



windlab

WINDLAB LIMITED  
ACN 104 461 958

# Prospectus

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FINANCIAL ADVISOR  
& LEAD MANAGER



Initial Public Offering of  
25,000,000 shares at an offer  
price of \$2.00 per share.

# Important Notices

## THE OFFER

This Replacement Prospectus is issued by Windlab Limited (ACN 104 461 958) (Windlab or Company) and Windlab SaleCo Limited (ACN 620 718 372) (SaleCo) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (Corporations Act). The offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares (Shares) in the Company (Offer).

## LODGEMENT AND LISTING

This Replacement Prospectus is dated 4 August 2017 and a copy was lodged with the Australian Securities and Investments Commission (ASIC) on that date. It is a replacement Prospectus and replaces the Prospectus dated 28 July 2017 and lodged with ASIC on that date (Prospectus Date). The Company will apply to ASX Limited (ASX) within seven days after the Prospectus Date for admission of the Company to the official list and quotation of its Shares on the ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

## REPLACEMENT PROSPECTUS

This Replacement Prospectus made certain changes to the original Prospectus lodged on 28 July 2017. In summary changes were made to the pro forma financial information set out in Section 4.3 and the summary of that information in Section 1.6.

## EXPIRY DATE

This Prospectus expires on the date that is 13 months after the Prospectus Date (Expiry Date) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

## NOTE TO APPLICANTS

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 6. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

This Prospectus includes information regarding past performance of Windlab. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Lead Manager or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

## FINANCIAL INFORMATION PRESENTATION

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information is set out in Section 4.2.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The Forecast Financial Information included in this Prospectus is unaudited and is based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation of the Historical Financial Information.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding.

The Historical Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Section 4.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. The Forecast Financial Information included in Section 4 is an example of forward-looking statements.

Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of Windlab. The Forecast Financial Information and the forward-looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 6, the specific and general assumptions set out in Sections 4.7.1, the sensitivity analysis set out in Section 4.9 and other information contained in this Prospectus.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

## FOREIGN JURISDICTIONS

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia. The Offer to which this Prospectus relates is available to persons receiving this Prospectus (electronically or otherwise) in Australia and New Zealand and to certain categories of investors in Singapore, and Hong Kong.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (US Securities Act) or any state securities laws in the United States and may not be offered, sold, pledged or transferred in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

See Section 8.18 for more details on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

## EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing applications for Shares in the seven day period after the Prospectus Date (**Exposure Period**). ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of certain deficiencies in this Prospectus in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given to Applications received during the Exposure Period.

## PROSPECTUS AVAILABILITY

During the Offer Period, a paper copy of this Prospectus is available free of charge to any Broker Firm Offer Applicant in Australia by calling the Windlab IPO Information Line on 1300 617 682 (within Australia) and +61 3 9415 4004 (outside Australia) from 9:00am to 5:00pm (Sydney time), Monday to Friday (excluding public holidays). This Prospectus is also available to Broker Firm Offer Applicants in Australia in electronic form at the Company's website [www.windlab.com](http://www.windlab.com).

The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia and is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

## APPLICATIONS

Applications may be made only during the Offer Period on the Broker Firm Offer Application Form (referred to as an **Application Form**) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form, which must be downloaded in its entirety from [www.windlab.com](http://www.windlab.com). By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

## NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares offered under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

## DEFINITIONS AND ABBREVIATIONS

Defined terms and expressions used in this Prospectus are explained in the Glossary at the end of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Standard Time (AEST).

## PRIVACY

By filling out an Application Form to apply for Shares, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on their behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the Income Tax Assessment Act 1997 (Cth) and the Corporations Act.

If you do not provide the information requested in an Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, that it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- ◆ the Share Registry for ongoing administration of the register of members;
- ◆ printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- ◆ market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- ◆ legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Company's register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to access and correct the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website [www.windlab.com](http://www.windlab.com). The privacy policy contains further details regarding access, correction and complaint rights and procedures.

The Share Registry's complete privacy policy can be accessed by emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au) and requesting a copy.

## PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

## USE OF TRADEMARKS

This Prospectus includes the Company's registered and unregistered trademarks. All other trademarks, trade names and service marks appearing in this Prospectus are the property of their respective owners.

## QUESTIONS

If you have any questions about how to apply for Shares, please call the Windlab IPO Information Line on 1300 617 682 (within Australia) or +61 3 9415 4004 (outside Australia) 9:00am to 5:00pm (Sydney time) Monday to Friday (excluding public holidays). Instructions on how to apply for Shares are set out in Section 8 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

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# Key Offer Statistics and Important Dates

## KEY DATES:

	DATE
Prospectus Date	Friday 28 July 2017
Lodgement of this Replacement Prospectus with ASIC	Friday 4 August 2017
Opening Date of the Offer	Monday 7 August 2017
Closing Date of the Offer	Thursday 17 August 2017
Settlement of the Offer	Tuesday 22 August 2017
Allotment of New Shares and transfer of Existing Shares pursuant to the Offer	Wednesday 23 August 2017
Shares expected to commence deferred settlement trading on ASX	Wednesday 23 August 2017
Expected dispatch of Shareholder holding statements	Thursday 24 August 2017
Shares expected to commence normal trading on ASX	Friday 25 August 2017

## DATES MAY CHANGE

The above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicant, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Applicants are encouraged to submit their Applications as early as possible after the Offer opens.

## KEY OFFER STATISTICS:

Offer Price for each Share	\$2.00
Total number of New Shares to be issued under the Offer	12.5 million
Total number of Existing Shares to be sold under the Offer	12.5 million
Total number of Shares on issue at Completion of the Offer	67.1 million
Total number of Shares on issue at Completion of the Offer (on a fully diluted basis) <sup>1</sup>	73.2 million
Gross proceeds from Offer <sup>2</sup>	\$50.0 million
Total gross proceeds from the issue of New Shares under the Offer <sup>3</sup>	\$25.0 million
Total gross proceeds from the transfer of Existing Shares under the Offer <sup>4</sup>	\$25.0 million
Market capitalisation at the Offer Price (on an undiluted basis) <sup>5</sup>	\$134.3 million
Market capitalisation at the Offer Price (on a fully diluted basis) <sup>6</sup>	\$146.3 million
Enterprise value at the Offer Price <sup>7</sup>	\$107.8 million
Pro forma net cash (as at 31 December 2016) <sup>8</sup>	\$26.5 million
Option adjustment to Enterprise value <sup>9</sup>	\$3.8 million
Enterprise value at the Offer Price (on a fully diluted basis) <sup>10</sup>	\$111.5 million

## KEY INVESTMENT METRICS

Enterprise value / pro forma FY2017 EBITDA <sup>11</sup>	7.4x
Enterprise value / pro forma FY2017 EBITDA (on a fully diluted basis) <sup>12</sup>	7.6x
Enterprise value / pro forma FY2017 EBIT <sup>13</sup>	7.5x
Enterprise value / pro forma FY2017 EBIT (on a fully diluted basis) <sup>14</sup>	7.8x
Price to earnings ratio (market capitalisation / pro forma FY2017 NPAT) <sup>15</sup>	14.4x
Price to earnings ratio (market capitalisation / pro forma FY2017 NPAT) (on a fully diluted basis) <sup>16</sup>	15.7x

### NOTES:

The tables are intended as a summary only. More detailed financial information, including assumptions in respect of the Forecast Financial Information is set out in Section 4.

1. Assumes that the Current ESOP Options, Warrants, Options to be issued under the New ESOP (including Options to be issued to non-executive directors and employees) are exercised on a cash basis. The Warrants may be net exercised at the warrantholders election on the terms outlined in Section 9.6.1.
2. Calculated by multiplying the sum of the total number of New Shares to be issued under the Offer plus the total number of Existing Shares to be transferred under the Offer by the Offer Price.
3. Calculated by multiplying the total number of Shares to be issued under the Offer by the Offer Price.
4. Calculated by multiplying the total number of Existing Shares to be transferred under the Offer by the Offer Price.
5. Calculated by multiplying the total Shares on issue at Completion of the Offer by the Offer Price (assuming no Options and Warrants are exercised). Shares may not trade at the Offer Price after Listing.
6. Calculated by multiplying the total Shares on issue at Completion of the Offer by the Offer Price (assuming all Options and Warrants are cash exercised). Warrants may be net exercised at the warrantholders election on the terms outlined in Section 9.6.1. Shares may not trade at the Offer Price after Listing.
7. Enterprise value is calculated as the market capitalisation of the Company, based on the Offer Price, less pro forma net cash.
8. Refer to Section 4 for details of the components of pro forma net cash.
9. Adjustment to reflect the increase in market capitalisation for an increase in the Shares on a fully diluted basis assuming exercise of the Options and Warrants on issue at Completion, less the change in pro forma net cash at their respective exercise prices.
10. Calculated by adding the option value adjustment to the enterprise value.
11. This ratio is calculated as the enterprise value divided by FY2017 pro forma EBITDA.
12. This ratio is calculated as the fully diluted enterprise value divided by FY2017 pro forma EBITDA.
13. This ratio is calculated as the enterprise value divided by FY2017 pro forma EBIT.
14. This ratio is calculated as the fully diluted enterprise value divided by FY2017 pro forma EBIT.
15. This ratio is calculated as the market capitalisation at the Offer Price divided by pro forma FY2017 NPAT.
16. This ratio is calculated as the fully diluted market capitalisation at the Offer Price divided by pro forma FY2017 NPAT.

## HOW TO INVEST:

Applications for Shares can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are set out in Section 8 and on the back of the Application Form.

## QUESTIONS:

Please contact the Share Registry on 1300 617 682 (if calling within Australia) or +61 3 9415 4004 (if calling from outside of Australia) from 9.00am to 5.00pm (Sydney time) Monday to Friday, if you have any questions about the Application Form.

# Chairman's Letter

28 July 2017

Dear Investor,

On behalf of our Board of Directors, it is my pleasure to invite you to become an investor in Windlab.

Windlab is an international renewable energy development company with a distinct competitive advantage in the development of wind energy. Windlab participates in wind generation projects from inception through development, financing, construction and asset management of operating wind farms.

The business is supported by strong industry fundamentals and regulatory dynamics. The global shift from fossil fuel generation to renewables is supported by various national and international regulatory policies and agreements aimed at encouraging the development of renewable energy generation. Further, developments in wind turbine technology have driven significant reductions in the cost of wind energy production such that in Australia the cost of generating electricity from newly installed wind projects is now generally less than that produced by newly constructed traditional thermal alternatives such as coal fired power stations.

Windlab's main operations are in Australia with its head office located in Canberra. The company is focused on a number of near term wind farm development opportunities in Australia, particularly in Queensland, due to the demand for wind generation projects to meet Australia's renewable energy target and various state government policy initiatives.

Windlab also has an office in Cape Town, South Africa where it has successfully completed two projects in recent times and from where it is focusing on expanding into select countries in Sub-Saharan Africa where there is a demand for renewable energy projects in response to electricity supply shortages. Further, the Company has an office based in Plymouth, Michigan from which it manages its North American operations.

Windlab owns a market leading atmospheric modelling and wind energy assessment technology, *WindScape*<sup>™</sup>, originally developed by the Company's founders at Australia's CSIRO who remain senior members of Windlab's management team. Windlab uses *WindScape* to identify, acquire and develop wind farm projects in Australia and internationally.

Windlab has a growing earnings base incorporating development margins when projects reach financial close, success fees and royalty payments from previously sold or partners projects, asset management fees on completed and third party-owned projects and equity distributions from interests in operating projects.

Windlab has a proven track record of wind farm development, having successfully completed the development of 580 MW of operating capacity from its portfolio, across multiple jurisdictions. Windlab currently has a geographically diverse development portfolio of 48 projects. These projects are at various stages of development and represent an estimated total potential capacity of more than 7,000 MW. Ten of the development projects accounting for 1,333 MW of potential capacity hold development approvals, the majority of which are expected to reach financial close over the next three to four years.

The Company is led by an experienced management team with expertise spanning atmospheric science, project development, finance, construction and operation. They have a strong track record of driving project success both locally and internationally.

The purpose of the Offer is to provide funding and financial support to the Kennedy Energy Park Phase I project which is being developed in joint venture with Eurus Energy Holdings Corporation. Funds from the Offer will facilitate Windlab maintaining its 50% interest in the project through construction and operation. The Offer will also enable some of the existing Shareholders to realise part of their investment, to provide liquidity for shares and to provide the Company with the benefits of an increased profile as a listed entity.

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An investment in Windlab provides an opportunity to gain exposure to a diversified set of renewable energy projects across multiple jurisdictions within a very large and growing global market.

This Prospectus contains detailed information about the Offer and the financial position, operations, management team and future plans of Windlab. Section 6 includes a description of the key risks associated with an investment in Windlab. They include risks associated with project development, reliance on the *WindScape* technology, changes in wind resources, reliance on key personnel, regulatory changes and those related to exposure to the electricity market.

I encourage you to read the Prospectus carefully and in its entirety before making your investment decision and consult with your stockbroker, solicitor, accountant or other independent professional adviser.

On behalf of my fellow Directors, I look forward to welcoming you as a Shareholder.



**Roger Price**  
Executive Chairman and Chief Executive Officer

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# 1. Investment Overview

# 1. Investment Overview

The information in this Section 1 is a summary only. It should be read in conjunction with the information set out in the remainder of this Prospectus.

## 1.1 INTRODUCTION TO WINDLAB AND ITS BUSINESS MODEL

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
What is Windlab?	<p>Windlab is an international renewable energy development company with a distinct competitive advantage in the development of global wind energy projects.</p> <p>Windlab participates in wind generation projects from inception through development, financing, construction and the asset management of operating wind farms.</p>	Section 3
What is Windlab's history?	<p>Windlab was established in 2003 to commercialise a leading atmospheric modelling and wind energy assessment technology, <i>WindScape</i>, which was originally developed by the founders of the Company at the Commonwealth Scientific and Industrial Research Organisation (CSIRO).</p> <p>Since 2003, Windlab has continued to apply and develop the <i>WindScape</i> technology to identify, acquire and develop wind farms in Australia and internationally.</p> <p>Over the past two years, Windlab has successfully transitioned from a pure wind farm developer to a business with a growing earnings base incorporating recurring revenues from both asset management contracts and ownership interests in established operating wind farms.</p>	Section 3
Where are Windlab's operations located?	<p>Windlab's main operations are in Australia with its head office located in Canberra. The Company is focused on a number of near term wind farm development opportunities in Australia, particularly in Queensland, due to the demand for wind generation projects to meet Australia's RET and various state government policy initiatives.</p> <p>Windlab also has offices in Cape Town, South Africa where it has successfully completed two projects. From this office it is expanding into select Sub-Saharan Africa countries where there is a demand for renewable energy projects in response to electricity supply shortages. Further, the Company has an office based in Plymouth, Michigan from which it manages its North American operations.</p>	Section 3

# 1. Investment Overview

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
<p>What are the Company's key projects?</p>	<p>Windlab currently has a geographically diverse development portfolio of 48 projects. These projects are at various stages of development and represent an estimated total potential capacity of more than 7,000 MW. Ten of the projects, accounting for 1,333 MW of potential capacity hold development approvals, the majority of which are expected to commence construction over the next three to four years.</p> <p>In addition to its development pipeline, Windlab has equity interests in two projects in Australia from which it will derive equity distributions (Coonooer Bridge which commenced commercial operations in April 2016 and the Kiata Wind Farm which is expected to commence commercial operations in December 2017). It also has a commercial interest in a project in South Africa (West Coast One) from which it receives ongoing royalty payments.</p> <p>Windlab also currently performs asset management services for three projects in Australia (Coonooer Bridge, Ararat and Kiata).</p>	<p>Section 3</p>
<p>What is WindScape?</p>	<p><i>WindScape</i> is a proprietary, industry leading atmospheric wind modelling and wind energy analysis technology. <i>WindScape</i> has been used by Windlab to identify high quality wind resources and develop these opportunities in a manner which optimises electricity generation and economic returns.</p> <p><i>WindScape</i> provides Windlab with a distinct competitive advantage in wind farm prospecting and development for the following reasons:</p> <ul style="list-style-type: none"> <li>◆ the technology can be used by Windlab to map vast areas of any country for wind speed, time of day and direction at a resolution of 100 square meters or better;</li> <li>◆ <i>WindScape</i> can be used to undertake wind farm prospecting at almost any location in the world;</li> <li>◆ once a potential wind farm site has been identified, <i>WindScape</i> can be used to develop a site-specific virtual wind farm before an employee is required to physically visit the site; and</li> <li>◆ the technology enables Windlab's technicians to accurately estimate the wind characteristics across a number of potential turbine locations on a site, thereby optimising project configuration and energy output thus maximising project returns.</li> </ul>	<p>Section 3.2</p>

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TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
How does Windlab generate revenue?	<p>Windlab generates revenue from the following four main sources:</p> <ul style="list-style-type: none"> <li>◆ development margins from the sale or part sale of development projects at or before construction commencement;</li> <li>◆ success fees from previously sold or partnered projects;</li> <li>◆ asset management fees; and</li> <li>◆ equity or other commercial interests in operating projects.</li> </ul>	Section 3.4.1
What is development margin?	<p>A successfully developed wind farm at financial close (start of construction) is a valuable asset and can return many times the cost of development. Its value is often determined as the difference between the net present value of the forecast cash flows of the project once operational, minus the cost of construction. International industry development margins for a wind farm at financial close average A\$250,000/MW of capacity.</p>	Section 3.4.1
What are Windlab's key expenses?	<p>Windlab's key expenses fall into two broad categories:</p> <ul style="list-style-type: none"> <li>◆ <b>Operating Expenses</b>; which include general and administrative expenses such as indirect employee wages, asset management personnel wages, professional services fees, memberships and subscriptions, insurance expenses and public company costs; and</li> <li>◆ <b>Development Expenses</b>; which include direct project related costs paid to complete the development of a project to the start of construction, such as, costs relating to prospecting, land acquisition and access rights, feasibility and validation studies, grid connection studies and design and Power Purchase Agreements (PPA) negotiation. These also include direct employee and contractor costs.</li> </ul>	Section 4
What are Windlab's future plans?	<p>Windlab has a current development pipeline of 48 projects. Ten of these hold a development approval or permit. Windlab is focused on bringing these and select other projects to financial close in the next three to four years.</p> <p>Of these approved projects, the Company has a 50% interest in Kennedy Energy Park Phase I which is intended to be an innovative wind, solar and storage hybrid renewable energy project located in North Queensland.</p> <p>The Company is also actively pursuing asset management opportunities for both its own and third party renewable energy projects in Australia. Management anticipates this part of the business will continue to grow as more projects are completed.</p>	Section 3

# 1. Investment Overview

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Why is the Offer being conducted?	<p>The Offer is being conducted by the Company to provide Windlab with:</p> <ul style="list-style-type: none"> <li>♦ funding to advance its business objectives as set out in Section 3;</li> <li>♦ funding and financial support to allow the construction of Kennedy Energy Park Phase I and allow Windlab to maintain its current 50% equity interest. This project is being developed in joint venture with Eurus Energy Holdings Corporation;</li> <li>♦ a liquid market for its Shares and an opportunity for others to invest in Shares;</li> <li>♦ additional financial flexibility and access to capital markets; and</li> <li>♦ the benefits of an increased profile arising from being listed on the ASX.</li> </ul> <p>The Offer also provides certain existing Shareholders with an opportunity to realise part of their investment in Windlab.</p>	Section 8.5
How does Windlab expect to fund its operations?	<p>Upon completion of the Offer, Windlab will have available cash reserves of \$31.1 million plus cash flow derived from operations.</p> <p>The Company expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period, and that its operating cash flows will position the Company to grow its business in accordance with the forecast financial information.</p>	Section 4

## 1.2 KEY STRENGTHS

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Leading developer of wind farm projects	<p>Windlab is a leading developer of wind farm projects in Australia and internationally, with a strong track record of project execution across multiple geographies.</p> <p>Windlab has expertise across the full spectrum of the wind farm development activities including prospecting for wind resources, site selection and securement, project validation, permitting and approvals and securing offtake and project finance.</p> <p>Windlab has successfully completed the development of 580 MW<sup>1</sup> of operating capacity from its portfolio, across multiple jurisdictions.<sup>2</sup></p> <p>Windlab's most recently constructed project, Coonooer Bridge, has achieved a capacity factor of 46% for the 12 months of operation ended 31 May 2017 which was the highest of any Australian wind farm and 12% higher than the average of all Australian wind farms over the same period.</p> <ol style="list-style-type: none"> <li>1. Includes Kiata Wind Farm which was developed by Windlab and is currently under construction.</li> <li>2. Includes wind farm assets developed and controlled by Windlab and projects developed in partnerships.</li> </ol>	Section 3

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
<p><b>Proprietary atmospheric wind modelling technology</b></p>	<p>Windlab has commercialised and continues to enhance a proprietary atmospheric wind modelling analysis technology, <i>WindScape</i>, which was initially developed by the Company's founders at the CSIRO.</p> <p>Atmospheric modelling is a complex and inexact science, yet the technology has been found to have predicted wind speed and direction for wind farm projects with a high degree of accuracy based on recorded measurements across many project sites in multiple jurisdictions.</p> <p>Relative to most publicly available wind maps which have a resolution of between three to ten kilometres, the <i>WindScape</i> technology has the ability to model the wind speed and direction for any particular site at a resolution of 100 square meters or better and at a range of potential hub heights.</p>	<p>Section 3.2</p>
<p><b>Favourable industry dynamics</b></p>	<p>Windlab is supported by strong industry fundamentals and regulatory dynamics. In particular, the global shift from fossil fuel electricity generation to renewables is supported by various national and international regulatory policies and agreements aimed at encouraging the development of renewable energy.</p> <p>Further, developments in wind turbine technology have driven significant reductions in the cost of wind energy production such that in Australia the cost of generating electricity from newly installed wind projects is now significantly less than that produced by newly constructed traditional thermal alternatives such as coal fired power stations.</p> <p>Renewable energy accounted for more than 55% of the net new generation capacity added globally in 2016, the highest proportion of any year historically.</p> <p>In Australia, the Federal Government has committed to both a RET of 33,000 GWh by 2020 and a greenhouse gas emissions reduction of 26-28% from 2005 levels by 2030. These policies coupled with the need to replace aging coal generation capacity will increase the demand for new large-scale renewable generation.</p> <p>Windlab's other key market, Sub-Saharan Africa, is significantly underdeveloped in terms of energy access and installed capacity. Management believes that much of the current demand/supply imbalance will be met by renewable generation as evidenced by several African governments demonstrating a policy commitment to renewable energy development.</p>	<p>Section 2</p>

# 1. Investment Overview

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
<p><b>Large and diversified portfolio of development projects</b></p>	<p>Windlab has a geographically diverse development portfolio of 48 projects. These projects are at various stages of development and represent a combined estimated total potential capacity of more than 7,000 MW.</p> <p>Of these projects:</p> <ul style="list-style-type: none"> <li>◆ ten development projects hold development approvals and are expected to reach financial close in the next three to four years;</li> <li>◆ six development projects are in the approvals and permitting stage;</li> <li>◆ 11 development projects are in the process of undertaking initial financial feasibility assessments and preliminary environmental, planning and market studies; and</li> <li>◆ 21 projects are in the acquisition phase whereby Windlab is in the process of securing the site and agreeing access terms with landowners.</li> </ul> <p>Windlab is the founder and developer of the Kennedy Energy Park project in North Queensland. When completed, this innovative hybrid renewable energy project will consist of wind turbines, single-axis tracking solar panels and a battery storage solution. The combined potential capacity of both Phase I and Phase II of the project is 1,258 MW.</p>	<p>Sections 3.1 and 3.7</p>
<p><b>Attractive financial profile</b></p>	<p>Over the last two years, Windlab has successfully transitioned from a pure wind farm developer to a business with a growing earnings base incorporating recurring revenues from both asset management contracts and ownership and commercial interests in established operating wind farms.</p> <p>Windlab has experienced strong historical and forecast pro forma revenue and pro forma EBITDA growth with a Compound Annual Growth Rate of 65% and 119% respectively between 1 January 2014 and 31 December 2017.</p>	<p>Section 4</p>

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TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Experienced management team	<p>Windlab has had a consistent executive team over time with extensive industry experience who has driven significant growth in the Australian and international business:</p> <ul style="list-style-type: none"> <li>◆ Roger Price, Windlab’s Executive Chairman and Chief Executive Officer, has over 30 years’ experience across both multinational and start-up companies in Australia and the USA across the telecommunications, transport and energy sectors.</li> <li>◆ Rob Fisher, Windlab’s Chief Financial and Operating Officer has over 15 years’ experience in senior finance roles and prior to joining Windlab was the Project Financial Controller with an ASX listed property development company.</li> <li>◆ Company Founders and developers of the <i>WindScope</i> technology at the CSIRO, Dr Nathan Steggel and Dr Keith Ayotte, remain senior members of Windlab’s management team as Technical Director and Chief Scientist respectively.</li> <li>◆ Peter Venn, Windlab’s Managing Director of its African operations has 15 years of technology sales and commercial management experience, principally within the energy sector.</li> </ul>	Section 7.2

### 1.3 SUMMARY OF KEY RISKS

There are a number of risks associated with an investment in the Company which may affect its financial performance, financial position, cash flows, distributions, growth prospects and share price. The following table is a summary of the specific key risks to which the Company is exposed. Further details about these and other general risks associated with an investment in the Company are set out in Section 6.

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Project development risks	<p>Windlab anticipates that an average wind farm development phase will run from three to five years. Many wind farm developments have been exposed to extended delays caused by market conditions and other matters outside the control of the project developer. There is a risk that the development timeframe may be extended or that financial close may not be achieved.</p>	Section 6.1.1
Timing of development revenue	<p>Timing differences for project development revenue could affect inter-year results. The timing of receipt and recognition of revenue depends on the timing of financial close and outcomes, which are outside Windlab’s control, and may be difficult to predict.</p> <p>Fluctuations in Windlab’s financial results could lead to adverse movements in Windlab’s share price or increased volatility in the share price generally.</p>	Section 6.1.2

# 1. Investment Overview

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Reliance on the <i>WindScape</i> technology	Windlab relies on the <i>WindScape</i> technology to predict the most competitive projects and reduce uncertainty in energy assessments among other things. If the technology is unable to be maintained, becomes defective or is otherwise corrupted Windlab's use of the technology may be negatively affected.	Section 6.1.3
Wind resource risk	Where projects have commenced, significant changes in environmental conditions and weather fluctuations may negatively affect the continued success of Windlab's wind farms. A decrease in the expected energy generated from a project may negatively impact the equity returns for Shareholders in the project and therefore adversely impact Windlab's future financial performance.	Section 6.1.5
Counterparty risks	Windlab and the Project SPVs in which it has an equity interest, are party to a number of key commercial agreements with various counterparties and may from time to time enter into further agreements. Windlab's interests in a project and/or Project SPV may be impacted by failure of any third party to comply with its obligations under such an agreement.	Section 6.1.8
Regulatory risks in Australia	<p>Changes to regulations which already apply to existing infrastructure projects and the electricity generation industry can impose additional capital and operational requirements on Windlab. The introduction of new regulation (regardless of whether the assets have been previously regulated) can also impose additional capital and operational obligations on Windlab.</p> <p>If there are changes to the licenses and conditions required for owning, developing and managing electricity generation projects (including imposing conditions where there have previously been none), Windlab may be adversely impacted.</p> <p>Failure to obtain a license, renew a license on the same terms, or retain a license can delay the timing of a project, and have both financial and operational effects on a project and the Company.</p>	Section 6.1.9
Financial viability of certain projects	Windlab retains a minority equity interest in many of its development projects as they move to commercial operation. These minority interests entitle Windlab to a share of distributions which are paid out of the cash flow available to the project after service of the debt at the project level. The gearing of projects magnifies the effect of changes of interest rates or other performance measures of projects. There is a risk that distributions are not capable of being made as a result of low cash flow to the project after debt service, and that if a project underperforms for sustained periods project lenders may enforce their security over the Project SPV.	Section 6.1.11

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Ability to retain key personnel	Windlab's management team consists of individuals with long lengths of individual service. The management team has significant knowledge of the <i>WindScope</i> technology as well as more generally in relation to the identification, development and operation of wind farm assets. The loss of key members of the management team may adversely affect Windlab's ability to implement its strategies and may adversely affect its future financial performance.	Section 6.1.12
Construction delays and increased costs	Windlab estimates that construction of a project will take between 12 and 24 months depending on size. There is a risk that the construction process will take longer than anticipated. There is also a risk that the actual costs for the construction of each project will be greater than the estimated costs. These events may adversely affect a project's financial performance.	Section 6.1.13

#### 1.4 DIRECTORS AND KEY EMPLOYEES

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Who are the Directors of the Company?	<ul style="list-style-type: none"> <li>◆ Roger Price, Executive Chairman and Chief Executive Officer</li> <li>◆ Joseph O'Brien, Non-Executive Director</li> <li>◆ Pippa Downes, Non-Executive Director</li> <li>◆ John Cooper, Non-Executive Director</li> <li>◆ Charles Macek, Non-Executive Director</li> </ul>	Section 7.1
Who are the key members of management?	<ul style="list-style-type: none"> <li>◆ Roger Price, Chief Executive Officer</li> <li>◆ Rob Fisher, Chief Financial and Operating Officer</li> <li>◆ Dr Nathan Steggel, Co-Founder and Technical Director</li> <li>◆ Dr Keith Ayotte, Co-Founder and Chief Scientist</li> <li>◆ Peter Venn, Managing Director Windlab Africa</li> </ul>	Section 7.2

# 1. Investment Overview

## 1.5 SIGNIFICANT INTERESTS AND BENEFITS OF KEY PEOPLE

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:																																												
What are the Director shareholdings?	Certain Board members will hold a number of Shares and Options at the Completion of the Offer. These holdings are set out in Section 7.3.3.	Section 7.3																																												
Will the Directors receive any remuneration and share Options as part of the Offer?	Members of the Board are entitled to remuneration and fees for their services as Directors as set out in Section 7.3.2	Section 7.3																																												
Who are the significant existing shareholders of Windlab and what will their interests be after Completion?	<p>The ownership of Windlab immediately following Completion of the Offer will be as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Investors</th> <th colspan="2">Shares held at Completion (undiluted)</th> <th colspan="2">Shares held at Completion (fully diluted)</th> </tr> <tr> <th>Shares</th> <th>%</th> <th>Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Innovation Capital Fund II LP</td> <td>12,574,544</td> <td>18.7%</td> <td>13,061,752</td> <td>17.9%</td> </tr> <tr> <td>Lendlease Ventures</td> <td>11,477,728</td> <td>17.1%</td> <td>11,964,936</td> <td>16.4%</td> </tr> <tr> <td>Employees / Management / Board</td> <td>2,059,724</td> <td>3.1%</td> <td>6,686,229</td> <td>9.1%</td> </tr> <tr> <td>Other existing Shareholders</td> <td>12,694,844</td> <td>18.9%</td> <td>13,130,164</td> <td>17.9%</td> </tr> <tr> <td>Pre-IPO Convertible Noteholders (excluding existing Shareholders)</td> <td>3,322,252</td> <td>4.9%</td> <td>3,322,252</td> <td>4.5%</td> </tr> <tr> <td>Investors in the Offer</td> <td>25,000,000</td> <td>37.2%</td> <td>25,000,000</td> <td>34.2%</td> </tr> <tr> <td></td> <td><b>67,129,092</b></td> <td><b>100.0%</b></td> <td><b>73,165,333</b></td> <td><b>100.0%</b></td> </tr> </tbody> </table>	Investors	Shares held at Completion (undiluted)		Shares held at Completion (fully diluted)		Shares	%	Shares	%	Innovation Capital Fund II LP	12,574,544	18.7%	13,061,752	17.9%	Lendlease Ventures	11,477,728	17.1%	11,964,936	16.4%	Employees / Management / Board	2,059,724	3.1%	6,686,229	9.1%	Other existing Shareholders	12,694,844	18.9%	13,130,164	17.9%	Pre-IPO Convertible Noteholders (excluding existing Shareholders)	3,322,252	4.9%	3,322,252	4.5%	Investors in the Offer	25,000,000	37.2%	25,000,000	34.2%		<b>67,129,092</b>	<b>100.0%</b>	<b>73,165,333</b>	<b>100.0%</b>	Section 8.7
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Have there been any related party transactions prior to the Offer?	Other than the agreements with Directors set out in Sections 7.3, 7.4 and 7.5, there are no agreements between the Company and its related parties.	Sections 7.3, 7.4 and 7.5																																												
What escrow arrangements will be in place as at completion of the Offer?	Certain Securities held by certain Escrowed Shareholders at Completion of the Offer will be subject to voluntary escrow arrangements. Details of the escrow arrangements are provided in Section 8.13.	Section 8.13																																												

## 1.6 KEY FINANCIAL METRICS AND DIVIDENDS

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:																																			
What is Windlab's pro forma historical and forecast financial performance?	<p>A selected summary of Windlab's pro forma historical and forecast financial performance is set out below. This should be read in conjunction with more detailed discussion of the Financial Information disclosed in Section 4.</p> <table border="1"> <thead> <tr> <th style="text-align: left;">\$'000</th> <th colspan="3" style="text-align: center;">Pro forma historical</th> <th style="text-align: center;">Pro forma forecast</th> </tr> <tr> <th style="text-align: left;">December year end</th> <th style="text-align: center;">FY2014</th> <th style="text-align: center;">FY2015</th> <th style="text-align: center;">FY2016</th> <th style="text-align: center;">FY2017</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: right;">5,137</td> <td style="text-align: right;">9,099</td> <td style="text-align: right;">17,082</td> <td style="text-align: right;">23,232</td> </tr> <tr> <td>Gross margin</td> <td style="text-align: right;">4,604</td> <td style="text-align: right;">5,113</td> <td style="text-align: right;">13,642</td> <td style="text-align: right;">20,031</td> </tr> <tr> <td>Operating EBITDA<sup>1</sup></td> <td style="text-align: right;">1,395</td> <td style="text-align: right;">2,029</td> <td style="text-align: right;">9,923</td> <td style="text-align: right;">14,654</td> </tr> <tr> <td>EBITDA (after significant items)</td> <td style="text-align: right;">1,154</td> <td style="text-align: right;">1,539</td> <td style="text-align: right;">5,523</td> <td style="text-align: right;">14,654</td> </tr> <tr> <td>NPAT (before significant items)</td> <td style="text-align: right;">929</td> <td style="text-align: right;">1,683</td> <td style="text-align: right;">7,667</td> <td style="text-align: right;">9,301</td> </tr> </tbody> </table> <p>1. Operating EBITDA excludes significant items including the costs associated with the impairment of projects in both South Africa and North America.</p> <p>The pro forma historical and forecast financial information above differs from the statutory financial performance of the Company. Please refer to Section 4.3 for the statutory results and for more detail on the pro forma adjustments.</p>	\$'000	Pro forma historical			Pro forma forecast	December year end	FY2014	FY2015	FY2016	FY2017	Revenue	5,137	9,099	17,082	23,232	Gross margin	4,604	5,113	13,642	20,031	Operating EBITDA <sup>1</sup>	1,395	2,029	9,923	14,654	EBITDA (after significant items)	1,154	1,539	5,523	14,654	NPAT (before significant items)	929	1,683	7,667	9,301	Section 4.3
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What is Windlab's financial position before and after the Offer?	<p>Windlab's financial position before and after the Offer (including pro forma adjustments) is set out below:</p> <table border="1"> <thead> <tr> <th style="text-align: left;">\$'000</th> <th colspan="2"></th> </tr> <tr> <th style="text-align: left;">As at 31 December 2016</th> <th style="text-align: center;">Audited</th> <th style="text-align: center;">Pro forma</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Assets</b></td> </tr> <tr> <td>Total current assets</td> <td style="text-align: right;">15,103</td> <td style="text-align: right;">37,570</td> </tr> <tr> <td>Total non current assets</td> <td style="text-align: right;">19,290</td> <td style="text-align: right;">20,370</td> </tr> <tr> <td><b>Total assets</b></td> <td style="text-align: right;"><b>34,393</b></td> <td style="text-align: right;"><b>57,940</b></td> </tr> <tr> <td colspan="3"><b>Liabilities</b></td> </tr> <tr> <td>Total current liabilities</td> <td style="text-align: right;">3,073</td> <td style="text-align: right;">3,073</td> </tr> <tr> <td>Total non current liabilities</td> <td style="text-align: right;">17,916</td> <td style="text-align: right;">7,473</td> </tr> <tr> <td><b>Total liabilities</b></td> <td style="text-align: right;"><b>20,989</b></td> <td style="text-align: right;"><b>10,546</b></td> </tr> <tr> <td><b>Net assets</b></td> <td style="text-align: right;"><b>13,404</b></td> <td style="text-align: right;"><b>47,394</b></td> </tr> </tbody> </table>	\$'000			As at 31 December 2016	Audited	Pro forma	<b>Assets</b>			Total current assets	15,103	37,570	Total non current assets	19,290	20,370	<b>Total assets</b>	<b>34,393</b>	<b>57,940</b>	<b>Liabilities</b>			Total current liabilities	3,073	3,073	Total non current liabilities	17,916	7,473	<b>Total liabilities</b>	<b>20,989</b>	<b>10,546</b>	<b>Net assets</b>	<b>13,404</b>	<b>47,394</b>	Section 4.4		
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What is the Company's dividend policy?	<p>The Directors intend to use Windlab's current cash reserves and any surplus cash flow to fund the Company's business objectives.</p> <p>The Company does not anticipate paying dividends to Shareholders for the foreseeable future.</p>	Section 9.17																																			

# 1. Investment Overview

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
What will Windlab's capital structure be on Completion of the Offer?	<p>On Completion of the Offer, the Company will have on issue approximately:</p> <ul style="list-style-type: none"> <li>◆ 67,129,092 million shares;</li> <li>◆ 1,410,668 million Warrants as described in Sections 9.6.1 and 9.7; and</li> <li>◆ 4,625,573 Employee Share Options as described in Sections 7.4 and 7.5.</li> </ul>	Section 7.4, 7.5, 8.7, 9.6.1 and 9.7

## 1.7 SUMMARY OF THE OFFER AND THE PROPOSED USE OF FUNDS RAISED

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Who is the issuer of this Prospectus	Windlab Limited (ACN 104 461 958) and Windlab SaleCo Limited (ACN 620 718 372).	Section 3
What is the Offer?	<p>The Offer is an initial public offering of 25,000,000 Shares in the Company at an Offer Price of \$2.00 per share raising gross proceeds of \$50 million.</p> <p>Windlab is offering to issue 12,500,000 New Shares to raise \$25 million and SaleCo is offering to transfer 12,500,000 Existing Shares to raise \$25 million.</p> <p>This Prospectus provides investors with the opportunity to participate in the initial public offering of Shares in the Company.</p>	Section 8
How is the Offer structured?	<p>The Offer will consist of:</p> <ul style="list-style-type: none"> <li>◆ the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and other authorised jurisdictions to apply for Shares;</li> <li>◆ the Broker Firm Offer, which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; and</li> <li>◆ the Chairman's List Offer, which is open to persons who have received an invitation to participate in the Chairman's List Offer from Windlab.</li> </ul> <p>There is no general public offer of Securities.</p>	Section 8.3

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Will the Company be adequately funded after completion of the Offer?	<p>The Directors are satisfied that the Company’s current cash reserves plus the net proceeds of the Offer will be sufficient to fund the Company’s short to medium term growth strategy and business objectives.</p> <p>The Directors will consider the use of additional funding if appropriate to further accelerate growth or fund a specific project, transaction or expansion.</p>	Section 4
What rights and liabilities attach to the Shares being offered?	All Shares offered under the Offer will rank equally in all respects with existing Shares on issue. The rights attaching to Shares are described in Section 9.4.	Section 9.4
Will the Shares be quoted on ASX?	The Company will apply to ASX no later than 7 days from the Prospectus Date for official quotation of all Shares on ASX under the ticker WND.	Section 8.4
Is the Offer underwritten?	The Offer will be fully underwritten by the Lead Manager.	Sections 8.3, 8.15 and 9.8
What is the allocation policy applicable to the Offer?	The allocation of Shares will be determined by the Company and Lead Manager and they have absolute discretion regarding the level of scale-back and the allocation of Shares under the Offer (if any).	Section 8.9
What is the Minimum Application under the Offer?	Applications must be for a minimum of 1,000 Shares (\$2,000), and thereafter in multiples of 250 Shares (\$500).	Section 8.9
When will I know if my application has been successful?	A holding statement confirming your allocation under the Offer will be sent to you if your Application is successful.	Section 8.9
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisitions of Shares under the Offer.	Section 8.9
What are the tax implications of investing in the Shares?	The tax consequences of any investment in Shares will depend on your personal circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	Section 9.19
How do I apply for Shares?	<p>Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus or available online at <a href="http://www.windlab.com">www.windlab.com</a>.</p> <p>Applicants under the Broker Firm Offer should complete a Broker Firm Application Form and follow the instructions of their Broker. Applicants under the Chairman’s List Offer should follow application procedures advised by the Company.</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>	Sections 8.10, 8.11 and 8.12

# 1. Investment Overview

TOPIC	SUMMARY	FOR MORE INFORMATION, REFER TO:
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue and transfer of Shares to successful Applicants.  If the Offer does not proceed, Application monies will be refunded. No interest will be paid on any Application monies refunded as a result of the withdrawal of the Offer.	Section 8.9
Where can I find more information?	Questions relating to Applications for Shares can be directed to the Share Registry, on 1300 617 682 (if calling within Australia) or +61 3 9415 4004 (if calling from outside of Australia) from 9:00am to 5:00pm (Sydney time) Monday to Friday.	

