restrictions associated with these schemes result in participants becoming long term shareholders and there is an additional restriction requiring minimum holding of shares for participants.

Development Business Incentives (DBI)

The DBI scheme is an at-risk element of annual remuneration which is paid in restricted shares in Tilt Renewables. Recipients are awarded shares based on the achievement of value increase achieved as a result of investments in the development pipeline. This incentive is intended to drive performance in the development side of the business, where actual result from shareholders often materialise many years after the annual progress is made. Shares awarded under this scheme are restricted for four years from the grant date.

To operate the scheme, the Company undertakes a valuation of its development pipeline and assesses whether the development project portfolio increases or slips in value over the year, after allowing for development expenditure. The performance test includes assessment of estimated value change (gain or loss as a result from the Company's development expenditure as projects move through development stages through to shovel ready and, when the best projects attain successful financial close. A minimum value-add threshold applies for any reward to be granted.

Long Term Incentive (LTI)

The LTI scheme is a more traditional long term incentive, based on Total Shareholder Return (TSR) over a three year period measured against both Relative TSR and Absolute TSR hurdles as follows:

TSR	Hurdle	Minimum Hurdle Measure
Relative	ASX200 total Return Index	>50th percentile
Absolute	Return to Shareholders	>7% annual compound TSR

Eligible employees are issued both Relative and Absolute TSR Performance Rights. The amount of Performance Rights is determined based on a set percentage of the relevant employee's fixed annual remuneration and the share price at the start of the offer period. The LTI scheme is settled with the issue of the appropriate amount of Tilt Renewables shares at the end of the three-year vesting period should the Performance Right assessment criteria be achieved and the employee remains employed at the time of the assessment.

Employee Remuneration

During the financial year, the number of employees and/or former employees who received remuneration and other benefits in their capacity as employees of Tilt Renewables and its subsidiaries which was or exceeded $100,000 per annum is shown below:

Remuneration Ranges	Number of Employees
100,000 – 109,999	2
110,000 – 119,999	2
120,000 – 129,999	1
130,000 – 139,999	2
140,000 – 149,999	1
150,000 – 159,999	6
160,000 – 169,999	2
170,000 – 179,999	1
180,000 – 189,999	1
190,000 – 199,999	1
220,000 – 229,999	1
240,000 – 249,999	1
270,000 – 279,999	2
280,000 – 289,999	1
290,000 – 299,999	1
310,000 – 319,999	1
410,000 – 419,999	1
480,000 – 489,999	1
540,000 – 549,999	1
880,000 – 889,999	1

These figures do not include amounts paid post 31 March 2019 that relate to the year ended 31 March 2019.

Principle 6: Risk management

Risk Management Policy

Tilt Renewables recognises prudent threat and opportunity management as a key requirement of creating and protecting Company and shareholder value in the pursuit of its objectives. The Board has set the framework through the Risk Management Policy and procedure, which is supported by tools to track and report on management activities. The Audit and Risk Committee provides leadership and oversight in support of the Board to ensure risks are managed within the Board's risk appetite.

Health, safety, environment and community risks are also managed within this framework, however provided leadership and oversight are provided through the Health, Safety, Environment and Community Committee in recognition of Tilt Renewables ongoing commitment to ensure these risks are given sufficient attention.

Principle 7: Auditors

Internal Assurance

Tilt Renewables internal assurance function provides risk-based review and oversight of internal controls. This includes ensuring policies, procedures and tools are sufficient to provide effective and efficient management of our project delivery and operational activities. We conduct assurance activities (including audits, inspections and management reviews) to ensure these continue to operate effectively and to identify opportunities for improvement. Internal and external audit activities are detailed in the Annual Audit Plan based on a rolling three-year program, reviewed and approved by the Audit and Risk Committee. The internal assurance function is accountable to the Audit and Risk Committee (and where appropriate to the Health, Safety, Environment and Community Committee) to maintain adequate independence and oversight.

External Audit

Tilt Renewables engages an Independent External Auditor (PwC) for its financial auditing as detailed in the Financial Statements.

External auditors are also engaged to provide periodic independent reviews of our systems, processes and tools, plus advise where these tools could be improved to further support our activities. All external audits form part of the Annual Audit Plan, with scope and approach approved by the Audit and Risk Committee prior to engagement. External auditors also report their findings directly to the Audit and Risk Committee to maintain appropriate consideration of independent advice.

Principle 8: Shareholder rights and relations

Our Valued Shareholders

The Board aims to ensure that shareholders are informed of all material developments affecting Tilt Renewables. Information is communicated to shareholders in the annual report and periodic announcements to the NZX/ASX. Quarterly production information is also provided following the end of each quarter via NZX/ASX announcements.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure engagement and understanding of our strategic direction, progress towards our short and long term objectives and to provide the opportunity to ask questions of our Board and CEO. Our Annual General Meetings are also the forum for shareholders to vote on key company matters, including the election (or re-election) of Directors.

All announcements and webcasts are available for review at any time under the investor section of our website **https://www.tiltrenewables.com.**

Voting Rights

Every shareholder present in person, by proxy or by representative, on a vote by voices or show of hands, has one vote, and on a poll, has one vote for each fully paid share held. Shares held as treasury stock do not have voting rights.

FINANCIAL STATEMENTS

For the year ended 31 March 2019

Tilt Renewables is pleased to present its audited financial statements.

The notes to our financial statements have been grouped into the broad categories that the Directors consider most relevant when evaluating the performance of Tilt Renewables.

The categories are:

- **Generation:** Notes 3-9
- **Funding:** Notes 10-12
- **Equity:** Notes 13-16
- **Tax, related parties and other notes:** Notes 17-23

There is also an appendix, from Notes A1 to A16, which contains additional detailed disclosure readers may wish to consider to supplement the disclosures in the primary sections of notes listed above.

There is also a profitability analysis for the generation segments included in Note 3.

Accounting policies can be found throughout the notes to the financial statements and are denoted by a green box surrounding them.

KEY METRICS

For the year ended 31 March 2019

Our key metrics	2019	2018
Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF) ($M)	134,791	103,772
Profit After Tax ($M)	12,179	16,931
Underlying earnings after tax ($M) – see Note A2	14,159	(9,330)
Basic earnings per share (cents per share) – see Note A3	2.59	5.41
Dividends paid during the year (cents per share)	3.40	3.50
Gearing ratio	48%	54%
Generation production		
Australian generation production (GWh)	1,395	1,225
New Zealand generation production (GWh)	659	571
	2,054	**1,796**
Financial statements are presented in AUD functional currency		
Exchange rate (NZD) – income statement (average rate)	0.9333	0.9233
Exchange rate (NZD) – balance sheet (year end rate)	0.9577	0.9393

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are pleased to present the financial statements of Tilt Renewables Limited and subsidiaries for the year ended 31 March 2019.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group as at 31 March 2019, and the financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Paul Newfield
Director

Fiona Oliver
Director

Company Registration Number 1212113
Dated: 8 May 2019

INDEPENDENT AUDITORS REPORT

To the shareholders of Tilt Renewables Limited

We have audited the consolidated financial statements which comprise:

- the statement of financial position as at 31 March 2019;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cashflow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Tilt Renewables Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2019, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

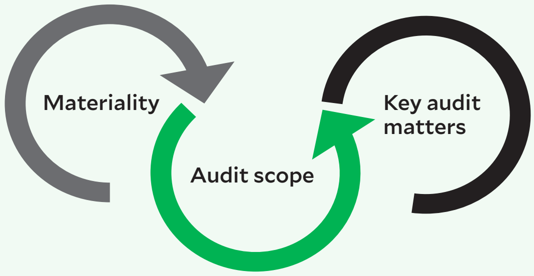
We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance and other consulting services. The provision of these other services has not impaired our independence as auditor of the Group.

Our audit approach



Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall Group materiality: $2.5 million, which represents approximately 2% of the Group's Earnings before Interest, Tax, Depreciation, Amortisation and Fair value movements on financial instruments (EBITDAF).

We chose EBITDAF as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We used a 2% threshold based on our judgement, noting it is within the range of commonly acceptable thresholds.

We have determined that there are two key audit matters and we communicated these to the Audit and Risk Committee:

- Carrying value of generation assets
- Derivative accounting for Australian power purchase agreement (PPA's)

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our audit focused on where the Directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

The Group has operations and assets across Australia and New Zealand, with its head office based in Melbourne, where we performed most of our procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter

Carrying value of generation assets [Note 4 - $1,066.7m]

Generation assets are carried at fair value and the Group's policy is that they are re- valued at least every 3 years by an independent valuer.

Due to a decrease in the long term forecast Australian LGC and electricity prices, a valuation of the carrying value of Australian generation assets was performed in the year ended 31 March 2019.

The valuation of Australian generation assets required a number of significant assumptions, including assumptions about forward electricity prices, future generation volumes, forecast operating costs and the rate used to discount future cash flows. All of these assumptions involved judgements about the future.

This was a key audit matter due to the significance of generation assets and the judgement required in determining the key assumptions.

How our audit addressed the key audit matter

Our procedures included:

- Compared the forward electricity price path used for the revaluation to current externally derived market forecast data.
- Compared the estimates of the future generation volumes to the historical actual levels achieved and industry data.
- Considered if there were any changes to the operating cost structure of generation sites that may impact the expected future cashflows by comparing forecast operating costs with historical actual operating costs incurred.
- Assessed the discount rates used in the valuation by comparing them to our view of an acceptable range based on market data, comparable companies and industry research.
- We compared the forecast cash flows for 2019 used in the 2018 valuation model with the 2019 actuals, as well as the 2020 forecast with the most recent Board approved budget.

Key audit matter

Derivative accounting for Australian power purchase agreements (PPA's) [Note A10 - $102.6m]

The majority of Australian electricity PPA's are net settled between the Group and energy retailers, due to the mechanism of the Australian energy market which requires electricity to be sold and purchased through the Australia Energy Market Operator (AEMO).

The Group have considered how the industry accounting has shifted in regards to the net settlement with AEMO and have updated their accounting policy in line with other industry players to recognise the Australian electricity PPA's as a derivative.

As a result of the change in accounting policy a retrospective adjustment has been posted reclassifying $58.942m from the carrying value of the generation assets to a separate derivative.

The valuation of Australian PPA required a number of significant assumptions, including assumptions about forward electricity prices, future generation volumes, credit adjustments, premiums and the rate used to discount future cash flows. All of these assumptions involved judgements about the future. This was a key audit matter due to the judgement required in determining the key assumptions.

How our audit addressed the key audit matter

Our procedures performed, included:

- Compared future expected cash flows used in the derivative valuation to signed PPA contracts.
- Compared the forward electricity price path used in the derivative valuation to current externally derived market forecast data.
- Compared the estimate of the future generation volumes used in the derivative valuation to the historical actual levels achieved and industry data.
- Assessed the discount rates used in the derivative valuation by comparing them to our view of an acceptable range based on market data, comparable companies and industry research.

- Reconciled the disclosure and retrospective restatement within the consolidated financial statements to the derivative valuation.

Information other than the financial statements and auditor's report

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 March 2019, but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included Key Metrics and the Directors' Responsibility Statement. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not and will not, express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as at the date of signing this report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Charles Christie.

