SHAREHOLDERS ANNUAL MEETING

29 November 2016

Annual Meeting Script

Chairman's welcome

Good morning shareholders. It is my pleasure to welcome you all to the 2016 Annual Meeting of NZ Windfarms Limited

In accordance with the Company's constitution, a quorum for a meeting of Shareholders is 10 security holders present in person or by proxy.

I am able to declare that a quorum is present and so declare the 2016 Annual Meeting of Shareholders of NZ Windfarms Limited open.

For the record, would shareholders please give their name when speaking to a motion or under general business.

In addition to specific discussion and questioning on the Resolutions and Annual Report and Financial Statements, there will be an opportunity at the end of the meeting for shareholders to ask questions on general matters relating to NZ Windfarms.

1. Introduce Board Members and Executive Management

It is with pleasure that I introduce my fellow directors at the top table with me.

Stuart Bauld, who is acting as CEO until a new appointment to the position can be made.

Sean Joyce

We also have with us:

Our Financial Administrator, Ali Angove

We also have present Peter Gulliver, representing Deloitte, our auditor for the 2016 financial year.

2. Notice of Meeting

All shareholders and the auditor of the Company have been sent a copy of the Notice of Meeting, and Shareholders who have requested it will have received a copy of the 2016 Annual Report.

3. Proxies

As Chairman of the meeting and shareholder I hold 170,222,673 proxies which represents just over 59% of the shares.

4. Apologies

I have received no apologies.

Are there any apologies from the floor?

5. Chairman's address

Before commencing the formal section of this meeting I would like to comment on the key features of the year to 30 June 2016 as published in the Annual Report and update shareholders on progress since that date.

INTRODUCTION

There has been significant change in the governance of NWF in the last year. The board is fully refreshed and will be added to later in this meeting. Since the appointment of Stuart

Bauld and myself to the board we have pursued a vigorous policy of review of all aspects of NWF's structure and performance.

Simon Mackenzie resigned from the Board on 25 October 2016. This reduced the number of Directors below the minimum required in the constitution and under the NZX listing rules. To ensure we remained compliant and could continue to make the decisions necessary to operate the business effectively, Sean Joyce was appointed by the remaining Directors on a temporary basis until the Annual Meeting. His appointment will cease after the meeting.

On the generation side our staff met their target of 130 GWH on a rolling basis for the12 months – well done to our wind smiths and engineering staff for this performance.

On the cost side we have undertaken an aggressive review of all costs both financial and administrative focused on lifting shareholder value. If one assumes a multiple of 10, every dollar we save adds 10 dollars to shareholder value.

We have streamlined the management of the Company by amalgamating the CEO and CFO roles and the new Commercial Director will be appointed early in the New Year. The total savings arising from these actions are expected to generate annual savings of several hundred thousand dollars. I am pleased to tell shareholders that substantial progress has been made already in the restructure.

NWF is a Manawatu business and we will be run from where we make your money; firmly in the Manawatu

Thank you to the Palmerston North City Council (PNCC) for their support in arranging this AGM as we come back home. I am sure as key stakeholders in NWF we can now work with the Council to build a great local business.

Many of our regulatory challenges are now behind us, however there still remains a PNCC plan review and a S128 of the Resource Management Act review. I am heartened by the cooperative stance by the PNCC which has led to a Memorandum of Understanding (MOU) to address the RMA S128 review and I have no doubt we will achieve a pragmatic outcome to the PNCC plan review through the appeal process in the Environment Court.

Our stakeholder councils and we are in this together - the Manawatu needs good jobs for its people and greener sources of energy to power its future development.

Looking to the future I was disappointed on my board election as Chairman in June this year to find no active process in place to move us from being a "price taker" with all that implies to shareholder value, to an entity which actively manages its revenue. Without performance targets and effective governance we won't know where we are, where we are going and when we arrive.

Be clear shareholders both these things will change. In the next four months the directors will establish a strategic direction and will install a performance management system to ensure we are heading in the right direction. We must take control of our future. We must maximise shareholders value. NWF is moving in a positive direction. As we address these challenges our objective along with the strategic direction and performance management will be targeted on creating the conditions for a maiden dividend I and the board look forward to real value growth in the coming 12 months.

You will have noted from the notice of meeting that a share option plan is being proposed for senior staff and Independent Directors. These options are exercisable at prices around twice the current share price so will provide no benefit to holders unless shareholder value increases significantly.

PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

Our performance for the year ended 30 June 2016 is well covered in the Annual Report.

