



# ASX RELEASE

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## **WINDLAB LIMITED – EXECUTION OF SCHEME IMPLEMENTATION AGREEMENT WITH SQUADRON ENERGY AND FEDERATION ASSET MANAGEMENT**

Windlab Limited (ASX:WND), ("Windlab", the "Company") is pleased to announce that it has entered into a binding Scheme Implementation Agreement ("SIA") with Wind Acquisition 1 Pty Ltd (an investment vehicle of funds managed by Federation Asset Management Holdings Pty Ltd ("Federation") and Squadron Wind Energy Development Pty Ltd (an Australian based energy and natural resources developer and explorer privately owned by the Minderoo Group of Companies) ("Squadron") (together the "Consortium") under which the Consortium will acquire 100% of the outstanding ordinary shares in Windlab by way of a Scheme of Arrangement ("Scheme").

Under the Scheme, Windlab shareholders would receive cash consideration of \$1.00<sup>1</sup> per Windlab share ("Scheme Consideration"), subject to all applicable conditions being satisfied or waived and the Scheme being implemented.

The Scheme is subject to shareholder and court approval in accordance with the requirements of Part 5.1 of the Corporations Act 2001 (Cth).

### **Unanimous recommendation of the Board**

The Board of Directors of Windlab ("Board") unanimously recommend that Windlab shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to an Independent Expert concluding in the Independent Expert's Report (and continuing to conclude) the Scheme is in the best interests of Windlab shareholders.

Subject to those same qualifications, each director of Windlab intends to vote all the Windlab shares held or controlled by them in favour of the Scheme.

In making this recommendation, the Board considered several factors, including:

- **Premium:** the Scheme Consideration of \$1.00 per share represents a:
  - 38.9% premium to the closing share price of Windlab shares on ASX of \$0.72 on 17 January 2020<sup>2</sup>
  - 40.1% premium to the 30 trading day VWAP of \$0.71 per share<sup>3</sup>; and
  - 30.0% premium to the 6-month VWAP of \$0.77 per share<sup>3</sup>;

<sup>1</sup> Less the amount of any dividend, return of capital or other distribution declared or paid by Windlab on or before the Implementation Date for the Scheme

<sup>2</sup> Being the last trading day prior to the announcement of the initial proposal received from Federation and announced to the market on 20 January 2020

<sup>3</sup> Volume weighted average price based on cumulative trading volume and value up to and including 17 January 2020



- **Certainty of value:** Windlab’s shareholders will receive 100% cash consideration at a certain cash price; and
- **Limited Conditionality:** the Scheme is subject to customary conditions for a transaction of this nature, including (but not limited to) regulatory, court and Windlab shareholder approvals and no material adverse change occurring in relation to Windlab.

Charles Macek, Lead Independent Director and Chairman of the Independent Board Committee commented: “Federation, who currently own approximately 18.7% of Windlab’s shares on issue<sup>4</sup>, has been a supportive shareholder. The Consortium shares the Company’s vision of harnessing the significant opportunity for wind energy across Australia, South and Eastern Africa. We are excited about the opportunity of accelerating our development activities and continuing to identify new project opportunities using our proprietary *Windscape* technology.”

“In the discussions to date, we have been impressed by the Consortium’s grasp of Windlab’s assets and development portfolio and our strategic potential.”

Andrew Forrest AO, chairman of Squadron Energy, said: “We’re pleased to be part of the Consortium investing in Windlab. The unique technical capabilities of the team and the strong portfolio of project opportunities give Windlab a leading position in wind generation in Australia. Alongside our recent investments in solar projects, this investment also underscores Squadron Energy’s vision for a sustainable energy future.”

Federation’s Head of Renewable Energy, Stephen Panizza said: “Windlab is a natural fit for Federation and our investment partners. We believe that Windlab is the clear leader among Australian wind energy developers, with great management, unique IP and a portfolio comprising some of the best wind projects in the National Electricity Market. Our Consortium brings not only deep experience in renewables, but the capital necessary to develop the portfolio and capture Windlab’s full potential.”

### **Details of the SIA**

The implementation of the Scheme is subject to certain conditions, including the approval of Windlab shareholders and the Court, no prescribed events, no material adverse change, no restraints and no material breach of warranty by Windlab or the Consortium.