You should read this Prospectus carefully and in its entirety, including Section 6 – (Risk Factors), before deciding whether to apply for Shares. If you are in doubt as to the course you should follow, you should consult your licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser.

## 1.8 PROPOSED USE OF FUNDS RAISED UNDER THE OFFER

The Offer is expected raise gross proceeds of \$50 million. Funds raised in the Offer will be used for the following:

USE OF PROCEEDS	ESTIMATED SPEND (\$M)	% OF FUNDS RAISED
Payment of proceeds by SaleCo to Selling Shareholders	\$25.0	50%
Investment in Kennedy Energy Park Pty Ltd (to maintain Windlab's equity interest in Kennedy Energy Park Phase I) <sup>1</sup>	\$22.5	45%
Costs of the Offer <sup>2</sup>	\$2.5	5%
<b>Total Funds raised</b>	<b>50.0</b>	<b>100%</b>

Notes:

1. Windlab will fund a total of approximately \$25 million in the Kennedy Energy Park Phase I, with \$2.5 million funded from existing cash reserves.
2. Amount shown includes the amount to be paid by Windlab pursuant to the Underwriting Agreement. An additional \$1.25 million will be paid by SaleCo in respect of the management and underwriting fee in connection with the Offer of Existing Shares (see Section 9.8).

The above table is a statement of current intentions as at the Prospectus Date. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of project success, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

The use of further equity funding or share placements will be considered by the Board where it is appropriate to accelerate a specific project, transaction or expansion.

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## 2. Industry Background

## 2. Industry Background

Windlab operates in the electricity generation industry. It focuses solely on renewable energy generation, principally wind energy. Windlab participates in wind generation projects from inception, through development to operations. Windlab's main operations are in Australia with a head office in Canberra. It is focused on a number of immediate wind project development opportunities (particularly Queensland) where there is an immediate and mid-term demand for wind generation to meet Australia's renewable energy target (RET) and various state government policy initiatives. Windlab also has an office in Cape Town, South Africa where it has successfully completed two projects. It has recently expanded into the eastern region of Sub-Saharan Africa to meet the long term demand created by the region's electricity deficit, and also has a small number of project opportunities in North America, with a small office based in Plymouth, Michigan.

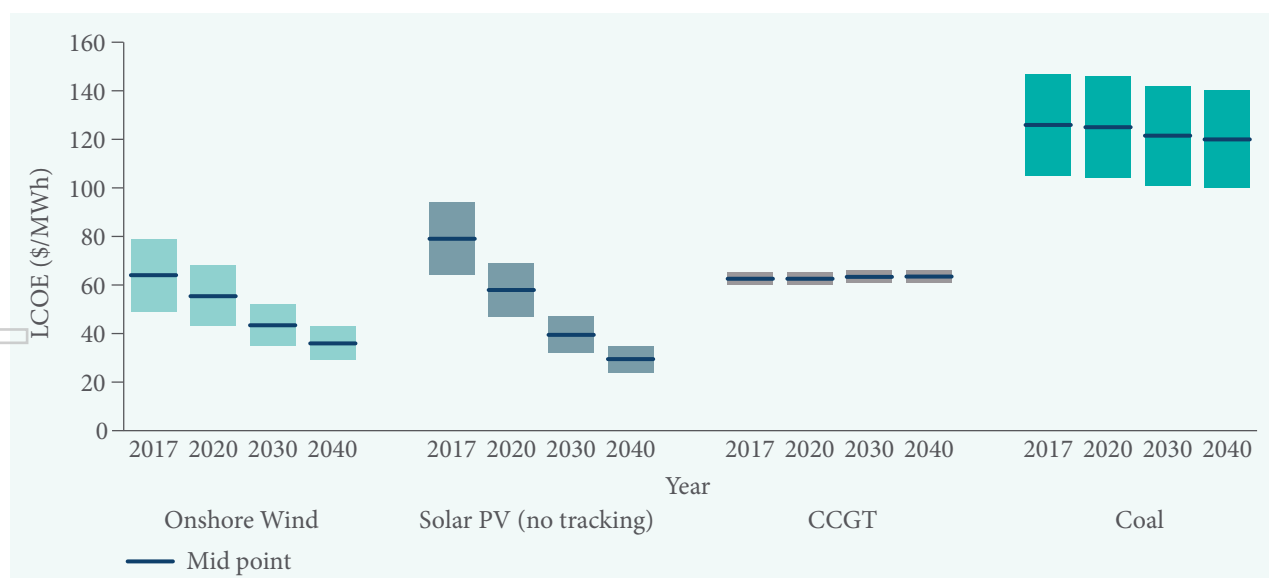
### 2.1 GLOBAL RENEWABLE ENERGY MARKET

The shift in electricity markets globally from fossil fuel generation towards renewable technologies is already underway. The economics of renewable energy continue to improve with record low prices recorded in 2016. The cost of generating electricity from newly installed renewable energy generating capacity is now generally less than that produced by newly constructed traditional thermal alternatives such as coal fired power stations.

Renewable energy accounted for more than 55% of the net generation capacity added globally in 2016, the highest proportion of any year, and the second successive year renewables have exceeded half of all new net generation capacity. With new net installations of renewable generating capacity now surpassing that of fossil fuels on a global basis, the role of renewables in the electricity markets of many developed and developing nations is increasingly important.

Investment in renewable energy generation globally has been concentrated towards wind and solar technologies, both of which have experienced rapid reductions in the levelised cost of energy (LCOE). As illustrated for the Australian market below, both wind and solar generation are expected to see further long term cost improvements due to technology advancements, scale and manufacturing efficiencies.

FIGURE 1: LCOE IN AUSTRALIA



Source: Bloomberg New Energy Finance, "H1 2017 LCOE APAC Outlook Report".

Generally the cost of wind energy remains cheaper than other renewable energy options, including solar photovoltaic (Solar PV) systems. Solar projects generally provide power during the middle of the day, whereas wind generating profiles are more diverse and distributed – they often peak during the evenings or at night. The typical timing of energy dispatch from wind versus solar generators means that when installed together, often wind and solar projects are complementary. Co-location of solar with wind can reduce intermittency issues and share grid connection costs.

As more renewable energy capacity is installed, storage technologies, including batteries are expected to be increasingly used to manage the intermittency of renewable generation and maintain stability in electricity grids.

The economic benefits of renewable energy are further supported by various national and international government policies. The Paris Agreement, which became effective in November 2016, aims to strengthen the global response to climate change through nationally determined contributions to reduce emissions. The Paris Agreement and various other domestic and global policies add significantly to the momentum of the global renewable energy industry. The recent withdrawal of the United States from the Paris Agreement is not expected to significantly reduce the global momentum for the development of renewable generating assets, especially given the competitiveness of the economic cost of generation relative to traditional alternatives.

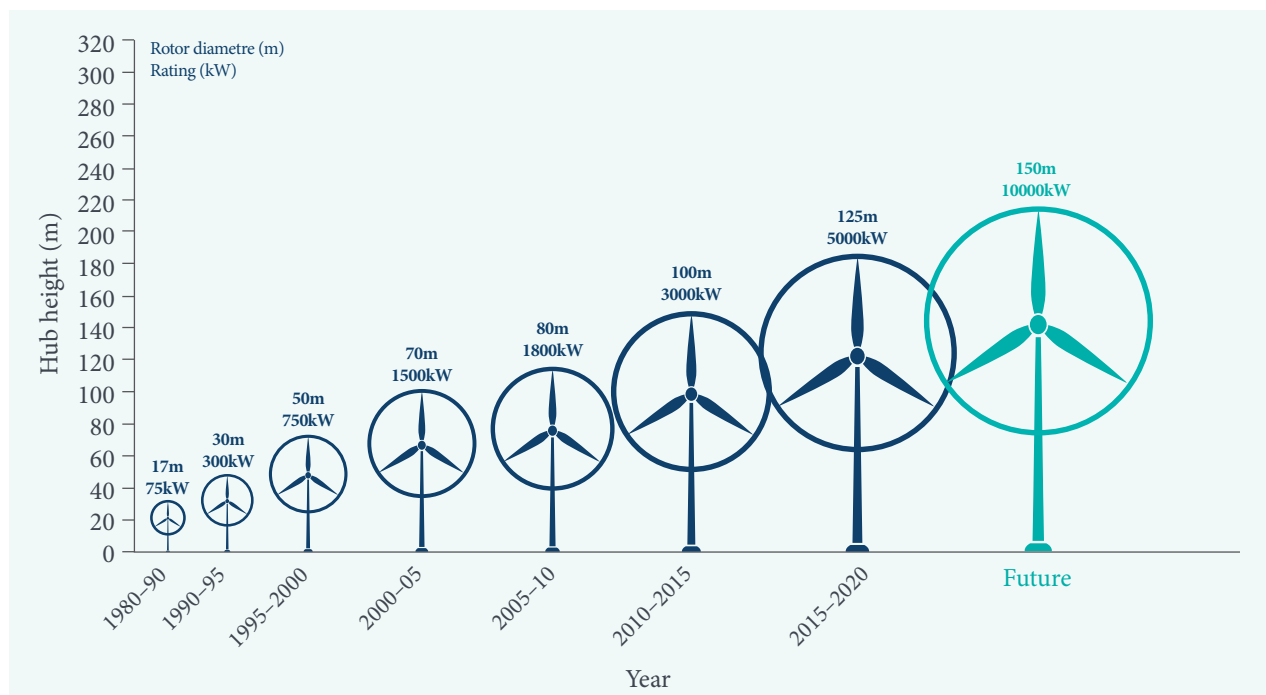
### 2.1.1 TRENDS IN WIND ENERGY

Wind energy is a technology with proven reliability and cost competitiveness across a large and growing number of markets. The cost stability of wind energy is attractive to utilities, independent power producers and companies who look to hedge against the fluctuating prices of fossil fuel generation, and reduce their carbon footprint.

Wind turbines make up the single largest component of the capital expenditure required for an onshore wind project, with other significant costs comprising concrete foundations, on-site electrical works, site preparation and the transport of the wind turbines to the site.

In the past 20 years, wind turbines have progressed from small fixed-speed turbines to large and highly efficient variable speed turbines. Wind turbine technology has advanced to enable larger turbines with taller hub heights, larger rotor diameters and bigger generators. These advances continue to drive reductions in the cost of wind energy production via increased capacity factors (the electricity produced per MW of capacity installed). Recent advances in technology are demonstrated by Windlab’s Coonoor Bridge Wind Farm which operated at a 46% capacity in the 12 months to May 2017, compared to the sector average of approximately 30% reported by the International Energy Agency between 2008 and 2012.

**FIGURE 2: GROWTH IN THE SIZE AND HEIGHT OF WIND TURBINES**

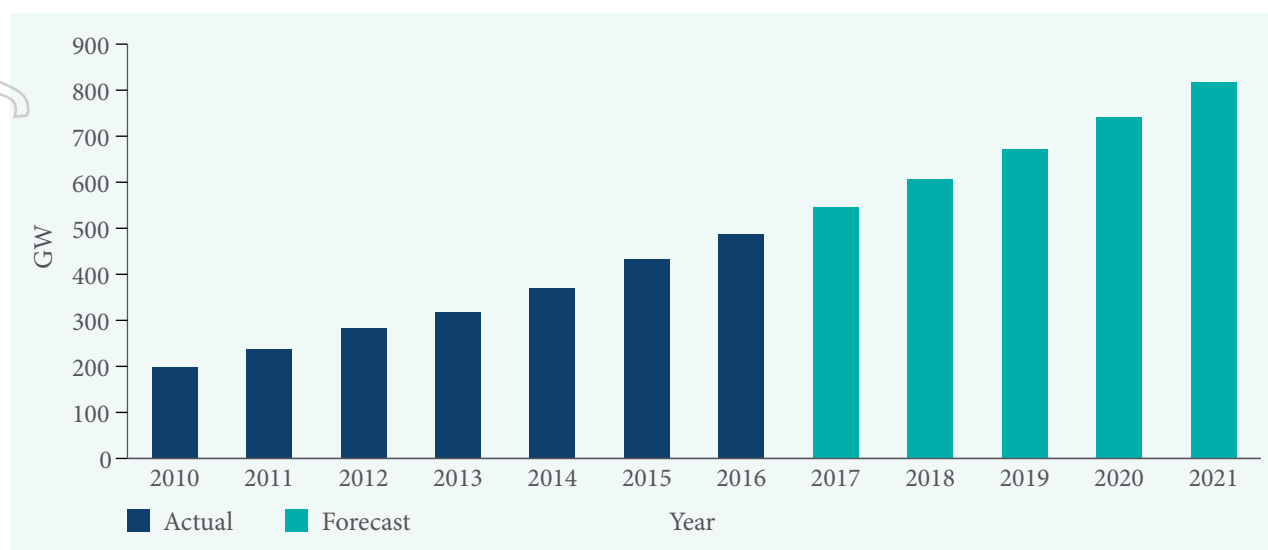


Source: International Energy Agency, “Technology Roadmap: Wind energy, 2013 edition”.

It is estimated that global electricity demand will increase by nearly 60% by 2040 and that three quarters of this demand will be met by renewable energy generation. In a large number of markets, wind energy is often the cheapest way of adding new generation capacity, and is now often competitive on price against existing installed fossil fuel generation methods.

## 2. Industry Background

FIGURE 3: GLOBAL CUMULATIVE INSTALLED WIND CAPACITY



Source: Global Wind Energy Council, “Global Wind 2016 Report”.

### Wind Farm Project Finance

Wind farms are frequently developed as standalone projects. Most projects are developed within special purpose vehicles funded by non-recourse debt, with equity contributed by the project owners.

Debt providers have traditionally required a high degree of revenue certainty through high-quality offtake arrangements, but as the LCOE of wind has begun to surpass wholesale power prices in some markets lenders are increasingly accepting of shorter term or partial offtake. For example, lenders in Australia have in recent years, and in certain circumstances, financed projects on a merchant basis, meaning that the project sells electricity into the National Electricity Market (NEM) at the prevailing market price.

### Competitive Landscape

Windlab’s projects compete with other new build generation projects and existing generators to supply electricity at the lowest cost. As the cost of new build wind generation is generally lower than new build fossil fuel generation, Windlab’s projects tend to compete against other wind projects for electricity offtake contracts and against wholesale pricing from existing generation.

The price at which a wind project produces power is largely driven by the following factors:

<b>Wind speed</b>	which has a cubic relationship with energy produced by a wind farm and is the key variable for determining electricity output from a given turbine;
<b>Capital costs</b>	which are comparable between projects, other than the grid connection cost. Grid connection cost is a function of a project’s proximity to existing infrastructure, as well as the size of the project and the grid capacity at the point of connection; and
<b>Funding Costs</b>	at a project level, which are principally driven by the existence and quality of offtake contracts and are broadly comparable between competing projects.

Windlab therefore assesses the competitiveness of its portfolio using a combination of wind speed and grid connection cost. Windlab is uniquely positioned to assess a project's competitive position in its market as *WindScape* allows the Company to model wind speeds at any location. Combining this data with publicly available grid information allows management to estimate the electricity price from existing and potential projects and then to develop a model of the competition a Windlab project or potential project faces.

Offshore wind projects are more costly to develop and therefore are typically undertaken in regions where the development of onshore wind projects are constrained, for example due to land availability. Windlab focuses on the development of onshore wind projects only, due to its experience and competitive advantage in mapping land-based wind characteristics (see Section 3.2).

## 2.2 AUSTRALIA

### 2.2.1 ELECTRICITY MARKET OVERVIEW

Australia has two principal wholesale electricity markets. The NEM covers eastern and southern Australia, and the South West Interconnected System (SWIS) covers the south-western corner of Western Australia. Windlab has completed one large project in the SWIS, but due to the size of the market does not anticipate further near term project opportunities.

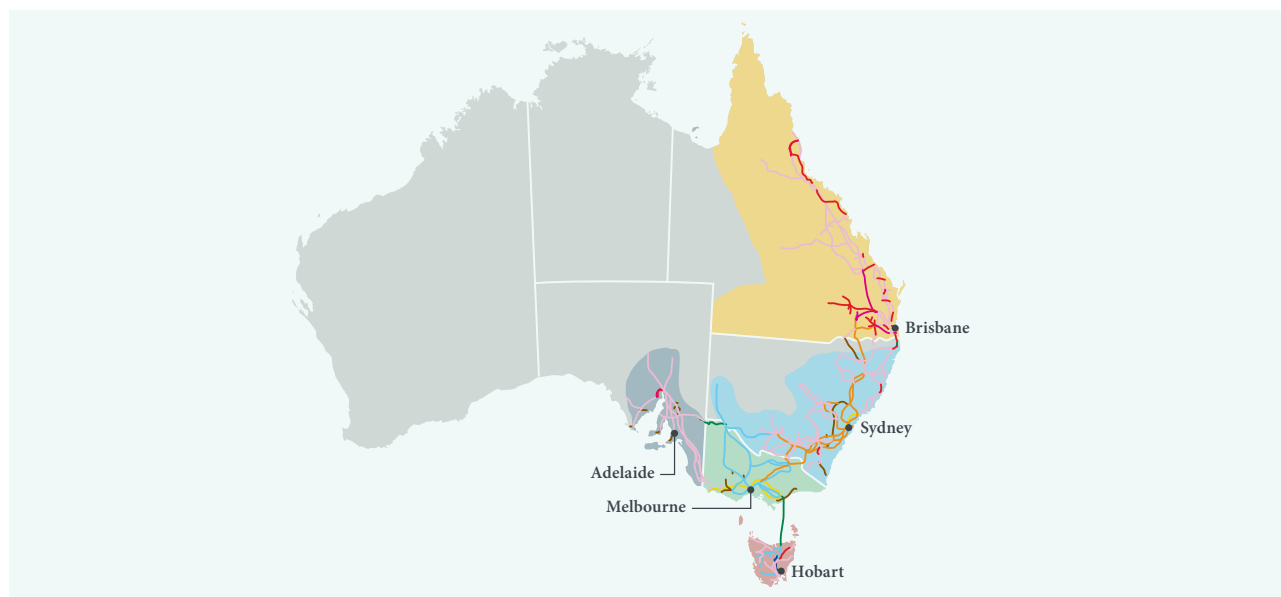
#### The NEM

The NEM is Australia's largest wholesale market and operates one of the world's longest interconnected power systems, linking Queensland, New South Wales, the Australian Capital Territory, Victoria, South Australia and Tasmania, over a distance of approximately 5,000 kilometres. Western Australian and the Northern Territory are not connected to the NEM due to their geographic separation.

The NEM involves the wholesale generation of electricity which is transported via high voltage transmission lines from generators to large industrial energy users, local electricity distributors and on to end customers.

The NEM incorporates around over 40,000 kilometres of transmission lines and cables supplying over nine and a half million customers. The NEM operates on a regional basis, largely reflected by the state boundaries, with individual state-based transmission networks linked by cross border interconnectors.

FIGURE 4: THE NEM



## 2. Industry Background

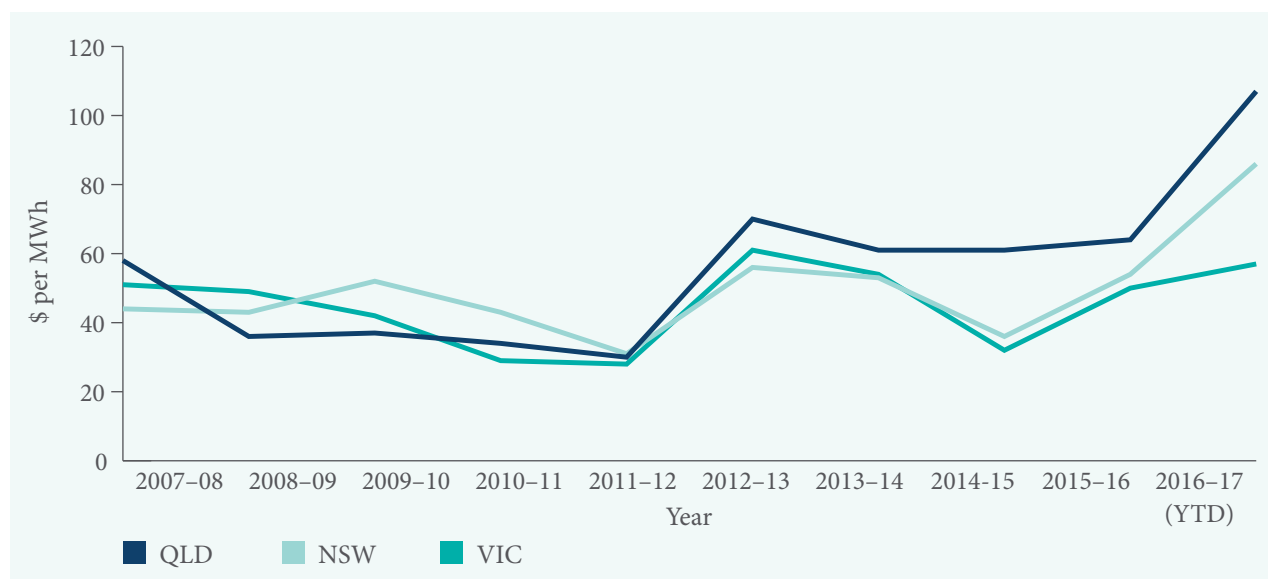
### Market mechanics in the NEM

The NEM is a spot market through which generators sell electricity to retailers and directly connected customers. The output from all generators is aggregated and scheduled to meet demand as follows:

- ♦ electricity generators submit bids to supply electricity for each five-minute dispatch interval;
- ♦ the Australian Energy Market Operator (AEMO) aggregates generator supply bids, matching this with demand from consumers in real time. To determine which generator bids are dispatched AEMO stacks the bids from the lowest to the highest price for each dispatch interval. The lowest priced supply bids are drawn first until market demand is met; and
- ♦ the highest priced bid that is dispatched during a dispatch interval sets the dispatch price. The spot price paid to generators is the average dispatch price paid over a half hour period. All successful bidders are paid the spot price, regardless of how they bid.

The process ultimately ensures that the market receives the electricity it requires at the lowest available cost. A separate spot price is determined for each of the five NEM regions. Historical electricity prices in the states in which Windlab operates are shown in Figure 5 below.

**FIGURE 5: ANNUAL VOLUME WEIGHTED AVERAGE WHOLESALE SPOT PRICES**



Source: Australian Energy Regulator.

The price at which electricity generators bid into the NEM is significantly influenced by the marginal cost of generation for each power source:

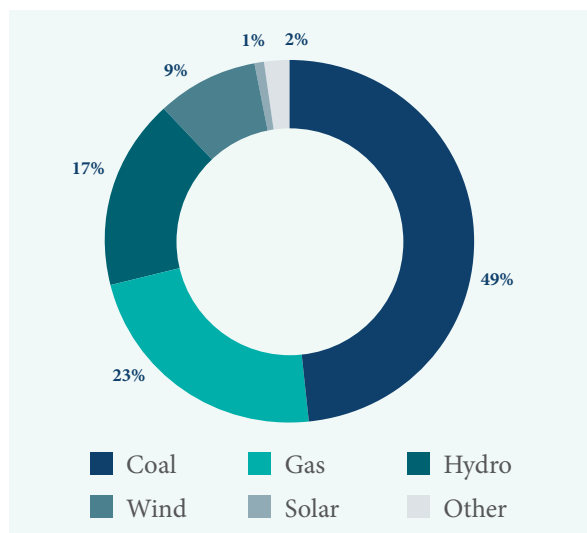
- ♦ coal fired generators require up to three days to start up, so have high start-up and shut down costs as well as ongoing fuel costs. These coal fired generators usually bid into the NEM at lower prices to guarantee dispatch and keep their plant running;
- ♦ gas powered generators' marginal costs are principally driven by fuel costs. Currently gas generators face higher fuel costs and therefore typically bid electricity supply at higher prices. Gas generators are relatively quick to start-up and shut down and often bid at high prices into market price peaks; and
- ♦ the marginal cost of generation for wind and solar generators is effectively nil. This allows many wind and solar generators to bid electricity into the NEM at nil price whenever they are operating thereby maximising the quantity of electricity dispatched at the spot price.

### Electricity supply in the NEM

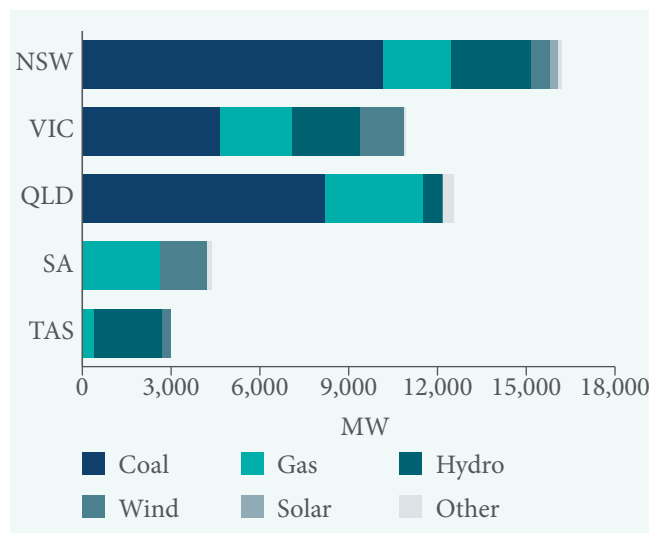
The NEM has approximately 47,000 MW of installed capacity. Wind generation accounts for 9% of this capacity and is primarily located in South Australia, Victoria and New South Wales.

**FIGURE 6: CURRENT NEM GENERATION**

#### CAPACITY BY FUEL TYPE



#### CAPACITY BY REGION



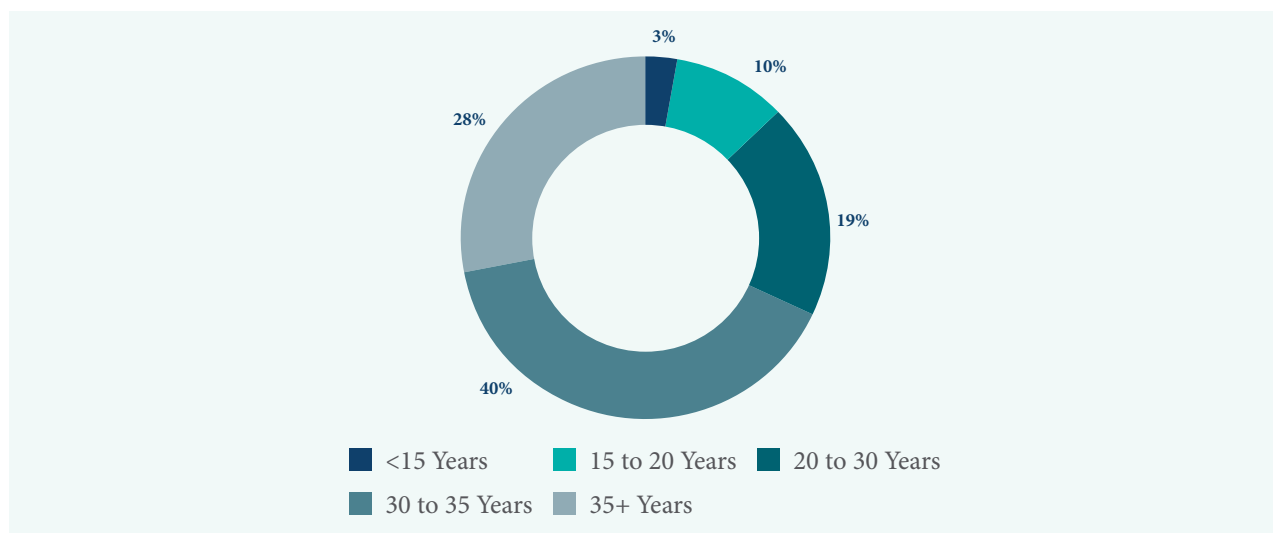
Source: AEMO. Data is current as at 19 May 2017.

Note: Rooftop solar is excluded from the above chart.

The increase in wind and solar generation has affected the viability of some existing thermal generation, and in recent years several coal generators have been retired or closed. Notable recent closures include Northern Power Station (520 MW) in South Australia in May 2016 and Hazelwood Power Station (1,600 MW) in Victoria in March 2017.

The majority of coal-fired power generation capacity in the NEM is coming to the end of its design life. Further closures are expected as the cost of refurbishing, retrofitting, rebuilding, or running old coal power stations is not expected to be competitive with building new renewable generation. Closing coal fired generators are unlikely to be replaced as investors have signalled that they are unlikely to invest in new coal fired generation, as highlighted in the ‘Independent Review into the Future Security of the National Electricity Market’ by Dr Alan Finkel (Finkel Review).

**FIGURE 7: AGE OF COAL GENERATION CAPACITY IN THE NEM**

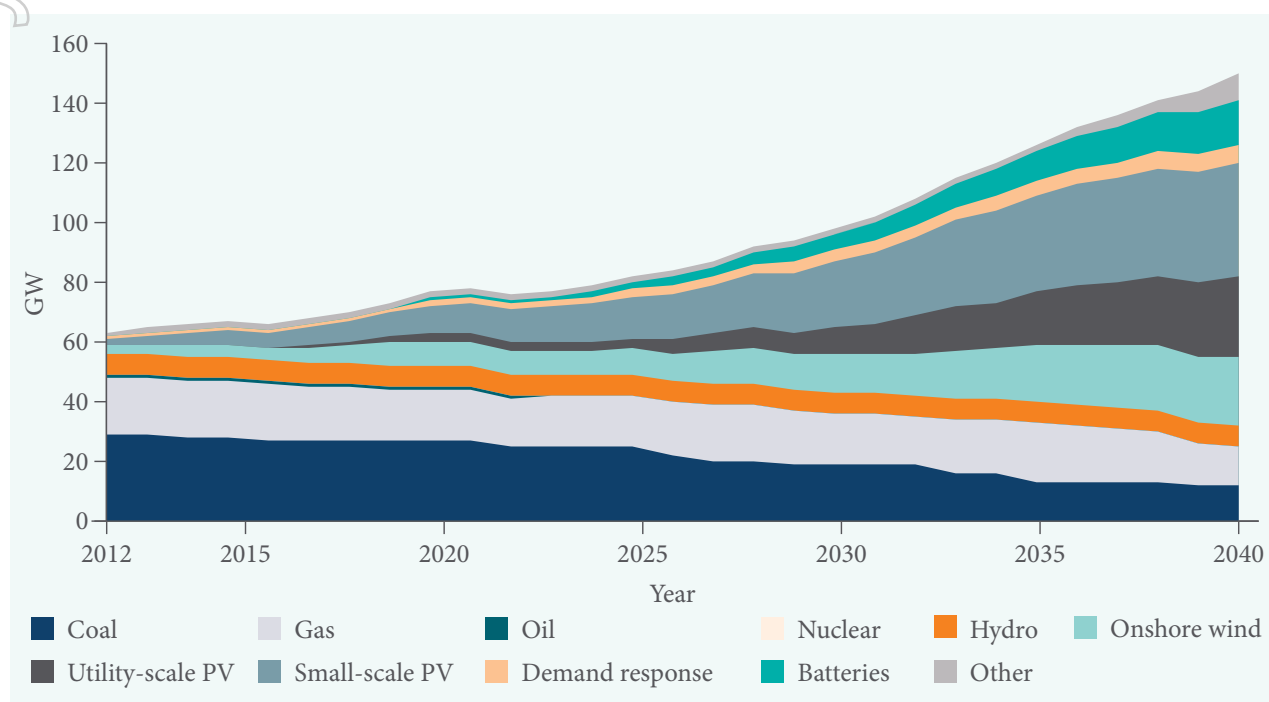


Source: AEMO. Data is current as at 19 May 2017.

## 2. Industry Background

The Australian energy market is projected to continue to transition away from fossil fuel generation towards renewable generation, particularly using solar and wind technologies as illustrated below.

**FIGURE 8: FORECAST ENERGY SUPPLY IN AUSTRALIA**



Source: Bloomberg New Energy Finance, "New Energy Outlook 2017".

### 2.2.2 RENEWABLE ENERGY POLICY

Under the Paris Agreement, the Federal Government has committed to target a reduction in greenhouse gas emissions of 26-28% on 2005 levels by 2030. In order to meet this objective the Federal Government has implemented a number of policies, including the RET, which supports investment in low emissions technologies and practices. The Finkel Review provides further recommendations on managing Australia's ongoing electricity system transition.

#### RET

Australia's RET was introduced in 2001, and has since been amended a number of times. In June 2015, after gaining cross-bench support, the Australian Parliament passed legislation to amend the RET, reducing the target from 41,000 GWh to 33,000 GWh by 2020. The revised RET target is estimated to equate to approximately 23.5% of Australia's electricity demand from renewables in 2020.

The RET was also amended to remove the requirement for a review every two years. The new legislation reduced the political uncertainty regarding the RET, which had constrained investment into Australian renewable projects in previous years.

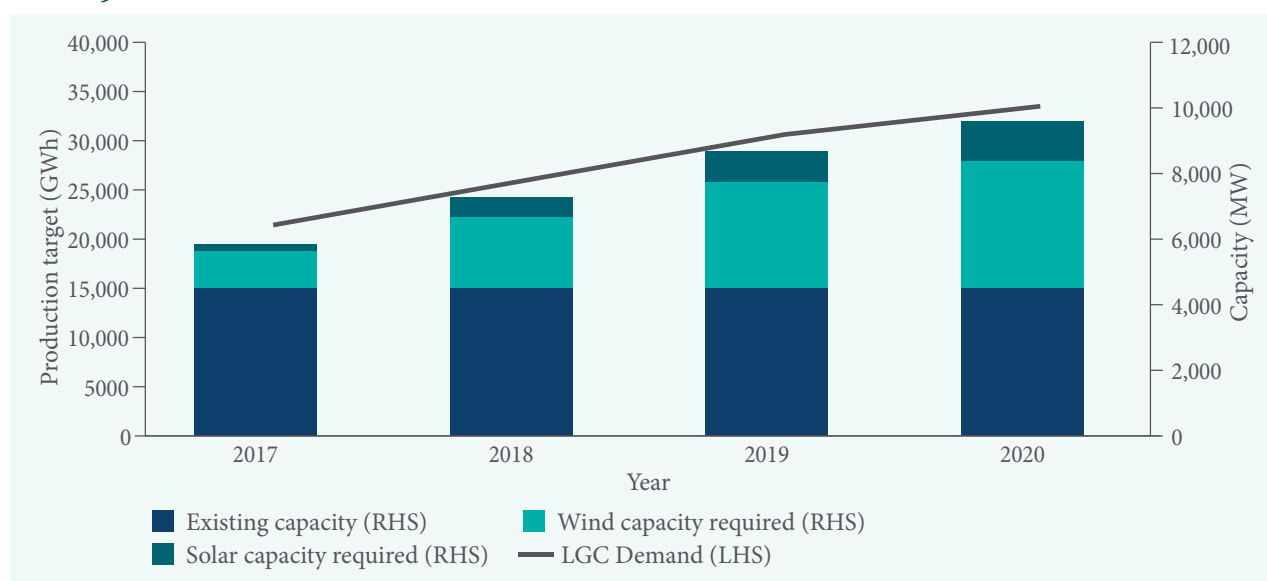
The RET comprises two schemes: the Large-scale Renewable Energy Target which encourages investment in renewable power stations; and the Small-scale Renewable Energy Scheme which supports small-scale installations such as household solar panels.

The Large-scale Renewable Energy Scheme is underpinned by the creation and trading of Large-scale Generation Certificates (LGCs). LGCs are generated by accredited renewable power stations for each MWh of electricity generated above a baseline level of generation. The LGCs can then be sold, providing additional revenue for accredited renewable energy generators.

The RET requires electricity retailers and other liable entities to buy and later surrender LGCs to the Clean Energy Regulator as a means of meeting their renewable energy obligations each year. LGCs can be purchased directly from accredited renewable power stations, or from an actively traded market. An effective penalty price of \$93/LGC is payable for any shortfall in obligation<sup>3</sup>.