Charles Christie
Partner

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants, Melbourne
8 May 2019

INCOME STATEMENT

For the year ended 31 March 2019

	Note	2019 $000	2018 $000*
Operating revenue			
Electricity revenue		192,871	157,879
Other operating revenue		402	78
	2	**193,273**	**157,957**
Operating expenses			
Generation costs		37,811	31,219
Employee benefits		8,298	8,161
Other operating expenses	A5	12,373	14,804
	3	**58,482**	**54,185**
Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)	3	**134,791**	**103,772**
Net fair value losses/(gains) on financial instruments	A10	1,980	(26,261)
Amortisation of intangible assets		-	48
Depreciation	4	83,568	77,058
Operating profit		**49,243**	**52,927**
Interest paid	11	31,392	30,506
Interest received	11	(1,261)	(1,069)
Net finance costs		**30,131**	**29,437**
Profit before income tax		**19,112**	**23,490**
Income tax expense	17	(6,933)	(6,559)
Profit after tax		**12,179**	**16,931**
Profit after tax attributable to the shareholders of the Group		**12,179**	**16,931**
Basic earnings per share (cents per share)	A3	2.59	5.41
Diluted earnings per share (cents per share)	A3	2.59	5.41

The accompanying notes form part of these financial statements.

** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	2019 $000	2018 $000*
Profit after tax		**12,179**	**16,931**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Other currency translation differences		2,415	3,097
Fair value changes in financial instruments	A10	(27,585)	-
Tax effect of the following			
Other currency translation differences		(725)	(881)
Fair value changes in financial instruments		8,276	-
Items that will not be reclassified subsequently to profit or loss:			
Revaluation losses on generation assets		(140,153)	(25,063)
Tax effect of the following:			
Revaluation losses on generation assets		41,734	7,519
Total other comprehensive (expense)		**(116,038)**	**(15,329)**
Total comprehensive (expense)/income		**(103,859)**	**1,603**
Attributable to shareholders of the Group		(103,859)	1,603

The accompanying notes form part of these financial statements.

** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 $000	2018 $000*	2017 $000*
Equity				
Capital and reserves attributable to shareholders of the Group				
Share capital	13	259,933	-	-
Revaluation reserve		292,927	391,345	408,889
Foreign currency translation reserve		(5,861)	(7,551)	(9,767)
Retained earnings		127,821	126,282	120,306
Cash flow hedge reserve		(19,310)	-	-
Other reserves		466	89	-
Total equity		**655,976**	**510,165**	**519,428**
Represented by:				
Current assets				
Cash at bank	7	94,940	45,913	27,008
Financial assets	7	225,468	-	-
Receivable from related parties	21	4,121	2,090	3,281
Accounts receivable and prepayments	A7	26,710	31,827	16,549
Financial instruments	A10	289	-	-
Taxation receivable		653	-	-
		352,181	**79,830**	**46,838**
Non-current assets				
Property, plant and equipment	4	1,066,727	1,170,613	1,182,083
Financial instruments	A10	113,320	100,504	92,352
Intangible assets	6	546	597	569
		1,180,593	**1,271,714**	**1,275,004**
Total assets		**1,532,774**	**1,351,544**	**1,321,842**
Current liabilities				
Accounts payable and accruals	A8	16,515	15,652	9,363
Payable to related parties	21	-	367	6,238
Borrowings	10	191,758	36,781	35,086
Financial instruments	A10	19,794	14,292	26,511
Taxation payable		-	2,044	7,297
		228,067	**69,136**	**84,495**
Non-current liabilities				
Borrowings	10	497,948	602,269	535,675
Financial instruments	A10	42,810	5,469	11,359
Accounts payable and accruals	A8	2,694	2,837	2,952
Deferred tax liability	18	105,279	161,668	167,933
		648,731	**772,243**	**717,919**
Total liabilities		**876,798**	**841,379**	**802,414**
Net assets		**655,976**	**510,165**	**519,428**

The accompanying notes form part of these financial statements.

** Certain prior year amounts have been restated to reflect adjustments relating to Note A9.*

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Capital $000	Revaluation reserve $000	Foreign currency translation reserve $000	Retained earnings $000	Cash flow hedge reserve $000	Other reserves $000	Total equity $000
Opening balance as at 1 April 2017	**-**	**450,148**	**(9,767)**	**79,047**	**-**	**-**	**519,428**
Power purchase agreement adjustment, net of tax (refer to Note A9)	-	(41,259)	-	41,259	-	-	-
Opening balance as at 1 April 2017 (restated)*	**-**	**408,889**	**(9,767)**	**120,306**	**-**	**-**	**519,428**
Profit for the period	-	-	-	16,931	-	-	16,931
Other comprehensive income							
Revaluation movement on generation assets	-	(25,063)	-	-	-	-	(25,063)
Other currency translation differences	-	-	3,097	-	-	-	3,097
Tax effect of the following:							
Revaluation movements on generation assets	-	7,519	-	-	-	-	7,519
Other currency translation differences	-	-	(881)	-	-	-	(881)
Total other comprehensive income	**-**	**(17,544)**	**2,216**	**16,931**	**-**	**-**	**1,603**
Transactions with owners recorded directly in equity							
Dividends paid	-	-	-	(10,954)	-	-	(10,954)
Share based payments expenses	-	-	-	-	-	89	89
Total transactions with owners recorded directly in equity	**-**	**-**	**-**	**(10,954)**	**-**	**89**	**(10,865)**
Closing balance as at 31 March 2018 (restated)*	**-**	**391,345**	**(7,551)**	**126,283**	**-**	**89**	**510,165**
Opening balance as at 1 April 2018 (restated)*	**-**	**391,345**	**(7,551)**	**126,283**	**-**	**89**	**510,165**
Movements 1 April 2018 – 31 March 2019							
Profit for the period	-	-	-	12,179	-	-	12,179
Other comprehensive income							
Revaluation movement on generation assets	-	(140,153)	-	-	-	-	(140,153)
Other currency translation differences	-	-	2,415	-	-	-	2,415
Fair value changes in financial instruments	-	-	-	-	(27,585)	-	(27,585)
Tax effect of the following:							
Revaluation movements on generation assets	-	41,734	-	-	-	-	41,734
Other currency translation differences	-	-	(725)	-	-	-	(725)
Fair value changes in financial instruments	-	-	-	-	8,276	-	8,276
Total other comprehensive income	**-**	**(98,418)**	**1,690**	**12,179**	**(19,310)**	**-**	**(103,858)**
Transactions with owners recorded directly in equity							
Contributed equity	259,933	-	-	-	-	-	259,933
Dividends paid	-	-	-	(10,641)	-	-	(10,641)
Share based payments expenses	-	-	-	-	-	377	377
Total transactions with owners recorded directly in equity	**259,933**	**-**	**-**	**(10,641)**	**-**	**377**	**249,669**
Closing balance as at 31 March 2019	**259,933**	**292,927**	**(5,861)**	**127,821**	**(19,310)**	**466**	**655,976**

** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

CASH FLOW STATEMENT

For the year ended 31 March 2019

	Note	2019 $000	2018 $000*
Cash flows from operating activities			
Cash was provided from			
Receipts from customers (inclusive of GST)		230,630	168,335
		230,630	**168,335**
Cash was applied to			
Payments to suppliers and employees (inclusive of GST)		103,879	69,953
Taxation paid		14,387	12,445
		118,266	**82,398**
Net cash from operating activities	A13	**112,364**	**85,937**
Cash flows from investing activities			
Cash was provided from			
Interest received		1,261	1,069
		1,261	**1,069**
Cash was applied to			
Purchase of property, plant and equipment		90,841	83,575
		90,841	83,575
Net cash used in investing activities		**(89,580)**	**(82,506)**
Cash flows from financing activities			
Cash was provided from			
Secured loan proceeds		70,097	100,000
Issue of shares		259,933	-
		330,030	**100,000**
Cash was applied to			
Repayment of loans		38,969	37,380
Repayment of related parties		-	5,610
Term deposits and restricted cash		225,468	-
Interest paid		28,593	30,506
Dividends paid		10,642	10,954
		303,672	**84,450**
Net cash from financing activities		**26,358**	**15,550**
Net increase in cash and cash equivalents		**49,142**	**18,981**
Cash and cash equivalents at beginning of the year		45,913	27,008
Exchange losses on cash and cash equivalents		(115)	(75)
Cash and cash equivalents at end of the year		**94,940**	**45,913**

The accompanying notes form part of these financial statements.
** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

Note 1: Basis of preparation

Reporting entity

The reporting entity is the consolidated Group comprising Tilt Renewables Limited and its subsidiaries together referred to as Tilt Renewables. Tilt Renewables Limited is a limited liability company incorporated and domiciled in New Zealand. The principal activities of Tilt Renewables are the development, ownership and operating of electricity generation facilities as well as the trading of electricity and associated products from renewable energy sources.

Tilt Renewables Limited is registered under the Companies Act 1993, and is listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX). It is an FMC Reporting Entity under the Financial Markets Conducts Act 2013.

The financial statements are presented for the year ended 31 March 2019.

Basis of preparation

The financial statements are prepared in accordance with:

- The accounting policies and methods of computation in the most recent annual financial statements
- The Financial Markets Conduct Act 2013, and NZX equity listing rules
- New Zealand Generally Accepted Accounting Practice (NZGAAP)
- New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS)
- Other applicable New Zealand Financial Reporting Standards, as appropriate for profit oriented entities

The financial statements have been prepared as follows:

- All transactions at the actual amount incurred (historical cost convention), except for generation assets and derivatives which have been revalued to fair value
- All figures have been reported in Australian Dollars (AUD) and reported to the nearest thousand

An index to all of the accounting policies is available in Note A1. Changes to accounting policies and standards are shown in Note A16.

Estimates and judgements made in preparing the financial statements are frequently evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Tilt Renewables makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

New and amended standards adopted by the Group

A number of new amended standards became applicable for the current reporting period as a result of adopting the following standards:

- NZ IFRS 9 Financial Instruments
- NZ IFRS 15 Revenue from Contracts with Customers

There is no material impact to financial statements on the adoption of the above standards.

Impact of standards issued but not yet applied by the Group

NZ IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases, for the lessee, effectively treating all leases as finance leases. Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019. Refer to Note A16.3 for the impact to the Group.

Note 1: Basis of preparation (continued)

Judgements and key assumptions

The areas involving a higher degree of judgement or complexity are disclosed below:

- Fair value of Tilt Renewables generation assets (Note 4)
- Useful lives of generation assets for depreciation (Note 4)
- Fair value of derivatives and other financial instruments (Note A10)

Note 2: Segment information

The leadership team of the Group, consisting of the Chief Executive Officer, Chief Financial Officer, General Manager Generation & Trading and the General Manager Renewable Development, examines the Group's performance from a geographic perspective and has identified the following reporting segments for the Group.

For internal reporting purposes, Tilt Renewables is organised into two segments. The main activities of each segment are:

Australian generation – the generation of electricity by wind generation assets across Australia.

New Zealand generation – the generation of electricity by wind generation assets across New Zealand.

The leadership team primarily use a measure of EBITDAF to assess the performance of the operating segments. They also receive information about the segments' revenue, assets and financing on a monthly basis. Information about segment revenue and significant customers is disclosed in Note 3.

The segment results for the year ended 31 March 2019 are as follows:

	Generation New Zealand $000	Generation Australia $000	Generation Total $000
Revenue from external customers	41,974	151,299	193,273
Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)	25,296	109,495	134,791
Depreciation	21,814	61,754	83,568
Capital expenditure	2,580	116,024	118,604

The segment results for the year ended 31 March 2018 are as follows:

	Generation New Zealand $000	Generation Australia $000	Generation Total $000
Revenue from external customers	36,313	121,644	157,957
Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)	21,691	82,081	103,772
Depreciation	22,600	57,546	80,146
Capital expenditure	1,844	81,731	83,575

Note 2: Segment information (continued)

Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of the energy and environmental products outlined below in the ordinary course of the Group's activities.

