

1 October 2020

Chairman and Chief Executive – 2020 AGM Script

This document should be read in conjunction with the 2020 AGM slide presentation released with this document.

1. Cover Page – Slide 1

[Open webcast on this slide]

Welcome

Good morning shareholders. It is my pleasure to welcome you all to the 2020 Annual Meeting of NZ Windfarms Limited.

2. Disclaimer - Slide 2

[Make viewers and readers aware of the disclaimer and move on]

3. Board of Directors –Slide 3

Introductions

- 3.1 Fellow directors:** Pat Brockie, Mark Evans and Phil Lennon.
- 3.2 Key appointments:** CE - Warren Koia and GM Operations - Adam Radich
- 3.3 Auditors** – Our auditors from BDO are in attendance. Audit Partner - Chris Neves.
- 3.4 Legal Representative** – Sean Joyce. I would note that Sean has indicated he is retiring from legal practise and I would like to take this opportunity to thank him for his wise legal guidance and for the period he was a director of NZ Windfarms. All the best Sean for your future.
- 3.5 Share Registrar** - Link Market Services – Brendon Jarvis and team.

4. Agenda – Slide 4

Quorum

In accordance with the Company's constitution a quorum for a meeting of shareholders, is **ten** security holders having the right to vote at the meeting, are present in person or proxy or have cast postal votes.

I can confirm that this requirement has been met.

I am able to declare that a quorum is present and so declare the 2020 Annual Meeting of Shareholders of NZ Windfarms Limited - **open**.

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 2020 Annual Report.

Proxies

As Chairman of the meeting I hold roughly 300,000 open proxies which represents roughly **0.1%** of the total shares.

The NZ Shareholders association holds roughly 1.5 million open proxies which represents roughly **0.5%** of the total shares.

I'd like to thank shareholders for their level of participation in today's meeting.

Apologies

I have received no apologies.

Are there any apologies from the floor? [Pause] There is [none], I will move on.

5. NZ Windfarms Annual Meeting - Online Guide – Slide 5

Administrative Matters

The virtual meeting guide has instructions for asking questions in either the business of the meeting section or general business. Questions of a similar nature or theme could be aggregated and answered together for ease of administration.

In addition to specific discussion and questioning on the Resolutions and Annual Report and audited 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.

6. Chairman's Address – Slide 6

Before commencing the formal section of this meeting, I would like to comment on the key features of the year to 30 June 2020 as published in the Annual Report and update shareholders on progress since that date.

Speech based on slide deck released to the NZX.

7. Key Metrics – Full Year Ended 30 June 2020 – Slide 7

As per slide

8. Financial Overview – Slide 8

As per slide

9. Financial Overview – Continued – Slide 9

As per slide

10. EBITDAF Year ended 30 June 2020 – Slide 10

As per slide

11. Market Update – Slide 11

As per slide

12. CEO Address – Slide 12

I will now ask our CEO, Warren Koia, to address the meeting and provide an operations overview of the Te Rere Hau wind farm.

Warren....

Tena Koutou Katoa, Greetings and welcome.

My name is Warren Koia - and it gives me great pleasure - to present to you – my report for FY20.

13. Average monthly spot electricity price - slide 13

This chart shows the generation weighted - average monthly - spot wholesale price - received by the Company - dating back to FY12. The chart excludes the impact of hedging.

- The dashed - - - line is the monthly average.
- The grey line is the lowest price received for that month
- The green line is the highest price received for that month.
- The black line is the price path for FY20.
- The blue line is indicative of the current average VVFP price level.

Note average monthly spot prices were setting new highs in August and September 2019 - before setting a new low in April 2020 (the height of lockdown) - before again setting new highs in May and June 2020.

14. Generation and average mean wind speed – slide 14

- Our generation was up on last year - but down on earlier years..
- As you can see - there is a close correlation between average mean wind speed - and annual generation
- As a reminder we are de-rating turbines – we are utilising TI curtailment - and we have a slightly smaller fleet size versus the earlier years - where the fleet was under warranty and these management techniques were not required.

15. Generation waterfall chart and availability – Slide 15

If we start at our annual budget generation of 117.2 GWh - the higher wind resource added 8.4 GWh of potential generation.

