

NZX Announcement

16 December 2009

For immediate Release

LOAN FACILITY FROM SHAREHOLDER VECTOR LIMITED AND PROPOSAL TO ENTER INTO CAPITAL RAISING

NZ Windfarms Limited ("**NWF**") is pleased to announce the entry into of a loan facility ("**Loan**"), pursuant to which it will borrow up to \$6.50 million from its shareholder Vector Limited ("**Vector**").

The principal amount of the Loan will exceed 10% of NWF's "average market capitalisation" (as defined in Listing Rule 1.6.1). As at 15 December 2009, NWF's "average market capitalisation" was \$30,141,933.

In accordance with Listing Rule 9.2.1, NWF is required to seek approval from shareholders to the entry into of the Loan by way of ordinary resolution as the Loan constitutes a "material transaction" with a "related party". Pursuant to a waiver granted by NZX Limited ("**NZX**") dated 20 November 2009, NZX has waived the requirement for NWF to comply with Listing Rule 9.2.1 in relation to the Loan, subject to the conditions that:

- (a) the directors of NWF not "Associated", as that term is defined in the Listing Rules, with Vector, certify to NZX that:
 - (i) the Loan was entered into, and negotiated, on an arm's length commercial basis;
 - (ii) they believe the terms of the Loan represent fair value, and are in the best interests of shareholders of NWF;
 - (iii) the directors of NWF who are "Associated" (as that term is defined in the Listing Rules) with Vector did not influence the promotion of, or decision to enter into, the Loan; and
 - (iv) the Loan is in the best interests of all NWF shareholders who are not related to, or "Associated Persons" of, Vector; and
- (b) the Loan is for a period up to 30 May 2010.

NWF is expected to make its first drawing under the Loan on or about 15 December 2009.

Key features of the Loan include:

- + Security by way of a charge over all the assets of NWF and its subsidiary NZWL-TRH Limited.
- + Interest of 15% per annum.
- + Default interest of 20% per annum.
- + An arrangement fee of 1% of the facility amount, and an ongoing line fee of 2% per annum of the facility amount per annum, payable quarterly in arrears.

NZX will release its waiver decision in due course, and from then on a copy of the NZX waiver will be on the NZX and NWF websites. That decision provides further information as to the reasons for NWF applying for the waiver.

Timing of Capital Raising

- + It is expected that a capital raising by way of a rights issue will occur in February or March 2010.
- + Further details of the proposed capital raising will be announced as they are progressed.

For further information please contact:

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