- Sale of electricity generated from the Group's wind farms
- Generation and sale of Large-scale Generation Certificates (LGC's) in Australia, these are recognised at fair value in the period that they are generated

Revenues are recognised on an accrual basis net of GST unless not recoverable from the taxation authority.

The Group recognises revenue when the amount of revenue can be reliably measured, upon satisfaction of contractually binding performance obligations.

Revenue is not measured until all sale contingencies have been resolved.

In accordance with UIG 4 Determining whether an Asset Contains a Lease, revenue that is generated via non net settled power purchase agreements is classified as lease income.

Revenue that is generated via net settled power purchase agreements is fair valued and classified as a derivatives. Refer to Notes A9 and A10.

The volume of energy supplied is dependent on the actual generation of the wind farms, therefore, the future minimum payments under the terms of the contracts, that expire by 31 December 2030, are not able to be quantified with sufficient reliability for disclosure in the financial statements.

GENERATION

This section details the generation of Tilt Renewables.

This section includes the following notes:

- **Note 3:** Profitability analysis
- **Note 4:** Property, plant and equipment
- **Note 5:** Key assumptions and judgements
- **Note 6:** Intangible assets
- **Note 7:** Cash and financial assets
- **Note 8:** Business combination
- **Note 9:** Financial risk management - generation

Note 3: Profitability analysis

Tilt Renewables owns 440MW of wind generation assets throughout Australia as well as 196MW of wind generation assets in New Zealand.

Australia	2019 $000	2018 $000
Operating revenue		
Electricity revenue	86,391	73,842
LGC revenue	64,908	47,802
	151,299	**121,644**
Operating expenses		
Generation production costs	25,918	20,088
Employee benefits	8,058	8,020
Other operating expenses	7,828	11,456
	41,804	**39,564**
Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)	**109,495**	**82,081**

Note 3: Profitability analysis (continued)

New Zealand	2019 $000	2018 $000
Operating revenue		
Electricity revenue	41,974	36,313
	41,974	**36,313**
Operating expenses		
Generation production costs	11,893	11,131
Employee benefits	241	142
Other operating expenses	4,544	3,348
	16,678	**14,621**
Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)	**25,296**	**21,692**

Generation development

An ongoing part of Tilt Renewables business is the development of new generation assets. All costs incurred prior to our assessment to move forward with the building of a new asset are expensed, including exploration, evaluation and consenting costs. In the year when a project transitions into a build phase, all costs incurred in that year are capitalised if appropriate (see Note A5 for further details).

Note 4: Property, plant and equipment

Generation assets include land and buildings which are not separately identifiable from other generation assets. Other property, plant and equipment assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying value amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The Australian generation assets were independently revalued, using a discounted cash flow methodology, as at 30 September 2018, to their estimated market value as assessed by an independent expert. Management did not identify any significant changes to the impairment assessment assumptions used in the 30 September 2018 impairment forecasting model and associated third party reports. See Note A15 for historical cost information.

Note 4: Property, plant and equipment (continued)

	Generation assets $000	Other plant and equipment $000	WIP $000	Total $000
Opening balance as at 1 April 2017				
Fair value	1,228,844	243	-	1,229,087
Cost	34	6,915	6,688	13,637
Accumulated depreciation	-	(1,699)	-	(1,699)
Net book amount	**1,228,878**	**5,459**	**6,688**	**1,241,025**
Opening net book amount				
Additions at cost	6,984	68	76,523	83,575
Depreciation	(79,081)	(511)	-	(79,592)
Disposals at net book value	-	-	(554)	(554)
Foreign exchange movements	7,071	4	1	7,076
Transfers	-	776	(776)	-
Power purchase agreement adjustment, net of tax (refer to Note A9)	(80,959)	42	-	(80,917)
Closing balance as at 31 March 2018 – restated*				-
Fair value	1,158,457	497	-	1,158,954
Cost	-	7,794	81,882	89,676
Accumulated depreciation	(75,564)	(2,452)	-	(78,016)
Net book amount	**1,082,893**	**5,838**	**81,882**	**1,170,613**
Opening net book amount				
Additions at cost	25,653	185	91,909	117,747
Depreciation	(80,994)	(836)	-	(81,830)
Disposals at net book value	(1,711)	-	(27)	(1,738)
Foreign exchange movements	2,082	1	4	2,087
Transfers	92,116	3,989	(96,105)	-
Revaluations	(140,153)	-	-	(140,153)
Closing balance as at 31 March 2019				
Fair value	1,052,301	12,128	-	1,064,429
Cost	-	-	77,664	77,664
Accumulated depreciation	(72,414)	(2,951)	-	(75,365)
Net book amount	**979,887**	**9,177**	**77,664**	**1,066,727**
Closing balance as at 31 March 2019 by country				
Australia	775,409	9,093	77,658	862,160
New Zealand	204,478	84	6	204,568
	979,887	**9,177**	**77,664**	**1,066,728**
Closing balance as at 31 March 2018 by country – restated*				
Australia	863,144	5,750	81,663	950,557
New Zealand	219,749	88	219	220,056
	1,082,893	**5,838**	**81,882**	**1,170,613**

** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

Note 4: Property, plant and equipment (continued)

Generation assets are revalued, by independent external valuers, every three years or more frequently if there is evidence of a significant change in value. Land is not depreciated. Depreciation on all other property, plant and equipment is calculated using the straight-line method at the following rates:

- Generation assets 1-8%
- Freehold buildings 2%
- Plant and equipment 5-33%

During HY19, due to an acceleration in the decline of the Large Scale Generation Certificates (LGC'S) forward price curve, and a decline in the electricity forward curve, the Australian assets were revalued, resulting in a carrying value reduction of $128.5M at 30 September 2018. All other property, plant and equipment is stated at its original cost less depreciation and impairment.

WIP additions in the year primarily relate to the construction costs associated with the Dundonnell wind farm project.

Other property, plant and equipment includes the following amounts where the Group is a lessee under a finance lease:

Transmission line	2019 $000	2018 $000
Cost	22,655	-
Accumulated depreciation	(629)	-
Net book amount	**22,026**	**-**

Fair value of generation property, plant and equipment

The valuation of Tilt Renewables generation assets is sensitive to the inputs used in the discounted cash flow valuation model, see Note 5.

Note 5: Key assumptions and judgements

The following assumptions and associated sensitivities formed part of the 2019 fair value assessment. These key assumptions have been reviewed as part of the 2019 fair value assessment exercise and no significant changes have been identified.

A sensitivity analysis around some key inputs are given in the table below. The valuation is based on a combination of values that are generally at the midpoint of the range. The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant. In addition to the tests below, a separate sensitivity analysis has been conducted to assess the impact of varying future cash flows for increases or decreases of up to 10% in market prices (including New Zealand market prices beyond the fixed price period to March 2022).

Assumption	Low	High	Valuation Impact
Australian Assets			**AUD $000**
Forward electricity price path (including renewable energy credits)	10% reduction in future electricity pricing	10% increase in future electricity pricing	- $83,594 / + $83,594
Generation volume	10% reduction in future production	10% increase in future production	- $87,066 / + $87,066
Operating costs	10% increase in future operating expenditure	10% decrease in future operating expenditure	- $29,746 / + $29,746
Discount rate post tax	7.75%	6.75%	- $28,205 / + $30,181
New Zealand Assets			**NZD $000**
Generation volume	10% reduction in future production	10% increase in future production	- $24,114 / + $24,008
Operating costs	10% increase in future operating expenditure	10% decrease in future operating expenditure	- $9,088 / + $9,088
Discount rate post tax	8.40%	7.40%	- $6,608 / + $6,292

Some of these inputs are not based on inputs observable in the market, and so under IFRS they are classified within Level 3 of the fair value hierarchy. See Note A16 for more information of IFRS fair value hierarchy.

Deprecation expense

Management judgment is involved in determining the useful lives of Tilt Renewables generation assets based on engineering knowledge and expertise. The lives of longer lived assets are subject to a greater degree of judgement.

If the estimated useful lives of generation assets were 10% higher/lower, operating profit for the year would have increased/(decreased) by $4,811,000/$(5,880,000) (2018: $6,725,818/$(7,398,400)).

Note 6: Intangible assets

In March 2017, Tilt Renewables purchased two solar development projects in Queensland for $546,000.

Note 7: Cash and financial assets

	2019 $000	2018 $000
Cash at bank	94,940	45,913
Financial assets	225,468	-
	320,408	**45,913**

Financial assets disclosed in the balance sheet and in the statement of cash flows include term deposits and margin account restricted cash balances. These amounts are not repayable on demand or readily convertible into cash, however they will be recovered within the next twelve months. The margin account restricted cash balance of $16.5M is held in an electricity trading margin call account, and is not available for general use by the other entities within the Group.

Note 8: Business combinations

There were no business combinations in the year ended 31 March 2019 or in the year ended 31 March 2018.

Note 9: Financial risk management – generation

Exchange rate risk

Tilt Renewables typically contracts with local and international suppliers when building a new generation asset. Some of these suppliers may require payment to be made in a foreign currency. To manage the risk of a moving foreign exchange rate, Tilt Renewables will fully hedge large transactions in accordance with Tilt Renewables Treasury Policy. The total notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2019 was $Nil (31 March 2018: $Nil).

Electricity price risk

In Australia over 75% and in New Zealand 100% of output is contracted to electricity retailers which ensures Tilt Renewables receives a fixed price for this portion of its generation. This risk management strategy assumes that the current electricity wholesale markets operating in New Zealand and Australia, including the renewable energy credit market, will continue to do so in the future.

Volume risk

In both Australia and New Zealand, 100% of generation comes from wind farms that depend on weather conditions which vary significantly from year to year. Tilt Renewables accepts that this risk will cause a degree of volatility to its earnings and does not attempt to mitigate it.

Credit risk

A large proportion of the Australian and New Zealand revenue comes from four counterparties.

In Australia, one of these is the Australian Electricity Market Operator and the other two are major electricity retailers.

In New Zealand the sole counterparty is Trustpower, a major electricity retailer.

Damage to generation assets risk

There is potential for Tilt Renewables to sustain significant losses through damage to its generation plant and the resulting loss of earnings. The major portion of this risk has been mitigated by taking out appropriate insurance policies with insurers of high creditworthiness.

FUNDING

This section details the borrowings of Tilt Renewables.

Tilt Renewables is debt funded by a combination of bank facilities in New Zealand and Australia and this section should be read in conjunction with the equity section.

This section includes the following notes:

- **Note 10:** Borrowings
- **Note 11:** Finance income and costs
- **Note 12:** Financial risk management – funding

Note 10: Borrowings

Tilt Renewables borrows under a syndicated bank debt facility. The facility requires Tilt Renewables to operate within defined performance and debt gearing ratios. The borrowing arrangements may also create restrictions over the sale or disposal of certain assets unless lender consent is obtained. Throughout the period Tilt Renewables has complied with all debt covenant requirements in these agreements.

On 14 November 2018, Tilt Renewables signed the Dundonnell Wind Farm syndicated facility agreement to fund the construction of the Dundonnell Wind Farm which reached financial close in November 2018.