TI curtailment subtracted 1.9 GWh of potential generation - de-rated turbines subtracted another 3.1 GWh of potential generation.

A week-long continuous grid outage subtracted another 2.3 GWh of potential generation – this was a one off - that allowed Transpower to upgrade their substations in our region.

The last factor that affects generation - and hence revenue - is availability.

95.3% availability is a reflection of the higher wind resource received over the year - and the fewer low wind periods to conduct crane and elevated platform operations to maintain plant.

The industry benchmark is 97% - and the manufacturers benchmark is 95% - so we are below on the industry benchmark but above on the manufacturers benchmark

16. Bank Debt – Slide 16

The Company refinanced all its lending on improved terms before the COVID-19 lockdowns

The Company amortised \$0.9m of principal over the year - and will do so again over the next 12 months.

We have comfortably met our lending covenants since establishment - and are forecast to remain within them over the next 12 months.

Risk free rates in NZ are also at historically low levels.

17. Gross Dividends – Slide 17

Dividends

During the year we have returned shareholder funds through three dividends totalling 1.80 cps vs last year of 1.05 cps.

We will continue to return shareholder funds over the upcoming financial year

18. Key components replaced – Slide 18

This chart highlights the key components replaced between FY13 and FY20.

Our in-house operational team - continue to work with our suppliers - to develop and improve turbine components - to maximise component life - and further reduce operating costs.

Components are sourced from multiple suppliers where possible - and no longer from the turbine manufacturer.

19. Health and Safety Metrics – Slide 19

Our health and safety record continues to be excellent. Our last lost time injury was recorded in 2018.

20. Assessing and responding to the impact of COVID-19 – Slide 20

COVID-19 Response

- We prioritised the health and wellbeing of staff, contractors, and suppliers.
- We had an ongoing focus on safety to continue to operate and maintain the windfarm
- We refinanced all of our debt before the lockdowns
- We implemented split shifts and a working from home regime for some roles.
- We developed new protocols to minimise the exposure to the virus
- Spot wholesale electricity prices fell - but the VVFPFA cushioned the impact
- We are learning lessons that are enhancing our business continuity and risk management framework
- Opportunities have arisen such as the COVID-19 Recovery (Fast Track Consenting) Act

21. About NZ Windfarms Ltd – Slide 21

- On the screen is a snap shot of the business.
- We operate 92 - 500kW turbines
- They represent about 50% of book asset value.
- The remaining half of the book value is made up of:
 - 500 acres of freehold land
 - Leasehold land where 32 turbines are currently situated.
 - 56 consented but undeveloped sites
 - Internal electrical reticulation;
 - A sub station
 - The cabling to the injection point
 - Buildings
 - Roading and
 - Stock and inventory

22. Annual Report and Audited Financial Statements – Slide 22

That concludes my presentation. Thank you for your continued support and nga mihi.

Back to the Chair....

Thank you Warren

I will now move on to the formal business of the meeting.

The first formal item is the Annual Report, which includes reports from the Chairman and CEO, and the audited financial statements for the financial year ended 30 June 2020.

This has been circulated and is taken as read.

I invite questions and comments in respect of the 2020 Annual Report and the presentations made today.

I have received the following written questions in regards to the 2020 Annual Report which I will address now.

If anyone has any questions please submit them now. I will wait a few moments for anyone to complete their questions.

Are there any questions in respect of the 2020 Annual Report and the presentations made today.

23. Business of the meeting – slide 23

Resolutions – Overview

The second formal item is consideration of the resolutions contained in the Notice of Meeting.

All the Resolutions are ordinary resolutions and are required to be passed by a simple majority of votes.

The resolutions that we will now be voting on are as follows:

- Resolution 1. Re-election of Myself, John Southworth as a director.
- Resolution 2. Appointment and remuneration of auditors.

In my capacity as Chair, I direct that a poll be held for each of the resolutions.

I have appointed our audit representative to be scrutineer for the resolutions.

There will be an opportunity to ask questions on, or speak to each resolution being put to shareholders and time will be provided at the completion of the questions to complete your voting cards.

If anyone is unsure how to complete the vote - I will ask Link Market Services to assist now.