In 2015 the Clean Energy Regulator estimated that by 2020, approximately 6,000 MW of new large-scale generation capacity will need to be constructed to supply the LGCs to meet demand and expects that the additional renewable capacity will be delivered through a mix of approximately 25% solar and 75% wind technologies.

**FIGURE 9: NEAR TERM BUILD OPPORTUNITY FOR RENEWABLES**



Source: Clean Energy Regulator, Windlab.

The current RET policy has a target that peaks in 2020 and remains at this level until 2030 when the scheme is scheduled to conclude. Market participants, including the Clean Energy Council have long advocated for the target to be pushed above 33,000 GWh after 2020, and for the RET to be extended beyond 2030.

### The Finkel Review

At an extraordinary meeting in October 2016, the Council of Australian Governments Ministers agreed to commission an independent review of the NEM. The findings of the Finkel Review were presented in June 2017, with a focus on four key outcomes for the NEM: increased security, future reliability, rewarding consumers and lower emissions.

The Finkel Review outlines that the reliability of the NEM should be underpinned by an orderly energy mix transition to provide certainty through an agreed emissions reduction trajectory. The key recommendations for this orderly transition are:

- ◆ at the scheduled end of the RET in 2020, a Clean Energy Target is implemented, mandating that energy retailers provide a certain amount of electricity from generators that produce electricity below a specific emissions intensity threshold; and
- ◆ a requirement for all large generators to provide three years’ notice of closure, to signal investment opportunities for new generation, and provide community awareness.

The Finkel Review suggests that regions with a very high proportion of variable renewable energy such as wind and Solar PV can present challenges for system reliability. The Finkel Review recommends that new renewable generators in such areas are complemented by dispatchable capacity such as battery storage.

3. Liable entities that fail to meet compliance obligations incur a shortfall charge of \$65/LGC which is not tax deductible, equivalent to an effective price of \$93/LGC assuming the Australian corporate tax rate of 30%.

## 2. Industry Background

### State government targets

In addition to Federal Government policy, there are other significant state government policies which reinforce support for the renewable energy sector. State based renewable energy targets have been implemented in the Australian Capital Territory, and announced in South Australia, Victoria and Queensland.

FIGURE 10: STATE / TERRITORY RENEWABLE ENERGY TARGETS

STATE / TERRITORY	TARGET	YEAR	MECHANISM
Queensland	50%	2030	Partial reverse auctions (further announcements expected)
Australian Capital Territory	100%	2020	Reverse auctions (completed)
South Australia	50%	2025	None (ambition only)
Victoria	40%	2025	To be decided – reverse auction likely

### 2.2.3 QUEENSLAND GENERATION

The majority of electricity generation in Queensland occurs in Central and South Queensland. North Queensland's energy network faces challenges as transporting energy to the northern parts of the state can be costly and inefficient.

The Queensland Government currently supports regional and rural Queenslanders by subsidising the additional costs involved in supplying electricity outside of South East Queensland through a subsidy payment called the Community Service Obligation. In 2015-16, the total Community Service Obligation payment to support regional and rural Queenslanders was \$498.4 million.

Windlab management believes there is a significant opportunity to support the roll out of generation closer to end users and thereby reduce the cost of the Community Service Obligation. North Queensland has significant renewable energy resources, which to date remain largely untapped.

Queensland has a total generating capacity of over 12,500 MW which is heavily biased towards coal fired generation and supplemented with gas plants and a relatively small amount of hydro generation (see Figure 6). Queensland's generation mix and limited interconnection with the rest of the NEM has contributed to the state experiencing consistently higher wholesale electricity pricing relative to New South Wales and Victoria (see Figure 5).

The Queensland government has released a draft report on its proposed 50% renewable energy target by 2030. Queensland has industry leading Solar resources. Small and large scale Solar PV generators are expected to make a significant contribution to the state's target. Queensland currently has very limited operational wind capacity and relatively limited commercial wind resources under development, although as highlighted in Section 2.1 wind generation is often highly complementary to solar generation and this is viewed as an important factor to the future stability of Queensland's electricity grid.

In June 2017, the Queensland government unveiled its "Powering North Queensland Plan". The Plan includes a proposal to build a new 500 kilometre transmission line in the north of the state to unlock barriers to more than 2,000 MW of large scale wind, solar and hydro projects, and support 4,600 jobs. Windlab will be a major beneficiary of this government proposal as the Company controls the proposed 1,200 MW wind and solar park, Kennedy Phase II (see Section 3.7.1).

It is estimated that around 10 GW of renewable generation will need to be added to the Queensland generation fleet to meet the objective of 50% renewable energy by 2030 and more than half of this capacity will be commercial and residential rooftop and utility scale solar. This solar generation is very uniform; generating mainly from mid-morning to mid-afternoon. It is expected to replace much of the conventional thermal generation in the market during the day. Management believes that this will accelerate the exit from the market of some of the aged conventional generation. Storage is not expected to replace the retired thermal generation at night, requiring wind energy to complement the large amounts of solar generation anticipated.

Queensland has very scarce wind resources which are in close proximity to the electricity network currently comprising only 12 MW of operating capacity, 180 MW of capacity under construction and 578 MW of capacity with a development approval. Windlab is a party to 503 MW of this capacity with a development approval. There is currently 2,184 MW of announced capacity in Queensland, 82% of which resides in Windlab projects.

### 2.3 SUB-SAHARAN AFRICA (SSA)

SSA comprises 34 countries of which Windlab operates in or has identified pipeline projects in six, being South Africa, Tanzania, Mozambique, Zambia, Ethiopia and Kenya. These countries are home to more than 300 million people and it is the most electricity-poor region in the world. More than 170 million people lack access to electricity, and millions more are connected to an unreliable grid that does not meet their daily energy service needs, and is subject to frequent black outs.

SSA is significantly underdeveloped in terms of energy access, installed capacity, and overall consumption and suffers from insufficient generation capacity and grid infrastructure in parts of the region. Increases in energy demand have severely outstripped capacity growth, and as such the significant energy gap is widening.

Central to any long term solution to SSA's energy crisis, is significant investment in two key areas:

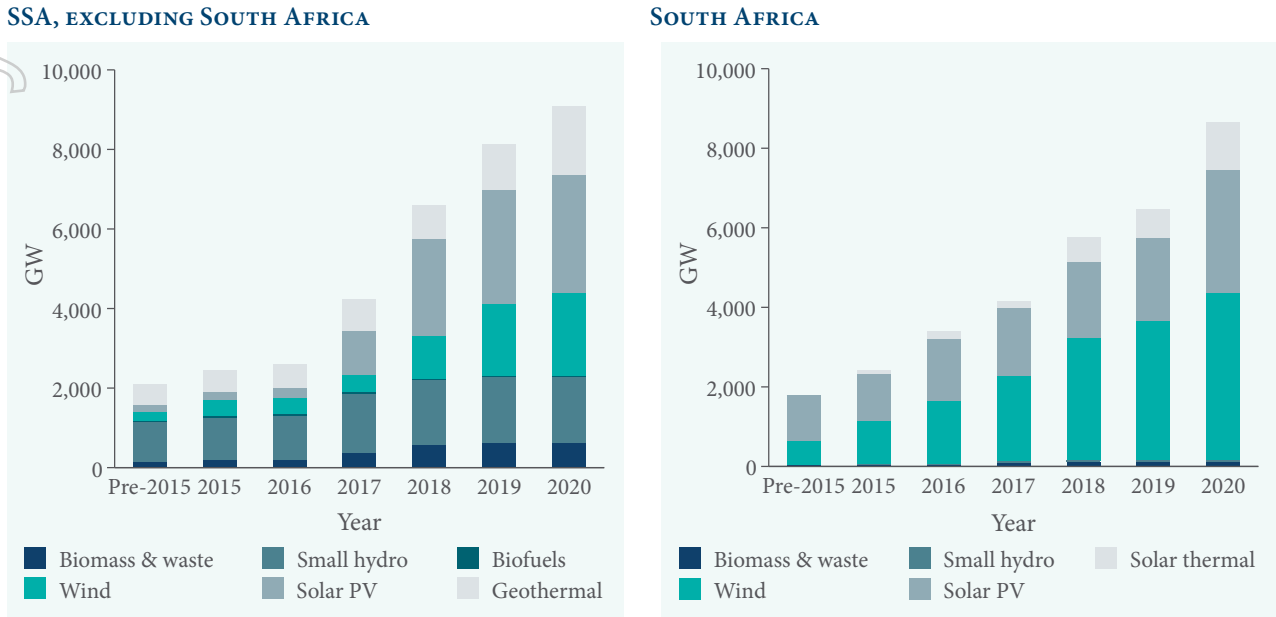
- ◆ The region requires immediate and substantial investment in electricity generation projects to meet current demand, and substantial ongoing capacity investment in order to meet the fourfold increase in demand expected by 2040<sup>4</sup>; and
- ◆ Significant investment is required in outdated and insufficient distribution and transmission infrastructure. In relation to this, governments and private sector stakeholders have made concerted efforts to promote the use of micro-grids and other distributed energy resources to reach vast regions without access to electricity.

Management believes that much of the increase in demand will be met by renewable generation as evidenced by several African governments already showing a policy commitment to renewable energy development. The projected growth in renewables capacity for the region is illustrated below.

4. McKinsey & Company, "Brighter Africa: The growth potential of the sub-Saharan electricity sector", (February 2015).

# 2. Industry Background

FIGURE 11: CUMULATIVE RENEWABLES CAPACITY, HISTORICAL AND FORECAST



Source: Bloomberg New Energy Finance, Country Profiles.

## 2.4 SOUTH AFRICA

South Africa is the most developed energy market in Africa. With a total of 50 GW of generating capacity, South Africa has approximately half of the generating capacity of the Sub Saharan African region.

South Africa is the world’s seventh largest coal producer and coal currently supplies approximately 77% of the country’s electricity generation capacity. The maintenance of the coal fleet has been challenging leading to regular electricity shortages.

South Africa has looked to address these issues with an Integrated Resource Plan, which includes a national renewable energy target of 17,800 MW of capacity by 2030.

South Africa has an established wind energy industry with outstanding wind resources in some regions. The development of the country’s wind industry has taken place over the past five years under the government’s Renewable Energy Independent Power Producer Procurement Program (REIPPPP). Rapid developments in the wind energy industry place South Africa among the leading new wind markets globally. The wind industry and its supply chain are becoming firmly established with 21 wind farms now fully operational and more under development and construction.

#### 2.4.1 RENEWABLE ENERGY POLICY

The first round of bidding into the REIPPPP occurred in 2011, with three main successive bidding rounds occurring since. An additional round of bidding which closed in November 2015 is yet to be adjudicated and is not shown in the table below.

**FIGURE 12: REIPPPP ANNOUNCED CAPACITY TO DATE**

	Capacity per round (MW)					Total	
	1	2	3	4	Small scale	Capacity (MW)	No of projects
Wind	648	559	787	1,362	9	3,365	36
Solar	777	467	835	813	30	2,922	58
Other	-	14	35	30	10	89	8
<b>Total contracted</b>	<b>1,425</b>	<b>1,040</b>	<b>1,657</b>	<b>2,205</b>	<b>49</b>	<b>6,376</b>	<b>102</b>

Source: Independent Power Producer Office, November 2016.

To date the REIPPPP has resulted in over ZAR 201 billion (approximately A\$20 billion) invested into South African renewable energy projects, with 6,422 MW of electricity contracted. All projects from the first three rounds of the REIPPPP have now reached financial close, and all projects from rounds one and two have reached commercial operation.

The REIPPPP has successfully brought electricity online quickly and at competitive prices, with the majority of capacity added through wind projects. Construction times for wind projects average less than two years, and the cost of wind generated electricity has declined by 50% in the three years between round one and round four of the REIPPPP.

In August 2016, the South African state utility company Eskom halted the progress of the REIPPPP by refusing to sign new PPAs until the government agreed to give Eskom more control over electricity price negotiations during the auction process. As a result, 37 renewable energy projects including 12 wind farm developments have been unable to reach financial close from round four of the REIPPPP.

The South African government appears committed to the REIPPPP and President Jacob Zuma has announced that Eskom will sign the outstanding PPAs for renewable energy. Implementation of the latest draft of the Integrated Resource Plan by South Africa's Department of Energy will require that Eskom resumes signing PPAs. Management's view is that this halt is likely to remain until African National Congress party elections are completed in December 2017.

If the current impasse can be overcome, management believes that compelling economics will lead to the South African wind energy industry resuming its rapid growth and it is expected that a backlog of projects will be released with more to come in future REIPPPP rounds.

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# 3.

## Business Overview

# 3. Business Overview

## 3.1 OVERVIEW OF WINDLAB

Windlab is an international wind energy development company. Based in Canberra, Windlab has operations in Australia, Africa and North America.

Windlab was established in 2003 to commercialise a leading atmospheric modelling and wind energy assessment technology, *WindScape*, which was originally developed by the CSIRO.

Since 2003, Windlab has continued to apply and develop its proprietary *WindScape* technology to identify, acquire and develop wind farms in Australia and internationally. Windlab has a proven track record of wind farm development success. Windlab has successfully completed the development of approximately 580 MW<sup>5</sup> of operating capacity across multiple jurisdictions<sup>6</sup>.

Windlab currently has a geographically diverse development portfolio of 48 projects. These projects are at various stages of development and represent an estimated total potential capacity of more than 7,000 MW.

As highlighted in the table below:

- ◆ ten development projects, accounting for 1,333 MW of potential capacity, hold development approvals, the majority of which are expected to commence construction over the next three to four years;
- ◆ six development projects, accounting for 1,720 MW of potential capacity, are in the approvals and permitting stage whereby Windlab is collecting meteorological data from monitoring masts, soliciting bids from wind turbine manufacturers and executing final land leases and lodging grid connection applications;
- ◆ 11 development projects, accounting for 1,630 MW of potential capacity, are in the validation phase whereby Windlab is undertaking initial financial feasibility assessments and undertaking preliminary environmental, planning and market studies for the proposed project; and
- ◆ 21 development projects, representing 2,540 MW of potential capacity, are in the acquisition phase whereby Windlab is in the process of securing the site and agreeing terms with landowners to access the property and monitor the wind resource.

**FIGURE 13: DEVELOPMENT PIPELINE BY REGION AND STAGE OF DEVELOPMENT.**

Country	Stage of Development				Total
	Acquisition	Validation	Approvals and permitting	Offtake and financing	
Australia	3	4	3	3	13
North America	–	3	1	2	6
South Africa	–	3	1	5	9
SSA (excl. South Africa)	18	1	1	–	20
<b>Total</b>	<b>21</b>	<b>11</b>	<b>6</b>	<b>10</b>	<b>48</b>

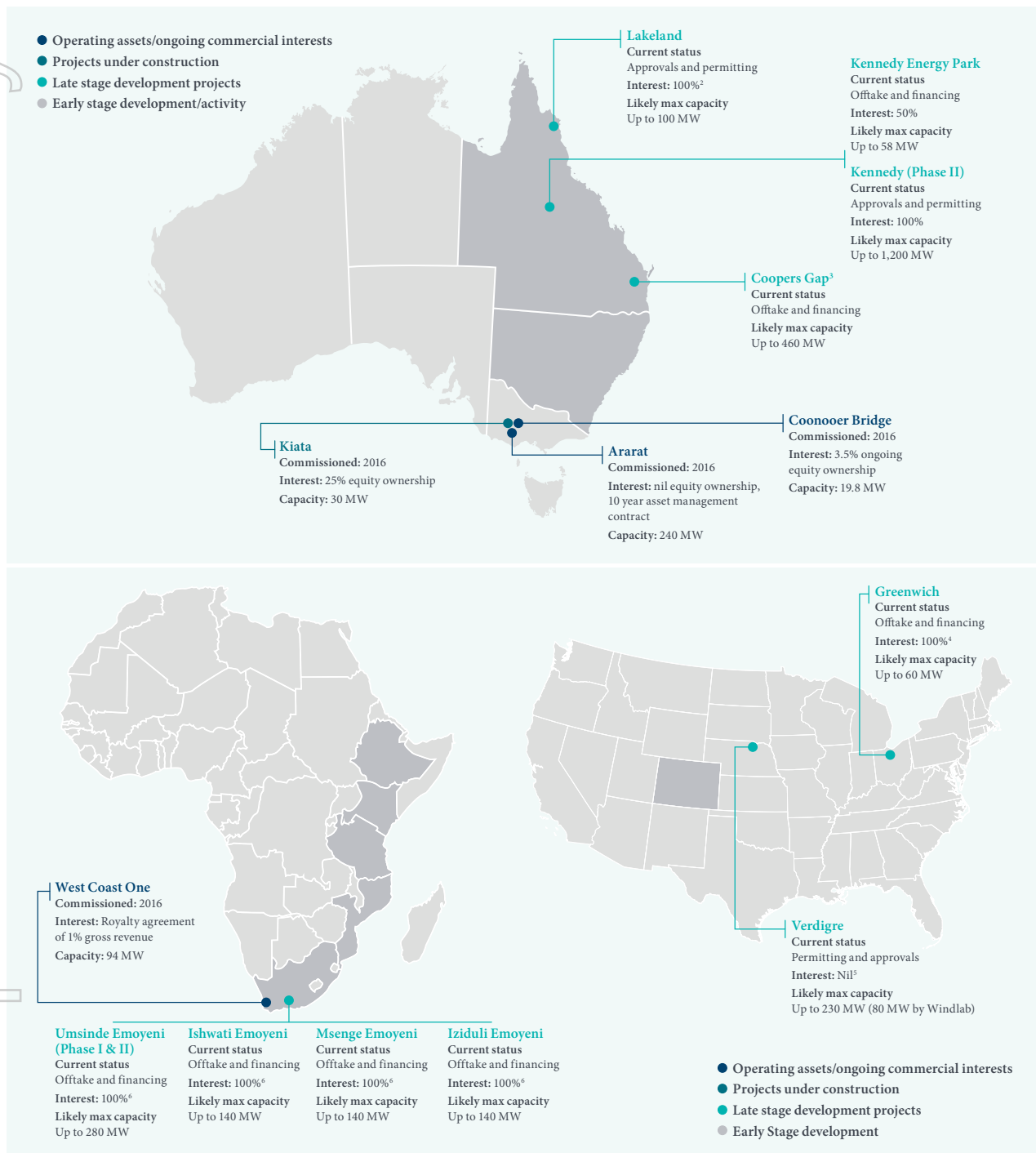
Windlab has successfully transitioned from a pure wind farm developer to a business with a growing earnings base incorporating recurring revenues from both asset management contracts and ownership interests in established operating wind farms.

5. Includes Kiata Wind Farm which was developed by Windlab and is currently under construction.

6. Includes wind farm assets developed and controlled by Windlab and Partnered Projects.

# 3. Business Overview

FIGURE 14: PROJECT PORTFOLIO<sup>1</sup>



Notes:

1. Early stage developments are not shown due to commercial sensitivity.
2. Windlab is likely to retain a carried equity interest in this project upon financial close of between 15% and 25% through the partial reinvestment of development margin received.
3. Coopers Gap project is no longer owned by Windlab however ongoing technical wind services are provided at the site, for which Windlab receives various milestone payments.
4. Windlab has entered into an option agreement to sell the Greenwich project for US\$4 million, paid as success fees on financial close and commercial operation.
5. Verdigre is no longer owned by Windlab but Windlab retains a contractual right to success fees when the project reaches financial close and commercial operation.
6. Windlab is likely to retain a carried equity interest in these projects upon financial close of between 12% and 20% through the partial reinvestment of development margin received.

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## 3.2 COMPETITIVE ADVANTAGE – WINDSCAPE

*WindScape* is a proprietary, industry leading atmospheric wind modelling and wind energy analysis technology. *WindScape* has been used by Windlab to identify high quality wind resources and develop these opportunities in a manner which optimises electricity generation and economic returns.

*WindScape* was originally invented at the CSIRO by Dr Nathan Steggel and Dr Keith Ayotte who continue to serve on Windlab's executive management team. Dr Steggel and Dr Ayotte have continued to enhance the technology and expand its functionality for almost 15 years since leaving the CSIRO.

*WindScape* comprises a suite of tools which are used by Windlab for two main purposes.

- ♦ **Wind farm site prospecting.** *WindScape* is used by Windlab to identify and rank all potential wind farm locations in a given area, and selectively pursue the best project opportunities while avoiding costs of pursuing suboptimal projects; and
- ♦ **Wind farm project design and optimisation.** *WindScape* is used to rapidly develop priority projects in a cost effective manner.

### 3.2.1 WINDSCAPE AS A PROSPECTING TOOL

Wind maps are used in the wind farm development industry to identify potential sites or more often broad areas of high average wind speed which are of interest to developers. Most publicly available wind maps have a resolution of between three and ten kilometres. The key issue with industry standard wind maps is that topographic features that accelerate wind to high average and consistent wind speeds that will deliver cost competitive electricity can be hidden in these relatively low resolution maps.

*WindScape* is a broad area, high resolution wind mapping system that is used by Windlab to map vast areas of wind speed and direction at a resolution of 100 square metres, or better and at a range of potential hub heights. *WindScape* allows Windlab to undertake wind farm prospecting anywhere in the world.

#### How it works

*WindScape* draws on historical weather data collected by third parties (typically government organisations or meteorological agencies) in relation to wind speeds, wind direction, temperatures and humidity. This meteorological data is used to construct a model of the atmosphere around the world on a ~60 kilometre grid. A long history of this data is generally publicly available and is a key input to *WindScape's* calculations.

*WindScape* applies sophisticated computer models of the interaction between the atmosphere and the topology of the land at a small scale to improve the resolution of this information. Through successive steps a picture of wind speeds and directions can be developed at greater resolutions. These calculations are done on a high performance computing cluster using a high speed interconnect to distribute calculations across hundreds of central processing units. These facilities are maintained at Windlab's headquarters in Canberra.

# 3. Business Overview

## Finding the Coonoor Bridge Wind Farm

The Coonoor Bridge Wind Farm is a project located north-west of Bendigo, Victoria. The project is an example of Windlab's integrated developer, owner and asset manager business model (see Section 3.6.1). Below is an illustration of how the site was identified using *WindScape*, and why it was pursued as a development.

FIGURE 15: ILLUSTRATION OF IDENTIFYING COONOOR BRIDGE WIND FARM USING WINDSCAPE

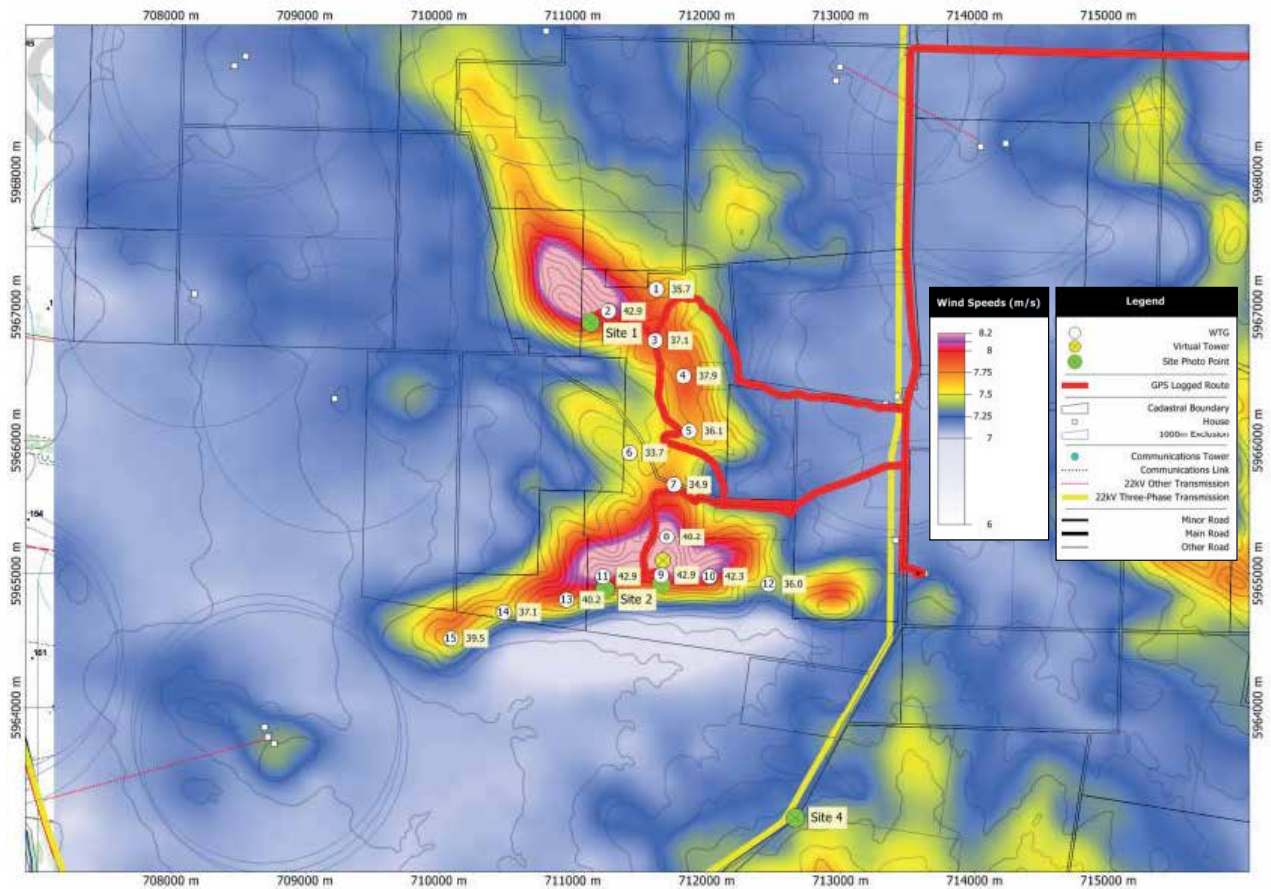


### Virtual wind farms

Once a potential wind farm site has been identified, *WindScape* can be used to develop a site specific virtual wind farm. The layout of turbines is modelled to consider local wind speeds and directions, turbulence, practicality of construction and grid connectivity. A virtual wind farm is created at a desk top level, before a Windlab employee is required to physically visit the site.

Turbine locations identified through virtual wind farms may ultimately be changed as typically the exact turbine locations go through several iterations of planning.

**FIGURE 16: EXAMPLE OF VIRTUAL WIND FARM AT COONOOER BRIDGE, VICTORIA**



Windlab’s virtual wind farms are valuable planning tools that allow discussions with key stakeholders to be undertaken with knowledge of the scope and value of the proposed wind farm. Virtual wind farms assist Windlab in assessing key development factors including:

- ◆ the wind resource, approximate capacity and energy yield for the site. Amongst other things, this assists in progressing early stage economic modelling for the site;
- ◆ any nearby areas of environmental or cultural significance that may restrict a wind farm development;
- ◆ key planning risks including buildings and noise exclusion zones, and visual impact; and
- ◆ construction risk including terrain gradients, landing areas and other engineering parameters that critically affect the feasibility of the project.

The Windlab technical team can produce two to three virtual wind farms per week at almost any location in the world.

## 3. Business Overview

### How competitors prospect for sites

The wind farm development industry is fragmented. Most early stage development is undertaken by small operators who use low resolution wind maps to identify broad regions of high wind resource. A prospector may then travel to the region to search for land formations which contribute to forming high wind speeds.

The most common approach to validating a wind resource is to erect a metrological mast to collect weather data over a period of months or years. These masts are costly to install, and the process requires land access and is speculative and opportunistic by nature. As wind resources can vary significantly across short distances, a single point measurement is rarely representative of the wind resource across a prospective site.

In later stage developments providers of project debt funding typically require wind data to be collected from monitoring masts. Readings from *WindScape* provide Windlab with a very high degree of confidence regarding the wind resource of a site before spending the upfront capital on traditional validation methods.

### Validation of the technology

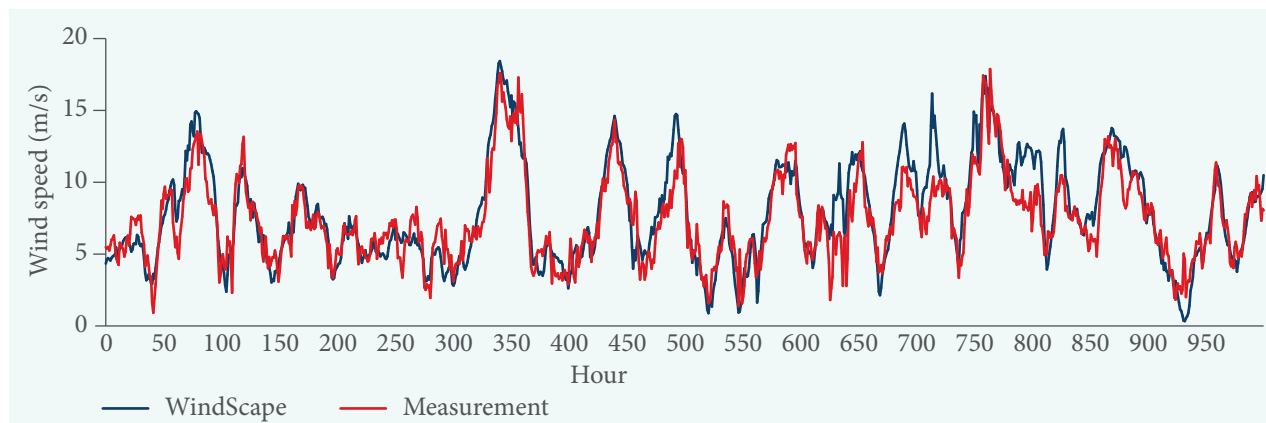
Atmospheric modelling is an inexact science; however it is one which is well understood by scientists and wind technicians at Windlab. In the course of its development work Windlab has erected and maintained in excess of 50 meteorological masts. This has provided an invaluable opportunity to compare *WindScape* estimates to wind data collected on site by metrological masts. Testing of *WindScape* has occurred across Australia, North America and Africa.

*WindScape's* design allows its output to be compared to wind speed and direction measurements – on an hour by hour basis (below in Figure 17) and in traditional formats such as wind roses. This allows the examination of seasonal or time-of-day accuracy, and other standard statistical measures of modelling accuracy.

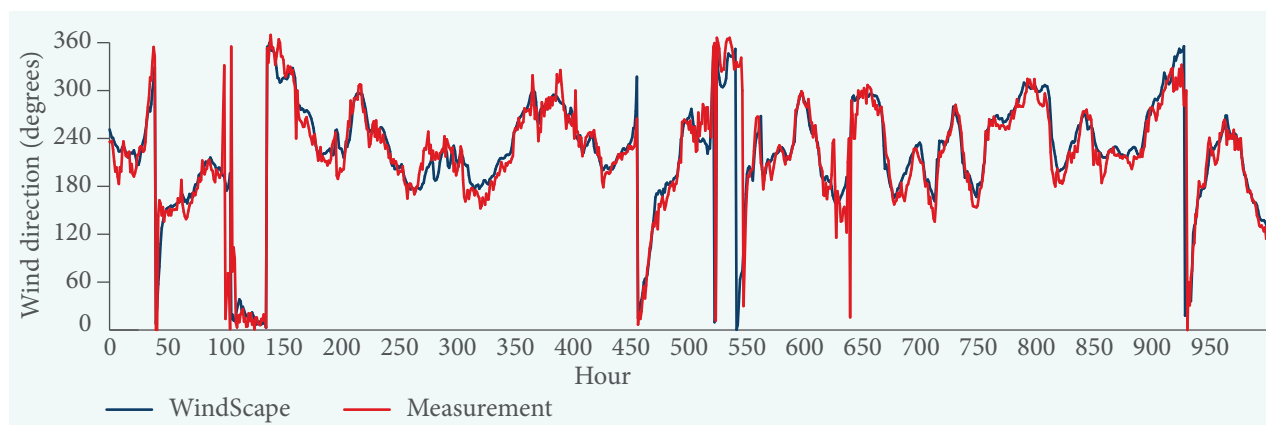
Additionally, *WindScape* is capable of outputting hour-by-hour wind speed and direction values at any place across the wind map, at heights corresponding to measurement heights or turbine hub heights. Figure 17 below is an example of wind speed and direction output from *WindScape* compared to actual measurements for the same location and height.

**FIGURE 17: WINDSCAPE VALIDATION**

Wind speed – *WindScape* vs. Actual measurement



Wind direction – *WindScape* vs. Actual measurement



### 3.2.2 WINDSCAPE AS A PROJECT DESIGN AND OPTIMISATION TOOL

Windlab has in-house technical expertise in project design and optimisation. This expertise culminated in the development of *WindScape* Hybrid Deterministic Statistical Methodology, or *WindScape* HDSM, a suite of technologies which Windlab has used commercially since 2012.

Industry standard approaches to wind farm design and optimisation have not changed significantly in decades. Wind measurements are collected at one or a select few locations across a prospective wind farm using metrological masts. The data is extrapolated from the measurement point to the locations of proposed wind turbines on the site. Traditional extrapolation models tend to not retain accuracy when used over long distances, steep slopes or over strongly varying surface types.

*WindScape* HDSM differs from traditional wind engineering methods in that it is capable of combining fine-scale information about how wind-flow is altered by local terrain and surface type (water bodies, crops, trees etc.) with information from regional-scale models, to account for the broad variations in the wind climate. These variations can be important across even moderately sized wind farms. This method uses a statistical matching process between the on-site measurements and the more broadly varying information about the wind climate provided by a regional-scale model. In doing this, it retains the accuracy and bankability of the on-site measurements while making use of valuable information about how the wind climate varies in a broader sense, obtained from sophisticated regional atmospheric models. Results from *WindScape* HDSM have been demonstrated at a number of the major global wind industry events.

## 3. Business Overview

*WindScape* HDSM allows Windlab's technicians to accurately estimate the wind speed and direction across a number of potential turbine locations on a site and thereby optimise project configuration and energy output. It is Windlab's view that *WindScape* provides Windlab with a competitive advantage in:

- ▶ assessing optimal site capacity for PPA bid or equity return hurdles;
- ◆ turbine technology comparisons and negotiations; and
- ◆ site investment and continued project development decisions.

### 3.3 APPROACH TO WIND FARM DEVELOPMENT

A location that is effective for large scale wind turbines must satisfy four key criteria:

- ◆ the site has to have the right wind characteristics;
- ◆ be located close to major electricity lines;
- ◆ have community and landowner support; and
- ◆ satisfy environmental and planning considerations.

Windlab has a strong track record for the delivery of wind farm developments. This is underpinned by *WindScape*, its associated development tools and an experienced project development team with significant technical expertise across all key aspects of the developments process.

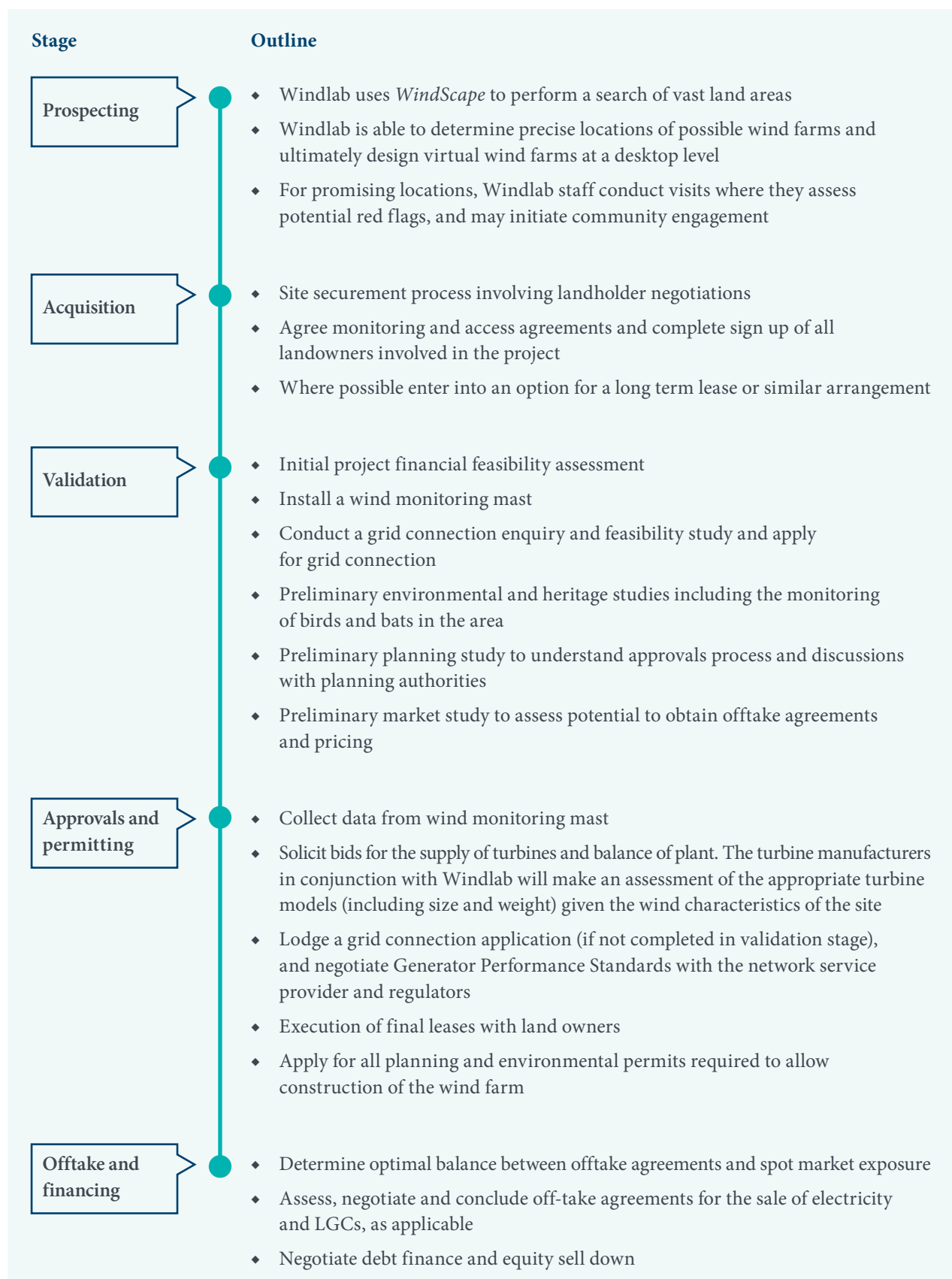
Windlab employs an end-to-end approach to the development of wind projects with the majority of activities performed in-house, and some specialist tasks including electrical connection to local electricity networks and environmental assessment studies performed by external contractors.

A disciplined and rigorous project selection and development process is used, which includes multiple layers of project feasibility, review and approval by senior management. The process aims to ensure that Windlab:

- ◆ prioritises funding and resources on its highest quality sites within its extensive development portfolio; and
- ◆ identifies key risks to be dealt with before projects are progressed into later development stages, when development costs tend to increase.