At 31 March 2019 Tilt Renewables has secured loan borrowings against the following facilities:

	2019 $000	2018 $000
Facility and associated borrowing limit - AUD		
Facility A – expiry date: 31 October 2019	162,845	172,803
Facility B – expiry date: 31 October 2020	162,399	170,956
EKF Facility I – expiry date: 30 November 2032	138,696	146,997
EKF Facility II – expiry date: 12 July 2021	18,967	26,044
EKF Facility III – expiry date: 30 November 2026	23,943	26,614
Expansion Facility – expiry date: 31 October 2021	100,000	100,000
Dundonnell Syndicated Facility – expiry date: 13 November 2023	113,333	-
Dundonnell EKF Facility – expiry date: 21 March 2037	186,667	-
Working capital facility	15,000	15,000
	921,850	**658,414**

Note 10: Borrowings (continued)

	2019 Loans			
	New Zealand dollar facilities # $000	**Australian dollar facilities $000**	**Finance lease liability $000**	**Total loans $000**
Repayment terms				
Less than one year	15,491	177,780	1,578	194,849
One to two years	73,507	99,018	1,489	174,014
Two to five years	13,370	192,606	4,189	210,165
Over five years	7,981	97,191	15,657	120,829
Facility establishment costs	(361)	(9,790)	-	(10,151)
	109,988	**556,805**	**22,913**	**689,706**
Current portion	15,211	174,969	1,578	191,758
Non-current portion	94,777	381,836	21,335	497,948
	109,988	**556,805**	**22,913**	**689,706**
Undrawn facilities				
Less than one year	-	15,000	-	15,000
One to two years	-	7,602	-	7,602
Two to five years	-	59,125	-	59,125
Over five years	-	163,176	-	163,176
	-	**244,903**	**-**	**244,903**
Weighted average interest				
Less than one year	3.0%	4.5%		
One to two years	2.9%	4.9%		
Two to five years	3.4%	5.5%		
Over five years	4.0%	5.3%		

 # New Zealand dollar facilities are drawn down and repaid in NZD.
In the financial statements the New Zealand dollar facilities are presented in AUD.

Note 10: Borrowings (continued)

	2018 Loans			
	New Zealand dollar facilities # $000	Australian dollar facilities $000	Finance lease liability $000	Total loans $000
Repayment terms				
Less than one year	14,617	24,065	-	38,682
One to two years	15,194	177,781	-	192,975
Two to five years	82,080	213,226	-	295,306
Over five years	10,959	105,492	-	116,451
Facility establishment costs	(831)	(3,534)	-	(4,365)
	122,019	**517,031**	**-**	**639,050**
Current portion	14,255	22,526	-	36,781
Non-current portion	107,764	494,505	-	602,269
	122,019	**517,031**	**-**	**639,050**
Undrawn facilities				
Less than one year	-	-	-	-
One to two years	-	15,000	-	15,000
Two to five years	-	-	-	-
Over five years	-	-	-	-
	-	**15,000**	**-**	**15,000**
Weighted average interest				
Less than one year	4.0%	3.4%		
One to two years	4.4%	3.9%		
Two to five years	5.2%	4.8%		
Over five years	5.7%	5.1%		

 # New Zealand dollar facilities are drawn down and repaid in NZD.
In the financial statements the New Zealand dollar facilities are presented in AUD.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowings using the effective interest method.

Facility establishment costs are amortised over the life and debt profile of the borrowings facility.

The fair value of Tilt Renewables bank loans and bonds is not materially different to the carrying values above.

Note 11: Finance income and costs

	2019 $000	2018 $000
Interest paid on bank loans	24,569	24,250
Other finance costs and fees	6,823	6,256
Total interest expense	**31,392**	**30,506**
Interest received on cash at bank	1,261	1,069
Total interest income	**1,261**	**1,069**

Capitalised interest in the year ended 31 March 2019 associated with the Dundonnell Wind Farm syndicated facility totalled $930,956 (31 March 2018: $Nil).

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

All other finance costs are recognised in profit or loss in the period in which they are incurred. Finance costs comprise interest expense on borrowings calculated using the effective interest method, amortisation of borrowing costs relating to long-term financing facilities and gains and losses on certain hedging instruments that are recognised in profit or loss.

Note 12: Financial risk management – funding

Interest rate risk

All of Tilt Renewables borrowings are a series of floating interest rate facilities. Tilt Renewables uses Interest Rate Swaps (IRS) to fix the interest costs of the Group. This stabilises Tilt Renewables debt servicing costs. However for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage of a potential fall in market interest rates. Payments made or received by IRS are recognised as a part of "Interest paid on bank loans", except for an immaterial number of these IRS which are instead hedge accounted.

Liquidity risk

The Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management requires maintaining sufficient cash, marketable securities or unutilised committed credit facilities to provide cover for reasonably conceivable adverse conditions. The Group operates under a Board approved Treasury Policy which dictates the level of available committed facilities to be maintained. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels.

Exchange rate risk

As at 31 March 2019, approximately 16% of Tilt Renewables debt is denominated in New Zealand dollars (31 March 2018: approximately 19%).

Refinancing risk

From time to time Tilt Renewables debt facilities mature and need to be refinanced. There is a risk that this could occur during adverse market conditions resulting in increased interest rates or, in extreme events, a complete inability to refinance. The Treasury Policy requires a spread of debt maturities to minimise the impact of this risk should it occur. This is measured by the proportion of debt maturing in various time bands.

Note 12: Financial risk management – funding (continued)

Credit risk

Tilt Renewables Australian and New Zealand dollar facilities are with institutions that all have a Standard and Poor's long-term credit rating of A+ or higher.

Credit risk exposure is managed using credit risk management policies which provide credit exposure limits based on the credit worthiness of counterparties. Tilt Renewables exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Derivative counterparties are limited to organisations in the energy industry. Tilt Renewables also utilises International Swaps and Derivative Association (ISDA) agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties. The carrying amount of the financial assets recognised in the financial statements, which is net of impairment losses, represents the maximum exposure to credit risk.

EQUITY

This section outlines the equity structure of Tilt Renewables.

Tilt Renewables is listed on the New Zealand Stock Exchange under the code TLT. Tilt Renewables has over 8,000 shareholders, the two largest shareholders are Infratil Limited (65.34%) and Mercury NZ Limited (19.99%).

This section includes the following notes:

- **Note 13:** Share capital
- **Note 14:** Dividends
- **Note 15:** Imputation and franking credit account
- **Note 16:** Financial risk management – equity

Note 13: Share capital

	2019 000's of shares	2018 000's of shares	2019 $000	2018 $000
Authorised and issued ordinary shares at beginning of period	312,973	312,973	-	-
Shares	156,487	-	259,933	-
	469,460	**312,973**	**259,933**	**-**

On 14 February 2018, Tilt Renewables announced an offer for the raising of new equity through an underwritten pro rata accelerated entitlement offer of new ordinary shares.

All shares rank equally with one vote per share, have no par value and are fully paid.

Note 14: Dividends

	2019 Cents per share	2018 Cents per share	2019 $000	2018 $000
Final dividend prior period	1.80	2.25	5,634	7,042
Interim dividend current year – declared subsequent to the end of the reporting period	1.60	1.25	5,008	3,912
Total dividend	**3.40**	**3.50**	**10,642**	**10,954**
Dividend declared subsequent to the end of the reporting period	-	1.80	-	5,634

Dividend distribution

Dividends payable to Tilt Renewables shareholders are recognised as a liability in the financial statements in the period in which the dividend is approved by the Board.

Note 15: Imputation and franking credit account

	2019 $000	2018 $000
Imputation credits available for use in subsequent reporting periods	3,576	423
Franking credits available for use in subsequent reporting periods	44,581	27,323
	48,157	**27,746**

The above amounts represent the balance of these accounts as at the end of the reporting period, adjusted for respective credits that will arise from the payment of the amount of taxation payable.

Note 16: Financial risk management – equity

Capital risk management objectives

When managing capital, Tilt Renewables objectives are to ensure sufficient funds are available to pay liabilities when they fall due and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, Tilt Renewables has discretion to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, Tilt Renewables monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by net debt plus equity.

The gearing ratio is calculated below:

	Note	2019 $000	2018 $000
Net debt			
Bank and other debt	10	689,706	639,050
Cash and cash equivalents		(94,940)	(45,913)
		594,766	**593,137**
Equity			
Total equity		655,976	510,165
		655,976	**510,165**
Total capital funding		**1,250,742**	**1,103,302**
Gearing ratio		48%	54%

TAX, RELATED PARTY AND OTHER NOTES

This section details tax disclosures, contingent liabilities, operating lease commitments and related party transactions.

This section includes the following notes:

- **Note 17:** Income tax expense
- **Note 18:** Deferred income tax
- **Note 19:** Key assumptions and judgements – tax
- **Note 20:** Other commitments
- **Note 21:** Related party transactions
- **Note 22:** Contingent liabilities
- **Note 23:** Subsequent events

Note 17: Income tax expense

	2019 $000	2018 $000
Profit before income tax	19,112	23,490
Tax on profit (30%)	**5,734**	**7,047**
Tax effect of non-assessable revenue	534	98
Reconciliation difference between tax jurisdictions	63	134
Income tax under/(over) provided in prior year	602	(720)
	6,933	**6,559**
Represented by		
Current tax	12,687	6,186
Deferred tax	(5,754)	373
	6,933	**6,559**

A corporate tax rate of 28% is payable by New Zealand corporate entities on taxable profit under New Zealand tax law. A corporate tax rate of 30% is payable by Australian corporate entities on taxable profit under Australian tax law.

Note 18: Deferred income tax

	2019 $000	2018 $000*
Balance at beginning of period	161,668	167,933
Current year changes in temporary differences recognised in profit or loss	(5,754)	373
Current year changes in temporary differences recognised in other comprehensive income	(51,012)	(7,519)
Reclassification of prior year temporary differences	(237)	-
Exchange rate movements on foreign denominated deferred tax	614	881
Total deferred tax liabilities	**105,279**	**161,668**
Comprising		
Deferred tax liabilities to be recovered after more than 12 months	99,288	161,295
Deferred tax liabilities to be recovered within 12 months	5,991	373
	105,279	**161,668**

The tables below show the break down of the temporary differences that make up the deferred tax liabilities and their movement for the year.

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
For the year ended 31 March 2019 ($000)				
Revaluations	179,506	-	(41,734)	137,772
Other property, plant and equipment	(24,230)	(4,857)	(354)	(29,441)
Employee benefits	(96)	(540)	(648)	(1,284)
Financial instruments	6,537	(594)	(8,276)	(2,333)
Other	(49)	-	614	565
	161,668	**(5,991)**	**(50,398)**	**105,279**
For the year ended 31 March 2018 ($000) – restated*				
Revaluations	186,344	-	(6,838)	179,506
Other property, plant and equipment – restated*	(16,686)	(7,768)	224	(24,230)
Employee benefits	(26)	(70)	-	(96)
Financial instruments	(1,373)	7,896	14	6,537
Other	(326)	315	(38)	(49)
	167,933	**373**	**(6,638)**	**161,668**

** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

Note 19: Key assumptions and judgements – tax

Current tax

Current tax expense is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Applicable tax rates and laws are enacted.

Deferred tax

Deferred tax expense is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities and the corresponding tax base of these items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that future taxable amounts will be available.

Deferred tax assets and liabilities are measured at expected tax rates and enacted tax laws at the applicable reporting date.

Deferred tax is recognised for taxable temporary differences between accounting carrying value amounts and tax bases of assets and liabilities.

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to equity items where it is recognised as an equity transaction.

Deferred tax assets and liabilities are offset when relating to the same tax authority and the Group intends to settle current tax assets and liabilities on a net basis.

