

NZX Announcement

18 May 2016

For Immediate Release

FURTHER INFORMATION ON REQUESTS FOR SPECIAL MEETING OF SHAREHOLDERS

NZ Windfarms ("NWF") recently made two NZX announcements relating to requests for a Special Meeting of shareholders on 2 May and 10 May 2016.

The parties that raised the requests have withdrawn those requests and a Special Meeting will no longer be required.

The board have agreed to undertake an independent review of organisational costs and the balance sheet whilst noting significant improvements have already been made in the effective and efficient management of the wind farm. The recently constituted Board are focusing on operational improvements and cost savings.

Key achievements since the farm commenced full operation in July 2011 are:

- Production has increased to 130 GWh (the long term forecast level) for the 12 months ended 31 March 2016. This is a 14 per cent increase over the first full year of operation in June 2012 and an 8 per cent increase over the corresponding previous year
- Availability is 96.8 per cent for the year to 31 March 2016. This is 1.8 percentage points above the earlier warrantied level and a 2.8 percentage points improvement from the lowest availability recorded in early 2014 on a 12 month rolling basis
- Gearbox design improvements are being implemented on refurbishment. These are expected to improve the durability of stage one of the gearbox to its original design life of 20 years. Major components failure rates have proved significantly higher than the level originally envisaged in the design. The ongoing preventative maintenance program and required repairs and refurbishments are being completed with a reduced level of personnel due to significant improvements in productivity. For example, the man hours taken to complete the six monthly scheduled maintenance tasks on each turbine has been reduced by 50 per cent
- The overheads of the Company have been steadily reduced over the five years of operations. The full year forecast for FY2016 is 22 per cent or \$550k below the peak in FY2012

As previously advised NWF is expecting the Palmerston North City Council to conduct a review of their existing resource consent under section 128 of the Resource Management Act.

The performance of NWF is strongly influenced by wind conditions and electricity prices on the Wholesale Electricity Market, which are both subject to natural variability and beyond NWF's control.

ENDS

Dr Julian Elder
Chairman