Windlab employs an innovative community engagement model by actively engaging in open and transparent communications with local stakeholders. For select recent projects, Windlab has offered nearby neighbours of the wind farms a small portion of ownership in the project. Windlab has found that engaging with the community through project ownership and in other ways has resulted in strong local community support.

**FIGURE 18: DEVELOPMENT PROCESS**



# 3. Business Overview

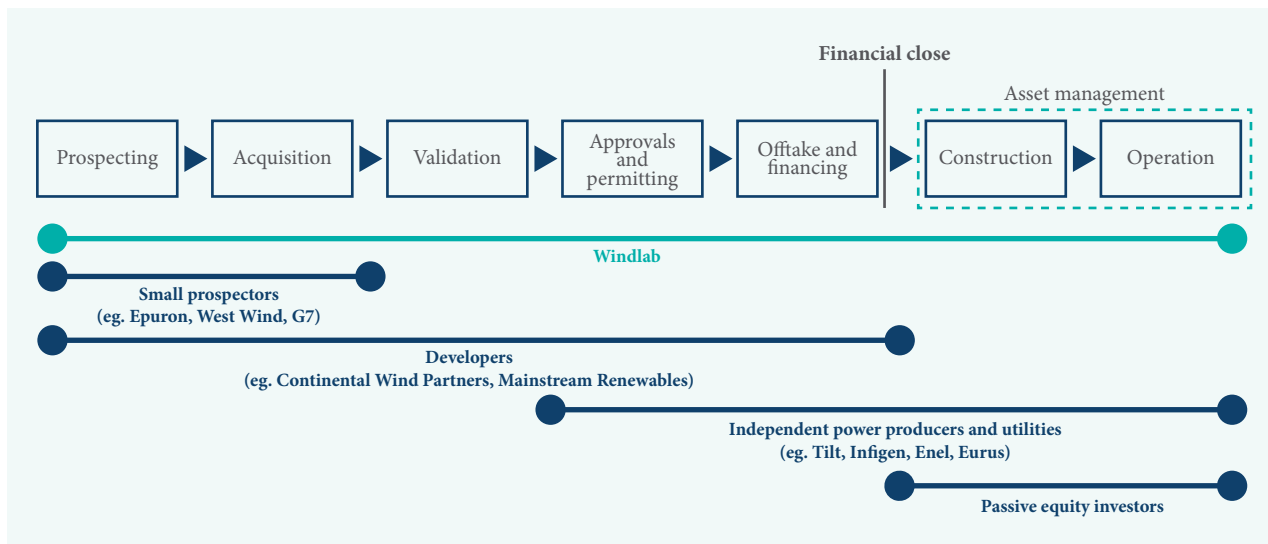
## 3.4 INTEGRATED DEVELOPER, OWNER AND ASSET MANAGER

In its early days of operation, Windlab produced and sold *WindScape* maps to third party developers. In 2005 management made a strategic decision to internalise the *WindScape* technology and only use it for the benefit of Windlab or its partners.

Until 2012 Windlab operated purely as a wind farm developer whereby it would sell down its entire equity stakes in projects on or before financial close. Windlab has successfully transitioned to an operator across the full wind farm lifecycle with a growing portfolio of asset management contracts and ownership interests in operating wind farms.

In contrast, site prospectors often sell early stage projects to developers. Passive equity investors, independent power producers and utilities typically enter the market by either acquiring late stage development projects, projects ready for construction or operating projects.

FIGURE 19: WIND FARM PROJECT LIFECYCLE



### 3.4.1 REVENUE MODEL

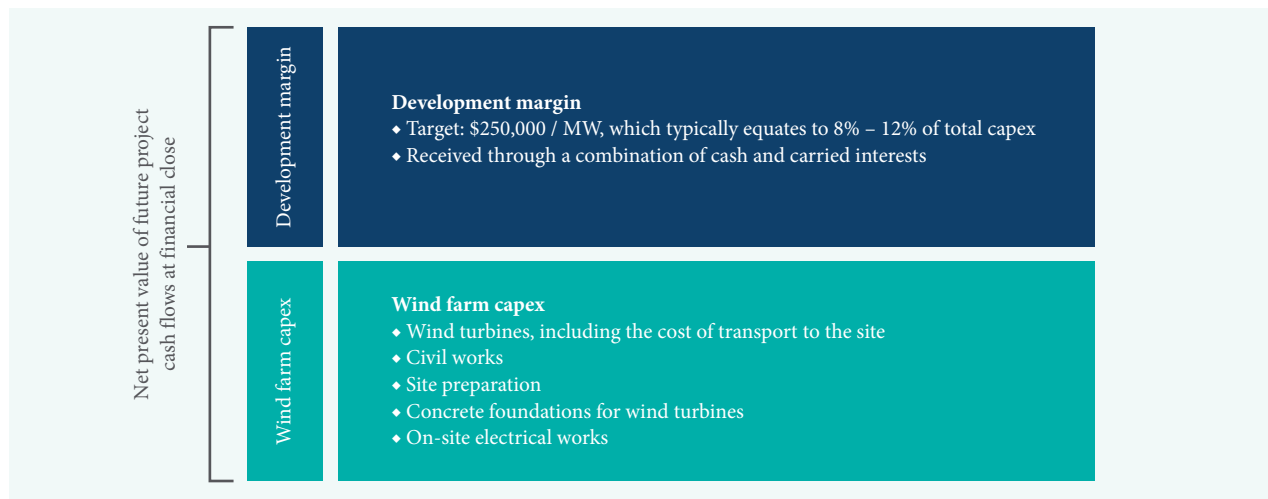
Windlab generates revenue from the following four main sources:

- ♦ development margins from the sale or part sale of projects at or before financial close;
- ♦ success fees from previously sold or partnered projects;
- ♦ asset management fees; and
- ♦ equity or other commercial interests in operating projects.

## Development margin

Development margin represents the value of a fully developed project ready for construction. In general, it equates to the net present value of the forecast project cash flows at financial close minus the cost of construction.

FIGURE 20: DEVELOPMENT MARGIN EXTRACTION



Windlab aims to realise value from a development at financial close by selling down equity in the project through a competitive sale process. Since 2015 Windlab has achieved development margins of ~\$260k / MW and ~\$490k / MW on projects at financial close<sup>7</sup>. This exceeds management's target for wind energy development projects sold at financial close of \$250k / MW. Management expects that South African projects will yield a lower development margin due to the highly competitive renewable auction process in that market.

Prior to 2012, Windlab generally sought a full exit from projects on or before financial close in exchange for a cash payment. Broadly, the Company anticipates it will continue to do so for projects in North America, and select projects in Africa where long term credit risk relating to the operation of the wind farm makes an immediate sale more attractive.

For development pipeline projects in Australia and selected projects in Africa, it is Windlab's current intention to retain equity interests beyond financial close. For these projects Windlab expects to realise circa 30% to 40% of the development margin as cash on sale, with the remainder of the value retained by Windlab as an equity interest in the project. Carried interests realised in recent Project SPVs range from 16% to 25% of total equity.

## Success Fees

Where Windlab sells a project prior to financial close, it typically negotiates payments to be paid on completion of certain development milestones.

The total success fees for a project are generally lower than the development premium a project would command at financial close, and vary depending on the underlying contractual arrangements and Windlab's ongoing involvement.

7. Projects sold before financial close will generally attract a smaller development premium.

# 3. Business Overview

## Asset management

Windlab provides wind farm management services for projects through construction and operations. These services are provided both to projects which Windlab has developed, and for projects developed and owned by third parties.

During the construction phase of a project, Windlab's roles include stake holder management and construction management via oversight of the Engineering and Procurement Contract (EPC). Once a project is operating, Windlab provides electricity market operations, contract management, performance management, on-going community engagement and back office services.

FIGURE 21: EXISTING ASSET MANAGEMENT AGREEMENTS

PROJECT	SIZE	CONTRACT TERMS
Coonooer Bridge	19.8 MW	20 years, CPI indexed. Commenced in 2016
Ararat	240 MW	10 years, CPI indexed. Commenced in 2016
Kiata	30 MW	Construction, plus 5 years, CPI Indexed, with 5 year option

Windlab's intention is to retain asset management rights for projects which it develops in Australia and South Africa. For example, in relation to Kennedy Energy Park, management expect to retain asset management rights for the project throughout construction and commercial operations. In addition to this, Windlab is actively pursuing asset management opportunities for third party renewable energy projects in Australia.

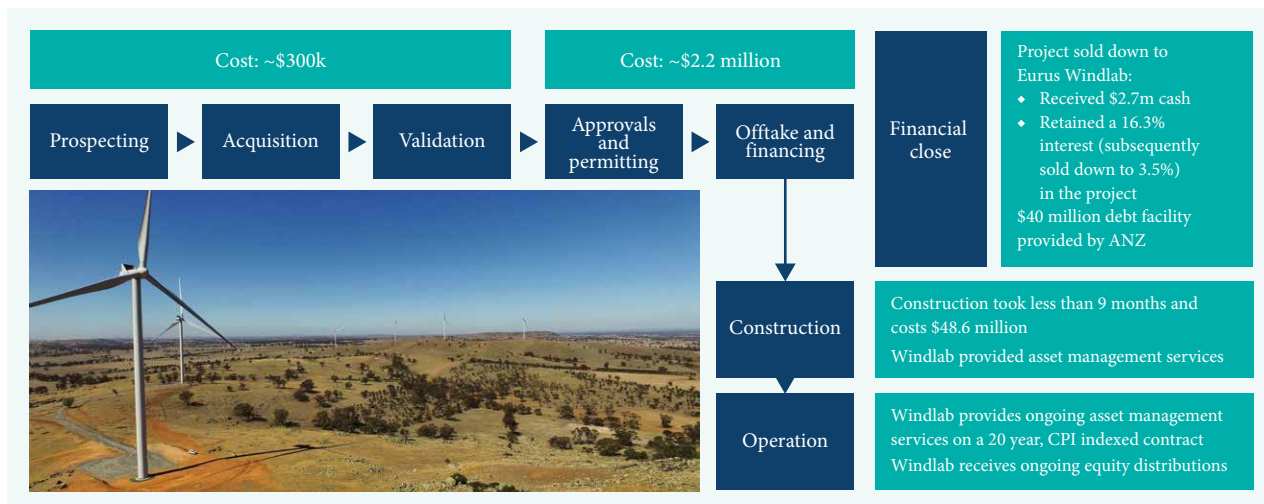
## Interests in Project SPVs

Windlab has retained minority equity interests in selected Project SPVs beyond financial close, and generates equity distributions from these Project SPVs once operational. Windlab's primary objective is to utilise its experience and distinct technical advantage to progress its existing portfolio of projects to financial close and to retain an equity interest in certain projects.

Windlab also receives royalty payments under contractual arrangements for some partnered projects.

### 3.4.2 CASE STUDY – COONOOER BRIDGE

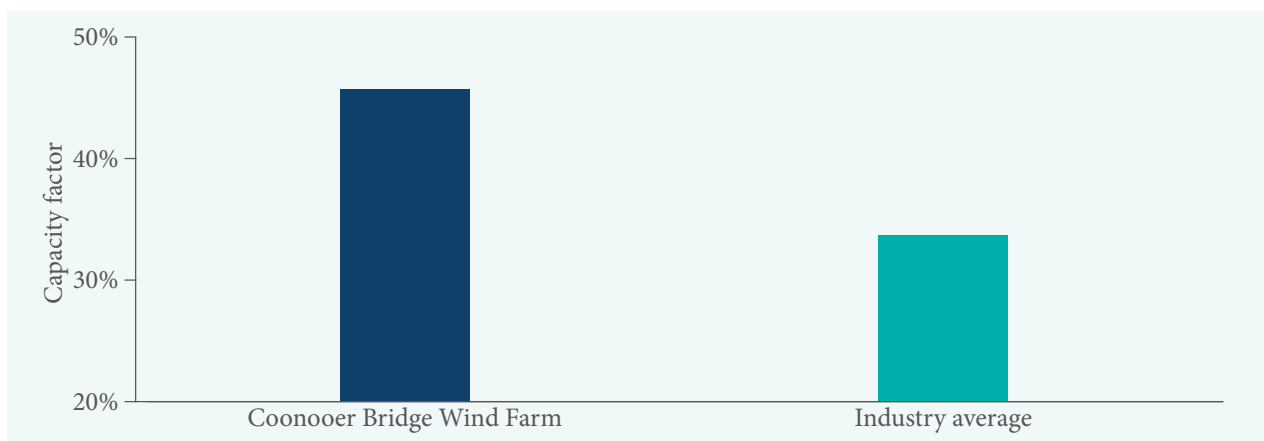
**FIGURE 22: COONOOER BRIDGE WIND FARM DEVELOPMENT PROCESS**



**Key statistics:**

- ◆ Windlab first identified the site in 2007. Due to its small size, the project site was “banked” in Windlab’s portfolio for a number of years. A market opportunity for small projects was identified around 2012 and Windlab commenced active development of the project;
- ◆ The project was approved in June 2013 and subsequently amended in February 2014. It was awarded a 20 year PPA by the ACT Government at a fixed price of \$81.50 / MWh in January 2015. The project reached financial close in April 2015 and commenced operation on 1 April 2016;
- ◆ Six turbines provide 19.8 MW of installed capacity. The total cost of construction was \$48.6 million, or ~\$2.5 million / MW of installed capacity. As a small project, fixed costs represent a large proportion of total capital costs, and hence the cost per MW of installed capacity was at the upper end of industry benchmarks. Management expects larger projects to be closer to ~\$2.0 million / MW;
- ◆ Windlab was awarded the Clean Energy Council Community Engagement Award for its innovative approach to local community engagement and ownership; and
- ◆ The project has achieved a capacity factor of 46%, which was significantly higher than the industry average and the highest of any wind farm in Australia in the twelve months ended 31 May 2017 (see Figure 23). Based on Windlab’s competitive advantage in site prospecting and selection, and turbine technology improvements, Windlab expects to achieve capacity factors exceeding 45% on many of its near term pipeline of projects.

**FIGURE 23: WIND FARM CAPACITY FACTORS IN AUSTRALIA FOR THE 12 MONTHS ENDED 31 MAY 2017**



Source: Windlab; AEMO.

# 3. Business Overview

## 3.5 PROJECTS SOLD

Windlab has developed and sold its interests in four projects which have subsequently been constructed and are now fully operational.

FIGURE 24: HISTORY OF DEVELOPING AND SELLING SUCCESSFUL WIND FARMS

NAME	INSTALLED CAPACITY	
Oaklands Hill Victoria, Australia	63 MW	<ul style="list-style-type: none"> <li>Site identified in 2005</li> <li>Windlab completed the development in partnership initially with Investec, and later AGL. Windlab supplied the site along with the wind engineering expertise and key support for the planning process</li> <li>Commenced operations in 2012</li> <li>32 wind turbines</li> </ul>
Collgar Western Australia, Australia	206 MW	<ul style="list-style-type: none"> <li>Site identified in 2006</li> <li>Project jointly developed with Investec</li> <li>Achieved financial close in 2010, under four years from when Windlab identified the site as an opportunity</li> <li>Commenced operations in 2012</li> <li>111 wind turbines</li> </ul>
Amakhala Emoyeni (Phase I) Eastern Cape, South Africa	134 MW	<ul style="list-style-type: none"> <li>Site identified in 2009</li> <li>In 2011, Windlab partnered with Cennergi, a joint venture (JV) between Exxaro and India's Tata Power Company to develop Phase I of the project</li> <li>20 year PPA with Eskom under Round 2 of the REIPPPP</li> <li>Commenced operations in 2016</li> <li>56 wind turbines</li> </ul>
Bull Creek Alberta, Canada	29 MW	<ul style="list-style-type: none"> <li>Site identified in 2007</li> <li>Windlab sold its interest to BluEarth Renewables in 2011</li> <li>Commenced operations in 2015</li> <li>17 wind turbines</li> </ul>

All sites were identified using *WindScape*, demonstrating Windlab's ability to predict the most competitive wind energy projects, and develop successful projects across multiple jurisdictions.

### 3.6 OPERATING AND UNDER CONSTRUCTION

Windlab has equity interests in an operating project and a project under construction in Australia, and a royalty agreement over an operating project in South Africa.

#### 3.6.1 COONOOER BRIDGE

FIGURE 25: COONOOER BRIDGE – KEY DATA

PROJECT DETAILS	
Location	90 kilometres north-west of Bendigo, Victoria, Australia
Key milestones	Site identified: March 2007 Financial close: April 2015 Commercial operations: April 2016
Ownership	Windlab (3.5%), Eurus Energy Group (93%), local community (3.5%)
Turbines	6 Vestas V117 turbines
Installed capacity	19.8 MW
Hub height	91.5 metres
Asset Management	Construction (completed), plus 20 years, CPI indexed

#### Management commentary:

A number of wind farm developers had prospected this region of Victoria for many years to find a suitable wind resource. Windlab was successful in finding the Coonooer Bridge site following the application of its *WindScape* technology in 2007.

The Company secured a PPA with the ACT government in 2015 whereby the project was awarded a 20 year fixed Feed-In-Tariff at \$81.50 per MWh. The project commenced commercial operations on 1 April 2016. See Section 3.4.2 for further details.

#### 3.6.2 WEST COAST ONE

FIGURE 26: WEST COAST ONE – KEY DATA

PROJECT DETAILS	
Location	140 kilometres north of Cape Town in the Western Cape Province, South Africa
Key milestones	Site identified: October 2007 Financial close: June 2013 Commercial operations: June 2015
Ownership	Aurora Wind Power (RF) (Pty) Ltd (77.5%), Kagiso Tiso Holdings (20%), local community (2.5%).
Turbines	47 Vestas V90 turbines
Installed capacity	94 MW
Hub height	90 metres

## 3. Business Overview

### Management commentary:

Consistent with its business strategy at the time, Windlab sold the West Coast One project and a portfolio of early stage South African projects to Investec Bank Limited in 2008. The project was later partially on-sold by Investec Bank Limited.

Windlab was responsible for implementing the wind monitoring strategy and undertaking modelling of the wind resource for the period up until financial close.

The project was awarded “Preferred Bidder” status in round two of the REIPPPP in May 2012. In May 2013, Eskom awarded the project a 20-year PPA and an implementation agreement was received from the South African Department of Energy.

Windlab received milestone success payments at financial close of the project and continues to hold a royalty agreement for 1% of the project’s gross revenue payable annually, escalating at South African CPI.

### 3.6.3 KIATA

FIGURE 27: KIATA – KEY DATA

PROJECT DETAILS	
Location	50 kilometres north-west of Horsham, Victoria, Australia
Key milestones	Site identified: February 2013 Financial close: November 2016 Construction: February 2017 to November 2017 (expected) Commercial operations: December 2017 (expected)
Ownership	Windlab (25.0%), John Laing Group (72.3%), local community (2.7%)
Turbines	9 Vestas V126 turbines
Installed capacity	30 MW
Hub height	117 metres
Asset Management	Construction (on-going), plus 5 years, CPI Indexed, with 5 year option

### Management commentary:

The Kiata Wind Farm project took less than 3.5 years from identification and inception of the project to the commencement of construction. First monitoring, in the form of a sonic detection and ranging, or SODAR, device was installed in July 2013 with a wind monitoring mast installed in September 2015. Windlab is currently managing construction of the project and from commercial operations will commence a 5 year asset management agreement with an option to extend for a further 5 years. LGCs generated from the project are sold to the Victorian government under a 5+5 year contract and electricity will be sold into the NEM spot market.

The project will use the largest wind turbines as yet deployed in Australia, with a 126 metre rotor and a 180 metre tip height.

Windlab has secured a 25.0% carried interest in the project along with a cash development fee of \$3.5m.

### 3.7 DEVELOPMENTS

Windlab currently has a portfolio of ten projects with a combined capacity of 1,333 MW which hold a development approval or permit<sup>8,9</sup>. Given their current development status, management estimates that the majority of these projects will reach financial close over the next three to four years.

FIGURE 28: DEVELOPMENT PORTFOLIO

NAME	LOCATION	CAPACITY <sup>1</sup>	DEVELOPMENT APPROVAL OR PERMIT	OWNERSHIP BEYOND FC <sup>2</sup>	ASSET MANAGEMENT	DETAILS
Kennedy Energy Park Phase I	Queensland, Australia	58 MW	✓	✓	✓	<ul style="list-style-type: none"> <li>See Section 3.7.1 below</li> </ul>
Coopers Gap	Queensland, Australia	460 MW	✓	✗	✗	<ul style="list-style-type: none"> <li>Windlab commenced development at the site in 2006</li> <li>The site was sold to Investec in 2007, and subsequently purchased by AGL in 2008</li> <li>The project is fully approved and currently in the process of securing finance through the AGL PARF fund</li> <li>Windlab provides ongoing technical wind services at the site, for which it receives various milestone payments. Windlab's final payment is due at financial close which is targeted for the second half of 2017</li> </ul>
Lakeland	Queensland, Australia	100 MW	Underway	✓	✓	<ul style="list-style-type: none"> <li>Development approvals and grid connection processes underway – both are targeted in 2017</li> <li>Financial close targeted in 2018</li> <li>Wind monitoring in place, validating highly competitive resource</li> <li>Connection application submitted</li> </ul>

- Nine of the projects with a combined capacity of 1,300 MW are shown in Figure 28. Another project which Windlab previously developed and sole has approval to increase installed capacity by 32 MW. Windlab will receive a success payment in relation to this extension.
- Verdigre has an approved capacity of 80 MW, however may be upgraded to a maximum of 230 MW as shown in Figure 28.

### 3. Business Overview

NAME	LOCATION	CAPACITY <sup>1</sup>	DEVELOPMENT APPROVAL OR PERMIT	OWNERSHIP BEYOND FC <sup>2</sup>	ASSET MANAGEMENT	DETAILS
Greenwich	Ohio, USA	60 MW	✓	✗	✗	<ul style="list-style-type: none"> <li>Project is approved, awaiting completion of grid connection process anticipated at or around the end of 2017</li> <li>Project has responded to a request for proposal for an off-take contract, or build-own-transfer arrangement with a local utility</li> <li>Option agreement to acquire the project before financial close has been executed with a partner. The option fee of US\$0.25 million was received by the Company in May 2017. A further US\$4.0 million is payable to Windlab (paid as success fees on financial close and commercial operation) if the option is exercised.</li> </ul>
Verdigre	Nebraska, USA	230 MW	✓	✗	✗	<ul style="list-style-type: none"> <li>In December 2016, Windlab sold the assets of the project to NextEra Energy Inc (NextEra). Windlab holds a majority, 51% preferred interest in the selling Project SPV</li> <li>The agreement with NextEra provides for NextEra to fund all development and connection costs for upgrading the project from 80 MW to a maximum of 230 MW in capacity</li> <li>Windlab and the other Project SPV shareholders will receive a success payment equal to US\$20,000 / MW for the larger scale project on completion. Financial close is not expected before FY2019</li> </ul>
Msenge Emoyeni	Western Cape, South Africa	140 MW	✓	✓	✓	<ul style="list-style-type: none"> <li>This project is fully approved and is bid into the 'expedited round' of the REIPPPP. The project is awaiting adjudication of the bid round by the South African Government</li> </ul>
Ishwati Emoyeni	Karoo region, South Africa	140 MW	✓	✓	✓	<ul style="list-style-type: none"> <li>The project is fully approved and available to be bid into the next round of the REIPPPP, likely in tandem with Umsinde Emoyeni</li> </ul>
Umsinde Emoyeni (Phase I & II)	Karoo region, South Africa	280 MW	✓	✓	✓	<ul style="list-style-type: none"> <li>The project is fully approved and available to be bid into the next round of the REIPPPP, likely in tandem with Ishwati Emoyeni</li> </ul>
Iziduli Emoyeni	Karoo region, South Africa	82 MW	✓	✓	✓	<ul style="list-style-type: none"> <li>The project is fully approved and available to be bid into the next round of the REIPPPP</li> </ul>

Notes:

1. Likely maximum installed capacity.

2. ✓ denotes Project SPVs where Windlab intends to retain part equity ownership in the project beyond financial close.

✗ denotes Project SPVs where Windlab intends to sell down its entire equity interest in the Project SPV at financial close, or only retains a contractual interest in the project but is entitled to success fees or milestone payments.

### 3.7.1 KENNEDY ENERGY PARK

#### Kennedy Energy Park Phase I

FIGURE 29: KENNEDY ENERGY PARK PHASE I – KEY DATA

PROJECT DETAILS	
Location	17 kilometres south-east of Hughenden, Queensland, Australia
Ownership	Windlab (50%), Eurus Energy Holdings Corporation (50%)
Key milestones	Site identified: 2013 Financial close: H2 2017 (expected) Commercial operations: H2 2018 (expected)
Technology	Wind, solar and batteries
Approved capacity	58 MW comprising: <ul style="list-style-type: none"> <li>◆ 41 MW wind – 12 turbines</li> <li>◆ 15 MW (AC) solar photovoltaic – ~150,000 solar panels</li> <li>◆ 2 MW / 4 MWh battery storage</li> </ul>
Grid connection	66 kV transmission line which connects Cape River to Hughenden
Status	Fully approved

Kennedy Energy Park Phase I is an innovative hybrid renewable energy project. When completed, it will consist of wind turbines, single-axis tracking solar panels, and a battery storage system. Kennedy Energy Park Phase I forms the first part of Windlab’s proposed Kennedy energy precinct that will provide significant economic and environmental benefits to North Queensland.

North Queensland’s energy network faces challenges with the majority of Queensland’s energy generated in the southern parts of the state, as outlined in Section 2.2.3. The Kennedy Energy Park Phase I site is located approximately 17 kilometres south-east of Hughenden, and approximately 290 kilometres south-west of Townsville in North Queensland. It will provide renewable energy closer to the point of use, relieving demand on long transmission lines.

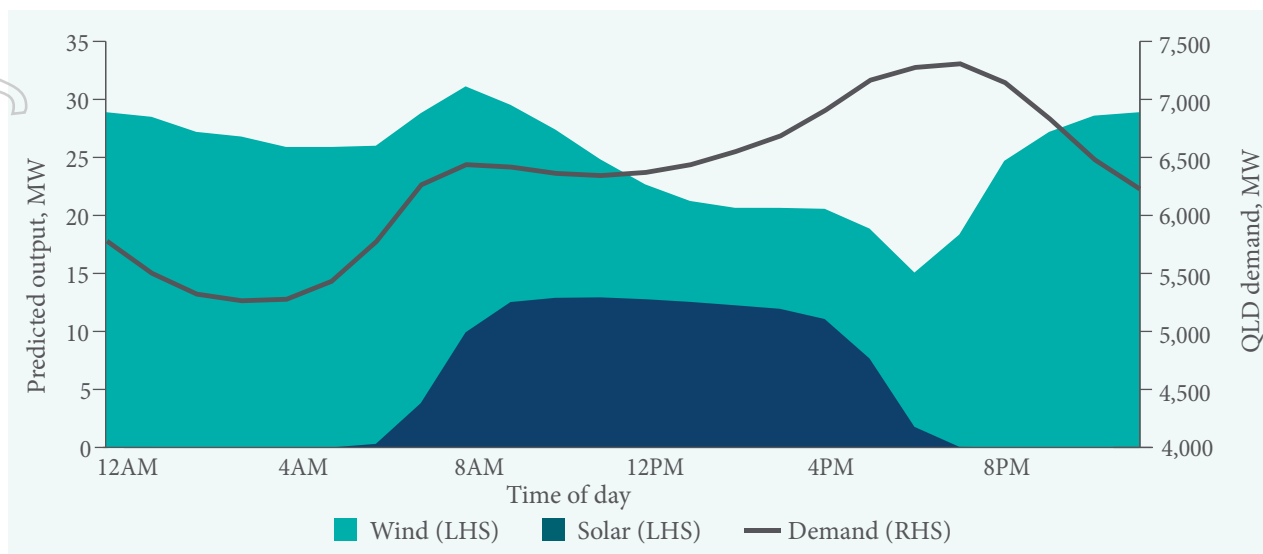
The location and size of the project was selected by Windlab as it has world class solar and wind resources which can be connected into the existing distribution electricity network. The solar energy profile in this location is highly predictable and amongst the highest in the country that can be readily connected to the NEM. Solar generation is restricted to daylight hours. The wind energy profile when averaged across the year is strongly biased towards the late afternoon, evening and night. The result is a complementary relationship of electricity generation.

Queensland’s energy demand peaks in the evening when solar generation is ramping down or not producing. As solar capacity continues to be installed across Queensland, other sources of renewable energy capacity including wind, concentrating thermal solar and energy storage are expected to become increasingly important to provide a reliable energy grid.

Kennedy Energy Park Phase I will test the viability of combining wind, solar and storage technologies which, if successful, will lay the foundation for Kennedy Phase II. The integration of the wind and solar coupled with on-site storage is an effective means of addressing the generator reliability proposals of the Finkel Review.

### 3. Business Overview

FIGURE 30: KENNEDY ENERGY PARK GENERATION PROFILE – A COMPLIMENTARY ENERGY RESOURCE



Source: Windlab; AEMO.

Note: Measurements for solar and wind resource were taken on-site by Windlab in the 12 months to May 2017.

The project site is approximately 2,400 hectares. The properties consist primarily of cleared and sparsely timbered agricultural land used for cattle grazing.

The project is being developed under a JV with the Eurus Energy Holdings Corporation. Windlab and Eurus are expected to each invest approximately \$25 million into Kennedy Energy Park Phase I at financial close to maintain their respective 50% equity interests in the project.

The Australian Renewable Energy Agency (ARENA) has entered into a funding agreement for up to \$18 million in recoupable grant funding for the JV to build Kennedy Energy Park, the estimated cost of which is \$154 million. The Company is negotiating an amendment to this funding agreement to accommodate a change in project size. Windlab is also in advanced discussions regarding debt funding, a connection agreement, and a PPA for the project.

#### Kennedy Phase II

As a part of its efforts to identify and develop wind resources in far North Queensland and expand the Kennedy renewable energy precinct, Windlab has identified, secured and is developing a second, much larger scale project 80 kilometres North of Hughenden. This location consists of an elevated plateau, spanning more than 80,000 hectares of high quality, market competitive wind resource. Being in outback Queensland, the wind resource is complemented by an abundant solar resource. This site is called Kennedy Phase II and is large enough to support more than 1,200 MW of wind energy generation and additional solar generation and on-site storage.

Windlab has completed extensive wind and solar resource monitoring and assessment. A number of environmental studies are also complete and an indigenous land use agreement has been finalised with the local Yirrandali people. A full development application is expected to be submitted to the state government in late 2017.

A challenge with Kennedy Phase II relates to its scale and the need for a high capacity, high voltage transmission line to connect the project to the NEM, some 250 kilometres away.

In June 2017 the Queensland government unveiled plans to build a new transmission line in North Queensland to support the development of Kennedy Phase II and other renewable energy projects. The government has committed \$150 million dollars in equity to fund the \$500 million transmission line. The government has not explicitly provided its plans for funding of the remaining contribution, however Management expects a significant proportion will be through external debt providers. This commitment will facilitate Kennedy Phase II by providing a means of connection to the NEM. On completion, Kennedy Phase II has the potential to be the single largest contributor to meeting Queensland’s renewable energy objectives.

FIGURE 31: INDICATIVE TRANSMISSION PATH IN NORTH QUEENSLAND



Source: Queensland Government Department of Energy and Water Supply.

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# 4. Financial Information

# 4. Financial Information

## 4.1 INTRODUCTION

The financial information for Windlab contained in this Section 4 is set out below for the financial years ended 31 December 2014 (FY2014), 31 December 2015 (FY2015) and 31 December 2016 (FY2016), as well as for the forecast financial year ending 31 December 2017 (FY2017).

This Section 4 contains a summary of the statutory historical financial information, pro forma historical financial information, statutory forecast financial information and pro forma forecast financial information as described below.

The statutory historical financial information for Windlab comprises the:

- ♦ the statutory historical consolidated statements of profit or loss and other comprehensive income for FY2014, FY2015, FY2016 (the Statutory Historical Income Statements);
- ♦ the statutory historical consolidated cash flows before financing, taxation and dividends for FY2014, FY2015, FY2016 (the Statutory Historical Cash Flows); and
- ♦ the statutory historical consolidated statement of financial position as at 31 December 2016 (the Statutory Historical Balance Sheet),

(the **Statutory Historical Financial Information**).

The pro forma historical financial information for Windlab comprises the:

- ♦ the pro forma historical consolidated statement of profit or loss and other comprehensive income for FY2014, FY2015, FY2016 (the Pro Forma Historical Income Statements);
- ♦ the pro forma historical consolidated cash flows before financing, taxation and dividends for FY2014, FY2015, FY2016 (the Pro Forma Historical Cash Flows); and
- ♦ the pro forma historical consolidated statement of financial position as at 31 December 2016 (the Pro Forma Historical Balance Sheet),

(the **Pro Forma Historical Financial Information**).

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information together form the **Historical Financial Information**.

The statutory forecast financial information for Windlab comprises the:

- ♦ the statutory forecast consolidated statements of profit or loss and other comprehensive income for FY2017 (the Statutory Forecast Income Statements); and
- ♦ the statutory forecast consolidated net cash flows for FY2017 (the Statutory Forecast Cash Flows),

(the **Statutory Forecast Financial Information**).

The pro forma forecast financial information comprises the:

- ♦ the pro forma forecast statement of profit or loss and other comprehensive income for FY2017 (the Pro Forma Forecast Income Statement, together with the Statutory Forecast Income Statement, the Forecast Income Statement); and
- ♦ the pro forma forecast net cash flows for FY2017 (the Pro Forma Forecast Cash Flows, together with the Statutory Forecast Cash Flows, the Forecast Cash Flows),

(the **Pro Forma Forecast Financial Information**).

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information together form the **Forecast Financial Information**.

The Historical Financial Information and the Forecast Financial Information are together the **Financial Information**.

## 4. Financial Information

The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450: “Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information”, by Grant Thornton Corporate Finance Pty Limited whose Independent Limited Assurance Report on the Financial Information is contained in Section 5.

### 4.1.1 ADDITIONAL INFORMATION

Also summarised in this section are:

- ♦ summary of the basis of preparation of the Financial Information (see Section 4.2);
- ♦ a description of the pro forma adjustments to the Statutory Historical Financial Information and reconciliations between the Statutory Historical Financial Information and the Pro Forma Historical Financial Information (see Sections 4.3.4 and 4.5.2);
- ♦ a description of the key drivers impacting Windlab’s business including key financial and operating metrics set out in Section 4.3.2 and Management’s discussion and analysis of the Pro Forma Historical Financial Information and Forecast Financial Information (see Sections 4.6 and 4.8);
- ♦ a summary of Windlab’s capitalisation and indebtedness and a description of the existing debt facilities that will remain following the Offer (see Sections 4.4.2);
- ♦ details of the items which Windlab management considers to be significant items (see Section 4.3.1 note 6);
- ♦ a description of the general and specific assumptions underlying the Forecast Financial Information (see Section 4.7);
- ♦ an analysis of the key sensitivities in respect of the FY2017 Pro Forma Forecast Income Statement (see Section 4.9);
- ♦ a summary of Windlab’s proposed Dividend Policy (see Section 4.10); and
- ♦ a description of Windlab’s significant accounting policies (see Section 10).

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 6 and other information contained in this Prospectus.

All amounts disclosed in this section are presented in Australian dollars and, unless otherwise noted are rounded to the nearest \$’000.

### 4.2 BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

#### 4.2.1 OVERVIEW

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of Windlab, together with the forecast financial performance and cash flows. The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards (AAS), which are consistent with the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

The Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information includes adjustments which have been prepared in a manner consistent with the AAS, that reflect the recognition of certain items in periods different from the applicable period under the AAS, the exclusion of certain transactions that occurred in the relevant periods, and the impact of certain transactions as if they occurred on or before 31 December 2016 in the Pro Forma Historical Financial Information or on 1 January 2017 in the Pro Forma Forecast Financial Information.

The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act. The Financial Information also includes non IFRS measures that Windlab used to manage and report on its business that are not in accordance with the AAS or IFRS (refer to Section 4.2.4).

Windlab's key accounting policies relevant to the Financial Information are set out in Section 10. In preparing the Historical Financial Information and the Statutory Forecast Financial Information, the accounting policies of Windlab have been applied consistently throughout the periods presented.

#### **4.2.2 BASIS OF PREPARATION OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION**

The Pro Forma Historical Financial Information has been prepared for the purpose of this Prospectus and has been derived from the Statutory Historical Financial Information to illustrate the net income after tax, assets, liabilities and cash flows of Windlab adjusted for certain transactions and pro forma adjustments as described further below.

The Statutory Historical Financial Information has been extracted from the General Purpose Financial Report of Windlab covering the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014. The General Purpose Financial Report of Windlab was audited by Grant Thornton Audit Pty Ltd in accordance with the Australian Auditing Standards. The audit opinion issued to the Directors for FY2014 was modified and included an emphasis of matter regarding the existence of a material uncertainty which may cast significant doubt about the ability to continue as a going concern. No modified audit opinions were issued for either FY2015 or FY2016.

The pro forma adjustments are as described in Sections 4.3.4 and 4.5.2. In particular, pro forma adjustments have been made to reflect:

- ◆ The debt and equity structure following Completion of the Offer;
- ◆ Incremental costs of being a listed entity;
- ◆ Eliminating certain non-operating or non-recurring items;
- ◆ One off offer costs incurred in relation to the Offer; and
- ◆ The income tax effect of the above pro forma adjustments.

The pro forma Financial Information has been adjusted to separately identify certain significant items, as set out in Section 4.3.1 note 6.

The Pro Forma Historical Balance Sheet is derived from the Statutory Historical Balance Sheet, and similarly adjusted to reflect:

- ◆ Conversion of convertible instruments to ordinary shares which is a cashless conversion;
- ◆ The impact of the Offer, including directly attributable Offer costs offset against equity; and
- ◆ The tax effect of the Offer costs.

The Pro Forma Historical Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of Windlab's view on its future financial position. Investors should note that past results are not a guarantee of future performance.

The pro forma Financial Information has been adjusted to separately identify certain significant items, as set out in Section 4.3.1 note 6.

## 4. Financial Information

### 4.2.3 BASIS OF PREPARATION OF THE FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared by Windlab based on an assessment of present economic and operating conditions and on a number of assumptions, including the general assumptions and the specific assumptions set out in Section 4.7.

The Directors have prepared the Forecast Financial Information with due care and attention, and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned to not place undue reliance on the Forecast Financial Information.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on Windlab's actual financial performance or financial position. Investors are advised to review the assumptions set out in Sections 4.7.1 and 4.7.2. In conjunction with the sensitivity analysis set out in Section 4.9, the risk factors set out in Section 6 and other information set out in this Prospectus.