Tax returns for Tilt Renewables and the detailed calculations that are required for filing tax returns are not prepared until after the financial statements are prepared. Estimates of these calculations are made for the purpose of calculating income tax expense, current tax and deferred tax balances. As well as this, an assessment of the result of tax audit issues is also made. Any difference between the final tax outcomes and the estimations made in previous years will affect current year balances.

The Group is subject to income taxes in Australia and New Zealand.

Except for Waverley Wind Farm Limited, Tilt Renewables' wholly owned New Zealand resident subsidiaries are members of a consolidated group for New Zealand income tax purposes. Tilt Renewables' wholly owned Australian resident subsidiaries are currently members of a consolidated group for Australian income tax purposes.

Except for Waverley Wind Farm Limited, Tilt Renewables' wholly owned New Zealand resident subsidiaries are members of a consolidated GST group for New Zealand tax purposes. Tilt Renewables' wholly owned Australian subsidiaries are not in a group of companies for GST purposes.

Note 20: Other commitments

	2019 $000	2018 $000
Operating leases		
Not later than 1 year	4,293	2,464
Later than 1 year and not later than 5 years	13,240	8,188
Later than 5 years	44,062	22,672
Total operating lease commitments	**61,595**	**33,324**

Operating lease commitments relate to development project option payments, operating asset minimum generation payments and the rental agreement for the Tilt Renewables offices in Melbourne and Tauranga.

Capital commitments associated with the Dundonnell Wind Farm total $470.1M as at 31 March 2019 (2018: $Nil).

Note 21: Related party transactions

Key management personnel compensation	2019 $000	2018 $000
Annual remuneration	2,729	2,430
	2,729	**2,430**

Transactions with other related parties	2019 $000	2018 $000
Sales and purchases of goods and services		
Supply of electricity to related parties	39,197	33,853
Purchase of support services from parent	112	126
Purchase of management services from related party	-	15
Other transactions		
Management services from parent	1,167	370
Settlement of demerger transactions with related party	-	1,145
Reimbursement of takeover costs	1,861	-
Outstanding balances with other related parties		
Sales and purchases of goods and services		
Supply of electricity and services to related parties	2,260	2,090
Purchase of support services from parent	-	4
Other transactions		
Dundonnell project VREAS bid support	-	367
Reimbursement of takeover costs	1,861	-

Shareholders

Tilt Renewables is controlled by Infratil Limited (incorporated in New Zealand) which owns 65.34% of Tilt Renewables Limiteds' voting shares, Mercury NZ Limited owns 19.99% and the residual balance of 14.67% is widely held.

H.R.L. Morrison & Co Limited manages Infratil Limited where the following Board members of Tilt Renewables Limited hold senior executive positions.

- Mr B. Harker
- Mr P. Newfield
- Mr V. Vallabh

Except as noted above, no transactions took place with related parties during the year. All transactions with related parties took place on an arm's length basis. No related party debts were forgiven or written off during the year (2018: $Nil), and there are no amounts outstanding at 31 March 2019 (2018: $Nil).

Note 22: Contingent liabilities

The Group is not aware of any material contingent liabilities at the balance date that have not been disclosed elsewhere in these financial statements (2018: $Nil).

Other than disclosed at Note 20 the Group is not party to any material operating leases at balance date (2018: $Nil).

Note 23: Subsequent events

The Group is not aware of any significant events that have occurred subsequent to balance date but prior to signing of these financial statements (2018: $Nil).

The ownership of Western Downs Solar Project Pty Ltd was transferred to Tilt Renewables in May 2019.

APPENDIX

For the year ended 31 March 2019

Note A1: Significant accounting policies index

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Note A2: Non-GAAP measures

Underlying earnings is a non-GAAP (Generally Accepted Accounting Principles) financial measure. Tilt Renewables believes that this measure is an important additional financial measure to disclose as it excludes movements in the fair value of financial instruments which can be volatile year to year depending on movement in long term interest rate and or electricity future prices. Also excluded in this measure are items considered to be one off and not related to core business such as changes to the company tax rate or gain/impairment of generation assets.

Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments asset impairments and discount on acquisition (EBITDAF)

EBITDAF is a non-GAAP financial measure but is commonly used within the electricity industry as a measure of performance as it shows the level of earnings before the impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use the measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector.

Underlying earnings after tax

	Note	2019 $000	2018 $000
Profit after tax attributable to the shareholders of the Group		**12,179**	**16,931**
Fair value losses/(gain) on derivative financial instruments	A10	1,980	(26,261)
Adjustments before income tax		**1,980**	**(26,261)**
Adjustments after income tax		-	-
Underlying earnings after tax		**14,159**	**(9,330)**

Note A3: Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of Tilt Renewables Limited by the weighted average number of ordinary shares on issue during the year.

	2019 $000	2018 $000*
Profit after tax attributable to the shareholders of the Group ($000)	12,179	16,931
Weighted average number of ordinary shares in issue ('000s)	469,460	312,973
Basic earnings per share (cents per share)	**2.59**	**5.41**
Diluted earnings per share (cents per share)	**2.59**	**5.41**
Underlying earnings after tax ($000)	14,159	(9,330)
Weighted average number of ordinary shares in issue ('000s)	469,460	312,973
Underlying earnings per share (cents per share)	**3.02**	**(2.98)**

** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

Note A4: Net tangible assets per share

	Note	2019	2018
Total net assets		655,976	510,165
Less intangible assets		(546)	(597)
Net tangible assets attributed to shareholders		655,430	509,568
Number of ordinary shares in issue (thousands)		469,460	312,973
Net tangible assets per share (dollars per share)		**1.40**	**1.63**

Note A5: Other operating expenses

	Note	2019 $000	2018 $000
Remuneration of auditors	A6	629	468
Directors' fees		820	685
Donations		29	26
Generation development expenditure		4,919	8,277
Other administration costs		5,976	5,348
		12,373	**14,804**

Note A6: Remuneration of auditors

During the year the following fees were payable to the auditors of Tilt Renewables, PricewaterhouseCoopers:

	2019 $000	2018 $000
Audit and other assurance services		
Audit services	263	180
Other assurance services	86	34
Total audit and other assurance services	**349**	**214**
Taxation services		
Tax compliance services and review of company income tax returns	51	49
Tax compliance advice	131	-
Total taxation services	**182**	**49**
Other services		
Benchmarking services	-	13
Consulting services – development projects	85	-
Consulting services – other	13	192
Total other services	**98**	**205**
Total taxation and other services	**280**	**254**
Total remuneration of PricewaterhouseCoopers	**629**	**468**

Note A7: Accounts receivable and prepayments

	2019 $000	2018 $000
Current portion		
Electricity market receivables	13,341	17,933
Other receivables and prepayments	13,369	13,894
	26,710	**31,827**

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that Tilt Renewables will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment loss amount is recognised in the income statement. The criteria used by Tilt Renewables to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor
- A breach of contract, such as a default or delinquency in interest or principal payments
- For economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation

Note A8: Accounts payable and accruals

	2019 $000	2018 $000
Current portion		
Employee entitlements	494	932
Interest accruals	3,011	3,181
GST payable	3,132	1,920
Other accounts payable and accruals	9,878	9,619
	16,515	**15,652**
Non-current portion		
Other accounts payable and accruals	2,694	2,837
	2,694	**2,837**

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Note A9: Power purchase agreement adjustment

Australian Power Purchase Agreements (PPAs) are entered into with third parties (electricity retailers) by the Group in order to ensure it can continue to sell electricity at predetermined prices. Historically, the Group determined that PPA were operating leases and recognised the fixed price income as it was generated. The Group has subsequently concluded that all PPAs were supply contracts for the delivery of electricity as the contracts required physical delivery of the products and the view that the Australian Electricity Market Operator (AEMO) was a market clearing house that is used to settle such agreements.

Whilst the accounting standards that outline the measurement and presentation requirements to be applied to PPAs have not changed with the implementation if NZ IFRS 9, there has been a review of the accounting treatment for these contracts since the year ended 31 March 2018. The Australian electricity PPAs are net settled with AEMO, therefore it has been concluded that the net payable to/receivable from the third party offtaker should be accounted for as a derivative financial instrument. As a result, the Group has determined the fair value of these agreements and recognised a derivative asset or liability at each reporting date. The Australian Large-scale Generation Certificates are settled directly with the counterparty and therefore the change in policy is only for the Australian electricity element of the PPAs. This change in accounting treatment has been reflected in both the current and comparative periods. This change is not applicable to the New Zealand PPAs as these are not net settled and the energy market is structured differently.

The Group has also identified that the relationship between the PPAs and the Group's exposure to fluctuating energy prices meets the criteria as a qualifying hedge relationship. On a prospective basis, the Group will apply hedge accounting to the Power Purchase Agreements (PPAs), entered into with third parties.

Note A9: Power purchase agreement adjustment (continued)

The Group has restated each of the affected financial statement line items for the prior year, as detailed below:

Impact on statement of financial position

31 March 2018	Previously reported	Adjustment	Restated
Derivative assets non-current	2,471	98,033	100,504
Property, plant and equipment	1,251,530	(80,917)	1,170,613
Total assets	**1,334,428**	**17,116**	**1,351,544**
Derivative liabilities current	264	14,028	14,292
Deferred liabilities non-current	5,469	-	5,469
Tax payable	2,044	-	2,044
Deferred tax liabilities	160,742	926	161,668
Total liabilities	**826,425**	**14,954**	**841,379**
Revaluation reserve	450,148	(58,803)	391,345
Retained earnings	65,317	60,965	126,282
Net impact on equity	**-**	**2,162**	**2,162**
31 March 2017	**Previously reported**	**Adjustment**	**Restated**
Derivative assets non-current	4,654	87,698	92,352
Property, plant and equipment	1,241,025	(58,942)	1,182,083
Total assets	**1,293,086**	**28,756**	**1,321,842**
Derivative liabilities current	1,448	25,063	26,511
Derivative liabilities non-current	7,666	3,693	11,359
Total liabilities	**773,658**	**28,756**	**802,414**
Revaluation reserve	450,148	(41,259)	408,889
Retained earnings	79,047	41,259	120,306
Net impact on equity	**-**	**-**	**-**

Impact on income statement increase/(decrease)

31 March 2018	000's
Depreciation	3,088
Net fair value gains on financial instruments	25,063
Income tax expense	(8,445)
Total impact profit after tax	**19,706**

Note A9: Power purchase agreement adjustment (continued)

Impact on other comprehensive income/(expense)

31 March 2018	000's
Revaluation losses on generation assets	(25,063)
Tax effect of revaluation losses on generation assets	7,519
Total other comprehensive expense	**(17,544)**

Impact on basic and diluted earnings per share (EPS) increase in EPS

31 March 2018	
Basic earnings per share (cents per share)	6.3
Diluted earnings per share (cents per share)	6.3

As the Group has not historically hedge accounted for the Australian PPAs, the initial recognition of the derivative value as at 31 March 2017 is required to be amortised through profit and loss over the life of the PPA. Any movements in the PPA derivative value after 1 April 2018 will be assessed for effectiveness and the effective portion taken through Other Comprehensive Income to the cash flow hedge reserve removing the ongoing volatility within the profit and loss.

