



NZX and Media Statement

28 June 2017

Windflow Technology Ltd
42-44 Mandeville St
Riccarton, Christchurch
PO Box 42-125,
Christchurch, New Zealand

T +64 3 365 8960
F +64 3 365 1402
E info@windflow.co.nz
www.windflow.co.nz

Windflow agrees conditional deal with major shareholder to repay debt

The directors of Windflow Technology Ltd (WTL) are pleased to announce that WTL has entered into a conditional agreement to facilitate the repayment of the Windflow Group's outstanding debt obligations to its main shareholder and lender, David Iles. The agreement is subject to satisfaction of a number of conditions, including David Iles completing due diligence, agreement of final transaction documentation, and the approval of WTL's shareholders.

In return for David Iles acknowledging the repayment of all current outstanding debts and releasing the Windflow Group from the related guarantees and security arrangements, WTL will:

- transfer its UK-based assets to David Iles (including the proceeds of any UK assets sold prior to settlement); and
- convert all outstanding redeemable convertible preference shares (**RCPS**) on a 3:1 basis in accordance with the terms of issue.

Debts owing to David Iles

As at the date of this announcement, total debts owing to David Iles by the WTL Group total approximately NZ\$21 million. This includes:

- amounts owing to David Iles under a term loan agreement entered into in July 2012 (**Loan Agreement**), whereby David Iles provided advances to Windflow UK Ltd (WUK), a wholly owned subsidiary of WTL, to fund wind turbine projects in the United Kingdom (WTL provided guarantees in respect of WUK's obligation under the Loan Agreement, with such guarantees secured against the assets of the Windflow Group); and
- outstanding preferential dividends payable in respect of the 17 million RCPS held by David Iles.

UK Assets

WUK owns six Windflow 500 turbines and has sold two others in Scotland. WUK has a maintenance base in Inverness, Scotland and employs two staff members to carry out maintenance on the eight wind turbines. WUK borrowed funds from David Iles under the Loan Agreement to cover the cost of building these projects.

Conversion of RCPS

WTL has 17,840,580 RCPS on issue, 17 million of which are held by David Iles. In accordance with the terms of issue, WTL may convert the RCPS at a conversion ratio of 3 ordinary shares for each RCPS.

Conversion of the RCPS at this ratio will result in David Iles' shareholding in WTL increasing from 42% to 73%. This was approved by WTL shareholders, for the purposes of the Takeovers Code and the NZAX Listing Rules, at a Special Meeting in 2014.

A Notice of Special Meeting to approve the transaction, and all other required documentation, will be circulated to WTL Shareholders in due course.

For further information:

Please visit our websites: www.windflow.co.nz and www.windflow.co.uk

Or call: Geoff Henderson, CEO/Director, +64 3 365 8960