The Forecast Income Statements and the Forecast Cash Flows of Windlab for FY2017 have been presented on both a pro forma and a statutory basis. The Pro Forma Forecast Income Statements and the Pro Forma Forecast Cash Flows of Windlab for FY2017 are based on the Statutory Forecast Income Statements and the Statutory Forecast Cash Flows, adjusted by the pro forma adjustments to reflect the full year effect of the operating and capital structure that will be in place upon Completion of the Offer, and to exclude the costs of the Offer and other items which are not expected to occur in the future. Section 4.3.4 provides a reconciliation between the Statutory Historical Income Statements and the Statutory Forecast Income Statements of Windlab for FY2017, and Section 4.5.2 provides a reconciliation between the Statutory Historical Cash Flows and the Statutory Forecast Cash Flows for FY2017.

The basis of preparation and presentation of the Statutory Forecast Financial Information is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

The Directors have no current intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

#### 4.2.4 EXPLANATION OF NON IFRS AND OTHER FINANCIAL MEASURES

Windlab uses certain measures to manage and report on its business that are neither recognised under AAS, nor under IFRS. These measures are collectively referred to as “non IFRS financial measures”. These non IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities.

These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with the AAS or IFRS. Although Windlab believes these non IFRS financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non IFRS financial measures included in this Prospectus.

In the disclosures in this Prospectus, Windlab uses the following non IFRS financial measures:

- ◆ *Gross margin*: total revenue less direct costs;
- ◆ *Operating EBITDA*: earnings before interest, tax, depreciation and amortisation. Management uses operating EBITDA to evaluate the operating performance of the business prior to the impact of significant items, the non cash impact of depreciation and amortisation and interest and tax charges which are significantly impacted by the historical capital structure. Windlab presents operating EBITDA margin which is operating divided by revenue, expressed as a percentage. Management uses the operating EBITDA percentage to evaluate the cash generating potential of the business because it does not include significant items that are the non cash charges for depreciation and amortisation. However, the Company believes that it should not be considered in isolation or as an alternative to net operating free cash flow;
- ◆ *EBITDA*: earnings before interest, tax, depreciation and amortisation;
- ◆ *EBIT*: earnings before interest and tax;
- ◆ *PBT*: profit before tax;
- ◆ *NPAT before significant items*: net profit after tax attributable to shareholders before significant items
- ◆ *NPAT*: net profit after tax attributable to shareholders;
- ◆ *Development project capitalisation rate*: the proportion of development expenditure which is capitalised to inventory;
- ◆ *Employee costs capitalisation rate*: the proportion of employee costs which is capitalised to inventory;
- ◆ *Cash EBITDA*: the net cash impact of EBITDA being EBITDA plus the non cash movements which largely reflects the fair value of equity interests in projects and expensed historical project costs; and
- ◆ *Capex investment*: capital invested into PP&E and other investments.

# 4. Financial Information

## 4.3 PRO FORMA HISTORICAL FINANCIAL INFORMATION, PRO FORMA FORECAST FINANCIAL INFORMATION AND STATUTORY FORECAST FINANCIAL INFORMATION

### 4.3.1 PRO FORMA HISTORICAL INCOME STATEMENTS, PRO FORMA FORECAST INCOME STATEMENTS AND STATUTORY FORECAST INCOME STATEMENTS

The table below sets out the Pro Forma Historical Income Statements for FY2014, FY2015, FY2016, the Pro Forma Forecast Income Statements FY2017 and the Statutory Forecast Income Statements for FY2017.

#### PRO FORMA HISTORICAL INCOME STATEMENTS, PRO FORMA FORECAST INCOME STATEMENTS AND STATUTORY FORECAST INCOME STATEMENTS

\$'000	Notes	Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
		FY2014	FY2015	FY2016	FY2017	FY2017
<b>December year end</b>						
Revenue		5,137	9,099	17,082	23,232	23,232
Gross margin	1	4,604	5,113	13,642	20,031	20,031
General and administrative expenses	2,3	(3,924)	(3,887)	(4,507)	(6,252)	(7,438)
Other income	4	715	803	633	600	600
Equity accounted profit from associates	5	-	-	155	275	275
<b>Operating EBITDA</b>		<b>1,395</b>	<b>2,029</b>	<b>9,923</b>	<b>14,654</b>	<b>13,468</b>
Significant items						
Impairment of projects	6	(241)	(490)	(4,400)	-	-
<b>EBITDA after significant items</b>		<b>1,154</b>	<b>1,539</b>	<b>5,523</b>	<b>14,654</b>	<b>13,468</b>
Depreciation and amortisation		(406)	(354)	(279)	(300)	(300)
<b>EBIT</b>		<b>748</b>	<b>1,185</b>	<b>5,244</b>	<b>14,354</b>	<b>13,168</b>
Net finance costs	7	(94)	-	(383)	(64)	(685)
<b>PBT</b>		<b>654</b>	<b>1,185</b>	<b>4,861</b>	<b>14,290</b>	<b>12,483</b>
Income tax expense		34	8	(1,594)	(4,989)	(5,128)
NPAT	8	688	1,193	3,267	9,301	7,355
Add back: Significant items	6	241	490	4,400	-	-
NPAT (before significant items)		929	1,683	7,667	9,301	7,355

Notes:

- The Pro Forma Historical and Forecast Financial Information direct costs (included in the gross margin) include project expenses as well as disposal costs of previous project expenditure capitalised. Project expenses are capitalised to the extent they relate to specific projects which are at the approval and permitting stage or more progressed.
- The Pro Forma Historical and Forecast Financial Information general and administrative costs include Windlab's estimate of the incremental costs that it will incur as a publicly listed company, which are recognised on a pro rata basis in the FY2017 Statutory Forecast Financial Information. The FY2017 statutory forecast assumes a listing in August 2017 occurs.
- The FY2017 Statutory Forecast Financial Information includes the non-recurring IPO related costs expensed.
- Other income relates to government R&D grants received.
- Equity accounted profit from associates relates to Windlab's interests in operating projects Coonoer Bridge and Kiata.
- Impairment expense relates to projects held as inventory which have subsequently been identified as being unviable or where sufficient concern exists that the carrying value will not be realised. In FY2014 and FY2015 this was in relation to the Company choosing not to proceed with specific projects. In FY2016 it was in relation to all South African projects with the projects experiencing significant delays under the government's REIPPPP. This charge is non-cash in nature.
- Included in the Pro Forma adjustments in Section 4.3.4 is an adjustment to reduce the finance costs expensed for the portion of finance costs relating to the convertible notes. This to reflect the Company's proposed capital structure following the Offer, with the convertible notes being converted to ordinary shares as part of the Offer.
- A reconciliation of pro forma NPAT and statutory the NPAT for FY2014, FY2015, FY2016, and FY2017 is presented in Section 4.3.4.

### 4.3.2 KEY FINANCIAL AND OPERATING METRICS

The table below sets out the key financial and operating metrics of Windlab for FY2014, FY2015 and FY2016 on a pro forma historical basis, and for FY2017 on a pro forma forecast basis.

\$'000	December year end	Note	Pro Forma Historical			Pro Forma Forecast
			FY2014	FY2015	FY2016	FY2017
	Pro forma revenue growth		N/A	77.1%	87.7%	36.0%
	Pro forma operating EBITDA growth %		N/A	45.4%	389.1%	47.7%
	Pro forma operating EBITDA margin %		27.1%	22.3%	58.1%	63.1%
	Pro forma NPAT before significant items growth %		N/A	81.2%	355.6%	21.3%
	Pro forma NPAT before significant items margin %		18.1%	18.5%	44.9%	40.0%
	No. of employees		31	35	35	47
	Recurring revenue %		0.8%	10.1%	10.4%	13.5%
	Cash operating EBITDA	2	1,395	1,133	1,812	14,442
	Cash operating EBITDA growth %		N/A	(18.8%)	59.9%	697.0%
	Development project capitalisation rate %		85.1%	73.8%	34.3%	51.9%
	Employee costs capitalisation rate %		30.0%	25.4%	13.6%	15.4%
	Number of projects reaching financial close		1	1	1	1

Notes:

1. Refer to Section 4.2.4 for explanations of non-IFRS and other financial measures.
2. Cash operating EBITDA has been calculated based on the following definition, pro forma operating EBITDA plus total non cash movements which largely reflects the fair value of equity interests in projects and expensed historical project cost.

## 4. Financial Information

### 4.3.3 STATUTORY HISTORICAL INCOME STATEMENT

The table below sets out the Statutory Historical Income Statements for FY2014, FY2015, and FY2016.

\$'000	Notes	Statutory Historical		
		FY2014	FY2015	FY2016
<b>December year end</b>				
Revenue		5,137	9,147	17,082
Gross margin	1	4,363	4,598	9,205
General and administrative expenses		(3,928)	(3,388)	(4,184)
Other income	2	692	631	762
Equity accounted profit from associates	3	-	-	155
<b>EBITDA</b>		<b>1,127</b>	<b>1,841</b>	<b>5,938</b>
Depreciation and amortisation		(405)	(354)	(279)
<b>EBIT</b>		<b>722</b>	<b>1,487</b>	<b>5,659</b>
Net finance costs	4	(162)	-	(581)
<b>PBT</b>		<b>560</b>	<b>1,487</b>	<b>5,078</b>
Income tax expense		(213)	15	(1,779)
<b>NPAT</b>	<b>5</b>	<b>347</b>	<b>1,502</b>	<b>3,299</b>

Notes:

1. The Statutory Historical and Forecast Financial Information direct costs (included in the gross margin) include project expenses as well as disposal costs of previous project expenditure capitalised. Project expenses are capitalised to the extent they relate to specific projects which are at the approvals and permitting stage or more progressed.
2. Other income relates to government R&D grants received.
3. Equity accounted profit from associates relates to Windlab's interests in operating projects Coonooer Bridge and Kiata.
4. Included in the Pro Forma adjustments in Section 4.3.4 is an adjustment to reduce the finance costs expensed for the portion of finance costs relating to the convertible notes. This to reflect the Company's proposed capital structure following the Offer, with the convertible notes being converted to ordinary shares as part of the Offer.
5. A reconciliation of pro forma NPAT and statutory NPAT for FY2014, FY2015, FY2016, and FY2017 is presented in Section 4.3.4.

#### 4.3.4 PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL INCOME STATEMENTS AND THE STATUTORY FORECAST INCOME STATEMENT

The table below sets out the pro forma adjustments made to statutory historical NPAT for FY2014, FY2015, FY2016 and forecast NPAT for FY2017.

\$'000	Notes	Pro Forma Historical			Pro Forma Forecast
		FY2014	FY2015	FY2016	FY2017
<b>December year end</b>					
<b>Statutory NPAT (after significant items)</b>		<b>347</b>	<b>1,502</b>	<b>3,299</b>	<b>7,355</b>
Insurance payout received	1	-	(48)	-	-
Capitalised convertible note financing costs	2	-	72	35	-
Public company costs	3	(650)	(650)	(650)	(379)
Capital raising fees expensed	4	613	104	260	1,163
Share based payments	5	41	47	44	403
Duplicate rental expense	6	-	-	23	-
FX gain/(loss)	7	23	172	(225)	-
Loss on disposal of fixed assets	8	-	-	97	-
Convertible note interest expensed	9	67	-	198	621
Pro forma tax adjustment	10	247	(6)	186	138
<b>Pro forma NPAT (after significant items)</b>		<b>688</b>	<b>1,193</b>	<b>3,267</b>	<b>9,301</b>

Notes:

- The insurance payout relates to a one off reimbursement received due to a lightning strike damaging a SODAR unit.
- Removal of convertible note financing costs which have been previously capitalised into inventory for the development of specific wind farm projects. These are recognised in direct costs when disposal occurs. Going forward the business will be funded either by operating cash flows, proceeds from the Offer and existing debt facilities. Therefore only limited capitalisation of interest bearing debt will occur going forward.
- Public company costs represents Windlab's estimate of the incremental costs of operating as a publicly listed company, inclusive of Directors' fees, production of annual reports and holding an annual general meeting, company secretarial and legal costs, annual listing fees and other costs. Forecast statutory NPAT includes Windlab's estimate of incremental public company costs from the commencement of trading (assumed to be August 2017) to 31 December 2017.
- Capital raising fees expensed relate to historical and forecast (IPO related) costs incurred in order to raise capital and are therefore non operational in nature. Windlab has estimated total IPO costs of \$2.5 million in FY2017, including \$1.4 million which have been offset directly against equity.
- Share based payments relates to the share based payments expense in relation to the historical Employee Share Option Plan, which is being collapsed as part of the Offer. The FY2017 expense relates to the granting of the non recourse loan as well as the new ESOP being recognised and the required expense.
- Rental expense relates to duplicate rental expense incurred from December 2015 to April 2016 when the Company moved offices.
- The majority of FX gains/losses arise as a result of the repatriation of funds between the Group, with only a minor amount being in relation to supplier purchases. As these are non operational in nature their impact has been removed.
- Loss on disposal of fixed assets relates to the write off of old PP&E replenished during the year. This is included as a pro forma adjustment given the transaction is non cash and non operational in nature.
- The convertible note interest expensed have been removed to reflect the Company's proposed capital structure following the Offer, with the convertible notes being converted to ordinary shares as part of the Offer.
- Represents the income tax impact of the above pro forma adjustments.

# 4. Financial Information

## 4.4 STATEMENT OF FINANCIAL POSITION

### 4.4.1 STATUTORY HISTORICAL BALANCE SHEET AND PRO FORMA HISTORICAL BALANCE SHEET

The table below sets out the adjustments that have been made to the audited statutory balance sheet of Windlab as at 31 December 2016 to present a pro forma consolidated balance sheet for Windlab as if the Completion of the Offer had occurred on 31 December 2016. This table reflects the following adjustments:

- Conversion of convertible financial instruments to ordinary shares, which is a cashless conversion;
- Completion of the Offer by the Company, the payment of IPO costs; and
- Recognising the tax effect of the Offer costs.

\$'000

As at 31 December 2016	Note	Audited	Pro Forma adjustments	Pro Forma
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	1	8,593	22,467	31,060
Trade and other receivables		1,040	–	1,040
Inventory		5,302	–	5,302
Other current assets		168	–	168
<b>Total current assets</b>		<b>15,103</b>	<b>22,467</b>	<b>37,570</b>
<b>Non current assets</b>				
PPE		304	–	304
Investments		13,883	–	13,883
Inventory	2	5,103	319	5,422
Deferred tax asset	3	–	761	761
<b>Total non current assets</b>		<b>19,290</b>	<b>1,080</b>	<b>20,370</b>
<b>Total assets</b>		<b>34,393</b>	<b>23,547</b>	<b>57,940</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		2,169	–	2,169
Provisions		904	–	904
<b>Total current liabilities</b>		<b>3,073</b>	<b>–</b>	<b>3,073</b>
<b>Non current liabilities</b>				
Provisions		179	–	179
Borrowings	4	15,008	(10,443)	4,565
DTL		2,729	–	2,729
<b>Total non current liabilities</b>		<b>17,916</b>	<b>(10,443)</b>	<b>7,473</b>
<b>Total liabilities</b>		<b>20,989</b>	<b>(10,443)</b>	<b>10,546</b>
<b>Net assets</b>		<b>13,404</b>	<b>33,990</b>	<b>47,394</b>
<b>Shareholders equity</b>				
Issued capital	5	19,016	35,424	54,440
Accumulated losses	6	(7,485)	(1,698)	(9,183)
Reserves	7	706	264	970
NCI		1,167	–	1,167
<b>Total shareholders' equity</b>		<b>13,404</b>	<b>33,990</b>	<b>47,394</b>

Notes:

1. The cash balance increases by \$22.5 million as a result of the \$25.0 million raise and \$2.5 million paid in Offer costs.
2. Inventory has increased by \$0.3 million being the capitalised interest on the convertible notes from January 2017 to IPO date when the convertible notes convert to ordinary shares.
3. A DTA has been recognised representing the tax impact of the Offer costs amounting to \$2.5 million.
4. Borrowings has decreased by \$10.4 million being the face value of the convertible notes including accrued interest converting to Ordinary Shares. The expected borrowings at completion of the Offer is described in Section 4.4.3.
5. Issued capital has increased by \$35.4 million representing the conversion of the convertible notes inclusive of accrued interest of \$11.4 million, proceeds from the Offer of \$25.0 million partially offset by costs directly attributable to the issue of the Shares under the Offer of \$1.4 million which has been allocated against share capital. \$0.4 million of the DTA has also been recognised representing the tax impact of the Offer costs allocated against issued capital.
6. Accumulated losses includes \$0.6 million of convertible note interest expense incurred from 1 January 2017 to IPO the date when the convertible notes and accrued interest convert to ordinary shares. A total of \$0.3 million has been expensed in relation to the share based payments granted. A further \$1.1 million of IPO costs that are not directly attributable to the issue of shares under the Offer and have been expensed in the statutory income statement for FY2017 which has been partially offset by the corresponding DTA on these Offer costs calculated at 30% of the expense. Any unrecoverable GST associated with the Offer costs has been expensed to accumulated losses. At 31 December 2016 no Offer costs had either been incurred or prepaid.
7. Reserves has increased as a result of the non recourse loans provided to certain senior executives which has been treated as a share based payment in accordance with the AAS, as well as the granting of 264,000 options to the Directors which vest immediately upon the grant date.

#### 4.4.2 INDEBTEDNESS

The below sets out the composition of Windlab's indebtedness and capitalisation as at 31 December 2016, before Completion and immediately after Completion.

\$'000

As at 31 December 2016	Company pre completion of the offer	Company post completion of the offer
Non current borrowing	15,008	4,565
<b>Total borrowings</b>	<b>15,008</b>	<b>4,565</b>
Cash and cash equivalents	(8,593)	(31,060)
<b>Total indebtedness /(net cash)</b>	<b>6,415</b>	<b>(26,495)</b>
Issued capital	19,016	54,440
Accumulated losses	(7,485)	(9,183)
Reserves	706	970
NCI	1,167	1,167
<b>Total capitalisation</b>	<b>13,404</b>	<b>47,394</b>
<b>Total net indebtedness and capitalisation</b>	<b>19,819</b>	<b>20,899</b>
Net debt / FY2017 pro forma EBITDA	0.4x	(1.8)x

Notes: See Sections 4.3.4 and 4.4.1 for details of pro forma adjustments between the statutory historical and forecast income statements and statutory and pro forma balance sheet respectively.

#### 4.4.3 LIQUIDITY AND CAPITAL SOURCES

Following the Completion of the Offer, the Company's principal sources of funds will be cash flow from operations and proceeds from the Offer and existing debt facilities. The Company expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period, and that its operating cash flows will position the Company to grow its business in accordance with the forecast financial information.

## 4. Financial Information

### 4.4.4 DESCRIPTION OF THE FINANCING FACILITIES

At Completion of the Offer all convertible debt instruments will be converted to ordinary shares with the only financing facility in place being a senior debt facility with the Clean Energy Finance Corporation (CEFC). The facility limit is \$4.7 million with a maturity date of 23 March 2019. A further increase in the facility limit by \$0.5 million will occur following the sale of the Greenwich project. The facility is structured as a 3 year revolving, cash advance facility. Cash interest is accrued at 7.25% p.a. The facility fee is calculated at a rate of 2.4% and is capitalised quarterly. Interest of 7.25% is also charged on the capitalised facility fee. Cash interest is due quarterly, and the capitalised facility fee is due to be settled at maturity of the facility.

### 4.5 PRO FORMA HISTORICAL CASH FLOWS, PRO FORMA FORECAST CASH FLOWS AND STATUTORY FORECAST CASH FLOWS

#### 4.5.1 OVERVIEW

The table below sets out the Pro Forma Historical Cash Flows for FY2014, FY2015 and FY2016, and the Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows for FY2017.

#### PRO FORMA HISTORICAL CASH FLOWS, PRO FORMA FORECAST CASH FLOWS AND STATUTORY FORECAST CASH FLOWS

\$'000		Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
December year end	Note	FY2014	FY2015	FY2016	FY2017	FY2017
Operating EBITDA	1	1,395	2,029	9,923	14,654	13,468
Non cash movements in operating EBITDA		-	(896)	(8,111)	(212)	191
Change in working capital		(6,910)	2,688	(296)	(3,887)	(3,887)
Tax receipt		41	-	-	-	-
<b>Operational free cash flows before investment capex and after significant items</b>		<b>(5,474)</b>	<b>3,821</b>	<b>1,516</b>	<b>10,556</b>	<b>9,772</b>
Purchase of PP&E		(244)	(245)	(264)	(200)	(200)
Payments for investments		-	-	-	(163)	(163)
<b>Net free cash flows before financing, tax and dividends</b>		<b>(5,718)</b>	<b>3,576</b>	<b>1,252</b>	<b>10,193</b>	<b>9,409</b>
Interest paid						(369)
IPO proceeds	2					25,000
Payment of Offer costs	3					(1,370)
<b>Net cash flow</b>						<b>32,670</b>

Notes:

1. Pro forma operating EBITDA has been adjusted to reflect the pro forma adjustments as set out in Section 4.3.4 above. The significant items relating to impairment charges are non cash in nature so do not affect free cash flow.
2. Represents proceeds from the Offer of \$25.0 million.
3. Non-recurring IPO costs directly attributable to the issue of shares under the Offer (\$1.4 million).

#### 4.5.2 PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL CASH FLOWS AND THE STATUTORY FORECAST CASH FLOWS AND AFTER SIGNIFICANT ITEMS

The table below sets out the pro forma adjustments made to the Statutory Historical Cash Flows and Statutory Forecast Cash Flows for FY2014 to FY2017.

\$'000	Notes	Pro Forma Historical			Pro Forma Forecast
		FY2014	FY2015	FY2016	FY2017
<b>December year end</b>					
<b>Statutory net free cash flows before financing, tax and dividends after significant items</b>		(5,805)	4,045	1,878	9,409
Insurance pay out	1	-	(48)	-	-
Public company costs	2	(650)	(650)	(650)	(379)
Capital raising fees expensed	3	613	104	260	1,163
Rental expense	4	-	-	23	-
Net exchange differences	5	124	125	(259)	-
<b>Pro forma net free cash flows before financing, tax and dividends after significant items</b>		(5,718)	3,576	1,252	10,193

Notes:

1. The insurance payout relates to a one off reimbursement received due to a lightning strike damaging a SODAR unit.
2. Public company costs represents Windlab's estimate of the incremental costs of operating as a publicly listed company, inclusive of Directors' fees, production of annual reports and holding an annual general meeting, company secretarial and legal costs, annual listing fees, and other costs. The FY2017 statutory net cash flows include the pro rata impact of incremental public company costs from the time of listing, assumed to be August 2017.
3. Capital raising fees expensed relate to historical and forecast (IPO related) costs incurred in order to raise capital and are therefore non operational in nature. Windlab has estimated total IPO costs of \$2.5 million in FY2017, including \$1.4 million which have been offset directly against issued capital.
4. Rental expense relates to duplicate rental expense incurred from December 2015 to April 2016 when the Company moved offices.
5. The majority of FX gains/losses arise as a result of the repatriation of funds between the Group, with only a minor amount being in relation to supplier purchases. As these are non-operational in nature their impact has been removed.

## 4.6 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

### 4.6.1 KEY FACTORS AFFECTING WINDLAB'S FINANCIAL PERFORMANCE

This Section discusses the general factors which affected Windlab's operational and relative financial performance in FY2014, FY2015, and FY2016 and which the Company expects may continue to affect it in future.

The discussion of these general factors is intended to provide a summary only and does not detail all factors that have affected Windlab's historical operating and financial performance, or everything that could have an impact on its operational and financial performance in future.

Unless otherwise stated, all metrics and financial information presented in this Section, and the related commentary is on a pro forma basis only.

#### Revenue

Windlab's revenue model is outlined in Section 3.4.1.

## 4. Financial Information

### PRO FORMA HISTORICAL AND FORECAST REVENUE SUMMARY

\$'000	Notes	Pro Forma Historical			Pro Forma Forecast
		FY2014	FY2015	FY2016	FY2017
<b>December year end</b>					
Project revenue		74	8,118	15,056	19,829
Asset management fees		-	608	1,173	2,687
Royalties		-	237	341	450
Consulting		5,023	60	255	266
Expense reimbursement		40	76	257	-
<b>Total revenue</b>		<b>5,137</b>	<b>9,099</b>	<b>17,082</b>	<b>23,232</b>

### PRO FORMA HISTORICAL AND FORECAST PROJECT REVENUES SUMMARY

\$'000	Notes	Pro Forma Historical			Pro Forma Forecast
		FY2014	FY2015	FY2016	FY2017
<b>December year end</b>					
Coopers Gap		-	-	-	10,266
Kennedy Energy Park Phase I		-	3,000	-	5,000
Moyeng		-	-	-	4,229
Greenwich		-	-	-	334
Kiata		-	-	14,783	-
Verdigre		-	-	273	-
Coonooer Bridge		-	5,118	-	-
Other		74	-	-	-
<b>Total revenue</b>		<b>74</b>	<b>8,118</b>	<b>15,056</b>	<b>19,829</b>

### PRO FORMA HISTORICAL AND FORECAST PROJECT REVENUES BY TYPE SUMMARY

\$'000	Notes	Pro Forma Historical			Pro Forma Forecast
		FY2014	FY2015	FY2016	FY2017
<b>December year end</b>					
Divestment and loss of control					
Fair value gain on loss of control (non cash)		-	3,899	11,283	-
Development fees (cash)		-	2,719	3,500	-
Sub total		-	6,618	14,783	-
Project revenue (cash)		74	1,500	273	19,829
<b>Total revenue</b>		<b>74</b>	<b>8,118</b>	<b>15,056</b>	<b>19,829</b>

## Expenses

An explanation of key expenditure categories is as follows:

- ◆ Direct costs include:
  - » Inventory realisation costs which is the capitalised cost of the specific project recognised on disposal of a project;
  - » Development costs paid throughout a project's lifecycle up to the point of financial close, including costs relating to prospecting, land acquisition and access rights, feasibility and validation studies and grid connection and PPA establishment. Development costs are capitalised to inventory for specific projects once the project has reached the approval and permitting stage; and
  - » Direct employee and contractors costs.

A summary of typical development costs incurred through the lifecycle of projects and their treatment is summarised below.

**FIGURE 31: SUMMARY OF TYPICAL COSTS INCURRED THROUGH LIFECYCLE OF PROJECTS**

<b>Early stage development Prospecting/acquisition</b>	Project undergoing a fatal flaw analysis, with the following costs expensed: <ul style="list-style-type: none"> <li>• project costs; and</li> <li>• staff costs.</li> </ul>
<b>Late stage development Validation/approvals and permitting</b>	Detailed approval studies performed. Capitalisation of the following costs to the balance sheet as inventory occurs from this stage: <ul style="list-style-type: none"> <li>• project costs; and</li> <li>• direct staff costs per the completed employee timesheets.</li> </ul>
<b>Offtake and financing</b>	Project interest divested and sold down to incoming equity acquirer. Cash development fee recognised as revenue on transfer of the risks and rewards of the project. Fair value of the carried interest retained is recognised as gain on loss of control (based on % ownership). Capitalised costs are written off as direct costs.
<b>Construction and operations</b>	Projects recognised on the balance sheet as an investments in associate. Project profit equity accounted: recognised in NPAT as profit from associates or joint venture. Cash distributions reduce carrying value with no P&L impact.

- ◆ The main components of general and administrative expenses include:
  - » Indirect employee expenses wages and other expenses. Employee expenses are capitalised into inventory to the extent they relate to specific projects which are at the approvals and permitting stage or more progressed, and under active development;

# 4. Financial Information

## PRO FORMA HISTORICAL AND FORECAST EMPLOYEE COST SUMMARY

\$'000	Notes	Pro Forma Historical			Pro Forma Forecast
		FY2014	FY2015	FY2016	FY2017
<b>December year end</b>					
Gross employee costs		3,014	2,919	3,630	5,514
Capitalised employee costs		(906)	(741)	(492)	(851)
<b>Total employee costs expensed</b>		<b>2,108</b>	<b>2,178</b>	<b>3,138</b>	<b>4,663</b>
<b>KPI's</b>					
Capitalised employee costs as a % of total employee expenses		30.06%	25.4%	13.6%	15.4%
Direct employees		-	2	6	13
Indirect employees		31	33	29	34

- » Professional services consists primarily of accounting, legal and other administrative infrastructure services rendered;
- » Membership and subscriptions relate to the monthly subscription services relating to various software packages;
- » The incremental costs of being a public company; and
- » Insurance expense relates to a range of policies held which cover the Company internationally for a range of situations including professional liability, workers' compensation, travel etc.

## PRO FORMA GENERAL AND ADMINISTRATIVE EXPENDITURE COMPOSITION SUMMARY

%	Pro Forma Historical			Pro Forma Forecast
	FY2014	FY2015	FY2016	FY2017
<b>December year end</b>				
Employee expenses	53.7%	52.7%	57.5%	50.3%
Professional services	6.8%	6.9%	5.8%	14.0%
Public company costs	16.6%	16.7%	14.2%	10.4%
Membership subscriptions	5.0%	5.0%	5.4%	6.2%
Other	17.9%	18.7%	17.1%	19.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Depreciation and amortisation

Depreciation expense relates to the depreciation of the property, plant and equipment across Windlab's wind monitoring equipment (3 to 10 years) as well as furniture and fittings (2 to 10 years) and is depreciated using both prime cost and diminishing value methods.

### Working capital

Windlab's working capital relates primarily to the Company's trade receivables, prepaid insurances, inventories, trade payables, other creditor and accruals, GST and employee liabilities.

## Income tax

Windlab's effective income tax rate in FY2016 was 35.0%. In FY2018, the Australian corporate income tax rate will decrease to 27.5% for companies with an aggregate turnover of less than \$50 million. In FY2017 the South African applicable income tax rate is 28.5%, USA is 34.5% and Tanzania is 30%.

### 4.6.2 PRO FORMA HISTORICAL INCOME STATEMENTS: FY2014 COMPARED TO FY2015

The table below sets out the Pro Forma Historical Income Statements for FY2014 and FY2015.

\$'000	Notes	Pro Forma Historical		
		FY2014	FY2015	% change
<b>December year end</b>				
Revenue		5,137	9,099	77.1%
Gross margin	1	4,604	5,113	11.1%
General and administrative expenses	2	(3,924)	(3,887)	(0.9%)
Other income	3	715	803	12.3%
<b>Operating EBITDA</b>		<b>1,395</b>	<b>2,029</b>	<b>45.4%</b>
<b>Significant items</b>				
Impairment of projects		(241)	(490)	103.3%
<b>EBITDA after significant items</b>		<b>1,154</b>	<b>1,539</b>	<b>33.4%</b>
Depreciation and amortisation		(406)	(354)	(12.8%)
<b>EBIT</b>		<b>748</b>	<b>1,185</b>	<b>58.4%</b>
Net finance costs		(94)	-	(100.0%)
<b>PBT</b>		<b>654</b>	<b>1,185</b>	<b>81.2%</b>
Income tax expense		34	8	(76.5%)
<b>NPAT</b>		<b>688</b>	<b>1,193</b>	<b>73.4%</b>
Add back: Significant items		241	490	103.3%
<b>NPAT (before significant items)</b>		<b>929</b>	<b>1,683</b>	<b>81.2%</b>

Notes:

1. Direct costs include project expenses as well as disposal costs of previous project expenditure capitalised. Project expenses are capitalised to the extent they relate to specific projects which are at the approvals and permitting stage or more progressed.
2. General and administrative costs include Windlab's estimate of the incremental costs that it will incur as a publicly listed company.
3. Other income relates to government R&D grants received.

## Revenue

Revenue increased from \$5.1 million to \$9.1 million in FY2015. FY2014 revenue was predominantly comprised of a \$5.0 million success fee earned in relation to assistance provided to a third party securing an offtake contract and reaching financial close. FY2015 saw two projects earn project revenue with a 50% sell down of Kennedy Energy Park Phase I generating \$3.0 million in revenues, and Coonoer Bridge achieving financial close resulting in a further \$5.1 million in revenues. To supplement these, \$0.6 million was earned in asset management fees in FY2015 as this business began to scale up its operations. Asset management fees were earned in relation to Ararat and Coonoer Bridge for construction phases.

## 4. Financial Information

### Gross Margin

Direct costs in FY2014 were low as a result of a high project cost capitalisation rate of 85.1%. This project capitalisation rate is a function of the projects nearing financial close and with a higher rate of expenditure being capitalised late in the lifecycle. As no projects were disposed of in FY2014, and the majority of the revenue taking the form of a consulting success fee, the direct costs associated with revenue generation is significantly lower than other financial periods, resulting in a higher gross margin of 89.6%.

FY2015 saw \$3.0 million of direct inventory costs recognised being the disposal of Kennedy Energy Park Phase I and Coonooer Bridge. The capitalisation rate declined from 85.1% to 73.8%. Further, with two asset management contracts in place for Ararat and Coonooer Bridge, direct payroll costs were incurred in FY2015 for the first time. These factors reduced the gross margin contribution from 89.6% to 56.2%.

### General and Administrative expenses

General and administrative expenses remained in line in FY2015 with FY2014 with all major expense classifications remaining consistent.

### Operating EBITDA

The increased revenues in FY2015 brought about an increase in operating EBITDA from \$1.4 million to \$2.0 million. The increased direct costs in FY2015 resulted in a reduced operating EBITDA margin of 22.3% whilst the FY2014 operating EBITDA margin was 27.1%.

### NPAT before significant items

Slight reductions in finance costs and income tax expense resulted in NPAT increasing from \$0.9 million in FY2014 to \$1.7 million in FY2015 with the NPAT margin increasing slightly from 18.1% to 18.5%.

### 4.6.3 PRO FORMA HISTORICAL CASH FLOWS: FY2014 COMPARED TO FY2015

The table below out the Pro Forma Historical Cash Flows for FY2014 and FY2015.

\$'000	Notes	Pro forma Historical		
		FY2014	FY2015	% change
December year end				
Operating EBITDA		1,395	2,029	45.4%
Non cash movements in operating EBITDA		–	(896)	(100.0%)
Change in working capital		(6,910)	2,688	138.9%
Tax receipts		41	–	(100.0%)
<b>Operating cash flow before investment capex and after significant items</b>		<b>(5,474)</b>	<b>3,821</b>	<b>169.8%</b>
<i>Operating free cash flow before investment capex conversion ratio</i>	1	(392.4%)	188.3%	148.0%
Investment capex		(244)	(245)	(0.4%)
Net cash flow before financing, tax and dividends		(5,718)	3,576	162.5%
<b>Net free cash flow before financing, tax and dividend conversion ratio</b>	2	<b>(409.9%)</b>	<b>176.2%</b>	<b>143.0%</b>

Notes:

1. Operating cash flow before investment capex/EBITDA.
2. Net free cash flow before financing, tax and dividends/EBITDA.

## Operating cash flows

Windlab's working capital relates primarily to the Company's trade receivables, prepaid insurances, inventories, trade payables, other creditor and accruals, GST and employee liabilities. The \$6.9 million working capital outflow in FY2014 was mostly in relation to an increase in trade receivables due to the success fee for assistance provided to a third party in securing an offtake contract and reaching financial close, which was invoiced late in FY2014. The receipt of this payment, as well as reduction in the amounts capitalised to inventory saw a favourable movement in working capital in FY2015.

Non cash movements in operating EBITDA in FY2015 includes the add back of the direct inventory costs for the disposal of wind farm projects, as well as the fair value gain recorded on the disposal of Coonoor and Kennedy Energy Park Phase I.

As a result of the above, operating cash flows increased from an out flow of \$5.5 million in FY2014 to an inflow of \$3.8 million in FY2015.

## Investment capex

Investment capex related mostly to the purchase of wind monitoring equipment and was consistent between FY2015 and FY2014.

### 4.6.4 PRO FORMA HISTORICAL INCOME STATEMENTS: FY2015 COMPARED TO FY2016

The table below sets out the Pro Forma Historical Income Statements for FY2015 and FY2016.

\$'000	Pro Forma Historical			
	Notes	FY2015	FY2016	% change
<b>December year end</b>				
Revenue		9,099	17,082	87.7%
Gross margin	1	5,113	13,642	166.8%
General and administrative expenses	2	(3,887)	(4,507)	16.0%
Other income	3	803	633	(21.2%)
Equity accounted profit from associates	4	-	155	100.0%
<b>Operating EBITDA</b>		<b>2,029</b>	<b>9,923</b>	<b>389.1%</b>
<b>Significant items</b>				
Impairment of projects		(490)	(4,400)	798.0%
<b>EBITDA after significant items</b>		<b>1,539</b>	<b>5,523</b>	<b>258.9%</b>
Depreciation and amortisation		(354)	(279)	(21.2%)
<b>EBIT</b>		<b>1,185</b>	<b>5,244</b>	<b>342.5%</b>
Net finance costs		-	(383)	100.0%
<b>PBT</b>		<b>1,185</b>	<b>4,861</b>	<b>310.2%</b>
Income tax expense		8	(1,594)	(20,025.0%)
<b>NPAT</b>		<b>1,193</b>	<b>3,267</b>	<b>173.8%</b>
Add back: Significant items		490	4,400	798.0%
<b>NPAT (before significant items)</b>		<b>1,683</b>	<b>7,667</b>	<b>355.6%</b>

Notes:

1. Direct costs include project expenses as well as disposal costs of previous expenditure capitalised. Project expenses are capitalised to the extent they relate to specific projects which are at the approval and permitting stage or more progressed.
2. General and administrative costs include Windlab's estimate of the incremental costs that it will incur as a publicly listed company.
3. Other income relates to government R&D grants received.
4. Equity accounted profit from associates relates to Windlab's interests in operating projects Coonoor Bridge and Kiata.

## 4. Financial Information

### Revenue

Revenue increased from \$9.1 million to \$17.1 million in FY2016. The majority of this increase is attributable to the increase in project revenues, with project revenues increasing from \$8.1 million to \$15.1 million. This was mostly as a result of the financial close of the Kiata wind farm, with \$14.8 million being generated as revenue resulting from the financial close. \$11.3 million of this was generated through the fair value gain on loss of control, with \$3.5 million received in cash. \$0.3 million was also generated in relation to Verdigre, with the payment received to initiate the sales process, which is ongoing.

Asset management fees increased by \$0.5 million as a result of a full year operation of Coonoer Bridge, as well as part operation fees received for Ararat and part of the construction fees for Kiata.

### Gross margin

Gross margin increased to \$13.6 million from \$5.1 million in FY2015. Direct costs in FY2016 decreased by \$0.6 million to \$3.4 million. \$1.2 million was recognised as direct inventory costs being the capitalised value of Kiata. The number of early stage projects increased in FY2016, which resulted in the project capitalisation rate being lower than historical at 34.3%. Growth in the asset management business saw direct employee costs increase as a result of a larger headcount. However, the large revenue booked for Kiata, and the relatively low disposal cost of the project saw gross margin contribution increase from 56.2% to 79.9%

### General and administrative expenses

General and administrative expenditure increased by \$0.6 million as a result of \$0.5 million increase in employee costs expensed. This was a result of an increase in the average salaries and wages brought about by several senior hires during the year, as well as a reduction in the capitalised salaries and wages from 25.4% in FY2015 to 13.6% in FY2016.