24. Proxy and Postal Votes as at 29 Sep 2020 – Slide 24

Undirected Proxies

I hold the following undirected proxies with respect to:

- Resolution 1. Re-election of Myself, John Southworth as a director. **304,514 (Chair of Meeting)**
- Resolution 2. Appointment and remuneration of Auditors **458,634 (Chairperson and Chair of Meeting)**

I intend to vote all of these shares in favour of all valid resolutions.

The NZ Shareholders Association holds the following undirected proxies with respect to:

- Resolution 1. Re-election of Myself, John Southworth as a director. **1,494,054**
- Resolution 2. Appointment and remuneration of Auditors **1,489,054**

25. Resolution 1 – Re-election of Mr John Southworth as a Director – Slide 25

For the purposes of Resolution 1 - I will now stand down as Chair of the Meeting and ask Patrick Brockie to be Chair for Resolution 1.

Pat continues...

RESOLUTION 1: Resolution one relates to the re-election, of John Southworth as a Director

I now ask John if he would like to address the meeting on his proposed re-election.

John. I have been a director of the Company for approximately 4 years. Over that time the Company has achieved a range of milestones which I have been part of. These include the acquisition of the transmission cable and establishing bank funding for this; commencement of dividend payments; stabilisation of cashflows. I also believe that we have developed a deeper understanding of the business and risk mitigation. This should assist us in making critical decisions going forward.

I have more value to add to the shareholders. If I did not hold that view I wouldn't stand. The shareholders have it within their power to choose to re-elect me or not. I hope that my track record on delivery means you vote to re-elect me as a strong voice for shareholders on the Board.

Thank you John, I now move, as an ordinary resolution, that Mr John Southworth be re-elected as a director.

May I have a seconder?

Is there any discussion on this resolution?

[There appears to be no [further] discussion].

I now hand the Chair back to John.

Thanks Pat.

We will now move to the next resolution which is...

26. Resolution 2 – Appointment and remuneration of Auditors – Slide 26

RESOLUTION 2: Resolution two is that the Board are authorised to appoint and fix the remuneration of the Company's auditors for the forthcoming financial year.

I move, as an ordinary resolution, that the Board are authorised to appoint and fix the remuneration of the Company's auditors for the forthcoming financial year.

Is there any discussion on this resolution?

There appears to be [no] further discussion.

Voting

If you wish to vote on these motions, and have not cast your vote already, then please follow the instructions in the virtual meeting guide.

When you cast your vote, please check one box either for, against or abstain, alongside each resolution in the section marked Voting Instructions.

Once all the votes have been cast, they will be counted by the Company's share registrar, Link Market Services, and scrutineered by the Company's auditor, BDO.

Results of the Meeting

The results of today's resolutions will be released to the NZX on the completion of verification of voting later on today.

27. General Business and Q&A – Slide 27

At this point we will open the floor to any questions on other matters you would like to raise.

I will firstly address the questions I have in hand now as a result of shareholders asking questions before this meeting.

After I address these questions, if you would like to ask a question, please follow the instructions in the online guide.

Are there any items of general business to be discussed?

28. Back Cover Page – Slide 28

Meeting Closure

I now declare the formal proceedings of the Annual Meeting closed and would like to thank you for your attendance and interest in the Company's business. Normally directors would have a cup of tea with shareholders to talk informally about the Company, regrettably we cannot do that this year so I look forward to seeing you all next year.

John Southworth
Chairman
DDI: +64 21 930 451

About NZ Windfarms Limited

NZ Windfarms Ltd is a long term specialist wind farm owner and operator, with its revenue coming from the sale of sustainably generated electricity from its Te Rere Hau wind farm.

The Te Rere Hau wind farm is located on North Range Road in the Tararua Ranges outside of Palmerston North. The wind farm has 92 turbines with a capacity of 46 MW producing enough clean energy to power about 16,000 homes. In comparison to generate the same amount of energy, a gas-fired power plant would emit roughly 64,000 tonnes of carbon dioxide, the same as an additional 23,000 cars on the road

NZ Windfarms Ltd (NWF) is a public company listed on the NZ Stock Exchange. Up to date share trading information can be obtained from the NZX website.