Note A10: (a) Fair value gains/losses on financial instruments

The changes in the fair value of financial instruments recognised in the income statement for the financial year 31 March 2019 are summarised below:

Recognised in the income statement	2019 $000	2018 $000*
Interest rate swaps	15,569	(1,198)
Electricity derivatives	441	-
Australian purchase price agreements	(14,030)	(25,063)
	1,980	**(26,261)**

Recognised in the cash flow hedge reserve	2019 $000	2018 $000*
Interest rate swaps	25,190	-
Electricity derivatives	6,945	-
Australian purchase price agreements	(4,549)	-
	27,585	**-**

** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

Note A10: (a) Fair value gains/losses on financial instruments (continued)

Derivative financial instruments

	2019 $000	2018 $000*
Current assets		
Interest rate swaps	3	-
Electricity derivatives	286	-
	289	**-**
Current liabilities		
Interest rate swaps	5,672	264
Electricity derivatives	6,445	-
Australian purchase price agreements	7,677	14,028
	19,794	**14,292**
Non-current assets		
Interest rate swaps	-	2,471
Electricity derivatives	13	-
Australian purchase price agreements	113,307	98,033
	113,320	**100,504**
Non-current liabilities		
Interest rate swaps	38,523	5,469
Electricity derivatives	1,265	-
Australian purchase price agreements	3,022	-
	42,810	**5,469**

** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

Note A10: (b) Fair value measurements of financial instruments

(i) Liquidity risk

The tables below analyse Tilt Renewables financial liabilities excluding gross settled derivative financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the period end date. The amounts in the tables are contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000	Contractual cash flows total $000	Carrying amount (assets) / liabilities total $000
	$000	$000	$000	$000	$000	$000
As at 31 March 2019						
Interest rate swaps	-	2,390	3,351	40,541	46,282	44,195
Electricity derivatives	-	3,044	3,401	1,265	7,710	7,710
Australian purchase price agreements	1,478	4,092	2,342	5,017	12,929	10,699
Accounts payable and accruals	16,320	97	97	2,694	19,209	19,209
Finance lease	137	688	825	69,678	71,328	22,913
Secured loans	-	32,814	181,806	683,669	898,289	676,944
Total	**17,935**	**43,125**	**191,822**	**802,864**	**1,055,746**	**781,670**
As at 31 March 2018						
Interest rate swaps	-	100	164	5,469	5,733	5,733
Australian purchase price agreements	1,531	7,659	6,088	-	15,278	14,028
Accounts payable and accruals	15,473	81	98	2,837	18,489	18,489
Secured loans	-	30,095	31,544	825,662	887,301	643,415
Total	**17,004**	**37,935**	**37,893**	**833,968**	**926,800**	**681,665**

(ii) Interest rate risk

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 31 March 2019 was $481M (2018: $370M) of Australian and $86M (2018: $89M) of New Zealand principal amounts. These amounts include forward start interest rate swaps entered into to manage interest rate exposure relating to undrawn debt facilities that will be drawn to fund construction of the Dundonnell Wind Farm.

Interest payment transactions are expected to occur at various dates between one month and nine years from the end of the reporting period consistent with Tilt Renewables forecast total borrowings.

Note A10: (b) Fair value measurements of financial instruments (continued)

Sensitivity analysis

At 31 March 2019, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

	2019 $000	2018 $000
(Decrease) to profit of a 100 basis point decrease in interest rates	(12,708)	(11,875)
Increase to profit of a 100 basis point increase in interest rates	12,087	11,295
(Decrease) to equity of a 100 basis point decrease in interest rates	(30,251)	(11,875)
Increase to equity of a 100 basis point increase in interest rates	27,549	11,295

The above interest rate sensitivities would have an offsetting impact on the floating rate interest paid on borrowings.

Note A10: (c) Fair value measurements

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

(i) Valuation techniques used to determine fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- The fair value of other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- Forward price curve (as described below)
- Discount rates

Valuation Input	Source
• Interest rate forward price curve to value interest rate swaps • Discount rate for valuing interest rate derivatives • Discount rate for valuing forward foreign exchange contracts • Discount rate for valuing electricity price derivatives	• Published market swap rates • Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of Tilt Renewables for liabilities • Assumed counterparty cost of funds ranging from 3.3% to 4.1%

If the discount rate for valuing electricity price derivatives increased/decreased by 1% then the fair value of the electricity price derivatives would have decreased/increased by an immaterial amount.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See earlier in this note for sensitivity analysis.

Note A10: (c) Fair value measurements (continued)

NZ IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy which represents the level of judgement and estimation applied in valuing the instrument:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as priced) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

There were no transfers between Level 1, 2 and 3 assets or liabilities within the fair value hierarchy (March 2018: Nil).

The fair value for generation assets is disclosed in Note 4.

The following tables present Tilt Renewables financial assets and liabilities that are measured at fair value:

31 March 2019	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets per the statement of financial position				
Interest rate swaps	-	3	-	3
Electricity derivatives	-	299	-	299
Australian purchase price agreements	-	-	113,307	113,307
	-	**302**	**113,307**	**113,609**
Liabilities per the statement of financial position				
Interest rate swaps	-	44,195	-	44,195
Electricity derivatives	-	7,710	-	7,710
Australian purchase price agreements	-	-	10,699	10,699
	-	**51,905**	**10,699**	**62,604**

31 March 2018	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets per the statement of financial position				
Interest rate swaps	-	2,471	-	2,471
Australian purchase price agreements	-	-	98,033	98,033
	-	**2,471**	**98,033**	**100,504**
Liabilities per the statement of financial position				
Interest rate swaps	-	5,733	-	5,733
Australian purchase price agreements	-	-	14,028	14,028
	-	**5,733**	**14,028**	**19,761**

(ii) Fair value hierarchy

The fair value of derivative investments is recognised at Level 2 fair value for interest rate swaps and electricity forwards and Level 3 fair value for the Australian purchase price agreements. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 March 2019.

Note A10: (c) Fair value measurements (continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

(iii) Fair value measurements

The following table summarises the methods that are used to estimate the fair value of the Group's financial instruments:

Instrument	Fair value methodology
Financial instruments traded in active markets	Quoted market prices at reporting date
Long-term debt and other financial assets	Quoted market prices, dealer quotes for similar instruments, or present value of estimated future cash flows
Interest rate swaps	Present value of expected future cash flows of these instruments. Key variables include market pricing data, discount rates and credit risk of the Group or counterparty where relevant. Variables reflect those which would be used by market participants to execute and value the instruments
Structured electricity forwards which are not regularly traded and with no observable market price	The valuation models for long-term electricity derivatives reflect the fair value of the avoided costs of construction of the physical assets which would be required to achieve an equivalent risk management outcome for the Group. The methodology takes into account all relevant variables including forward commodity prices, physical generation plant variables, the risk-free discount rate and related credit adjustments, and asset lives. The valuation models for short-term electricity derivatives include premiums for lack of volume in the market relative to the size of the instruments being valued
Australian Purchase price agreement derivatives	The discounted cash flow methodology reflects the difference in the contract price and long term forecast electricity pool prices which are not observable in the market. The valuation also requires estimation of forecast electricity volumes, the risk-free discount rate and related credit adjustments

(iv) Valuation inputs and relationships to fair value

The following is a summary of the main inputs and assumptions used by the Group in measuring the fair value of Level 3 financial instruments.

Discount rates: Based on observable market rates for risk-free instruments of the appropriate term.

Credit adjustments: Applied to the discount rate depending on the asset/liability position of a financial instrument to reflect the risk of default by either the Group or a specific counterparty. Where a counterparty specific credit curve is not observable, an estimated curve is applied that takes into consideration the credit rating of the counterparty and its industry.

Note A10: (c) Fair value measurements (continued)

Forward commodity prices: Including both observable external market data and internally derived forecast data. For certain long term electricity derivatives, internally derived forecast spot pool prices and renewable energy certificate prices are applied as market prices are not readily observable for the corresponding term.

Generation volumes: Forecast generation volumes over the life of the instrument based on historical actuals.

Liquidity premiums: Applied to allow for the lack of volume in the market relative to the size of the instruments being valued.

Strike premiums: Applied to allow for instances where instruments have different strike prices to those associated with instruments that have observable market prices.

The use of different methodologies or assumptions could lead to different measurements of fair value.
For Level 3 fair value measurements, a sensitivity analysis around the key unobservable inputs is given in the table below:

Assumption	Low	High	Valuation Impact
Impact on the statement of financial position 31 March 2019			**AUD $000**
Forward electricity price path	10% increase in future electricity pricing	10% reduction in future electricity pricing	-$44,558 / +$44,558
Generation volume	10% reduction in future production	10% increase in future production	-$10,261 / +$10,261
Discount rate post tax	7.75%	6.75%	-$5,142 / +$5,475

Note A11: Investments in subsidiaries

	Parent and Group	Country of incorporation and place of business	% Owned by Tilt Renewables Ltd 2019	2018	Nature of business
Significant subsidiaries (31 March balance dates)					
#	Tilt Renewables Australia Pty Ltd	Australia	100	100	Holding company
# ^	Tilt Renewables Financing Partnership	Australia	100	100	Financial services
#	Tilt Renewables Market Services Pty Ltd	Australia	100	100	Financial services
#	Tilt Renewables Investments Pty Ltd	Australia	100	100	Financial services
#	Snowtown South Wind Farm Pty Ltd	Australia	100	100	Electricity generation
#	Snowtown Wind Farm Pty Ltd	Australia	100	100	Electricity generation
#	Snowtown Wind Farm Stage 2 Pty Ltd	Australia	100	100	Electricity generation
#	Blayney and Crookwell Wind Farm Pty Ltd	Australia	100	100	Electricity generation
#	Tararua Wind Power Limited	New Zealand	100	100	Electricity generation and development
#	Church Lane Wind Farm Pty Ltd	Australia	100	100	Generation development
#	Dundonnell Wind Farm Pty Ltd	Australia	100	100	Generation development
#	Salt Creek Wind Farm Pty Ltd	Australia	100	100	Generation development
#	Wingeel Wind Farm Pty Ltd	Australia	100	100	Generation development
#	Waddi Wind Farm Pty Ltd	Australia	100	100	Generation development
#	Rye Park Renewable Energy Pty Ltd	Australia	100	100	Generation development
#	Nebo 1 Pty Ltd	Australia	100	100	Generation development
#	Dysart 1 Pty Ltd	Australia	100	100	Generation development
	Snowtown North Solar Pty Ltd	Australia	100	100	Generation development
	Liverpool Range Wind Farm Pty Ltd – acquired 7 March 2019	Australia	100	-	Generation development
	Waverley Wind Farm Limited – incorporated 5 July 2018	New Zealand	100	-	Generation development

 # Entered into a Deed of Cross Guarantee with Tilt Renewables Limited removing the requirement for the preparation of separate financial statements where preparation of a separate financial statement is required (refer to Note A12).

^ On 31 March 2017, Tilt Renewables Limited transferred its Limited Partner interest in the Tilt Renewables Financing Partnership to Tilt Renewables Investments Pty Ltd.

Except as noted under Note 10, there are no other guarantees or restrictions that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the Group.

Note A12: Deed of cross guarantee

A Deed of Cross Guarantee was entered into on 31 March 2017.

Note A11 outlines the entities that are parties to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed.

The following entities are not included in the Deed of Cross Guarantee:

- Snowtown North Solar Pty Ltd
- Liverpool Range Wind Farm Pty Ltd – incorporated 14 December 2018
- Waverley Wind Farm Limited – incorporated 5 July 2018

No consolidated income statement or statement of financial position has been prepared for the legal entities which are parties to the Deed of Cross Guarantee as all excluded legal entities are shell companies in nature.