### Operating EBITDA

Operating EBITDA increased by \$7.9 million as a result of the increased revenues with the operating EBITDA margin increasing from 22.3% to 58.1% due to the lower direct costs associated with the revenues generated.

### NPAT before significant items

NPAT increased from \$1.7 million to \$7.7 million. The \$7.9 positive movement in operating EBITDA was partially offset by an increase in financing costs brought about by senior debt finance costs incurred (relating to the draw down of the facility which was not capitalised), and a \$1.6 million income tax expense. This income tax expense was a result of an increase in the Company's deferred tax losses (as a consequence of the capitalised costs in inventory and investments) with the Company not in a position to pay income tax by 31 December 2016.

#### 4.6.5 PRO FORMA HISTORICAL CASH FLOWS: FY2015 COMPARED TO FY2016

The table below out the Pro Forma Historical Cash Flows for FY2015 and FY2016.

December year end	Notes	Pro Forma Historical		
		FY2015	FY2016	% change
Operating EBITDA		2,029	9,923	389.1%
Non cash movements in operating EBITDA		(896)	(8,111)	805.2%
Change in working capital		2,688	(296)	(111.0%)
<b>Operating cash flow before investment capex and after significant items</b>		<b>3,821</b>	<b>1,516</b>	<b>(60.3%)</b>
<i>Operating free cash flow before investment capex conversion ratio</i>	1	188.3%	15.3%	(91.9%)
Investment capex		(245)	(264)	7.8%
<b>Net cash flow before financing, tax and dividends</b>		<b>3,576</b>	<b>1,252</b>	<b>(65.0%)</b>
<i>Net free cash flow before financing, tax and dividend conversion ratio</i>	2	176.2%	12.6%	(92.8%)

Notes:

1. Operating cash flow before investment capex/EBITDA.
2. Net free cash flow before financing, tax and dividends/EBITDA.

#### Operating cash flows

Non cash movements totalled \$8.1 million in FY2016 as a result of the large fair value gain earned on financial close of the Kiata wind farm offset by the disposal costs of Kiata and Coonooer Bridge Wind Farm (which are also non cash transactions). Windlab's movement in working capital was minor in FY2016 with the increase in trade and other payables offsetting the increase in inventory and a slight reduction in trade and other receivables.

As a result of the large amount of non cash revenue in FY2016, Windlab's cash from operations declined from \$3.8 million to \$1.5 million.

#### Investment capex

Investment capex related mostly to the purchase of wind monitoring equipment and was consistent between FY2016 and FY2015.

### 4.7 FORECAST FINANCIAL INFORMATION

The Forecast Financial Information is based on various general and specific assumptions, including those set out below. In preparing the Forecast Financial Information, Windlab has undertaken an analysis of the historical performance and applied assumptions in order to predict the anticipated future performance for FY2017. Windlab believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions, when taken as a whole, to be reasonable as at the Prospectus date. Actual results are likely to vary from those forecasts, and any variation may be materially positive or negative.

The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of Windlab, the Directors and Management, and are not reliably predictable. None of Windlab, the Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.9, the risks set out in Section 6 and the Investigating Accountant's Report on the Forecast Financial Information provided in Section 5.

# 4. Financial Information

## 4.7.1 GENERAL ASSUMPTIONS

In preparing the Forecast Financial Information the following general assumptions have been adopted in relation to the Forecast Period:

- ◆ no material change in the competitive and operating environment in which Windlab operates;
- ◆ no significant deviations from current market expectations of the economic and market conditions in which Windlab operates;
- ◆ no material change in government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy or in the regulatory environment in the areas in which Windlab and its key customers operate that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures of Windlab;
- ◆ no material changes in applicable AAS, other mandatory professional reporting requirements or the Corporations Act which will have a material effect on Windlab's reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures, specifically no change in revenue recognition or cost capitalisation policies;
- ◆ no material amendments to, or terminations of, any of Windlab's customer or supplier contracts, agreements or arrangements;
- ◆ no material disruptions to the continuity of operations of Windlab or any material changes in the business in which Windlab operates;
- ◆ no material change in or loss of key personnel including key management personnel. It is assumed that Windlab maintains its ability to recruit and retain the personnel required to support future growth on materially similar compensation terms to that reflected in the FY2017 forecasts;
- ◆ no material employee relations disputes or other disturbances, contingent liabilities or legal claims that arise or that are settled to the detriment of Windlab;
- ◆ no material change in Windlab's corporate and capital structure other than as contemplated by this Prospectus. The expected changes flowing directly from the Offer as set out in or contemplated by this Prospectus are presented within the pro forma adjustments included in this Section 4 of this Prospectus;
- ◆ no material adverse impact in relation to litigation or claims (existing or otherwise);
- ◆ no material acquisitions, disposals, restructurings or investments other than as contemplated by this Prospectus;
- ◆ the Offer proceeds in accordance with the timetable set out in the "Key Offer statistics and important dates" section on page 4 of this Prospectus; and
- ◆ none of the key risks listed in Section 6 occurs, or if they do, none of them has a material adverse impact on the operations of Windlab.

## 4.7.2 SPECIFIC ASSUMPTIONS

The Forecast Financial Information has had regard to the trading performance of Windlab up until 30 June 2017.

The basis of the specific assumptions that have been used in the preparation of the Pro Forma Forecast Financial Information is set out below. The assumptions are a summary only and do not represent all factors that will affect Windlab's forecast financial performance.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

## Revenue

The Forecast Financial Information is based on the following key revenue assumptions:

- ◆ Receipt of the Moyeng payment (which has been received in April 2017);
- ◆ Receipt of the option payment for Greenwich in May 2017;
- ◆ The receipt of the third and final milestone payment in relation to the Coopers Gap project occurring in H2 2017;
- ◆ Kennedy Energy Park Phase I reaching financial close which is expected to occur in H2 2017;
- ◆ Full year operation fees earned for Ararat and Coonooer Bridge, with the remainder of construction fees earned on Kiata;
- ◆ Royalties income increasing in line with South African CPI; and
- ◆ A similar level of consulting revenues.

## Expenses

The Forecast Financial Information is based on the following key expense assumptions:

- ◆ Forecast project development expenditure capitalised at a rate of 51.9%;
- ◆ An increase in headcount for Windlab asset management team from 6 to people to 13 employees with some new hires being in senior positions;
- ◆ An increase in headcount for the rest of the business from 29 to 34 employees with an increase in average salaries as a result of the seniority of the new hires;
- ◆ Capitalisation rate of salaries and wages to be 15.4%;
- ◆ An increase in professional fees reflecting entry into new markets and expansion of existing markets in Africa.
- ◆ Other indirect expenses are forecast to increase in line with the overall growth of the business and are based on the currently monthly run rate of operating expenses, adjusted for known or planned increases in expenditure;
- ◆ Incremental operating costs totalling \$0.65 million has been assumed by Management to be reflective of or estimates of additional costs required to operate as a publicly listed company. Management estimates are based on benchmarking of similar sized companies;
- ◆ One off Offer costs of \$1.2 million has been included in the Statutory Forecast Income statement for FY2017 (with the remaining costs directly attributable to the Offer and offset against equity); and
- ◆ No further impairment at any projects currently on hand.

## Income tax

The statutory forecast income tax expense has been based off an historical average tax expense taking into account the tax profile of the various jurisdictions where revenue is forecast to be generated in FY2017.

## Depreciation and amortisation

Depreciation is based on the current depreciation rates and estimated useful lives applied to property, plant and equipment, adjusted for planned capital expenditure and disposals. New or planned capital expenditure, which is predominantly wind monitoring equipment is depreciated at rates consistent with similar existing assets of Windlab.

## Finance costs

Finance costs in the Statutory Forecast have been forecast based on the effective interest rate of both the CEFC senior debt facility and the convertible instruments which included interest up until the listing date, assumed to be August 2017. Finance costs in relation to the convertible instruments have been removed in the Pro Forma results as going forward the business will be funded by either operating cash flows, proceeds from the Offer and the senior debt facility.

# 4. Financial Information

## Working capital

Working capital has been forecast by Windlab to be consistent with historical investment days with accounts receivable collection terms and accounts payable payment terms consistent with the experience of the Company over the 6 months to 31 December 2016.

## Investment capex

Investment capex relates to the acquisition of wind monitoring equipment as well as further investment in Kennedy Energy Park Phase I.

## 4.8 MANAGEMENT DISCUSSION AND ANALYSIS ON THE FORECAST FINANCIAL INFORMATION

### 4.8.1 PRO FORMA HISTORICAL INCOME STATEMENT, FORECAST INCOME STATEMENT AND STATUTORY FORECAST INCOME STATEMENT: FY2016 COMPARED TO FY2017

The table below sets out the Pro Forma Historical Income Statement and Forecast Income Statement for FY2016 and FY2017 respectively, and Statutory Forecast Income Statement for FY2017.

		Pro Forma Historical	Pro Forma Forecast		Statutory Forecast
\$'000	Notes	FY2016	FY2017	% change	FY2017
<b>December year end</b>					
<b>Revenue</b>		17,082	23,232	36.0%	23,232
<b>Gross margin</b>	1	13,642	20,031	46.8%	20,031
General and administrative expenses	2	(4,507)	(6,252)	38.7%	(7,438)
Other income	3	633	600	(5.2%)	600
Equity accounted profit from associates	4	155	275	77.4%	275
<b>Operating EBITDA</b>		9,923	14,654	47.7%	13,468
<b>Significant items</b>					
Impairment of projects		(4,400)	-	(100.0%)	-
<b>EBITDA after significant items</b>		5,523	14,654	165.3%	13,468
Depreciation and amortisation		(279)	(300)	7.5%	(300)
<b>EBIT</b>		5,244	14,354	173.7%	13,168
Net finance costs	5	(383)	(64)	(83.3%)	(685)
<b>PBT</b>		4,861	14,290	194.0%	12,483
Income tax expense		(1,594)	(4,989)	213.0%	(5,128)
<b>NPAT</b>		3,267	9,301	184.7%	7,355
Add back: Significant items		4,400	-	(100.0%)	-
<b>NPAT (before significant items)</b>		7,667	9,301	21.3%	7,355

Notes:

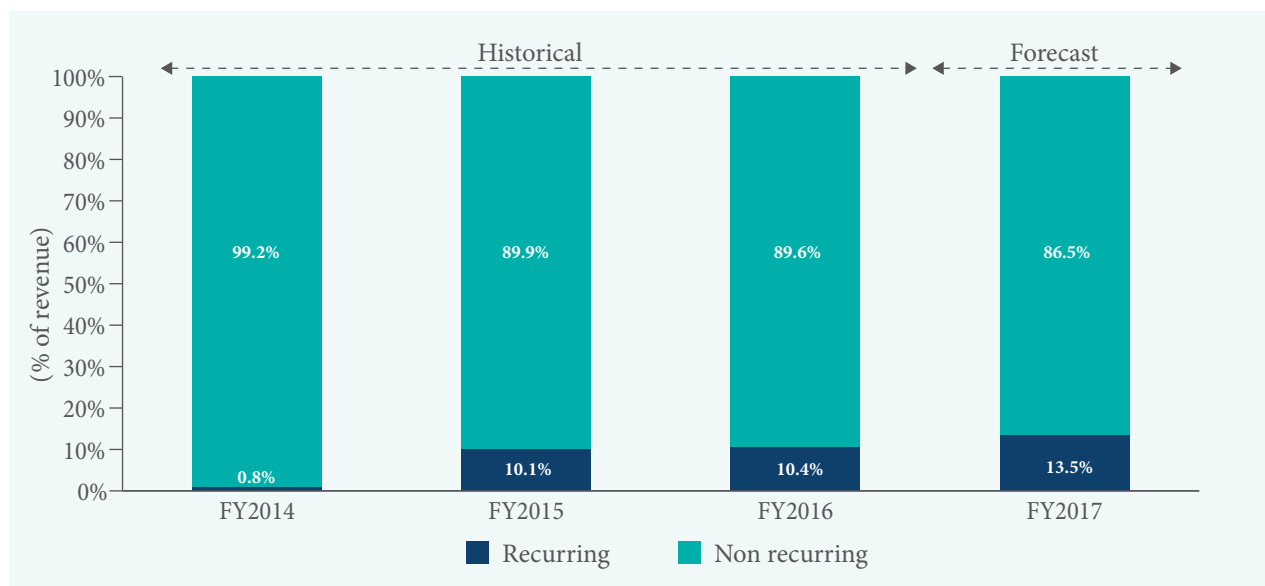
1. Direct costs include project expenses as well as disposal costs of previous expenditure capitalised. Project expenses are capitalised to the extent they relate to specific projects which are at the approval and permitting stage or more progressed.
2. General and administrative costs include Windlab's estimate of the incremental costs that it will incur as a publicly listed company. Forecast Statutory NPAT includes Windlab's estimate of incremental public company costs from the commencement of trading to 31 December 2017.
3. Other income relates to government R&D grants received.
4. Equity accounted profit from associates relates to Windlab's interests in operating projects Coonoer Bridge and Kiata.
5. Net finance costs expensed decreases in the FY2017 as a result of an increase in the capitalisation rates in accordance with the project life cycle of specific projects.

## Revenue

Revenue is forecast to increase from \$17.1 million to \$23.2 million. Project revenue is forecast to increase from \$15.1 million to \$19.8 million. \$4.0 million has been received in April 2017 in relation to compensation for the extinguishment of rights in relation to the Moyeng portfolio with a further \$0.3 million received in May in relation to the option to purchase Greenwich. \$5.0 million is forecast to be received in H2 2017 as a result of the financial close for Kennedy Energy Park Phase I. \$10.3 million is forecast to be received in relation to the third and final milestone payment for Coopers Gap. This payment will include a catch up payment on milestone payments one and two as a result of Coopers Gap achieving a greater capacity than originally planned.

Asset management fees are forecast to increase by \$1.5 million as a result of a full year's operations of Coonoer Bridge, Ararat as well as construction fees for Kiata and Kennedy Energy Park Phase I. As more projects reach financial close there is an expectation that a greater proportion of revenues generated by Windlab will be comprised from the recurring asset management fees as opposed to the non-recurring project sales revenue.

**FIGURE 32: HISTORICAL AND FORECAST RECURRING AND NON-RECURRING REVENUE SUMMARY**



## Gross Margin

Gross margin is forecast to increase from \$13.6 million to \$20.0 million in FY2017. Direct costs are forecast to decrease from \$3.4 million to \$3.2 million, the forecast increase in head count and seniority of new hires in the asset management business being offset by no disposals of projects actually occurring in FY2017. Total development expenditure is forecast to be \$3.4 million (\$2.0 million in FY2016), whilst the project capitalisation rate forecast to be 51.9%.

The forecast gross margin is 86.2%, an increase of 6.3% from FY2016.

## General and administrative

General and administrative expenditure is forecast to increase by \$1.7 million. An increase in headcount and the seniority of new hires causes employee costs to increase by \$0.5 million whilst the salaries and wages capitalisation rate remains consistent at 15.4% (13.6% in FY2016). Professional fees are forecast to increase by \$0.6 million in relation to a planned and ongoing investment in Africa. Further memberships and subscriptions will increase by \$0.1 million due to further asset management software licenses resulting from the increased headcount. Employee incidentals are forecast to increase by \$0.2 million as a result of the increased headcount across the business with travel also increasing by \$0.2 million.

## 4. Financial Information

### Operating EBITDA

Operating EBITDA is forecast to increase from \$9.9 million to \$14.7 million. The operating EBITDA margin is forecast to increase from 58.1% to 63.1% by virtue of the greater gross margin forecast in FY2017.

### NPAT before significant items

NPAT is forecast to increase from \$7.7 million to \$9.3 million with the NPAT margin decreasing from 44.9% to 40.0%. Income tax expense is forecast to increase from \$1.6 million to \$5.0 million which represents the absorption of the carried forward tax losses due to the profitability in the year.

### FY2017 actual versus forecast statutory performance

The table below summarises the unaudited first half actual statutory performance and the forecast second half statutory performance to illustrate the mix of earnings to an operating EBITDA level between the two halves and to demonstrate where the majority of the revenue is expected to be generated. The first half actual statutory performance has been extracted from the monthly consolidated unaudited management accounts.

\$'000 December year end	Notes	Statutory		FY2017
		Actual 1HY17	Forecast 2HY17	
Revenue	1	5,660	17,572	23,232
Gross margin		3,884	16,147	20,031
General and administrative expenses	2	(2,745)	(4,393)	(7,438)
Other income		300	300	600
Equity accounted profit from associates	3	29	246	275
<b>Operating EBITDA</b>		<b>1,468</b>	<b>12,300</b>	<b>13,468</b>
<b>Operating EBITDA contribution weighting</b>		<b>10.9%</b>	<b>90.1%</b>	<b>100%</b>

Notes:

- The first half actual revenue includes the receipt of the Moyeng payment, receipt of the option payment for Greenwich, as well as contractual royalties from the West Coast 1 project located in South Africa and asset management fees specified in executed contractual agreements for wind farm construction and ongoing project management.  
The forecast second half includes the revenue from the third and final milestone payment in relation to the Coopers Gap project, Kennedy Energy Park Phase I reaching financial close, on going operation fees earned for Ararat and Coonooer Bridge, with the remainder of construction fees earned on Kiata.
- General and administrative costs in 2HY17 include the incremental costs of being a public listed company from August 2017 (\$0.28 million), non recurring offer costs expensed to the income statement (\$1.2 million) and share based payments (\$0.4 million). As general and administrative costs are typically fixed, after excluding the above costs the contribution is relatively similar for each of the six month periods.
- The equity accounted profit from associates relate to Kiata and Coonooer Bridge. 1HY2017 includes the dividends received from Coonooer Bridge, whilst the second half includes the on going dividends being paid from Coonooer Bridge, as well as the Kiata project being equity accounted from November 2017 onwards.

#### 4.8.2 PRO FORMA HISTORICAL CASH FLOWS AND PRO FORMA FORECAST CASH FLOWS: FY2016 COMPARED TO FY2017

The table below sets out the Pro Forma Historical Cash Flows for FY2016 and FY2017, and the Statutory Forecast Cash Flows for FY2017.

\$'000	Notes	Pro Forma Historical	Pro Forma Forecast	% change	Statutory Forecast
		FY2016	FY2017		FY2017
<b>December year end</b>					
Operating EBITDA		9,923	14,654	47.7%	13,468
Non cash movements in operating EBITDA		(8,111)	(212)	(97.4%)	191
Change in working capital		(296)	(3,887)	1,213.2%	(3,887)
<b>Operating cash flow before investment capex after significant items</b>		<b>1,516</b>	<b>10,556</b>	<b>596.2%</b>	<b>9,772</b>
<i>Operating free cash flow before investment capex conversion ratio</i>	1	15.3%	72.0%	370.6%	72.6%
Purchase of PP&E		(264)	(200)	(24.2%)	(200)
Payments for investments		-	(163)	100%	(163)
<b>Net cash flow before financing, tax and dividends</b>		<b>1,252</b>	<b>10,193</b>	<b>714.1%</b>	<b>9,409</b>
Net free cash flow before financing, tax and dividend conversion ratio	2	12.6%	69.6%	452.4%	69.9%
Net finance costs paid					(369)
IPO proceeds					25,000
Payment of Offer costs					(1,370)
<b>Net cash flow</b>					<b>32,670</b>

Notes:

1. Operating cash flow before investment capex/EBITDA.
2. Net free cash flow before financing, tax and dividends/EBITDA.

#### Operating cash flows

Operating cash flows is forecast to increase from \$1.5 million to \$10.6 million. This is due to a majority of FY2017 revenues being received in cash, as opposed to the \$11.3 million fair value gain in FY2016. The non cash movements in FY2017 is a result of the equity accounted for profit which is minor. Forecast movement in working capital is a result of the investment in inventory as Windlab focus on nearing projects to financial close.

#### Investment capex

\$0.2 million is forecast to be invested in PP&E which is in line with historical levels. A further \$0.2 million will be invested in Kennedy Energy Park Phase I, increasing the Company's investment value in this project.

#### Financing cash flows

The forecast financing cash flows represents the impact of the Offer of \$25.0 million as well as the directly attributable costs of the Offer of \$1.4 million. This is further offset by \$0.4 million of forecast cash finance costs paid in relation to the CEFC senior debt.

# 4. Financial Information

## 4.9 SENSITIVITY ANALYSIS

The Forecast Financial Information included in this Section 4.9 is based on a number of estimates and assumptions as described in Sections 4.7 and 4.9. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Windlab, its Directors and Management. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, set out below is a summary of the sensitivity of the pro forma operating EBITDA to changes in a number of key assumptions.

The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Sensitivity analysis is conducted independently of potentially interrelated effects resultant from a variance in the assumption. Variations in actual performance could exceed the ranges shown.

For the purposes of this analysis, each sensitivity factor is presented in terms of its impact on the forecast FY2017 pro forma operating EBITDA and is set out below. The sensitivity of these factors have been considered in isolation, however, there may be a degree of correlation between the movement in one or more of these sensitivities which will have an impact that is greater than what is shown below.

### PRO FORMA FY2017 SENSITIVITIES (EBITDA IMPACT)

Assumptions	Notes	Pro Forma operating EBITDA	Pro Forma operating EBITDA impact	Adjusted Pro Forma operating EBITDA
Kennedy Energy Park Phase I financial close not occurring in FY2017		14,654	(5,330)	9,324
Kiata does not commence operations during the year		14,654	(212)	14,442
10% favourable movement in FX rate assumptions in Kennedy Energy Park Phase I model	1	14,654	2,010	16,664
10% unfavourable movement in FX rate assumptions in Kennedy Energy Park Phase I model	1	14,654	(1,800)	12,854

Notes:

- Asymmetry in the Kennedy Energy Park Phase I sensitivities upside and downside on the FX assumptions are driven by tax and payment timing impacts.

## 4.10 DIVIDEND POLICY

Refer to Section 9.17.

## **4.11 NEW ACCOUNTING STANDARDS**

### **4.11.1 AASB 16 LEASES**

This standard is effective for reporting periods beginning on or after 1 January 2019. The full impacts of AASB 16 on the Company has not yet been assessed and it is expected that the Company will adopt AASB 16 for the year ended 31 December 2019. In applying the new standard for the first time, AASB 16 provides a number of transition options, which may involve an adjustment to opening retained earnings at 1 January 2018 or the restatement of comparatives. The full impacts of the transition provisions have not yet been fully assessed by the Company. If AASB 16 was operative at 31 December 2016 the impact on the statement of financial position would be to recognise an asset and a corresponding liability for the amounts outstanding on all property leases amounting to \$1.1 million. The impact on the profit and loss and other comprehensive income in FY2016 and FY2017 would be to reduce property expenses and increase depreciation and finance costs.

### **4.11.2 AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS**

This standard is effective for reporting periods beginning on or after 1 January 2018. The full impacts of AASB 15 on the Company has not yet been assessed and it is expected that the Company will adopt AASB 15 for the year ended 31 December 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Company.

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# 5.

## Investigating Accountant's Report

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**Grant Thornton**

An instinct for growth™

Board of Directors  
Windlab Limited and Windlab SaleCo Limited  
Level 4  
60 Marcus Clarke Street  
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4 August 2017

Dear Directors,

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## **INDEPENDENT LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE**

### **INTRODUCTION**

Grant Thornton Corporate Finance Pty Limited ("Grant Thornton Corporate Finance") has been engaged by Windlab Limited ("Windlab" or the "Company") to prepare this report for inclusion in the replacement prospectus (the "Replacement Prospectus") to be dated on or about 4 August 2017 (the "Replacement Prospectus") to be issued by the Company, in respect of the initial public offering of fully paid ordinary shares in the Company ("the Offer") and admission to the Australian Securities Exchange.

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") holds an appropriate Australian Financial Services Licence (AFS Licence Number 247140) under the Corporations Act 2001 for the issue of this report. This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Capitalised terms used in this report have the same meaning as defined in the glossary of the Replacement Prospectus.

### **SCOPE**

#### **Statutory Historical Financial Information**

Grant Thornton Corporate Finance Pty Limited has been engaged by the Directors to review the:

- Statutory historical consolidated statements of profit or loss and other comprehensive income for the financial years ended 31 December 2014 ("FY2014"), 31 December 2015 ("FY2015"), and 31 December 2016 ("FY2016");
- Statutory historical consolidated statement of financial position as at 31 December 2016; and

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Holder of Australian Financial Services Licence No. 247140

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Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of Australian Financial Services Licensees).

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# 5. Investigating Accountant's Report



- Statutory historical consolidated cash flows before financing, taxation and dividends for the financial years ended 31 December 2014, 31 December 2015, and 31 December 2016;

as set out in Section 4.3.3, 4.4.1 and 4.5.2, of the Replacement Prospectus (together, the Statutory Historical Financial Information).

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in the Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information has been extracted from the audited consolidated financial report of the Company and its controlled entities covering the financial years ended 31 December 2014, 31 December 2015, and 31 December 2016. The audit was undertaken by Grant Thornton Audit Pty Ltd in accordance with Australian Auditing Standards. The audit opinion issued to the Directors for FY2014 was modified and included an emphasis of matter regarding the existence of a material uncertainty which may cast significant doubt about the ability to continue as a going concern and therefore, Windlab may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. No modified audit opinions were issued for either FY2015 or FY2016.

The Statutory Historical Financial Information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

#### **Pro Forma Historical Financial Information**

Grant Thornton Corporate Finance Pty Limited has been engaged by the Directors to review the:

- Pro forma historical consolidated statements of profit or loss and other comprehensive income for the financial years ended 31 December 2014, 31 December 2015, and 31 December 2016;
- Pro forma historical consolidated statement of financial position as at 31 December 2016; and
- Pro forma historical consolidated cash flows before financing, taxation and dividends for the financial years ended 31 December 2014, 31 December 2015, and 31 December 2016,

as set out in Section 4.3.1, 4.4.1 and 4.5.1 respectively of the Replacement Prospectus (together, the Pro Forma Historical Financial Information).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information, after adjusting for the effects of Pro Forma adjustments described in Section 4.3.4, and 4.5.2 of the Replacement Prospectus respectively (the Pro Forma Adjustments).



The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, or cash flows.

#### Forecast Financial Information

Grant Thornton Corporate Finance Pty Limited has been engaged by the Directors to review the:

- Statutory forecast consolidated statement of profit or loss and other comprehensive income and the Statutory forecast consolidated net cash flows of the Company for the financial year ending 31 December 2017 as set out in Section 4.3.1, and 4.5.1 of the Replacement Prospectus (the Statutory Forecast Financial Information). The Directors' best estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 4.7.2 of the Replacement Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- Pro Forma forecast consolidated statement of profit or loss and other comprehensive income and the Pro Forma forecast consolidated net cash flows of the Company for the financial year ending 31 December 2017 as set out in Section 4.3.1, and 4.5.1 of the Replacement Prospectus (the Pro Forma Forecast Financial Information). The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the Pro Forma Adjustments described in Section 4.3.4, and 4.5.2 of the Replacement Prospectus. An audit/review has not been conducted on the source from which the unadjusted financial information was prepared. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information is the Company's adopted accounting policies and the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as if those events or transactions had occurred prior to 1 January 2017. Due to its nature the Pro Forma Forecast Financial Information does not represent the Company's actual prospective financial performance and/ or cash flows for the financial year ending 31 December 2017,

(together, the Forecast Financial Information).

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the financial year ending 31 December 2017. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variations may be material.

# 5. Investigating Accountant's Report



The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take, and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in Section 6 of the Replacement Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in Section 6 and Section 4.9 of the Replacement Prospectus.

The sensitivity analysis set out in Section 4.9 of the Replacement Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

## **DIRECTORS' RESPONSIBILITY**

The Directors are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of the Pro Forma Adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro Forma Adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information; and
- the information contained within the Replacement Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Historical Financial Information, the Pro Forma Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.



#### OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information, based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

#### Statutory Historical Financial Information

- a review of the extraction of the Statutory Historical Financial Information from the audited consolidated financial report of the Company and its controlled entities covering the financial years ended 31 December 2014, 31 December 2015, and 31 December 2016;
- analytical procedures on the Statutory Historical Financial Information;
- a consistency check of the application of the stated basis of preparation, as described in the Replacement Prospectus, to the Statutory Historical Financial Information;
- a review of the work papers, accounting records and other documents of the Company and its auditors; and
- enquiry of the Directors, management and others in relation to the Statutory Historical Financial Information.

#### Pro Forma Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of Statutory Historical Financial Information from the audited financial report for each of the periods mentioned above;
- consideration of the appropriateness of the Pro Forma Adjustments described in Section 4.3.4, and 4.5.2 of the Replacement Prospectus;
- enquiry of the Directors, management, personnel and advisors of the Company;
- the performance of analytical procedures applied to the Pro Forma Historical Financial Information;

# 5. Investigating Accountant's Report



- a review of work papers, accounting records and other documents of the Company and its auditors; and
- a review of the accounting policies for consistency of application.

#### Forecast Financial Information

- enquiries, including discussions with management and Directors of the factors considered in determining the assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and
- consideration of the Pro Forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro Forma Forecast Financial Information.

#### CONCLUSIONS

##### Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2 of the Replacement Prospectus.

##### Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 4.2 of the Replacement Prospectus.

##### Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- i. the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;
- ii. in all material respects, the Statutory Forecast Financial Information:
  - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.7.2 of the Replacement Prospectus;



- b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards; and
- iii. the Statutory Forecast Financial Information itself is unreasonable.

#### **Pro Forma Forecast Financial Information**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- i. the Directors' best estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information;
- ii. in all material respects, the Pro Forma Forecast Financial Information:
  - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.7.2 of the Replacement Prospectus;
  - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards, applied to the Statutory Forecast Financial Information and the Pro Forma Adjustments as if those adjustments had occurred prior to 1 January 2017; and
- iii. the Pro Forma Forecast Financial Information itself is unreasonable.

#### **Restrictions on Use**

Without modifying our conclusions, we draw attention to Section 4 of the Replacement Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Replacement Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

#### **Consent**

Grant Thornton Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Replacement Prospectus in the form and context in which it is included.

#### **Disclosure of Interest**

Grant Thornton Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Grant Thornton Audit Pty Ltd is the auditor of the Company.

# 5. Investigating Accountant's Report



Yours faithfully  
GRANT THORNTON CORPORATE FINANCE PTY LTD

Tim Goodman  
Partner and Authorised Representative

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**Grant Thornton**

An instinct for growth™

## Appendix A (Financial Services Guide)

This Financial Services Guide is dated 4 August 2017.

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E info.nsw@au.gt.com  
W www.granthornton.com.au

### 1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by Windlab Limited ("Windlab", or the "Company") to provide general financial product advice in the form of an Independent Limited Assurance Report (the Report) to accompany the Financial Information for the purpose of pre quotation disclosure prior to admission to the Australian Securities Exchange. You have not engaged us directly but have been provided with a copy of the report as a retail client because of your connection to the matters set out in the report.

### 2 This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

### 3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

### 4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Holder of Australian Financial Services Licence No. 247140

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

# 5. Investigating Accountant's Report



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Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail finance product advice directly to retail investors nor does it provide market related advice directly to retail investors.

## **5 Fees, commissions and other benefits we may receive**

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity who engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee of \$150,000 plus GST which is based on commercial rates plus reimbursement of out of pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, and related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receives non-monetary benefits in respect of, or that is attributable to the provision of the services described in this FSG.

## **6 Referrals**

Grant Thornton Corporate Finance including its Partners, Directors, employees or associates and related bodies corporate, does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

## **7 Associations with issuers of financial products**

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Audit Pty Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

## **8 Complaints**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the National Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint.

If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 367 287



Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

**9 Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

**10 Contact Details**

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

National Head of Corporate Finance  
Grant Thornton Corporate Finance Pty Ltd  
Level 17, 383 Kent Street  
Sydney, NSW, 2000

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# 6. Risk Factors

## 6. Risk Factors

An investment in Windlab is speculative and involves a number of risks. This Section 6 describes some of the potential risks associated with Windlab's business, the industry in which Windlab operates and the risks associated with investing in Shares and the Offer. The risks in this Section 6, if they eventuate, could have a significant negative effect on the Company's business, financial position and the value of your investment.

There are also risks that are common to all investments in equity securities and which are not specific to an investment in Windlab – for example, the general volatility of share prices in Australia and overseas and risks associated with other external events which are not related to the usual course of the Company's business, such as changes in tax regulations or accounting standards, general economic conditions, acts of terrorism, natural disasters or war.

The risks in this Section 6 should not be viewed as an exhaustive list of the risks to which the Company and its Shareholders are exposed, either now or in the future. There is no assurance that these risks will remain relevant or not be supplanted by other risks which may emerge or increase in importance over time. The risks in this Section 6 should be considered in conjunction with all other information presented in this Prospectus. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

### 6.1 SPECIFIC RISK FACTORS

#### 6.1.1 PROJECT DEVELOPMENT RISKS

Windlab anticipates that an average wind farm development phase will run from three to five years from prospecting to financial close if development work is undertaken in a continuous and uninterrupted way. Many wind farm developments have been exposed to extended delays caused by market conditions and other matters outside the control of the project developer. For any project there is a risk that the development timeframe may be extended or that financial close may not be achieved because of a number of factors. These factors include, but are not limited to:

- ♦ failure to gain required development, environmental or other required regulatory approvals;
- ♦ failure to secure a cost effective grid connection with sufficient export capacity;
- ♦ failure to contract an off-take arrangement or PPA, with a suitable counterparty, that is competitive with the market;
- ♦ failure to secure project debt and equity finance for the project; or
- ♦ failure to negotiate other required contracts for implementation of a project on suitable commercial terms, including equipment supply and other procurement contracts.

In addition, for projects where a development partner controls the project, Windlab will have little or no control of project timing and / or whether a project will reach financial close, as it is dependent on the project partner to manage and progress the development.

#### 6.1.2 TIMING OF DEVELOPMENT REVENUE

Timing differences for project development revenue could affect inter-year results. Since development based fees are generally paid only once a development reaches financial close, the timing of receipt and recognition of revenue depends on the timing of financial close and outcomes, which are outside Windlab's control and may be difficult to predict.

Short timing differences as to whether projects reach financial close late one financial year or early the following financial year could materially affect financial performance in each year and relativity between years.

For example, a particular project may be close to financial close in a particular financial year, but financial close may not occur because, among other things, one of the development risks referred to above in Section 6.1.1 may cause a delay or prevent the project from reaching financial close at all. Despite potentially having the ability to reach financial close in later periods, significant fees may not be received when anticipated.

## 6. Risk Factors

Specifically, Windlab is expecting two projects to reach financial close in FY2017. For both Kennedy Energy Park Phase I and Coopers Gap there is a risk that financial close may be delayed into FY2018. In relation to Kennedy Energy Park Phase I, the Company is currently working on and concluding negotiations on an amendment to the ARENA Funding Agreement, an off-take agreement, a grid connection agreement, an engineering and procurement contract, a debt funding agreement and final equity investment arrangements. A delay or failure to conclude any one or more of these agreements may delay or prevent the project reaching financial close at all. For Coopers Gap, as the project is owned and controlled by AGL Windlab has little control on the timing of financial close.

There is further discussion and analysis on the Forecast Financial Information in Section 4.8.

Fluctuations in Windlab's financial results could lead to adverse movements in Windlab's share price or increased volatility in the share price generally.

### 6.1.3 RELIANCE ON THE WINDSCAPE TECHNOLOGY

Windlab relies on the *WindScape* technology to predict the most competitive projects and reduce uncertainty in energy assessments among other things. In the event that the technology is unable to be maintained, becomes defective or is otherwise corrupted Windlab's use of the technology may be negatively affected. Further the technology may for some other reason fail to model appropriately specific topographical and atmospheric interactions or may otherwise fail to model with the required level of accuracy. Windlab's use of the *WindScape* technology may also be adversely affected if Windlab is unable to source appropriate high quality, low error data to use as the basis for its modelling.

The value of the *WindScape* technology is, to a large extent, dependant on Windlab's ability to protect its intellectual property rights, including know-how, trade secrets and copyright. There is a risk that Windlab may be unable to detect the unauthorised use of its intellectual property rights in all instances. Further, where any unauthorised use of the *WindScape* technology becomes known to Windlab, there may be a need for Windlab to commence litigation to protect Windlab's interests in the technology. Litigation can be time consuming and costly and may ultimately prove unsuccessful. Windlab's failure to protect its intellectual property rights could have an adverse impact on its operations and adversely affect Windlab's financial position.

### 6.1.4 INTEREST RATE AND FOREIGN EXCHANGE RISK

Windlab and Project SPVs in which it holds an equity interest or other commercial interests are exposed to interest rate and foreign exchange movement which may increase the financial risks for a project or Windlab's business generally and reduce the returns available to investors. This risk is heightened in the time period immediately prior to a project reaching financial close, when movement in interest rates or exchange rates may affect financial viability of a project and thereby delay or prevent a particular project from reaching financial close.

### 6.1.5 WIND RESOURCE RISK

Where projects have commenced, significant changes in environmental conditions and weather fluctuations may negatively affect the continued success of Windlab's wind farms. Wind fluctuations occur on a short term (daily, monthly and seasonally) and on a long term basis and effect the amount of energy produced by a wind farm project and the revenue generated by it. A decrease in the expected energy generated from a project may negatively impact the equity returns for Shareholders in the project and therefore adversely impact Windlab's future financial performance.

#### **6.1.6 CHANGE IN COMMUNITY SENTIMENT**

Windlab has enjoyed positive engagement with local communities prior to, and during the establishment of its various projects. As part of this engagement, Windlab uses a number of engagement techniques to enrol the support of landholders and local community in its projects.

A local community's willingness to engage with Windlab may be negatively impacted by a number of factors, including the introduction of new legislation, a change in government policy and a landholder receiving competing proposals for the use for the land.

#### **6.1.7 NON-RECOURSE PROJECT FINANCED PROJECT SPVs**

Windlab holds equity interests in projects which are operating or under construction. These interests are in the form of equity in a Project SPV. These Project SPVs are in part financed by non-recourse project debt funding. Failure of the project to operate as expected may result in the breaching of debt covenants ultimately resulting in Windlab's equity position in these Project SPVs being jeopardised, which in turn may impact Windlab's future financial performance.

Further, a Project SPV may not be able to refinance project debt funding when they fall due, or the terms available to a Project SPV, including in relation to interest rates and other pricing, on refinancing may not be as favourable which may also in turn impact Windlab's future financial performance.

#### **6.1.8 COUNTERPARTY RISKS**

Windlab and the Project SPVs in which it has an equity interest are party to a number of joint venture agreements, shareholder agreements, financing agreements and construction, procurement and maintenance agreements (and other key commercial agreements) with various counterparties and may from time to time enter into further agreements.