In summary, NZ Windfarms made positive progress in key areas in the 2016 financial year, but a significant fall in electricity prices in the second half and the requirement for a further impairment of the Company's assets resulted in a loss being recorded for the year.

ELECTRICITY REVENUE

Electricity generation was 129.6 GWh, a 5.4 percent increase over the 123.0 GWh recorded in the previous year. The implied improvement in efficiency can be explained partly by a 1 percent increase in the amount of wind from the west, which is the optimum direction for the wind farm to operate at maximum efficiency

The increase in output was more than offset by an 11 percent decrease in wholesale electricity prices received, resulting in a 6.3 per cent fall in revenue. Lower spot electricity prices resulted from continued surplus capacity, above average hydrology (lake storage levels) particularly later in the year and sluggish demand in the autumn and winter months of 2016.

OPERATIONAL PERFORMANCE

Maintenance expenditure continued to fall, reflecting the Company's ongoing program of installing enduring solutions to the technical failures suffered and reflect operational improvements as our knowledge of the WF500 turbine fleet grows. Average availability for the year was 96.2 percent, consistent with the 96.5 percent recorded for the previous year. This represents an excellent operating performance reflecting the increase in wind resource and the ongoing program to refurbish gearboxes, among other components. This result is a credit to the professionalism of our operational staff. The improvement in reliability has been achieved through technical innovation and the continued development of a robust planned maintenance program to protect the turbines.

FINANCIAL PERFORMANCE

The key drivers of revenue from the wind farm are the wind resource received at the site and the wholesale electricity price, which are both subject to natural variability and beyond NZ Windfarms' control. Electricity sales for the year totalled $7,174,000, a 6.3 percent decrease over the $7,657,000 recorded in 2015. This reflected a decline in the average wholesale electricity price received from $62.26 per megawatt hour (MWh) in 2015 to $55.37 per MWh in the 2016 year, which more than offset the increase in output.

As a result of the settlement with Windflow Technology all warranty income payments ceased from the beginning of the year. This reduction in income was offset by a one-off non-taxable revenue receipt of $1,000,000 and the inclusion of $11,000 in other revenue, representing the valuation of the convertible notes issued by Windflow Technology as at 30 June 2016.

Direct maintenance, operating costs and indirect overhead costs all reduced in comparison with 2015 as a result of our ongoing performance improvement program.

We have investigated the potential to refinance the two leases that finance the on-site reticulation lines and the pair of transmission lines that transport the electricity generated from Te Rere Hau to the nearby grid injection point. At this time, Powerco Limited has declined to allow early termination of the leases, but we will continue to pursue this avenue.

Profit before depreciation, impairment, amortisation and tax was $1,755,000 for the year, which is 21.7 percent lower than the $2,241,000 recorded for the 2015 year. An increase in cash and deposits of $582,000 was recorded, as opposed to a $399,000 reduction in the 2015 year.

No impairment adjustment was required to the fair value of the Company in 2015; however an impairment of $4,900,000 has been included in the accounts for the 2016 year. The impairment is caused by an expected $9,500,000 reduction in modelled revenue resulting from a lowering of the long-term wholesale price indicator index, published periodically by the Ministry of Business, Innovation and Employment. This index is used to establish the projected medium-to-long-term prices in the impairment model. The reduction in discounted projected revenue was partially offset by net increases in value in the other assumptions underpinning the model. Further details of the reasons for the adjustment are included in the notes to the accounts. The directors will however, continue to review the impairment made to ensure it accurately reflects the real financial position.

The overall result for the year is a loss after tax of $3,979,000 compared with a loss of $159,000 in 2015.

CAPITAL MANAGEMENT

NZ Windfarms' intended dividend policy as articulated in the April 2010 Investment Statement and Prospectus has not changed. The Company is presently required to maintain $6,500,000 on deposit with the Bank of New Zealand as security for the guarantee the bank provides in favour of Powerco in respect of the lease on electrical infrastructure on the wind farm. The remaining cash held by the Company is required for working capital and for contingencies such as a period of low wholesale prices, future costs associated with consenting issues or unexpected equipment failures. The Directors believe, therefore, that it remains prudent to hold the present cash funds on the balance sheet and the Board has resolved that no dividend will be declared for the 2016 year. However based on the results from the financial and organisational reviews and through exploring alternative options for providing the Powerco guarantee the Directors are considering the possibility of declaring an interim dividend in the 2017 fiscal year.

Thank you.

6. CEO address

I will now ask our acting CEO, Stuart Bauld, to address the meeting and provide an operations overview of the Te Rere Hau wind farm

.... Thank you Stuart.