Note A13: Reconciliation of net cash from operating activities with profit after tax attributable to the shareholders

	2019 $000	2018 $000*
Profit after tax	**12,179**	**16,931**
Items classified as investing/financing		
Interest paid	28,594	30,506
Interest received	(1,261)	(1,069)
	27,333	**29,437**
Non-cash items		
Amortisation of intangible assets	-	48
Depreciation	83,568	77,058
Share based staff remuneration	377	89
Movement in derivative financial instruments taken to the income statement	1,980	(26,261)
Increase/(decrease) in deferred tax liability excluding transfers to reserves	(5,377)	1,253
Payments to suppliers and employees taken to the balance sheet	(4,791)	-
	75,757	**52,188**
(Decrease)/increase in working capital		
Accounts receivable and prepayments	(561)	(14,087)
Taxation payable/receivable	(2,697)	(5,253)
Accounts payable, accruals excluding capital expenditure accruals	353	6,722
	(2,905)	**(12,618)**
Net cash from operating activities	**112,364**	**85,937**

** Certain 2018 amounts have been restated to reflect adjustments relating to Note A9.*

Note A14: Employee share based compensation

Members of Tilt Renewables senior executive team and certain other employees (together defined as key management personnel) are eligible to participate in the Performance Rights Plan. The scheme was implemented on 3 February 2017 where, each performance right entitles the participants to have one fully paid share in Tilt Renewables transferred or issued to the participant, subject to the satisfaction of the applicable performance conditions and the terms and conditions of the plan.

	2019 # of rights	2018 # of rights
Number of performance rights		
Outstanding at the beginning of the year	819,476	-
Granted during the period	614,577	1,519,463
Forfeited during the period	(102,647)	(699,987)
Exercised during the period	-	-
Outstanding at the end of the year	**1,331,406**	**819,476**

	2019 $000	2018 $000
Share based payments	377	89

Note A15: Property, plant and equipment at historical cost

If all property, plant and equipment assets were stated on an historical cost basis, the amounts would be as follows:

	2019 $000	2018 $000
Property, plant and equipment (at cost)	1,158,411	1,030,914
Property, plant and equipment accumulated depreciation	(438,416)	(377,096)
	719,995	**653,818**

Note A16: Supplementary accounting information

A16.1 Cash flow statement

The following are the definitions used in the cash flow statement:

- Cash is considered to be cash on hand and deposits held at call with banks, net of bank overdrafts
- Operating activities include all activities that are not investing or financing activities
- Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangible assets and investments in subsidiaries
- Financing activities are those activities, which result in changes in the size and composition of the capital structure of the Group. This includes both equity and deb not falling within the definition of cash
- Dividends paid in relation to the capital structure are included in financing activities

A16.2 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian currency units (AUD), which is Tilt Renewables functional and presentation currency.

A16.3 Adoption status of relevant new financial reporting standards and interpretations

The following new standards have been issued but are not yet effective:

NZ IFRS 16 Leases	NZ IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases, for the lessee, effectively treating all leases as finance leases. Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The Group has $61.5M of operating lease commitments as at 31 March 2019 which are not currently shown in the balance sheet.

There are no other NZ IFRSs or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on Tilt Renewables.

STATUTORY INFORMATION

Interests register

Tilt Renewables is required to maintain an Interests Register in which certain transactions and matters involving the Directors must be recorded. The interests set out below were recorded in the Interests Register during the financial year.

General notice of interests by Directors

Pursuant to sections 140 and 211(e) of the Companies Act 1993, the general disclosures of interest made during the accounting period by Directors of the company and its subsidiaries are listed below:

	Company/ Organisation	Nature/Extent of Interest	Country of Directorship
Bruce Harker	Tilt Renewables Limited	Director	New Zealand
	IKEGPS Group Limited	Director	New Zealand
	Tararua Wind Power Limited	Director	New Zealand
	Waverley Wind Farm Limited	Director	New Zealand
Paul Newfield	Tilt Renewables Limited	Director	New Zealand
	H.R.L. Morrison & Co. Private Markets Pty Ltd	Director	Australia
	H.R.L. Morrison & Co. (Australia) Pty Ltd	Director	Australia
	Morrison & Co. Funds Management (Australia) Pty Limited	Director	Australia
	Morrison & Co. Services (Australia) Pty Ltd	Director	Australia
	Morrison & Co. Infrastructure Management (Australia) (AUSTRALIA) Pty Limited	Director	Australia
	Morrison & Co. Growth Infrastructure Investments No. 1 PTY LTD	Director	Australia
	Morrison & Co. Utilities Management Pty Ltd	Director	Australia
Fiona Oliver	Tilt Renewables Limited	Director	New Zealand
	Tararua Wind Power Limited	Director	New Zealand
	Waverley Wind Farm Limited	Director	New Zealand
	BNZ Life Insurance Limited	Director	New Zealand
	BNZ Insurance Services Limited	Director	New Zealand
	National Wealth Management Holdings Limited	Director	New Zealand
	Inland Revenue Risk & Assurance Committee	Committee Member	New Zealand
	Public Trust	Director	New Zealand
	Wynyard Group Limited (in liquidation)	Director	New Zealand
	Gentrack Group Limited	Director	New Zealand
Vimal Vallabh	Tilt Renewables Limited	Director	New Zealand
	Infratil U.S. Renewables, Inc.	Director	United States
	Longroad Energy Holdings, LLC	Management Board Member	United States

Geoffrey Swier	Tilt Renewables Limited	Director	New Zealand
	Blayney & Crookwell Windfarm Pty Ltd	Director	Australia
	Church Lane Wind Farm	Director	Australia
	Dundonnell Wind Farm Pty Ltd	Director	Australia
	Dysart 1 Pty Ltd	Director	Australia
	Health Purchasing Victoria	Board Member	Australia
	Liverpool Range Wind Farm Pty Ltd	Director	Australia
	Nebo 1 Pty Ltd	Director	Australia
	Rye Park Renewables Energy Pty Ltd	Director	Australia
	Salt Creek Wind Farm Pty Ltd	Director	Australia
	Snowtown North Solar Pty Ltd	Director	Australia
	Snowtown South Wind Farm P Pty Ltd	Director	Australia
	Snowtown Wind Farm Pty Ltd	Director	Australia
	Snowtown Wind Farm Stage 2 Pty Ltd	Director	Australia
	Tilt Renewables Australia Pty Ltd	Director	Australia
	Tilt Renewables Investments Pty Ltd	Director	Australia
	Tilt Renewables Market Services Pty Ltd	Director	Australia
	Trustpower Limited	Director	New Zealand
	Waddi Wind Farm Pty Ltd	Director	Australia
	Western Downs Solar Project Pty Ltd	Director	Australia
	Wingeel Wind Farm Pty Ltd	Director	Australia
Phillip Strachan	Tilt Renewables Limited	Director	New Zealand
	Great Barrier Reef Foundation	Director	Australia
	Landside Nominees Pty Ltd	Director/Secretary	Australia
	Teal Capital Pty Ltd	Director/Secretary	Australia
	University of Sunshine Coast	Member of Audit Committee	Australia
Anne Urlwin	Tilt Renewables Limited	Director	New Zealand
	Chorus Limited	Director	New Zealand
	Chorus New Zealand Limited	Director	New Zealand
	City Rail Link Limited	Director	New Zealand
	Maigold Holdings Limited	Director	New Zealand
	Onepath Life (NZ) Limited	Director	New Zealand
	Southern Response Earth Quake Services Limited	Director	New Zealand
	Steel & Tube Holdings Limited	Director	New Zealand
	Summerset Group Holdings Limited	Director	New Zealand
	Tararua Wind Power Limited	Director	New Zealand
	Urlwin Associates Limited	Director	New Zealand
	Waverley Wind Farm Limited	Director	New Zealand

Use of information by Directors

During the financial year, there were no notices from Directors of the Company, or its subsidiary companies, requesting to disclose or use Company information received in their capacity as Directors of the Company or its subsidiary companies which would not otherwise have been available to them.

Subsidiary Company Directors

The Directors of Tilt Renewables Limited subsidiaries as at 31 March 2019 are as follows:

	Company	Country of Directorship
Bruce Harker	Tararua Wind Power Limited	New Zealand
	Waverley Wind Farm Limited	New Zealand
Fiona Oliver	Tararua Wind Power Limited	New Zealand
	Waverley Wind Farm Limited	New Zealand
Geoffrey Swier	Tilt Renewables Australia Pty Ltd	Australia
	Tilt Renewables Investments Pty Ltd	Australia
	Tilt Renewables Market Services Pty Ltd	Australia
	Blayney & Crookwell Windfarm Pty Ltd	Australia
	Church Lane Wind Farm Pty Ltd	Australia
	Dundonnell Wind Farm Pty Ltd	Australia
	Dysart 1 Pty Ltd	Australia
	Liverpool Range Wind Farm Pty Ltd	Australia
	Nebo 1 Pty Ltd	Australia
	Rye Park Renewables Energy Pty Ltd	Australia
	Salt Creek Wind Farm Pty Ltd	Australia
	Snowtown North Solar Pty Ltd	Australia
	Snowtown South Wind Farm Pty Ltd	Australia
	Snowtown Wind Farm Pty Ltd	Australia
	Snowtown Wind Farm Stage 2 Pty Ltd	Australia
	Waddi Wind Farm Pty Ltd	Australia
	Western Downs Solar Project Pty Ltd	Australia
	Wingeel Wind Farm Pty Ltd	Australia
Anne Urlwin	Tararua Wind Power Limited	New Zealand
	Waverley Wind Farm Limited	New Zealand

Deion Campbell	Tilt Renewables Australia Pty Ltd	Australia
	Tilt Renewables Investments Pty Ltd	Australia
	Tilt Renewables Market Services Pty Ltd	Australia
	Blayney & Crookwell Windfarm Pty Ltd	Australia
	Church Lane Wind Farm Pty Ltd	Australia
	Dundonnell Wind Farm Pty Ltd	Australia
	Dysart 1 Pty Ltd	Australia
	Liverpool Range Wind Farm Pty Ltd	Australia
	Nebo 1 Pty Ltd	Australia
	Rye Park Renewables Energy Pty Ltd	Australia
	Salt Creek Wind Farm Pty Ltd	Australia
	Snowtown North Solar Pty Ltd	Australia
	Snowtown South Wind Farm Pty Ltd	Australia
	Snowtown Wind Farm Pty Ltd	Australia
	Snowtown Wind Farm Stage 2 Pty Ltd	Australia
	Waddi Wind Farm Pty Ltd	Australia
	Western Downs Solar Project Pty Ltd	Australia
	Wingeel Wind Farm Pty Ltd	Australia

The remuneration and other benefits received by employees acting as Directors of subsidiaries during the financial years is disclosed in the relevant bandings for employee remuneration. No remuneration has been paid to Directors of Tilt Renewables Limited who act as Directors of its subsidiaries.

General notice of interests by Directors of subsidiary companies

Director	Interest	Entity
Bruce Harker*		
Fiona Oliver*		
Geoffrey Swier*		
Anne Urlwin*		
Deion Campbell	Chief Executive Officer	Tilt Renewables Limited

**Refer general notice of interest of Directors*

Use of information by Directors of subsidiaries

During the financial year, there were no notices from Directors of subsidiary companies requesting to disclose or use of Company information received in their capacity as Directors of the subsidiary companies which would not otherwise have been available to them.