While Windlab is not always a party to these agreements, Windlab's interests in a project and/or project company may be impacted by failure of any third party to comply with its obligations under such an agreement. Specifically, if these counterparties do not meet their obligations under the agreements this may adversely affect the project's future financial performance, and as a result have an adverse affect on Windlab unless it is financially compensated or can alleviate the effect by contracting with alternative counterparties. If Windlab seeks to protect its interests by commencing litigation, the litigation may result in timing delays and additional costs which can also adversely affect both the project and Windlab's financial positions.

#### **6.1.9 REGULATORY RISK IN AUSTRALIA**

Changes to regulations which already apply to existing infrastructure projects and the electricity generation industry can impose additional capital and operational requirements on Windlab.

The introduction of new regulation (regardless of whether the assets have been previously regulated) can also impose additional capital and operational obligations on Windlab.

The various licenses required for owning, developing and managing electricity generation projects impose obligations on any company operating in the industry to comply with the licenses and any conditions to which they are subject. If there are changes to the licenses and conditions (including imposing conditions where there have previously been none), Windlab may be adversely impacted.

There is a risk that licenses that have been obtained are not able to be renewed, or alternatively, not able to be renewed on the same terms as the original licenses. Failure to obtain a license, renew a license on the same terms, or retain a license can delay the timing of a project, and have both financial and operational effects on a project and the Company.

## 6. Risk Factors

### 6.1.10 INSTABILITY IN INTERNATIONAL MARKETS

Windlab has a number of early stage projects on the African continent, particularly in South Africa. The South African operations are exposed to changes in the regulatory and tendering landscape which may adversely affect Windlab's business, as well as the industry in which Windlab operates.

### 6.1.11 FINANCIAL VIABILITY OF CERTAIN PROJECTS

Windlab retains a minority equity interest in many of its development projects as they move to commercial operation. These minority interests entitle Windlab to a share of distributions which are paid out of the cash flow available to the project after service of the debt at the project level. The gearing of projects magnifies the effect of changes of interest rates or changes in value or other performance measures of projects. There is a risk that distributions are not capable of being made as a result of low cash flow to the project after debt service, and that if a project underperforms for sustained periods project lenders may enforce their security over the project entity.

### 6.1.12 ABILITY TO RETAIN KEY PERSONNEL

Windlab's management team consists of individuals with long lengths of individual service. The management team has significant knowledge of the WindScape technology as well as more generally in relation to the identification, development and operation of wind farm assets. The loss of key members of the management team may adversely affect Windlab's ability to implement its strategies and may adversely affect its future financial performance.

### 6.1.13 CONSTRUCTION DELAYS AND INCREASED COSTS

Windlab estimates that construction of a project will take between 12 and 24 months depending on size. There is a risk that the construction process will take longer than anticipated. There is also a risk that the actual costs for the construction of each project will be greater than the estimated costs. These events may adversely affect a project's financial performance.

### 6.1.14 ELECTRICITY MARKET RELATED RISKS

Demand for electricity and related products (including LGCs) is dependent on a number of factors, including economic conditions, population, government policy, weather and availability. Given the kinds of factors that affect demand, demand has inherent volatility. This may impact the price of electricity positively or negatively.

The price that a project is able to achieve in the market for electricity generated may fluctuate over time, and where there are decreases in the price of electricity or any related products (including LGCs), this may adversely affect Windlab's financial position. While Windlab and the Project SPVs in which it holds equity interests may seek to limit this exposure by entry into PPAs, the same risk applies to the price at the time the PPA is entered into. Similarly, where PPAs are renewed, there is a risk that Windlab may not be able to secure the same or more favourable terms than the agreements for which they replace.

From time to time, as a result of down time of the electricity grid or a project's inability to meet technical specification or other requirements for grid connection, there may be issues with a project's ability to export power to the electricity grid. Where such issues arise, the project may be unable to export power to the grid or the amount of power that can be exported may be reduced. As project revenue is generally related to the level of electricity exported this may result in lower project revenues and/or breach of contracts. Where the wind farm does not meet the technical specifications, there may be additional material expenses for the project in order for the wind farm to meet the technical specifications.

## **6.2 GENERAL RISK FACTORS**

### **6.2.1 INVESTMENT RISK**

The Shares offered pursuant to this Prospectus should be considered speculative. They carry no guarantee as to the payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the Offer. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

### **6.2.2 LIQUIDITY RISK**

Windlab makes no guarantee that there will be an active market in the Shares listed on the ASX. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

### **6.2.3 CURRENCY FLUCTUATIONS**

As a result of Windlab's operations in various countries it is exposed to foreign currency fluctuations which may materially adversely affect its financial position.

### **6.2.4 GLOBAL ECONOMIC CONDITIONS**

Windlab is dependent on global economic conditions and the global economic outlook, and on the economic conditions and outlook in its key markets and the renewable energy market specifically. Economic conditions may be affected by inflation, interest rates, consumer confidence, access to debt and capital markets and government fiscal, monetary and regulatory policies. A prolonged downturn in general economic conditions may have a material adverse impact on Windlab's trading and financial performance and prospects.

### **6.2.5 CHANGES IN LAWS, REGULATIONS AND ACCOUNTING STANDARDS MAY OCCUR**

Windlab is subject to local laws and regulations in each of the jurisdictions in which it operates (including but not limited to taxation, environmental and work, health and safety). From time to time, changes of the laws and regulations may require Windlab to obtain additional approvals and/or licences that may significantly increase costs and restrict Windlab's activities.

Any changes to laws, regulations or policies in jurisdictions in which Windlab operates may also adversely affect Shareholder returns. Any changes to the AAS, as determined by the AASB, may affect the future measurement and recognition of key income statement and balance sheet items. Such changes could materially and adversely affect the financial performance and position reported in Windlab's financial statements.

Future laws or regulations may be introduced concerning various aspects of renewable energy, the environment, access to energy markets and/or work, health and safety, all of which may adversely impact Windlab's operations.

Changes in, or extensions of, laws and regulations affecting renewable energy in the countries in which Windlab operates and the rules of industry organisations could restrict or complicate Windlab's activities and increase its compliance costs.

# 6. Risk Factors

## 6.2.6 INABILITY TO PAY DIVIDENDS OR MAKE OTHER DISTRIBUTIONS

The ability of Windlab to make payment of future dividends or other distributions will be contingent on its ability to generate profits.

Furthermore, to the extent Windlab does pay any dividends, the ability to offer fully franked dividends is contingent on making taxable profits. Taxable profits may be volatile, making the payment of fully franked dividends unpredictable.

The value and availability of franking credits to a Shareholder will differ depending on a Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund will depend on the individual tax position of the Shareholder.

## 6.2.7 RISK OF DILUTION

Windlab may in the future elect to issue further Shares or engage in capital raisings to fund ongoing working capital requirements or to make investments in projects in which it is involved. While Windlab will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may at the time be diluted as a result of such issues of Shares and capital raisings.

## 6.2.8 LITIGATION RISK

In the ordinary course of its business, Windlab is subject to the risk of litigation and other disputes with its employees, regulators, partners, competitors and other third parties. Proceedings may result in high legal costs, adverse monetary judgements and/or damage to Windlab's reputation which may have an adverse effect on the financial performance of Windlab.

## 6.2.9 FORCE MAJEURE EVENTS

Events beyond the control of Windlab or any third party, such as acts of God, flood, earthquakes, fire, terrorism, strikes and war may occur at any time. These events may impact on Windlab or a third party's ability to perform its obligations under a contract. In some arrangements, where the event continues for an extended period and cannot be remedied, a party may be given the right to terminate the contract.

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# 7. Board, Senior Management and Corporate Governance

# 7. Board, Senior Management and Corporate Governance

This Section 7 sets out the details of the composition of the Board and senior management of the Company.

## 7.1 BOARD MEMBERS

The Board of Directors of the Company will comprise the following Directors:



**Roger Price**

*Executive  
Chairman and  
Chief Executive  
Officer*

Mr Roger Price is the Executive Chairman and Chief Executive Officer of Windlab. Mr Price joined Windlab's board in August 2007 and has been employed by Windlab since 1 March 2011.

Mr Price has 30 years' of experience across both multinationals and start-up companies in Australia and the USA. He has a depth of operational experience including senior engineering, manufacturing and international business development roles across the telecommunications, transport and energy sectors. He has led the investment, acquisition or sale process for more than 10 companies.

Prior to joining Windlab, he was the Chief Executive Officer of Reino International; an Australian venture backed start up providing innovative and technically advanced transport solutions to the global market. Whilst at Reino he oversaw the growth of the business from 30 to 300 people, relocated the headquarters to the US and led an aggressive M&A program which resulted in the acquisition and integration of four companies in two years.

He commenced his career in telecommunications and has held senior positions with a number of Australian owned technology and infrastructure businesses and ran the Australian / New Zealand businesses of NASDAQ listed software companies. He has held board positions for a number of these companies and is currently a director of Audinate Group Limited and a Partner and Director of Innovation Capital. He holds an honours Degree in Engineering from the University of Technology, Sydney.



**Joseph O'Brien**

*Independent  
Non-Executive  
Director*

Mr Joseph O'Brien is an Independent Non-Executive Director of Windlab. Mr O'Brien joined Windlab's board in December 2016.

Mr O'Brien has 20 years' experience within the energy-supply industry. He has experience spanning electricity supply across infrastructure and trading markets, including regulatory and policy reform advice to State and Federal Government.

Mr O'Brien was the CEO of Hill Michael before it was acquired by GHD Pty Ltd in 2012.

Mr O'Brien currently serves as the Executive Chairman of VisIR, a specialist private-equity investor focused exclusively on the electricity-supply industry across asset classes from venture to infrastructure. Mr O'Brien is also a director of a number of private companies and is a director of the Mater Hospital Foundation in Brisbane, member of the Committee of the Queensland Art Gallery Foundation and Director of the Vincent Fairfax Family Foundation.



**Pippa Downes**

*Independent  
Non-Executive  
Director*

Ms Pippa Downes is an Independent Non-Executive Director of Windlab. Ms Downes joined Windlab's board in July 2017.

Ms Downes has over 25 years of experience in global financial services organisations. She currently serves on the boards of the Infotrack Group, Sydney Olympic Park Authority and ALE Property Group – and is the Chair of the Audit and Risk Committees of each. She also sits on the Boards of the ASX Clearing and Settlement Companies and The Pinnacle Foundation where she is the Chair of both its Investment and Audit Committees, and is a member of its Nominations Committee.

Ms Downes also serves as a panel member of the ASX Appeals Tribunal, a role she has filled since January 2015.

During Ms Downes' executive career she worked in Australia, Asia and the US and most recently as a Managing Director and Equity Partner at Goldman Sachs in Australia.



**Charles Macek**

*Independent  
Non-Executive  
Director*

Mr Charles Macek is an Independent Non-Executive Director of Windlab. Mr Macek joined Windlab's board in July 2017.

Mr Macek has over 15 years' experience on the boards of companies in diverse industries.

Mr Macek is currently the chair of the boards of Vivid Technology Limited and Earthwatch Institute in Australia. Mr Macek also fills the role of the chair of the Remuneration and HR Committee of Vicinity Ltd.

Mr Macek is a fellow of the Australian Institute of Company Directors, a fellow of CPA Australia, a fellow of Chartered Accountants in Australia and New Zealand and a Senior fellow of FINSIA.

Mr Macek is a consultant to the Investment Committee of Unisuper Ltd., and a Senior Corporate Advisor to the MMC group in Australia. He also serves as a member of the Corporate Governance Committee of AICD, a member of ASIC's Director Advisory Panel and a member of the Shareholder's Responsibility Committee of the International Corporate Governance Network.

Mr Macek was previously on the boards of both Wesfarmers and Telstra.



**John Cooper**

*Independent  
Non-Executive  
Director*

Mr John Cooper is an Independent Non-Executive Director of Windlab. Mr Cooper joined Windlab's board in July 2017.

Mr Cooper has over 10 years' experience on the boards of companies in both executive and non-executive roles in the engineering mining, property and construction industries.

Between 2015 and 2016 Mr Cooper was a member of the board of UGL as a non-executive director. In April 2012 Mr Cooper was invited to join the board of Aurizon Holdings (formerly Queensland Rail). Mr Cooper is also a member of the board of Sydney Motorway Corporation.

Prior to Mr Cooper serving on the boards of various companies, Mr Cooper acted as a consultant advising major organisations, including AMP, Rail Services Australia and Austcorp on property related matters.

Mr Cooper served as CEO and managing director of CMPS&F, a design engineering and project management organisation specialising in the oil and gas, infrastructure and environmental projects for four years.

# 7. Board, Senior Management and Corporate Governance

## 7.2 SENIOR MANAGEMENT PERSONNEL

The senior management team comprises the following members:

**Roger Price**

Refer to Section 7.1.

*Executive  
Chairman and  
Chief Executive  
Officer*



Mr Rob Fisher is the Chief Financial and Operating Officer at Windlab. Mr Fisher also serves as Company Secretary. He has been employed by Windlab since June 2012.

Mr Fisher is a Fellow of Chartered Accountants Australia and New Zealand who has spent the past 15 years in senior finance roles with fast growing companies in Australia and internationally.

Mr Fisher's experience includes project finance, capital raising, mergers and acquisitions, and international tax structuring. Before joining Windlab, Mr Fisher was the Project Financial Controller with an ASX listed property developer.

**Rob Fisher**

*Chief Operating  
and Financial  
Officer*



Dr Nathan Steggel is the Co-Founder and Technical Director at Windlab. He has been employed by Windlab since 2003.

Dr Steggel has over 15 years' of wind industry experience. Before Windlab, Dr Steggel was employed as a post-doctoral fellow at leading research institutions in the UK (EnFlo) and Australia (CSIRO's Wind Energy Research Unit). Dr Steggel was the lead developer of *WindScape*.

**Dr Nathan Steggel**

*Co-Founder and  
Technical Director*



Dr Keith Ayotte is the Co-Founder and Chief Scientist at Windlab. He has been employed by Windlab since 2003.

Dr Ayotte has over 30 years' experience in the fields of meteorology, wind flow in complex terrain, and computational fluid dynamics.

Dr Ayotte was previously employed at Environment Canada, NCAR and CSIRO – three of the world's most prestigious institutes for atmospheric research.

**Dr Keith Ayotte**

*Co-Founder and  
Chief Scientist*



Mr Peter Venn is the Managing Director of Windlab's African operations. He has been employed by Windlab since 2011.

Mr Venn has 15 years' of technology sales and commercial management experience. Prior to joining Windlab, Mr Venn was in charge of SAS Institute's energy sector in the Middle East, Africa & Asia Pacific.

**Peter Venn**

*Managing  
Director, Africa*

## 7.3 DIRECTOR'S INTERESTS AND BENEFITS

### 7.3.1 EXECUTIVE CHAIRMAN

Roger Price is employed in the position of Chief Executive Officer and Executive Chairman of the Company. The material terms of Mr Price's employment agreement with the Company is set out in Section 7.3.8 below.

### 7.3.2 NON-EXECUTIVE DIRECTOR REMUNERATION

Under the Constitution, the Directors decide the total amount paid to each Non-Executive Director as remuneration for their services. However, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors must not exceed in any financial year the amount fixed in a general meeting of the Company. This amount is capped under the Constitution at \$750,000 per annum. Any increase to the aggregate amount needs to be approved by Shareholders. Directors will seek approval of the Shareholders from time to time, as appropriate. This aggregate annual sum does not include the remuneration of the Executive Chairman or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company, which may be made in addition to or in substitution for the Director's fees.

The Company has entered into an appointment letter with each of its Non-Executive Directors. The annual Directors' fees currently agreed to be paid by the Company under the appointment letters are as set out below:

Director	Annual director's fees <sup>1</sup>
Joseph O'Brien	\$65,000
Pippa Downes	\$65,000
John Cooper	\$65,000
Charles Macek	\$65,000

In addition, the following annual fees are payable to Directors for chairing Board committees:

Committee	Chair <sup>1</sup>	Member
Remuneration Committee	\$15,000	NA
Audit and Risk Management Committee	\$15,000	NA

1. Excluding GST and including superannuation in each case where applicable.

# 7. Board, Senior Management and Corporate Governance

## 7.3.3 INTEREST IN SECURITIES

The Directors are not required to hold any Shares under the Constitution. Details of the relevant interests of the Directors in Securities are set out in the table below.

Director (including associates)	Shares as at the Prospectus Date <sup>1</sup>	Options held as at the Prospectus Date <sup>1</sup>	Shares after Completion of the Offer <sup>2</sup>	Options to be issued to Directors after date of the Prospectus but prior to Completion of the Offer <sup>4</sup>	Total Options held as of Completion of the Offer	Percentage holding of Shares immediately following Completion (undiluted) <sup>3</sup>
Roger Price <sup>3</sup>	217,376	840,000	217,376	350,000	1,190,000	0.32%
Joseph O'Brien	-	80,000	-	66,000	146,000	-
Pippa Downes	-	-	-	66,000	66,000	-
John Cooper	-	-	-	66,000	66,000	-
Charles Macek	-	-	-	66,000	66,000	-

Notes:

1. Share and Option numbers as at the date of the Prospectus incorporate the effect of the conversion of existing series A preference shares and other securities (including the Insider Convertible Notes) into ordinary Shares and include proposed 4:1 share split, to be undertaken prior to completion of the Offer and Listing.
2. Excluding any Shares the Directors acquire under the Offer.
3. Includes shares held both directly and indirectly by Roger Price. Roger Price also holds 932 Warrants over ordinary Shares. Roger Price is associated with Innovation Capital Fund II LP. For information regarding Innovation Capital Fund II LP and related entities shareholdings in the Company refer to Sections 8.7 and 7.3.4.
4. Windlab proposes to grant each Director, after the Prospectus Date but prior to Completion of the Offer, the number of Options shown. All Options will be issued at an exercise price of \$2.00 and will be issued under the terms of the New ESOP described in Section 7.5.

## 7.3.4 RELATED PARTY TRANSACTIONS

Other than the agreements with Directors set out in this Section 7.3 and Sections 7.4 and 7.5, there are no agreements between the Company and its related parties.

## 7.3.5 INDEMNIFICATION AND DIRECTORS & OFFICERS INSURANCE

The Company has entered into standard deeds of indemnity, access and insurance with the Directors. Pursuant to those deeds, the Company has undertaken, consistent with the Corporations Act, to indemnify each Director in certain circumstances and to maintain directors' and officers' insurance cover in favour of the Director during the period of their appointment and for seven years after the Director has ceased to be a Director. The Company has further undertaken to each Director to maintain a complete set of the Company's board papers during their term and to make them available to the Director for seven years after the Director has ceased to be a Director.

## 7.3.6 OTHER INTERESTS AND PAYMENTS

Directors may also be reimbursed for travel and other expenses reasonably incurred in connection with the performance of their duties as Directors. Directors may be paid such special remuneration as the Directors decide is appropriate where a Director performs extra work or services for or at the request of the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

### 7.3.7 EXECUTIVE REMUNERATION

The Company has established a number of incentive arrangements to enable the attraction, motivation and retention of management and employees of Windlab.

For the executive team, the remuneration packages consist of:

- ♦ fixed remuneration;
- ♦ the Company's existing Employee Share Option Plan (**Current ESOP**) (as summarised in Section 7.4);
- ♦ cash-based Short Term Incentives; and
- ♦ the New Employee Share Incentive Plans (as summarised in Section 7.5).

### 7.3.8 EXECUTIVE REMUNERATION SUMMARY

The employment contracts for senior management are summarised below:

#### **Roger Price – Executive Chairman**

Roger Price is employed by the Company in the position of Executive Chairman and Chief Executive Officer. Mr Price receives a fixed remuneration package of A\$357,200 including mandatory superannuation contributions. Mr Price will receive a \$200,000 bonus upon successful completion of the Listing. As part of his overall remuneration package, Mr Price is also eligible to receive an annual short-term incentive (STI) of up to 65% of his fixed remuneration package for the fiscal year, subject to achieving the annual targets against Company key performance indicators and personal objectives as agreed with the Board for that year. For overachievement of annual targets, it will be at the Board discretion to determine any additional STI payment.

Mr Price has participated in the Company's Current ESOP and may exercise his vested Options under the plan. Mr Price is also eligible to participate in the Company's new Employee Share Incentive Plans described in Section 7.5 and, after the Prospectus Date but prior to Completion of the Offer, will be granted an initial grant of 350,000 Options under the New ESOP. For further details about the new Employee Share Incentive Plans, refer to Section 7.5.

Under the terms of Mr Price's employment contract, the Company has the right to terminate Mr Price's employment by giving 6 months' written notice. Mr Price can also resign from his employment on 6 months' written notice. In either case, the Company can also elect in its discretion to make a payment in lieu of that notice to Mr Price or to place Mr Price on garden leave for all or part of that notice period.

After termination of employment, the employment contract provides that Mr Price will be subject to non-competition, non-solicitation of client and non-poaching of employees' restrictions, within Australia for a maximum period of 12 months.

Mr Price's employment contract acknowledges that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to Windlab's actual or anticipated business, research and development, which are conceived, developed or made by him while employed are the property of Windlab.

# 7. Board, Senior Management and Corporate Governance

## **Rob Fisher – Chief Financial and Operating Officer**

Rob Fisher is employed by the Company in the position of Chief Financial and Operating Officer. Mr Fisher receives a fixed remuneration package of A\$275,000 including mandatory superannuation contributions by the Company. Mr Fisher will receive a \$27,500 bonus upon successful completion of the Listing.

As part of his overall remuneration package, Mr Fisher is also eligible to receive an annual short term incentive (STI) up to 50% of his fixed remuneration package for the fiscal year, subject to achieving the annual targets against Company key performance indicators and personal objectives as agreed with the Board for that year. For overachievement of annual targets, it will be at the Board's discretion to determine any additional STI payment.

Mr Fisher has participated in the Company's Current ESOP and may exercise his vested Options under the plan. Mr Fisher is also eligible to participate in the Company's new Employee Share Incentive Plans as described in Section 7.5.

Under the terms of Mr Fisher's employment contract, the Company has the right to terminate Mr Fisher's employment by giving 3 months' written notice. Mr Fisher can also resign from his employment on 3 months' written notice. In either case, the Company can also elect in its discretion to make a payment in lieu of that notice to Mr Fisher or to place Mr Fisher on garden leave for all or part of that notice period.

After termination of employment, the employment contract provides that Mr Fisher will be subject to non-competition, non-solicitation of clients, and non-poaching of employees restrictions, within Australia for a maximum period of 12 months.

Mr Fisher's employment contract acknowledges that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to Windlab's actual or anticipated business, research and development, which are conceived, developed or made by him while employed are the property of Windlab.

## **Dr Nathan Steggel – Technical Director**

Nathan Steggel is co-founder of Windlab and is employed by the Company in the position of Technical Director. Dr Steggel receives a fixed remuneration package of A\$215,000 including mandatory superannuation contributions by the Company.

As part of his overall remuneration package, Dr Steggel is also eligible to receive an annual short term incentive (STI) up to 40% of his fixed remuneration package for the fiscal year, subject to achieving the annual targets against Company key performance indicators and personal objectives as agreed with the Board for that year. For overachievement of annual targets, it will be at the Board's discretion to determine any additional STI payment.

Dr Steggel has participated in the Company's Current ESOP and may exercise his vested Options under the plan. Dr Steggel is also eligible to participate in the Company's new Employee Share Incentive Plans as described in Section 7.5.

Under the terms of Dr Steggel's employment contract, the Company has the right to terminate Dr Steggel's employment by giving 3 months' written notice. Dr Steggel's can also resign from his employment on 3 months' written notice. In either case, the Company can also elect in its discretion to make a payment in lieu of that notice to Dr Steggel or to place Dr Steggel on garden leave for all or part of that notice period.

After termination of employment, the employment contract provides that Dr Steggel may, at the discretion of Windlab, and on payment of 6 months salary in lieu of notice, be subject to non-competition, non-solicitation of clients, and non-poaching of employees restrictions, within Australia and other jurisdictions in which Windlab conducts business for a maximum period of 6 months.

Dr Steggel's employment contract acknowledges that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to Windlab's actual or anticipated business, research and development, which are conceived, developed or made by him while employed are the property of Windlab.

### **Dr Keith Ayotte – Chief Scientist**

Keith Ayotte is co-founder of Windlab and is employed by the Company in the position of Chief Scientist. Dr Ayotte receives a fixed remuneration package of A\$185,000 including mandatory superannuation contributions by the Company.

As part of his overall remuneration package, Dr Ayotte is also eligible to receive an annual short term incentive (STI) up to 40% of his fixed remuneration package for the fiscal year, subject to achieving the annual targets against Company key performance indicators and personal objectives as agreed with the Board for that year. For overachievement of annual targets, it will be at the Board discretion to determine any additional STI payment.

Dr Ayotte has participated in the Company's Current ESOP and may exercise his vested Options under the plan. Dr Ayotte is also eligible to participate in the Company's new Employee Share Incentive Plans as described in Section 7.5.

Under the terms of Dr Ayotte's employment contract, the Company has the right to terminate Dr Ayotte's employment by giving three months' written notice. Dr Ayotte's can also resign from his employment on 3 months' written notice. In either case, the Company can also elect in its discretion to make a payment in lieu of that notice to Dr Ayotte or to place Dr Ayotte on garden leave for all or part of that notice period.

After termination of employment, the employment contract provides that Dr Ayotte will be subject to non-competition, non-solicitation of clients, and non-poaching of employees restrictions, within Australia for a maximum period of 12 months.

Dr Ayotte's employment contract acknowledges that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to Windlab's actual or anticipated business, research and development, which are conceived, developed or made by him while employed are the property of Windlab.

### **Peter Venn – Managing Director Windlab Africa**

Peter Venn is employed by Windlab Developments South Africa, a wholly owned subsidiary of the Company in the position of Managing Director Windlab Africa. Mr Venn resides in Cape Town, South Africa. Mr Venn receives a fixed remuneration package of ZAR1,616,000.

As part of his overall remuneration package, Mr Venn is also eligible to receive an annual short term incentive (STI) up to 40% of his fixed remuneration package for the fiscal year, subject to achieving the annual targets against Company key performance indicators and personal objectives as agreed with the Board for that year. For overachievement of annual targets, it will be at the Board discretion to determine any additional STI payment.

Mr Venn has participated in the Company's Current ESOP and may exercise his vested Options under the plan. Mr Venn is also eligible to participate in the Company's new Employee Share Incentive Plans as described in Section 7.5.

Under the terms of Mr Venn's employment contract, the Company has the right to terminate Mr Venn's employment by giving one calendar month's written notice. Mr Venn can also resign from his employment on one calendar month's written notice. In either case, the Company can also elect in its discretion to make a payment in lieu of that notice to Mr Venn or to place Mr Venn on garden leave for all or part of that notice period.

After termination of employment, the employment contract provides that Mr Venn will be subject to non-solicitation of clients, and non-poaching of employees restrictions for a maximum period of 12 months. Mr Venn is not subject to any non-competition restrictions on termination of his employment.

Mr Venn's employment contract acknowledges that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to Windlab's actual or anticipated business, research and development, which are conceived, developed or made by him while employed are the property of Windlab.

# 7. Board, Senior Management and Corporate Governance

## Other Senior Management

All other senior management are employed under written terms of employment with Windlab.

The key terms and conditions of their employment include:

- ♦ remuneration packages;
- ♦ eligibility to participate in the Company's STI Plan, Current Employee Share Option Plan and new Employee Share Incentive Plans (as summarised in Section 7.4 and 7.5);
- ♦ express provisions protecting the Company's confidential information and intellectual property;
- ♦ notice of termination of employment provisions, with the relevant notice period of up to 3 months; and
- ♦ post-employment restrictions covering non-competition, non-solicitation of clients and non-poaching of employees, within the countries in which the Company primarily operates for a maximum duration of up to 3 months.

The employment agreements contain additional provisions considered standard for agreements of this nature.

## 7.3.9 INTERESTS AND BENEFITS OF DIRECTORS, ADVISERS AND PROMOTERS

Other than as set out below or elsewhere in this Prospectus (including Section 7.3.8), no:

- ♦ Director or proposed Director of the Company;
- ♦ person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- ♦ promoter of the Company; or
- ♦ underwriter to the Offer,

holds at the Prospectus Date, or held at any time during the two years before the Prospectus Date, an interest in:

- ♦ the formation or promotion of the Company; or
- ♦ property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- ♦ the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company.

## 7.3.10 INTERESTS OF ADVISERS

The Company has engaged the following professional advisers:

- ♦ Moelis Australia Advisory Pty Ltd to act as underwriter and Lead Manager to the Offer. The Company and the Selling Shareholders have paid or agreed to pay the Lead Manager the fees described in Section 9.8 for these services;
- ♦ DibbsBarker has acted as Australian legal adviser in relation to the Offer (excluding in relation to taxation matters). The Company has paid, or agreed to pay, approximately \$200,000 (excluding disbursements and GST) for these services to the Prospectus Date. Further amounts may be paid to DibbsBarker in accordance with time-based charge-out rates; and
- ♦ Grant Thornton Corporate Finance Pty Ltd has acted as Investigating Accountant in relation to the Offer. The Company has paid or agreed to pay Grant Thornton Corporate Finance Pty Ltd \$186,000 (excluding disbursements and GST) for these services to the Prospectus date. Further amounts may be paid to Grant Thornton Corporate Finance Pty Ltd in accordance with time-based charge-out rates.

Windlab and the Selling Shareholders will each pay their respective proportion of the amounts payable to the Lead Manager. These amounts will be paid out of funds raised under the Offer.

Windlab will pay the other amounts set out above, and other expenses of the Offer, out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses under the Offer is set out in Section 8.6.

For the two years prior to the date of the Prospectus, Windlab has paid the following fees in connection with the capital raising pursuant to the Pre-IPO Convertible Notes. The terms of the Pre-IPO Convertible Notes are further described in Section 9.6.2:

Recipient	Fees paid
Morgans Financial Limited	\$61,160
Empire Securities Group Pty Ltd	\$24,000
Henslow Pty Ltd	\$40,000
MacKay Agencies Pty Ltd t/as Equity Capital Advisers	\$177,780

#### 7.4 CURRENT EMPLOYEE SHARE OPTION PLAN

Windlab currently has in place an employee share Option plan (**Current ESOP**) to foster an ownership culture in Windlab and to motivate senior management, staff and Directors to achieve performance targets of Windlab or their respective business units.

The rules of the Current ESOP are summarised in the following paragraphs.

- (a) The Remuneration Committee determined the officers, consultants and employees who were entitled to participate in the Current ESOP.
- (b) Options granted under the Current ESOP will expire on any of the following events:
  - (i) the expiry date determined by the Remuneration Committee (usually seven years after grant);
  - (ii) the eligible employee ceasing to be an employee of the Group (other than because of death, disability or retirement) and the Options having not already vested, and in the case of vested Options, such Options expire three months after the date of ceasing to be an employee; and
  - (iii) death, disability or retirement – in such event Options typically expire three years after such date.
- (c) The Current ESOP provides the Remuneration Committee with the ability to determine the exercise price of the Options (such price not to be less than the fair market value of a share at the time of issue, and in the case of any person who holds more than 10% of Windlab's shares, not less than 110% of such fair market value), the periods within which the Options may be exercised and any performance conditions to be satisfied before the Option can be exercised.
- (d) All unvested Options will vest upon Listing – however the Options will remain subject to a restriction on exercise for a period until the earlier of:
  - (i) six months after the expiry of any Escrow Arrangements (see Section 8.13); or
  - (ii) expiry of the Option.
- (e) The Current ESOP provides for adjustments if there is a capital reconstruction or a bonus issue.
- (f) The total number of ordinary shares which may be put under Option by the Company under the Current ESOP must not exceed 10% of the total number of shares on issue, from time to time.

# 7. Board, Senior Management and Corporate Governance

Prior to the Prospectus Date, a number of Options granted under the Current ESOP were exercised by the holders. Windlab lent the consideration for exercise of the Options to holders on the following terms:

- the loans will be for a maximum of 3 years;
- interest is payable on the loans at a rate equivalent to the benchmark interest rate published by the Australian Taxation Office; and
- the loans will be on a limited recourse basis.

Details of the loans and the Options exercised are as follows:

Number of Options <sup>1</sup>	Exercise Price of Options <sup>1</sup>	Total consideration lent to Option holders
628,000	\$0.4625	\$290,450

Notes:

1. Option numbers incorporate the effect of the proposed 4:1 share split to be undertaken prior to Completion of the Offer and Listing.

On Completion of the Offer, there will be 2,612,000 Options on issue under the Current ESOP as follows:

Number of Options	Exercise Price of Options	Expiry date of Options
542,000	\$0.465	30 June 2018
750,000	\$0.50	30 June 2019
592,000	\$0.50	30 June 2021
728,000	\$0.75	30 June 2022

360,000 Options with an expiry date of 30 June 2018 are held by management who will be subject to the voluntary escrow arrangements described in Section 8.13. Subject to any requirements of the Corporations Act and ASX Listing Rules, the Company intends to provide limited recourse loans totalling \$180,000 to those holders prior to expiry of the Options to enable exercise of the Options. The resultant Shares will remain subject to the escrow arrangements described in Section 8.13.

No further Options will be issued under the Current ESOP after the Prospectus Date.

## 7.5 NEW EMPLOYEE SHARE INCENTIVE PLANS

Windlab has adopted a new employee share Option plan (New ESOP) and new share performance rights plan (New PRP). The rules of the New ESOP and New PRP are summarised in the following paragraphs.

- (a) Options may be granted under the New ESOP and Performance Rights may be granted under the New PRP to any person who is, or is proposed to be, a full-time or part-time employee, a non-executive director, a contractor (40% full-time equivalent (FTE)) or a casual employee (40% FTE) of Windlab or any of its associated bodies corporate, and whom the Directors determine to be an eligible person for the purposes of participation in the New ESOP or New PRP (referred to as an Eligible Person).
- (b) An Option may not be granted under the New ESOP and Performance Rights cannot be granted under the New PRP if, immediately following its grant, the Shares to be received on exercise of the Option or Performance Right, when aggregated with the number of Shares which would be issued if each unvested Option granted under the New ESOP and Performance Right granted under the New PRP (or any other employee incentive scheme of Windlab) were to vest and be exercised, exceeds either:
  - (i) 5% of the total number of issued Shares at the time of grant, but excluding offers under section 708 of the Corporations Act and offers under a disclosure document; or
  - (ii) 10% of the total number of issued Shares at the time of grant.

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- (c) Each Option and Performance Right entitles the participant to receive one ordinary Share in Windlab. Options and Performance Rights issued under the new Employee Share Incentive Plans may be exercised on a cashless basis. Where a participant exercises Options on a cashless basis, the exercise price will be set off against the number of Shares which the participant is entitled to receive on the exercise of Options. By exercising on a cashless basis, the participant will receive Shares to the value of the surplus after the exercise price has been set off, such that the participant will only be issued that number of Shares as are equal to the difference between the exercise price otherwise payable and the then market value of the Shares (determined as the volume weighted average price of Shares over the 5 trading days prior to exercise).
  - (d) The specific terms relevant to the grant of Options or Performance Rights are set out in an offer from Windlab to an Eligible Person which shall contain details of the exercise price (if any), the expiry date, the vesting date, any applicable performance conditions and other specific terms relevant to the Options or Performance Rights.
  - (e) Options and Performance Rights are not transferable otherwise than by transmission to a legal personal representative on the death of the participant or to the participant's trustee in bankruptcy on the bankruptcy of the participant.
  - (f) An Option or Performance Right does not confer any rights to participate in a new issue of Shares by Windlab.
  - (g) If Windlab makes a bonus issue of securities to holders of Shares, the rights of a holder in respect of an Option or Performance Right will be modified such that the participant will receive one Share plus such additional securities which the participant would have received had the participant exercised the Option or Performance Right immediately before the record date for that bonus issue as the holder of the Share.
  - (h) If Windlab's issued capital is reorganised (including consolidation, subdivision, reduction, or return), then the number of Options and Performance Rights, the exercise price or both or any other terms will be reorganised in a manner determined by the Board which complies with the Listing Rules.
  - (i) Any Shares issued under the New ESOP or New PRP rank equally in all respects with the Shares of the same class on issue, subject to the restrictions on the transfer of Shares summarised below.
  - (j) Shares issued on exercise of Options or Performance Rights are not transferable for the period (if any) specified in the offer from Windlab to the Eligible Person.
  - (k) An unvested Option or Performance Right lapses upon the first to occur of the following:
    - (i) its expiry date;
    - (ii) any applicable performance condition not being satisfied prior to the end of any prescribed performance period;
    - (iii) a transfer or purported transfer of the Option or Performance Right in breach of the rules;
    - (iv) 30 days following the day the participant ceases to be employed or engaged by Windlab or an associated body corporate by resigning voluntarily and not recommencing employment with Windlab or an associated body corporate before the expiration of that 30 days;
    - (v) 30 days following the day the participant ceases to be employed or engaged by Windlab or an associated body corporate by reason of his or her death, disability or bona fide redundancy, or any other reason with the approval of the Board and the participant has not recommenced employment with Windlab or an associated body corporate before the expiration of those 30 days, however the Board has the discretion to deem all or any of the Options or Performance Rights to have vested; or
    - (vi) termination of the participant's employment or engagement with Windlab or an associated body corporate on the basis the participant acted fraudulently, dishonestly, in breach of the participant's obligations or otherwise for cause.
  - (l) A vested but unexercised Option or Performance Right lapses upon the first to occur of the following:
    - (i) its expiry date;
    - (ii) a transfer or purported transfer of the Option or Performance Right in breach of the rules; or

# 7. Board, Senior Management and Corporate Governance

(iii) termination of the participant's employment or engagement with Windlab or an associated body corporate on the basis the participant acted fraudulently, dishonestly, in breach of the participant's obligations or otherwise for cause.

(m) Subject to the Listing Rules and the law, the Board may at any time by resolution, amend or add to the rules of the New ESOP or New PRP. However, the consent of a participant is required for any change to the rules which prejudicially affects the rights of the participant in relation to the Option or Performance Right (except for certain changes, including changes to benefit the administration of the plan or to comply with laws, Listing Rules or regulations).

No Options or Performance Rights have been issued under the New ESOP or New PRP as at the Prospectus Date. Windlab proposes to make certain grants of Options under the New ESOP after the Prospectus Date but prior to Listing. All Options will be granted with an exercise price of \$2.00. Details of the proposed grants are as follows:

## PROPOSED OPTIONS

Category	Total Number of Options
Board and related parties <sup>1</sup>	614,000
Other management and employees or contractors	1,399,573
<b>TOTAL</b>	<b>2,013,573</b>

Notes:

1. Further details of the proposed issues are set out in Sections 7.3.3 and 7.3.8.

## 7.6 ADDITIONAL ISSUE OF SHARES TO CERTAIN EMPLOYEES

Windlab also proposes to make additional issues of Shares to certain employees after the Prospectus Date but prior to Listing. Such issues to employees will be an allocation of \$1,000 worth of Shares (500 Shares each) which will be issued as a "share gift" and for no consideration. In aggregate a maximum of 10,000 Shares will be issued.