The SIA contains customary exclusivity provisions, including no-shop and no-talk restrictions and a notification obligation, as well as a matching right. The SIA also details circumstances under which Windlab may be required to pay the Consortium a break-fee of A\$700,000.

Full details of the conditions to the Scheme and other agreed terms are set out in the SIA, a copy of which has been attached to this announcement.

### **Independent Expert’s Report**

The Board has appointed KPMG Corporate Finance as the independent expert to prepare a report opining on whether the Scheme is fair and reasonable and in the best interests of Windlab’s shareholders. A copy of this report will be included in the Scheme Booklet.

### **Indicative timetable and next steps**

Windlab shareholders do not need to take any action at the present time.

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<sup>4</sup> Based on 68.2 million shares on issue as at 3 March 2020



A Scheme Booklet containing information relating to the Scheme, reasons for the Directors' recommendation, the Independent Expert's Report for Windlab shareholders and details of the Scheme meeting, is expected to be sent to Windlab shareholders in early May 2020.

Windlab shareholders will be given the opportunity to vote on the Scheme at the Scheme meeting expected to be held in early June.

Subject to shareholder approval and the conditions of the Scheme being satisfied, the Scheme is expected to be implemented in late June. These dates are indicative and subject to change.

### **Loan Facility**

Windlab has also entered into a detailed loan term sheet with entities associated with Squadron and Federation (the "Lenders") under which the Lenders have agreed to make funding of up to A\$20 million available to Windlab for a term of three years from an initial drawdown.

The funding is subject to a number of customary conditions precedent, including entry into definitive loan documentation between Windlab and the Lenders.

The entry into definitive loan documentation and subsequent drawdown is not conditional on Windlab Shareholders approving the Scheme.

The funding is to be secured by a second ranking security over the assets of the Company. The Company proposes to seek a waiver of Listing Rule 10.1 at the earliest opportunity.

### **Advisers**

The Board of Windlab is being advised by Moelis Australia Advisory Pty Ltd as financial adviser and Dentons Australia as legal adviser.

### **Trading Halt**

The Company requested a trading halt on Monday 2 March 2020 with reference to project notices that it had received late on Friday 28 February. The Company has now had the opportunity to evaluate these notices and to advise the Consortium. The Company has now formed the view that the impact of those notices will not be material.

Ends

Authorised by the Board. For further information please contact:

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**About Windlab Limited:**

Windlab Limited (ASX:WND) is a publicly listed international wind energy development company initially established to commercialise world-leading atmospheric modelling and wind mapping technology (WindScape™) developed at Australia's CSIRO. Windlab uses this proprietary technology to identify and develop high quality wind farm sites reducing the risk and uncertainty associated with wind development. Windlab is headquartered in Canberra, Australia and has offices across Australia, Southern Africa and North America. More than 1,000MW of wind farm capacity, on three continents, developed by Windlab has reached financial close and is today either operating or under construction. It is developing more than 50 renewable energy projects, totalling over 7,500MW of potential capacity around the world.

**About Squadron:**

Squadron Energy is an Australian based company focused on projects in the natural resources, renewable energy and infrastructure sectors. It is privately owned and part of the Munderoo Group of companies, founded and chaired by prominent West Australian businessman Andrew Forrest. For more information go to: [www.munderoogroup.com](http://www.munderoogroup.com). Media enquiries: Tess Ingram | Munderoo; +61 8 6460 4949; +61 448 922 364; [tingram@munderoo.com.au](mailto:tingram@munderoo.com.au).

**About Federation:**

Federation is a leading investor in sustainable infrastructure and renewable energy, health and education real estate, and operating companies with strong growth potential. Its mission is to produce clean energy; to improve the health, education and living conditions of future generations; and to build a better community. Federation is a signatory to the United Nations Principles for Responsible Investing and is a member of the Responsible Investment Association of Australasia. For more information go to: [www.federationam.com](http://www.federationam.com). Media enquiries: Nicholas Owens | Sefiani; +61 2 8920 0700; +61 421 977 062; [nowens@sefiani.com.au](mailto:nowens@sefiani.com.au).