Directors transactions and relevant interest in securities in the Company

The relevant interests of Directors in securities of Tilt Renewables as at 31 March 2019 are listed below, together with transactions by Directors in securities of the company during the year:

Directors	Number Held at 31 March 2018	Number Acquired / (Disposed)	Number Held at 31 March 2019	Class of Security
BJ and JS Harker Trust (beneficial)	77,946	38,973	116,919	Ordinary
Belly Gully Trustee Company Limited – beneficially for Bruce Harker	65,167	100,230	165,397	Ordinary
Belly Gully Trustee Company Limited – beneficially for Paul Newfield	29,153	46,374	75,527	Ordinary
Bella Vista Trust – Fiona Oliver	29,153	46,375	75,528	Ordinary
Bosisto Trust – Philip Strachan	29,153	46,375	75,528	Ordinary
Maclagen Pty Ltd as Trustee of the Swier Family trust (beneficial)	92,999	78,298	171,297	Ordinary
Belly Gully Trustee Company Limited – beneficially for Vimal Vallabh	29,153	46,374	75,527	Ordinary
Maigold Holdings Ltd – beneficially for Anne Urlwin	-	21,355	21,355	Ordinary

The number of shares acquired by the Directors throughout the year was in accordance with the Director's share plan, which require that 50% of the Director's base fees are used to acquire shares on market. The shares are acquired each month by Forsyth Barr on behalf of the Directors. In addition, all Directors participated in the Tilt Renewables Retail Entitlement Offer in March 2018, purchasing their respective full entitlements to additional shares.

Other interests

Anne Urlwin was appointed as a director on 15 June 2018. At this time she entered into a deed of indemnity with Tilt Renewables.

Stock exchange listing

The Company's shares are listed on both the NZX and ASX.

Current credit rating status

Tilt Renewables does not currently have an external credit rating.

Defined share buyback programme

Tilt Renewables does not currently have a share buyback programme.

Current NZX waivers

As part of its expectation to transition to the new NZX Listing Rules on 30 Jun 2019, Tilt Renewables has requested that NZX re-document the following existing waiver and existing ruling to have continuing effect after the transition date:

NZX ruling 10 August 2016

On 10 August 2016, NZX granted the Company a ruling on NZX Listing Rule 5.2.3 in relation to the proposed demerger of Trustpower Limited. NZX Listing Rule 5.2.3 states a class of securities will generally not be considered for quotation unless those securities meet certain spread requirements, or NZX is otherwise satisfied that the issuer will maintain a spread of security holders which is sufficient to ensure a sufficient liquid market in the class of securities.

The effect of the ruling on NZX Listing Rule 5.2.3 is that, despite not meeting certain spread requirements imposed by NZX Listing Rule 5.2.3, the Group's ordinary shares are able to be quoted on the NZX Main Board. The ruling on NZX Listing Rule 5.2.3 was granted on certain conditions, including that the ruling and its implications are disclosed in the Group's annual report for any period during which the ruling was relied upon.

NZX waiver 1 May 2017

On 1 May 2017, NZX granted the Company a waiver from NZX Listing Rule 7.6.4(a) in relation to the fixed trading plan ('Plan') established for the Directors of the Company. The waiver was granted to the extent that this Rule would otherwise prevent the Company from providing financial assistance to a trustee holding shares on trust for certain Directors participating in the Plan. The NZX Listing Rules prohibit an issuer from giving financial assistance to any Director of the issuer, associated person of a Director of the issuer, or employee of the issuer for the purposes of acquiring shares unless an ordinary resolution of shareholders approving the giving of the financial assistance is obtained every 12 months.

Participation in the Plan was mandatory for all Directors. Some Directors participating in the plan were considered "associated persons" of Infratil Limited ('relevant directors'), a company then controlling 51.04% of the Company's shares, therefore their shares acquired under the Plan had to be held on trust and managed by a trustee, so the relevant Director neither held nor controlled them. Other Directors participating in the Plan were able to hold their shares personally ('non-interested directors').

The waiver from NZX Listing Rule 7.6.4(a) was granted on the conditions that:

1. the non-interested directors of the Company certified to NZX that:
   a. the arrangements between the trustee, the Company and each relevant director were entered into and negotiated on an arm's length commercial basis; and
   b. in their opinion, entry into the arrangements was fair and reasonable to, and in the best interests of, the Company and its shareholders not associated with the relevant directors;
2. should the Company pay any fees to the trustee in connection with the Plan:
   a. the non-interested directors of the Company certify to NZX that:
      i. the fee arrangement is entered into and negotiated on an arm's length commercial basis; and
      ii. in their opinion, the fees paid are fair and reasonable to, and in the best interests of, Tilt Renewables and its shareholders not associated with the relevant directors; and
   b. the Company discloses to the market any fees paid to the trustee by the Company in connection with the Plan;
3. should there be an amendment to the financial assistance provided in connection with the Plan:
   a. the non-interested directors of the Company certify to NZX that:
      i. the amended financial assistance arrangement is entered into and negotiated on an arm's length commercial basis; and
      ii. the amended financial assistance arrangement is fair and reasonable to, and in the best interests of, the Company and its shareholders not associated with the relevant directors; and
   b. the Company discloses to the market any amendment to the financial assistance arrangement in connection with the Plan; and
4. the key terms of the Plan and the arrangements to be entered into were disclosed to the market when the Plan was established.

The waiver from NZX Listing Rule 7.6.4(a) was granted on the further condition that the waiver, its conditions and the implications of the waiver, are disclosed in the Group's annual reports during the term of the Plan. The effect of the waiver from NZX Listing Rule 7.6.4(a) is that the Company can provide financial assistance to the trustee for the purposes of acquiring shares for the relevant directors, without requiring an ordinary resolution of shareholders every 12 months as imposed by NZX Listing Rules 7.6.5 and 7.6.6.

In accordance with the above, Tilt Renewables relies on **NZX's class ruling dated 19 November 2018**

On 19 November 2018, NZX granted a class ruling to all issuers transitioning to the new Listing Rules. Waivers granted prior to 1 January 2019 will continue to have effect from a transitioning issuers' transition dates to 30 June 2020, in respect of the application of such waivers and/or rulings to the comparable new NZX Listing Rule. During this transitional period, NZX Regulation will re-document the grandfathered waivers to reflect updated Listing Rule references and language. Re-documented waivers will then continue to apply after 30 June 2020.

The effect of this ruling is that the waiver and the ruling mentioned above will continue to have effect after Tilt Renewables transitions to the new Listing Rules, and NZX Regulation will then re-document the waiver and ruling to reflect updated Listing Rule references and language. Tilt Renewables will, therefore, be able to continue rely on the waiver and the ruling.

SECURITY HOLDER INFORMATION

Tilt Renewables' register of substantial product holders, prepared in accordance with Section 293 of the Financial Markets Conduct Act 2013, recorded the following information as at 16 May 2019.

As at 31 March 2019, Tilt Renewables Limited had 469,459,686 ordinary shares on issues and the Group received the following substantial product holder notices.

Security Holder	Class of Security	Number
Infratil Limited	Ordinary Shares	306,747,287
Mercury NZ Limited	Ordinary Shares	93,844,953

As at 16 May, a further 601,599 shares were issued in accordance with the Employee Share Plan and Development Business Incentive resulting in the total number of shares on issue from this date being 470,061,285.

Analysis of Shareholders – as at 16 May 2019

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
1 to 1,000	1,408	17.4	858,259	0.18
1,001 to 5,000	5,815	71.88	13,525,599	2.88
5,001 to 10,000	527	6.51	3,652,470	0.78
10,001 to 100,000	309	3.82	7,282,924	1.55
100,001 to 499,999	20	0.25	4,272,661	0.91
500,000 to 999,999	2	0.03	1,581,458	0.33
1,000,000 to 9,999,999,999,999	9	0.11	438,887,914	93.37
Total	**8,090**	**100.00**	**470,061,285**	**100.00**

Summary of Shareholder Location – as at 16 May 2019

Country/Region	Holders	Holder %	Holding	Holding %
New Zealand	7,821	96.66	467,336,094	99.42
Australia	194	2.4	2,505,449	0.54
U.S.A.	19	0.23	36,183	0.01
United Kingdom	20	0.25	26,984	0.01
Other	36	0.4	156,575	0.02

Top 20 Shareholders – as at 16 May 2019

Rank	Registered Name	Holding Balance	Percentage
1	Infratil 2018 Limited	306,747,287	65.25
2	Mercury NZ Limited	93,844,953	19.96
3	Accident Compensation Corporation*	10,384,606	2.2
4	Tea Custodians Limited Client Property Trust Account*	7,919,556	1.68
5	New Zealand Permanent Trustees Limited*	5,969,590	1.26
6	Generate Kiwisaver Public Trust Nominees Limited*	4,609,295	0.98
7	Custodial Services Limited	4,530,016	0.96
8	FNZ Custodians Limited	3,620,396	0.77
9	Citibank Nominees (New Zealand) Limited*	1,262,215	0.26
10	Forsyth Barr Custodians Limited	979,859	0.2
11	CPU Share Plans Pty Limited	601,599	0.12
12	JBWere (NZ) Nominees Limited	499,405	0.1
13	FNZ Custodians Limited	450,025	0.09
14	Public Trust Class 10 Nominees Limited*	366,905	0.07
15	Investment Custodial Services Limited	300,000	0.06
16	Custodial Services Limited	277,232	0.05
17	JPMorgan Chase Bank NA NZ Branch-Segregated Clients ACCT*	227,672	0.04
18	Custodial Services Limited	219,936	0.04
19	Graeme Davide Liddell & Jacqueline Margaret Liddell	195,000	0.04
20	Custodial Services Limited	178,010	0.03

**These names are registered in the name of New Zealand Central Securities Depository Limited.*

DIRECTORY

Board of Directors

Bruce Harker
Paul Newfield
Fiona Oliver
Phillip Strachan
Geoffrey Swier
Anne Urlwin
Vimal Vallabh

Registered Office

c/- Russell McVeagh
Level 30 Vero Centre
48 Shortland Street
Auckland 1010

Postal Address

PO Box 16080
Collins Street West
Melbourne
Victoria 8007

Website

www.tiltrenewables.com

Email Address

info@tiltrenewables.com

Auditors

PricewaterhouseCoopers
Level 19/2 Riverside Quay
Southbank
Victoria 3006

Share Registrar

Computershare Investor Services Limited
159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142
Telephone: +64 (9) 488 8700
Facsimile: +64 (9) 488 8787

Shareholders with enquiries about transactions, change of address or dividend payments should contact the Share Registrar.

Stock Exchange Listing

New Zealand Exchange Limited
Level 2 NZX Centre
11 Cable Street
Wellington 6011
ASX Limited
20 Bridge Street
Sydney NSW 2000

Calendar

Annual General Meeting 21 August 2019
2.00pm
James Cook Hotel Grand Chancellor
147 The Terrace
Wellington 6011

Left: Mahinerangi Wind Farm, New Zealand


HARNESSING THE WINDS OF CHANGE
SUPPORTING OUR COMMUNITIES
WE DO WHAT WE SAY WE WILL
WE DO WHAT WE SAY WE WILL
GROWING ASSETS FOR GOOD
HARNESSING THE WINDS OF CHANGE
SUPPORTING OUR COMMUNITIES
WE ARE GEN TILT
CAPACITY TO MAKE CHANGE


WE ARE
HARNESSING
THE WINDS OF
CHANGE
HARNESSING
PEOPLE
POWER
GEARING UP
TO MAKE A
DIFFERENCE
WE DO
PART OF OUR
LANDSCAPE
WE DO
GEARING UP
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THE WINDS OF
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