

19 February 2025

NZX Announcement

For Immediate Release

NZ WINDFARMS ENTERS INTO SCHEME IMPLEMENTATION AGREEMENT WITH MERIDIAN

NZ Windfarms Limited (NZX: NWF) (**NZ Windfarms**) is pleased to announce it has entered into a Scheme Implementation Agreement (**SIA**) with Meridian Energy Limited (**Meridian**). Under the terms of the SIA, Meridian will acquire all the shares in NZ Windfarms through a court-approved scheme of arrangement for 25 cents per share (**Scheme**).

Highlights

- Under the Scheme, NZ Windfarms' shareholders will receive a cash price of 25 cents per share.
- This represents an equity value for NZ Windfarms of approximately NZ\$91 million and, as at the close of trading on 18 February 2025:
 - a premium of 107% to NZ Windfarms' share price; and
 - a premium of 96% to NZ Windfarms' 90-day VWAP.
- The NZ Windfarms Board has unanimously recommended that shareholders vote in favour of the Scheme, subject to an Independent Adviser concluding in its report that the 25 cents per share is within or above the Independent Adviser's valuation range for the NZ Windfarms' shares and in the absence of a Superior Proposal as defined in the SIA.
- The Scheme is subject to NZ Windfarms shareholder approval, High Court approval and other customary conditions relating to regulatory approvals and certain events or occurrences prior to implementation, all as detailed in the SIA.
- Robert Stone and Salt Funds Management, who together own approximately 14% of NZ Windfarms, are supportive of the transaction and have entered into voting deeds with Meridian pursuant to which they have agreed to vote all of their respective shares in favour of the Scheme.
- NZ Windfarms shareholder approval will be sought at a special meeting of shareholders expected to be held in May 2025, but you should expect to receive explanatory documents in April 2025.

NZ Windfarms shareholders do not need to take any action at the current time.

Background

In October 2023, NZ Windfarms and Meridian entered into a 50-50 joint venture to repower NZ Windfarms' largest asset, the Te Rere Hau Wind Farm in Manawatū (the **JV**). Meridian agreed to purchase 100% of the generation from the repowered Te Rere Hau Wind Farm as part of the JV.

As part of the commercial terms of the JV, Meridian subscribed for 19.99% of the shares in NZ Windfarms.

After the establishment of the JV, NZ Windfarms undertook a comprehensive equity arranging process to find an investor to fund its equity commitment in relation to the Te Rere Hau Wind Farm repowering. The process canvassed a diverse pool of international and domestic investors.

On 3 February 2025, separate from the equity arranging process, NZ Windfarms received a confidential, non-binding indicative proposal from Meridian to acquire 100% of the shares in NZ Windfarms through the proposed Scheme (the **Meridian Proposal**). The Meridian Proposal included an offer to underwrite NZ Windfarms' current equity raise process. The terms of that equity underwrite are outlined below.

NZ Windfarms' Board, after evaluating alternative options, determined that the Meridian Proposal would be in the best interests of NZ Windfarms and its shareholders. On 10 February NZ Windfarms entered into an Exclusivity Agreement with Meridian to allow it to complete its due diligence and enable the parties to negotiate the SIA for the Scheme. Meridian has now completed its due diligence.

JV Equity Underwrite by Meridian

The Exclusivity Agreement and SIA oblige NZ Windfarms to discontinue negotiations and discussions with third parties with respect to various matters, including NZ Windfarms' equity commitment to the JV in respect of the Te Rere Hau Wind Farm repowering. This creates a risk that failure of the Scheme could result in NZ Windfarms being unable to fund its 50% equity commitment to the JV.

To address that risk, Meridian and NZ Windfarms have entered into an Equity Underwriting Agreement. This agreement, subject to conditions, gives NZ Windfarms the right to require Meridian to buy half of NZ Windfarms' 50% equity interest in the JV for \$9.8 million if the Scheme is not implemented and the repower project proceeds. If NZ Windfarms exercises this right, it would retain a 25% equity interest in the Te Rere Hau Wind Farm repowering JV.

The underwritten price does not necessarily represent the value NZ Windfarms or Meridian would ascribe to half of NZ Windfarms' interest in the JV. That sum, along with NZ Windfarms' proceeds from the sale of Te Rere Hau Wind Farm and JV entitlements, is intended to fully fund NZ Windfarms' participation in the JV with respect to its remaining 25% equity interest.

NZ Windfarms Board Commentary

NZ Windfarms' Chairman Craig Stobo said

- *“The Meridian Proposal crystallises the value created by my fellow directors, our outstanding management and development team and our advisors. The Proposal reflects progress we have made working with an experienced development partner on Te Rere Hau Wind Farm repowering, while also continuing to acquire and develop value-accretive projects.*
- *With the support and understanding of our shareholders, we have made a rapid transition from an operator of ageing wind generation assets to a credible renewables developer who has accelerated the delivery of renewable energy generation in New Zealand.*
- *Though the JV with Meridian provided a framework to realise NZ Windfarms' aspirations to complete the Te Rere Hau Wind Farm repowering as a 50% partner, NZ Windfarms shareholders are exposed to current and ongoing development risks in bringing the Te Rere Hau Wind Farm repowering and other development projects to fruition and then operating them.*
- *The Meridian Proposal represents a low-risk option for shareholders to recognise the value created by NZ Windfarms to date at a value that, subject to independent valuation advice, the Board deems fair when compared against other equity offers, considering project execution risks of the Te Rere Hau Wind Farm repowering and other development projects.*
- *I am pleased that our portfolio of renewable energy projects will now be managed by Meridian, our development partner, and New Zealand's largest renewable energy company.*
- *The NZ Windfarms Board unanimously recommends that shareholders vote in favour of the Scheme, subject to the Independent Adviser concluding in its report that the consideration is*

within or above the Independent Adviser's valuation range for the NZ Windfarms' shares and in the absence of a Superior Proposal."

Details of the Scheme

The Scheme is subject to NZ Windfarms shareholder approval, High Court approval, and other customary conditions.

Under the SIA, NZ Windfarms is bound by customary exclusivity provisions, including "no shop, no talk and no due diligence" restrictions, as well as matching rights and a break fee of NZ\$909,752. These restrictions are subject to exclusions which permit the NZ Windfarms board to engage on a competing proposal which is a superior proposal and where their fiduciary obligations require them to do so, subject to providing Meridian with an opportunity to match or better any such proposal.

The full Scheme Implementation Agreement accompanies this announcement.

Indicative Timetable and Next Steps

A Scheme Booklet, containing information relating to the Scheme, the Independent Adviser's Report, the reasons for the Directors' unanimous recommendation and meeting information, is expected to be sent to NZ Windfarms shareholders in April 2025.

NZ Windfarms shareholders will have the opportunity to vote on the Scheme at a meeting expected to be held in May 2025. If all conditions are satisfied, the Scheme is expected to be implemented early in June 2025.

NZ Windfarms is being advised by Wynn Williams and Mafic Partners. None of the Directors of NZ Windfarms has a conflict of interest with respect to the Scheme. NZ Windfarms will continue to keep the market informed in relation to the Scheme in accordance with its continuous disclosure obligations.

For further information in relation to this announcement please contact:

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Craig Stobo

Chairman

About the Acquirer

Meridian is a leading New Zealand power company listed on the New Zealand Stock Exchange that generates electricity through 100% renewable sources – wind, water, and sun. Meridian is already the largest shareholder in NZ Windfarms and owns 50% of the JV for repowering of NZ Windfarms' existing windfarm.

Ends