None of the Shares contemplated to be issued to employees as described above will be issued to directors or other related parties of Windlab.

## 7.7 CORPORATE GOVERNANCE

This Section 7.6 explains how the Board will oversee the management of the Company's business. The Board is responsible for the overall corporate governance of Windlab.

The Board monitors the operational and financial position and performance of Windlab and oversees its business strategy including approving the strategic goals of Windlab. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Windlab.

In conducting the Company's business with these objectives, the Board seeks to ensure that Windlab is properly managed to protect and enhance Shareholder interests, and that Windlab, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Windlab, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for Windlab's business and which are designed to promote the responsible management and conduct of Windlab.

The main policies and practices adopted by Windlab, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution.

The Company's Code of Conduct outlines how the Company expects Directors and personnel to behave and conduct business in a range of circumstances. In particular the code requires awareness of, and compliance with, laws and regulations relevant to the Company's operations.

### **7.7.1 ASX CORPORATE GOVERNANCE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS**

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations 3rd edition (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report or on its website disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where the Company does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Board will comply with the ASX Recommendations on Listing except as set out below.

Details of Windlab's key policies and practices and the Charters for the Board and each of its committees are available from the Company's website at [www.windlab.com](http://www.windlab.com).

### **7.7.2 BOARD OF DIRECTORS**

The Board of Directors is comprised of the Chief Executive Officer (who is also the Executive Chairman) and 4 Non-Executive Directors. Biographies of the Directors are provided in Section 7.1.

The Board charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers an independent Director to be a Non-Executive Director who is not a member of Windlab's management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board considers quantitative and qualitative principles of materiality for the purpose of determining independence on a case-by-case basis. The Board will consider whether there are any factors or considerations that may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of Windlab.

The Board considers that each of Mr Joseph O'Brien, Ms Pippa Downes, Mr Charles Macek and Mr John Cooper are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Director's unfettered and independent judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Mr Roger Price is currently considered by the Board not to be independent. Mr Price is currently the Chief Executive Officer of the Company.

The Directors consider that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors. Each Director has confirmed to Windlab that they anticipate being available to perform their duties as a Non-Executive or Executive Director as the case may be without constraint from other commitments.

# 7. Board, Senior Management and Corporate Governance

## 7.7.3 BOARD CHARTER

The Board has adopted a written Charter to provide a framework for the effective operation of the Board, which sets out:

- ◆ the Board's composition;
- ◆ the Board's role and responsibilities;
- ◆ the relationship and interaction between the Board and management; and
- ◆ the authority delegated by the Board to management and Board committees.

The Board's role is to:

- ◆ represent and serve the interests of Shareholders by overseeing and appraising Windlab's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- ◆ protect and optimise Windlab's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- ◆ set, review and ensure compliance with Windlab's values and governance framework (including establishing and observing high ethical standards); and
- ◆ ensure Shareholders are kept informed of Windlab's performance and major developments affecting its state of affairs.

The management function is conducted by, or under the supervision of the Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Chief Executive Officer). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate.

The Board collectively, and individual Directors, may seek independent professional advice at Windlab's expense, subject to the approval of the Chairman or the Board as a whole.

### (a) Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit and Risk Committee, and the Remuneration Committee. Other committees may be established by the Board as and when required.

Full details of Windlab's key Corporate Governance policies and practices and the Charters for the Board and each of its committees are available from the Company's website [www.windlab.com](http://www.windlab.com).

## **(b) Securities Dealing Policy**

Windlab has adopted a Policy for Dealing in Securities, which explains the types of conduct in dealings in securities that are prohibited under the Corporations Act and establishes a best practice procedure for the buying and selling of securities that protects the Company, Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The policy applies to all Directors, officers, senior executives and employees who have been advised by the Company Secretary that they have information that is or may become inside information and their connected persons.

The policy provides that relevant persons must not deal in Windlab's securities:

- ◆ when they are in possession of material price-sensitive information;
- ◆ on a short term trading basis; and
- ◆ during trading blackout periods (except in exceptional circumstances).

Outside these periods, Directors and certain designated employees must receive prior approval for any proposed dealing in Windlab's securities (including any proposed dealing by one of their connected persons), and in all instances, buying or selling Shares is not permitted at any time by any person who possesses material price-sensitive or inside information.

## **(c) Code of Conduct**

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how Windlab expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of Windlab (including temporary employees, contractors and Directors) must comply with the Code of Conduct.

The code is designed to:

- ◆ provide a benchmark for professional behaviour throughout Windlab;
- ◆ support Windlab's business reputation and corporate image within the community; and
- ◆ make Directors and other employees aware of the consequences if they breach the policy.

## **(d) Communication with Shareholders**

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and that they are informed of all major developments affecting the state of affairs of the Company.

The Company recognises that its interactions with Shareholders go beyond its strict legal obligations and include market briefings, annual reports, Shareholder meetings, newsletters and other Shareholder communications, its website and media releases. The Company's website will contain relevant information for Shareholders, including key policies and the terms of reference of its Board committees.

In addition, all announcements made to the ASX will be made available on the Company's website as soon as practicable after disclosure to the market through the ASX.

# 7. Board, Senior Management and Corporate Governance

## (e) Departure from the ASX Corporate Governance Recommendations

Following Listing, the Company will be required to report any departures from the ASX Recommendations in its annual financial report.

The Company's departures from the ASX Recommendations as at the Prospectus Date, are set out in the table below:

ASX RECOMMENDATION	EXPLANATION FOR DEPARTURE
<b>Principle 1 – Lay solid foundations for management and oversight</b>	
<i>Listed entities should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated</i>	
<b>Recommendation 1.6</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals. The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal evaluation policy. The Board monitors the overall corporate governance of the Company to ensure that Shareholder value is increased. In the future as the Company grows and increases in size and activity, the Board will consider establishment of formal Board, individual director and senior management evaluation processes.
<b>Recommendation 1.7</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	
<b>Principle 2 – Structure the board to add value</b>	
<i>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively</i>	
<b>Recommendation 2.1</b> The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effective.</li> </ul>	The Board has been structured such that its composition and size will enable it to effectively discharge the responsibilities and duties of a nomination committee.  The Board is responsible for the strategic direction of the Company. The Board considers that at this time no efficiencies or other benefits would be gained by forming a formal nomination committee.  The Board monitors the overall corporate governance of the Company to ensure that Shareholder value is increased. In the future as the Company grows and increases in size and activity, the Board will consider establishment of formal nomination committee.

ASX RECOMMENDATION	EXPLANATION FOR DEPARTURE
<p><b>Recommendation 2.5</b></p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>Windlab’s chairman is Roger Price, who is an executive director and CEO of Windlab.</p> <p>The Board recognises that it is desirable for the chair of the Board to be an independent Director. However, the Company’s current size dictates that this is the most efficient mode of operation at the current time. The Board has appointed Mr Charles Macek as “Senior Independent Director” to fulfil the role as chair if or when the chair is conflicted. The Board will review this arrangement and consider the appointment of an independent chair should the Company’s size warrant this.</p>
<p><b>Principle 6 – Respect the rights of security holders</b></p> <p><i>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively</i></p>	
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>The Company strongly encourages more communication between the Shareholders and the Company and Board. All general meetings include briefings by Board members to provide a deeper insight into the Company, opportunities for the Shareholders to have their questions answered, and following all general meetings, the Directors encourage Shareholders to chat informally with them. As the Company grows in size, the Board is very keen to develop more formal and expansive communications with Shareholders.</p>
<p><b>Principle 7 – Recognise and manage risk</b></p> <p><i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework</i></p>	
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	<p>While the Company does not have an internal audit function, the risk management and internal control procedures are monitored by the appropriate officer and overseen by the Company’s Audit and Risk Management Committee. The Committee continually reviews the procedures.</p>

# 7. Board, Senior Management and Corporate Governance

ASX RECOMMENDATION	EXPLANATION FOR DEPARTURE
<p><b>Principle 8 – Remunerate fairly and responsibly</b></p> <p><i>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders</i></p>	
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Board has been structured such that the composition and size of its Remuneration Committee will enable it to effectively discharge its responsibilities and duties.</p> <p>While the Remuneration Committee will consist of at least two independent directors, all other elements of this Recommendation will be met.</p>
<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals. The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal remuneration policy. The Board monitors the overall corporate governance of the Company and ensures that Shareholder value is increased. In the future as the Company grows and increases in size and activity, the Board will consider establishment of formal non-executive director, executive director and senior executive remuneration policy.</p>

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## 8. Details of the Offer

# 8. Details of the Offer

## 8.1 IMPORTANT DATES

	DATE
Prospectus Date	Friday 28 July 2017
Lodgement of this Replacement Prospectus with ASIC	Friday 4 August 2017
Opening Date of the Offer	Monday 7 August 2017
Closing Date of the Offer	Thursday 17 August 2017
Settlement of the Offer	Tuesday 22 August 2017
Allotment of New Shares and transfer of Existing Shares pursuant to the offer	Wednesday 23 August 2017
Shares expected to commence deferred settlement trading on ASX	Wednesday 23 August 2017
Expected dispatch of Shareholder holding statements	Thursday 24 August 2017
Shares expected to commence normal trading on ASX	Friday 25 August 2017

### DATES MAY CHANGE

*The above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Applicants are encouraged to submit their Applications as early as possible after the Offer opens.*

## 8.2 OVERVIEW OF THE OFFER

This Prospectus relates to an initial public offering of 25,000,000 Shares to investors, at an Offer Price of \$2.00 per Share, raising gross proceeds of \$50,000,000.

The total number of Shares on issue at the Completion of the Offer will be 67,129,092 Shares and all Shares will rank equally with each other. There will also be 4,625,573 Options on issue and 1,410,668 Warrants over Shares at Completion of the Offer. A summary of the rights attaching to the Shares is set out in Section 9.4 and summaries of the terms of the Options are set out in Sections 7.4 and 7.5.

The net proceeds of the Offer will be used to provide funding and financial support to the Kennedy Energy Park Phase I project which is being developed in joint venture with Eurus Energy Holdings Corporation. Funds from the offer will facilitate Windlab in maintaining its 50% interest in the project through the construction and operation phases of the project. The Offer will also enable some of the existing Shareholders to realise part of their investment, to provide liquidity for shares and to provide the Company with the benefits of an increased profile as a listed entity. The implementation of the Offer will also enable the Company to increase its spread of Shareholders.

## 8.3 STRUCTURE OF THE OFFER

The Offer will consist of:

- the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and other authorised jurisdictions to apply for Shares;
- the Broker Firm Offer, which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; and
- the Chairman's List Offer, which is open to persons who have received an invitation to participate in the Chairman's List Offer from Windlab.

There is no general public offer of securities.

The Offer has been fully underwritten by the Lead Manager pursuant to an Underwriting Agreement under which the Lead Manager has been appointed to arrange and manage the Offer and act as lead manager, bookrunner and underwriter of the Offer. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.8.

#### **8.4 THE OFFER IS CONDITIONAL – APPLICATION FOR ADMISSION TO THE OFFICIAL LIST OF THE ASX**

The Offer set out in this Prospectus is conditional on permission being granted for the quotation of the Shares on the ASX.

The Company is proposing to apply for listing on the ASX. Within 7 days after the Prospectus Date, the Company will lodge an application with the ASX for admission of the Company to the official list of the ASX and quotation of all Shares (including Shares offered pursuant to this Prospectus) on the ASX.

If the Company's application for listing is accepted by the ASX, it is anticipated that the Company will be listed on the ASX on or about 25 August 2017.

It is the responsibility of the Applicants to check their allocation of Shares prior to trading.

No issue or transfer of Shares will be made until permission is granted for quotation of the Shares on the ASX. If the Shares are not admitted for quotation within three months after the Prospectus Date or if any of the other conditions precedent to the Offer are not met, no funds will be raised pursuant to this Prospectus. Therefore, the Offer will not proceed, no Shares will be issued or transferred pursuant to the Offer and Applications received for Shares may need to be dealt with in accordance with section 724 of the Corporations Act.

#### **8.5 PURPOSE OF THE OFFER**

The Offer is being conducted to provide Windlab with:

- (a) funding to advance its business objectives as set out in Section 8.6;
- (b) a liquid market for its Shares and an opportunity for others to invest in Shares;
- (c) additional financial flexibility and access to capital markets.

The Offer also provides certain existing Shareholders with an opportunity to realise a part of their investment in Windlab.

The proceeds of the Offer will be applied to:

- (d) payment to SaleCo (which will distribute payments to Selling Shareholders);
- (e) provide funding and financial support to the Kennedy Energy Park Phase I project as set out in Section 8.6;
- (f) increase in cash and cash equivalents; and
- (g) payment of the costs associated with the Offer.

# 8. Details of the Offer

## 8.6 APPLICATION OF PROCEEDS

The proposed uses of funds associated with the Offer are as follows:

Use of proceeds	Estimated spend (\$m)	% of funds raised
Payment of proceeds by SaleCo to Selling Shareholders	\$25.0	50%
Investment in Kennedy Energy Park Pty Ltd (to maintain Windlab's equity interest in Kennedy Energy Park Phase I) <sup>1</sup>	\$22.5	45%
Costs of the Offer <sup>2</sup>	\$2.5	5%
<b>Total Funds raised</b>	<b>50.0</b>	<b>100%</b>

Notes:

1. Windlab will fund a total of approximately \$25 million in Kennedy Energy Park Phase I, with \$2.5 million funded from existing cash reserves.
2. Amount shown includes the amount to be paid by Windlab pursuant to the Underwriting Agreement. An additional \$1.25 million will be paid by SaleCo in respect of the management and underwriting fee in connection with the Offer of Existing Shares (see Section 9.8).

The use of funds set out above represents the Company's current intentions based on the Company's current plans and current business conditions. The amounts and timing of actual expenditure may vary and will depend on various factors. The Directors are satisfied that the Company's current cash reserves plus the net proceeds of the Offer will be sufficient to fund the Company's short to medium term growth strategy and business objectives as described in this Prospectus.

## 8.7 OWNERSHIP STRUCTURE

The ownership structure of the Company immediately prior to and following Completion will be as follows:

Investors	Shares held immediately prior to Completion (undiluted)		Shares held at Completion (undiluted)	
	Shares <sup>1,2</sup>	%	Shares	%
Innovation Capital Fund II LP	17,355,380	31.8%	12,574,544	18.7%
Lendlease Ventures	15,841,552	29.0%	11,477,728	17.1%
Employees/Management / Board	2,049,724	3.8%	2,059,724	3.1%
Other existing Shareholders	15,570,952	28.5%	12,694,844	18.9%
Pre-IPO Convertible Noteholders (excluding existing Shareholders)	3,801,484	7.0%	3,322,252	4.9%
Investors in the Offer	–	–	25,000,000	37.2%
<b>Total</b>	<b>54,619,092</b>	<b>100.0%</b>	<b>67,129,092</b>	<b>100.0%</b>

Notes:

1. Share numbers prior to Completion incorporate the effect of the conversion of existing series A preference shares and other securities (including the Insider Convertible Notes) into ordinary Shares and include the proposed 4:1 share split, to be undertaken prior to completion of the Offer and Listing.
2. Includes Shares issued on the conversion of Pre-IPO Convertible Notes (see Section 9.6.2).
3. Does not include Shares held by Innovation Capital Associates as trustee which will be distributed to underlying Existing Shareholders prior to Completion of the Offer.

Investors	Shares held immediately prior to Completion (fully diluted)		Shares held at Completion (fully diluted)	
	Shares <sup>1,2</sup>	%	Shares	%
Innovation Capital Fund II LP <sup>3</sup>	17,842,588	30.4%	13,061,752	17.9%
Lendlease Ventures	16,328,760	27.8%	11,964,936	16.4%
Employees / Management / Board	4,662,656	8.0%	6,686,229	9.1%
Other existing Shareholders	16,006,272	27.3%	13,130,164	17.9%
Pre-IPO Convertible Noteholders (excluding existing Shareholders)	3,801,484	6.5%	3,322,252	4.5%
Investors in the Offer	–	–	25,000,000	34.2%
<b>Total</b>	<b>58,641,760</b>	<b>100.0%</b>	<b>73,165,333</b>	<b>100.0%</b>

Notes:

1. Share numbers prior to Completion incorporate the effect of the conversion of existing series A preference shares and other securities (including the Insider Convertible Notes) into ordinary Shares and include the proposed 4:1 share split, to be undertaken prior to completion of the Offer and Listing.
2. Includes Shares issued on the conversion of Pre-IPO Convertible Notes (see Section 9.6.2).
3. Does not include Shares held by Innovation Capital Associates as trustee which will be distributed to underlying Existing Shareholders prior to Completion of the Offer.

## 8.8 OTHER INFORMATION ABOUT WINDLAB

Windlab's pro forma balance sheet following completion, including details of the pro forma adjustments, is set out in Section 4.

Except as described in this Prospectus, the Company has not granted, or proposed to grant any rights to any person, or to any class of person, to participate in an issue of the Company's securities.

## 8.9 SUMMARY TERMS OF THE OFFER

TOPIC	SUMMARY
What is the type of security is being offered?	Ordinary Shares in Windlab.
What are the rights and liabilities attached to the securities?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 9.4.
What is the consideration payable for each security?	\$2.00 per Share.
What is the Offer period?	The key dates, including details of the offer period relating to each component of the Offer, are set out in Section 8.1.  No securities will be issued or transferred on the basis of this Prospectus later than the Expiry Date.

## 8. Details of the Offer

TOPIC	SUMMARY
What are the cash proceeds to be raised under the Offer?	<p>\$50 million will be raised from investors under the Institutional Offer, the Broker Firm Offer and the Chairman's List Offer.</p> <p>This comprises \$25 million from the issue of New Shares by Windlab for Windlab's benefit and \$25 million for the sale of Existing Shares by SaleCo.</p>
Is the Offer underwritten?	Yes, the Offer is fully underwritten by the Lead Manager. Please see Section 9.8 for a summary of the Underwriting Agreement.
What is the minimum and maximum application size under the Broker Firm Offer?	<p>Applications must be for a minimum of 1,000 Shares (\$2,000), and thereafter in multiples of 250 Shares (\$500).</p> <p>There is no maximum value of Shares that may be applied for under the Broker Firm Offer.</p>
What is the allocation policy?	<p>The allocation of Shares between the Institutional Offer and the Broker Firm Offer was determined by the Lead Manager and the Company having regard to the allocation policy outlined in Sections 8.10.</p> <p>With respect to the Broker Firm Offer, it will be a matter for the Broker to determine how they allocate Shares among their eligible clients.</p> <p>The final allocation of Shares under the Chairman's List Offer will be determined by the Lead Manager and the Company in their discretion.</p>
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about 24 August 2017.
Will the securities be quoted?	<p>The Company will apply for admission to the official list of ASX and quotation of Shares on ASX under the code WND. Completion is conditional on ASX approving this Application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the official list is not to be taken as an indication of the merits of Windlab or an investment in Windlab.</p>

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TOPIC	SUMMARY
<p><b>When are the securities expected to commence trading?</b></p>	<p>It is expected that trading of Shares on ASX will commence on or about 23 August 2017, initially on a deferred settlement basis until the Company has advised ASX that holding statements have been despatched to investors.</p> <p>Normal settlement trading is expected to commence on or about 25 August 2017.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.</p> <p>The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Offer Information Line, a Broker or otherwise.</p>
<p><b>Are there any escrow arrangements?</b></p>	<p>Yes. Details are provided in Section 8.13.</p>
<p><b>Are there any tax considerations?</b></p>	<p>The tax considerations of any investment in Shares will depend on your personal circumstances. Prospective investors should obtain their own tax advice before deciding to invest.</p>
<p><b>Has any ASIC relief or ASX waiver been sought, obtained or been relied on?</b></p>	<p>Yes. Refer to Sections 9.13 and 9.14.</p>
<p><b>Are there any brokerage, commission or stamp duty considerations?</b></p>	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 9.10 for details of fees payable by the Company and SaleCo to the Lead Manager.</p>
<p><b>What should I do with any enquiries?</b></p>	<p>All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 1300 617 682 (within Australia) or +61 3 9415 4004 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (Business Days only).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Windlab is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p>

## 8. Details of the Offer

### 8.10 BROKER FIRM OFFER

#### WHO CAN APPLY?

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer. By making an Application to purchase Shares:

- you agree that your Application is an irrevocable offer which cannot be withdrawn;
- you authorise the Company and the Share Registry (and their officers, employees or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;
- you accept the risk associated with any refund of your Application Payment that may be paid to you by cheque to your address shown on the Company's register of members or your Application (as the case may be); and
- you irrevocably and unconditionally agree to be bound by the terms of the Offer and the Constitution.

Qualified investors residing in the jurisdictions of Hong Kong, Singapore and New Zealand may participate in the Offer only on invitation from the Lead Manager. The Application process for Shares by these investors will be separately managed by the Lead Manager.

#### HOW TO APPLY

Applications for Shares may only be made on a Broker Firm Application Form attached to or accompanying this Prospectus which may be downloaded in its entirety from [www.windlab.com](http://www.windlab.com). If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Application Form with the Broker from whom you received your firm allocation. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Application Form.

Applications must be for a minimum of 1,000 Shares (\$2,000), and thereafter in multiples of 250 Shares (\$500). There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, the Company and the Lead Manager reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications in the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm Application Form and application monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Share Registry.

The Broker Firm Offer opens at 9.00am (Sydney time) on Monday, 7 August 2017 and is expected to close at 5.00pm (Sydney time) on Thursday, 17 August 2017. The Company and the Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

#### HOW TO PAY

Applicants under the Broker Firm Offer should make payments in accordance with the directions of the Broker from whom they received the allocation.

## **APPLICATION MONIES**

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application amount by the Offer Price. Where the Offer Price does not divide evenly into the Application amount, the number of Shares to be allocated will be determined by the Applicant's Broker.

## **ACCEPTANCE OF APPLICATIONS**

An Application in the Broker Firm Offer is an offer by an Applicant to the Company to subscribe for Shares in the amount specified on the Broker Firm Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Broker Firm Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted by the Company and the Lead Manager in respect of the full number of Shares specified on the Broker Firm Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

## **BROKER FIRM OFFER ALLOCATION POLICY**

The allocation of firm stock to Brokers will be determined by the Lead Manager and the Company. Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued or transferred (as applicable) to the Applicants who have received a valid allocation of Shares from those Brokers (subject to the right of the Company and the Lead Manager to reject or scale back Applications). It will be a matter for those Brokers how they allocate Shares among their retail clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

## **8.11 CHAIRMAN'S LIST OFFER**

### **WHO CAN APPLY?**

The Chairman's List Offer is open to investors who have received an invitation to participate in the Chairman's List Offer from the Company. If you have been invited by the Company to participate in the Chairman's List Offer, you will be treated as an Applicant under the Chairman's List Offer in respect of those Shares that are allocated to you.

### **HOW TO APPLY**

If you have received an invitation to participate in the Chairman's List Offer from the Company, you will be separately advised of the Application procedures under the Chairman's List Offer.

The Chairman's List Offer opens at 9.00am (Sydney time) on Monday, 7 August 2017 and is expected to close at 5.00pm (Sydney time) on Thursday, 17 August 2017. The Company and the Lead Manager may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and the Corporations Act). Applicants are therefore encouraged to submit their Applications as early as possible.

## 8. Details of the Offer

### HOW TO PAY

Applicants under the Chairman's List Offer must pay their Application monies in accordance with instructions received from the Company.

### APPLICATION MONIES

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Chairman's List Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for will receive a refund of all or part of their Application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application amount by the Offer Price. Where the Offer Price does not divide evenly into the Application amount, the number of Shares to be allocated will be determined by the Company and the Lead Manager.

### ACCEPTANCE OF APPLICATIONS

An Application in the Chairman's List Offer is an offer by an Applicant to the Company to subscribe for Shares in the amount specified on the Chairman's List Offer Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Chairman's List Offer Application Form (including the conditions regarding quotation on ASX in Section 8.4). To the extent permitted by law, an Application is irrevocable.

An Application may be accepted by the Company and the Lead Manager in respect of the full number of Shares specified on the Chairman's List Offer Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

### CHAIRMAN'S LIST OFFER ALLOCATION POLICY

The Company will consult with the Lead Manager regarding the allocation of Shares within the Chairman's List Offer. The Company, in consultation with the Lead Manager, will determine the allocation of Shares to Applicants under the Chairman's List Offer and may reject an Application, or allocate fewer Shares than applied for.

### 8.12 INSTITUTIONAL OFFER

#### INVITATIONS TO BID

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Lead Manager has separately advised Institutional Investors of the Application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made with disclosure and under this Prospectus and are at the Offer Price.

#### INSTITUTIONAL OFFER ALLOCATION POLICY

The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager and the Company. The Lead Manager and the Company have absolute discretion regarding the basis of allocation of Shares among other Institutional Investors.

### 8.13 ESCROW ARRANGEMENTS

The following table summarises the escrow arrangements that will apply to the Securities held by Escrowed Shareholders immediately following Completion:

Shareholder	Shares	Warrants	Options	% of issued Shares (fully diluted)	Escrow Period
Innovation Capital Fund II LP	12,574,544	487,208	–	17.9%	One year after Listing
Lendlease Ventures	11,477,728	487,208	–	16.4%	One year after Listing
Blue Cove Investment Partners	3,126,388	–	–	4.3%	One year after Listing
Epicorp Seed Fund	2,255,280	–	–	3.1%	One year after Listing
Roger Price	217,376	932	1,190,000	1.9%	Two years after Listing
Other management / employees	1,832,348	–	1,875,000	5.1%	Two years after Listing
Other Shareholders	3,443,532	94,008	–	4.8%	One year after Listing
<b>TOTAL</b>	<b>34,927,196</b>	<b>1,069,356</b>	<b>3,065,000</b>	<b>53.4%</b>	<b>–</b>

All of the escrow arrangements are voluntary. The securities held by certain Escrowed Shareholders at Completion of the Offer (other than any purchase by them under the Offer) will be subject to voluntary escrow arrangements, as set out in the table above. Under the terms of these arrangements, subject to certain exceptions (described below), securities held by the Escrowed Shareholders may only be sold after either:

- (a) the date that is one year after Listing, or,
- (b) the date that is two years after Listing,

as noted in the table above.

Each of the Escrowed Shareholders whose securities are noted in the table above as being subject to voluntary escrow, has agreed to enter into a voluntary escrow deed with the Company in respect of their escrowed securities. This deed will prevent them from disposing of their escrowed securities for the applicable escrow period referred to above, subject to certain exceptions (described below).

The restriction on “disposing” is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest (including an economic interest) in the escrowed securities, encumbering or granting a security interest over the escrowed securities (except to the extent permitted by the escrow deed), granting or exercising an Option over the escrowed securities, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the escrowed securities, or agreeing to do any of those things. Nothing in the deed affects or in any way restricts any right in respect of voting attached to the escrowed securities.

All of the Escrowed Shareholders may be released early from these escrow obligations to enable:

- (i) the Escrowed Shareholders to accept an offer under a takeover bid in relation to their escrowed securities, or to tender its securities into a bid acceptance facility established in connection with a takeover bid, if holders of at least half of the Shares the subject of the bid that are not held by the Escrowed Shareholders (or any other agreement between the Company and its Shareholders which imposes similar restrictions) have accepted the takeover bid or tendered (and not withdrawn) their Shares into the bid acceptance facility and, in relation to accepting an offer under a takeover bid only, the takeover bid is unconditional or all conditions have been waived;
- (ii) the escrowed securities held by the Escrowed Shareholders to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act which has received all necessary approvals;
- (iii) Escrowed Shareholders to participate in an equal access buy-back or equal return of capital or other similar pro rata reorganisation which has received all necessary approvals; or
- (iv) a dealing in escrowed securities following the death, serious disability or permanent incapacity of the Escrowed Shareholder (if a natural person).

## 8. Details of the Offer

During the relevant escrow period, the Escrowed Shareholders whose securities are subject to escrow may deal in any of their securities to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction) or to the extent that the disposal is to an entity that controls, is controlled by, or is under common control with, the Escrowed Shareholder, provided that the transferee enters into a deed with the Company on the same terms as the voluntary escrow deed for the remainder of the escrow period.

Escrowed Shareholders will continue to maintain and control all voting rights applicable to their securities that are subject to escrow.

The number of securities in respect of which the Escrowed Shareholders have agreed to enter into voluntary escrow arrangements with the Company are set out in the table above.

### 8.14 FREE FLOAT

The table below sets out details of the expected free float of the Company on Completion of the Offer.

Description	No. of Shares	Percentage of Shares
Shares on issue on Completion of the Offer	67,129,092	100.0%
Shares that are subject to voluntary restrictions (estimate)	34,927,196	52.0%
Shares that are held by security holders who are not “non-affiliated” security holders <sup>1</sup> (excluding shares subject to voluntary restrictions) <sup>2</sup>	NIL	0.0%
<b>Free Float<sup>1</sup></b>	<b>32,201,896</b>	<b>48.0%</b>

Notes:

1. As defined in the ASX Listing Rules.
2. Assumes that security holders who are not “non-affiliated” holders do not apply for any Shares under the Offer.

### 8.15 UNDERWRITING

The Offer is fully underwritten. The Lead Manager and the Company have entered into an Underwriting Agreement under which the Lead Manager has been appointed as manager and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer. The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and its underwriting obligations.

A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.8.

### 8.16 ISSUE AND TRANSFER OF SHARES

Conditional on the matters referred to in Section 8.4 of this Prospectus, the Company expects to issue and transfer the Shares in accordance with the indicative timetable set out in Section 8.1.

The Shares, from the time they are issued or transferred (as applicable), will be fully paid Shares and will rank equally with existing Shares. Full details of the rights attaching to the Shares are contained in the Corporations Act and the Constitution. A summary of the Constitution is set out in Section 9.4.

No Shares will be issued or transferred on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

## 8.17 CHESS

The Company will apply to participate in the Securities Clearing House Electronic Subregister System (CHESS), and will maintain an electronic CHESS sub-register and an electronic issuer sponsored sub-register.

Accordingly, the Company will not issue Share certificates to successful Applicants but as soon as practicable after allocation, successful Applicants will receive a holding statement that sets out the number of Shares that have been allocated to them pursuant to this Prospectus. The holding statement will also set out each successful Applicant's unique "Holder Identification Number" in the case of a holding on the CHESS sub-register, or "Securityholder Reference Number" in the case of a holding on the Company's issuer sponsored sub-register.

Shareholders will be provided with periodic Holding Statements showing any changes in their holdings of Shares. Shareholders may request a Holding Statement at any time (although an administration fee may be charged for these additional statements). It is the responsibility of Shareholders to determine their holding prior to trading in any Shares.

## 8.18 FOREIGN SELLING RESTRICTIONS

### 8.18.1 GENERAL

The Offer is being made in Australia, and New Zealand, Hong Kong and Singapore only. This Prospectus does not constitute an offer in any place which, or to any person whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus in such jurisdictions should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by Windlab to constitute a representation and warranty made by you to Windlab that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

### 8.18.2 BENEFICIAL HOLDERS

The foreign selling restrictions under the Offer apply to the underlying beneficial holder. Applicants applying on behalf of persons whose registered address is not in Australia are responsible for ensuring that applying for Shares does not breach securities laws in the relevant overseas jurisdictions. Applicants who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed.

The Company is not required to determine whether or not any Applicant is acting as a nominee or the identity or residence of any beneficial interest holder applying for Shares. If any nominee or custodian is acting on behalf of a foreign person, that nominee or custodian, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

## 8. Details of the Offer

### 8.18.3 HONG KONG SPECIAL ADMINISTRATIVE REGION SECURITIES LAW REQUIREMENTS

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the offer of Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares or transferred Existing Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of receipt of such securities.

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

By accepting receipt of this document, each Hong Kong recipient is deemed to confirm, represent and warrant to the Company that it is a “professional investor” within the meaning of section 1 of Part 1 of Schedule 1 to the SFO.

### 8.18.4 SINGAPORE SECURITIES LAW REQUIREMENT

This document and any other materials relating to the offer of Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares or Existing Shares, may not be issued, circulated or distributed, nor may the New Shares or Existing Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This document has been given to you on the basis that you are (i) an existing holder of the Company’s Shares, (ii) an “institutional investor” (as defined in the SFA) or (iii) a “relevant person” (as defined under section 275(2) of the SFA).

In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to Shares being subsequently offered for sale to any other party.

There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore, or to consult their professional advisers as to such on-sale restrictions, and comply accordingly.

### **8.18.5 NEW ZEALAND SECURITIES LAW REQUIREMENTS**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (FMC Act). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### **8.18.6 UNITED STATES OF AMERICA – SECURITIES LAW REQUIREMENT**

The Shares (including the New Shares) have not been, and will not be, registered under the U.S. Securities Act 1933 (U.S. Securities Act) and may not be offered or sold in the United States of America, or to, or for the account or benefit of, “U.S. Persons” (as defined in Rule 902 under the U.S. Securities Act) except under an available exemption from registration under the U.S. Securities Act. The Shares (including the New Shares) may only be resold or transferred in the United States of America, or to, or for the account or benefit of, U.S. Persons if registered under the U.S. Securities Act or pursuant to an exemption from registration under the U.S. Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register any of the Shares (including the New Shares) in the United States of America.

### **8.19 PROFESSIONAL ADVICE**

If you are in any doubt as to whether to accept the Offer, please consult your licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser.

The Directors do not consider it appropriate to give Shareholders or investors advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders or investors. As a result, Shareholders and investors should consult their professional tax adviser in connection with any aspect of the Offer and/or applying for Shares under this Prospectus.

### **8.20 DISPUTES**

The Board may settle, in any manner it thinks fit, any disputes or anomalies which may arise in connection with or by reason of the operation of the Offer, whether generally or in relation to any Shareholder, investor, Applicant or Application. The decision of the Board will be conclusive and binding on all persons to whom the determination relates.

# 8. Details of the Offer

## 8.21 CHANGE TO THE TERMS OF THE OFFER

The Company reserves the right to waive strict compliance with or vary any provision of the terms of the Offer, or to vary, suspend or terminate the Offer at any time before Completion without notice. If the Offer does not proceed, Application Payments will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal or termination of the Offer.

Failure to notify Shareholders or investors of changes to, suspension or termination of the Offer or the terms of the Offer will not invalidate the change, suspension or termination.

The Company reserves the right to issue no Shares or fewer Shares than an Applicant applies for under the Offer if the Board believes the issue of those Shares would contravene an ASIC Class Order, requirements or policies, any law or any ASX Listing Rule.

## 8.22 ELECTRONIC PROSPECTUS

The Prospectus is available online at [www.windlab.com](http://www.windlab.com).

## 8.23 PRIVACY DISCLOSURE

The Company collects information in relation to each Applicant as provided on an Application Form (**Information**) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company (**Purposes**).

The Company may use the Information for the Purposes and the Company may disclose the information for the Purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the Share Register, including bidders for your securities in the context of takeovers, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

## 8.24 GOVERNING LAW

This Offer is governed by the law in force in New South Wales. By accepting the Offer, you submit to the non-exclusive jurisdiction of the courts of New South Wales.

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## 9. Additional Information

# 9. Additional Information

## 9.1 INCORPORATION

Windlab Limited was incorporated on 17 April 2003 as an Australian proprietary company limited by shares. Windlab converted to a public company on 13 June 2014.

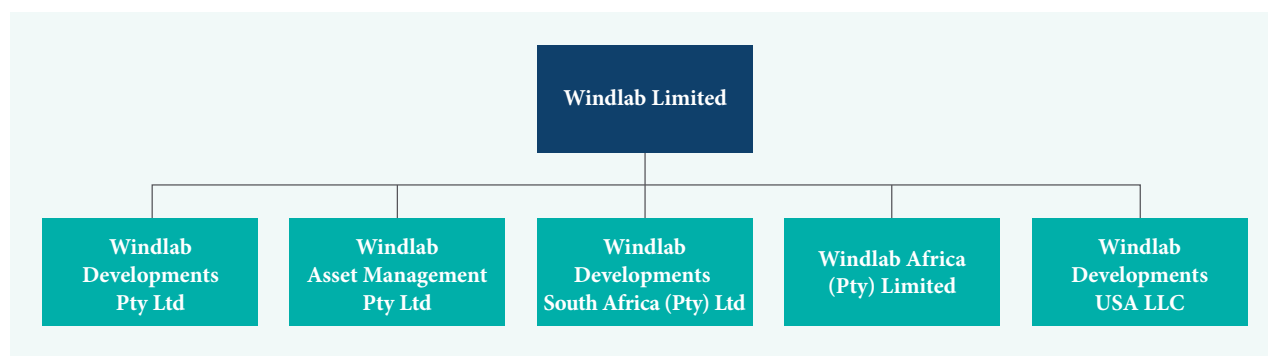
## 9.2 COMPANY TAX STATUS

Windlab will be taxed in Australia as a public company.

## 9.3 CORPORATE STRUCTURE

The following diagram represents the corporate structure of the Group at the Prospectus Date. Each entity in the Group is 100% owned, directly or indirectly, by Windlab and is engaged in the business of the Group.

FIGURE 31: CORPORATE STRUCTURE



In addition, the Group has material holdings in the following entities:

- (a) Kennedy Energy Park Pty Ltd – 50%
- (b) Kiata Windfarm Holdings Pty Ltd – 25%
- (c) Lakeland Wind Farm Holdings – 100%
- (d) CBWF Holdings Pty Ltd – 3.5%
- (e) Verdigre Land and Wind Partners LLC (incorporated in USA) – 51%

## 9.4 WINDLAB'S CONSTITUTION AND THE RIGHTS ATTACHING TO THE SHARES

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

### VOTING AT A GENERAL MEETING

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

## **MEETINGS OF MEMBERS**

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and the ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

## **DIVIDENDS**

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

## **TRANSFER OF SHARES**

Subject to the Constitution and to any restrictions attached to a Shareholder's Share, Shares may be transferred in accordance with the ASX Settlement Operating Rules, Corporations Regulations and ASX Listing Rules or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

## **ISSUE OF FURTHER SHARES**

The Board may, subject to the Constitution, Corporations Act and the ASX Listing Rules issue, allot or grant Options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

## **WINDING UP**

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of Shares held by them.

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

## **NON-MARKETABLE PARCELS**

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. An unmarketable parcel of shares is defined in the ASX Listing Rules and is generally, a holding of shares with a market value of less than \$500.

## **VARIATION OF CLASS RIGHTS**

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under that section, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of Shares may be varied:

- ♦ with the consent in writing of the holders of 75% of the issued shares included in that class; or
- ♦ by a special resolution passed at a separate meeting of the holders of those shares.

# 9. Additional Information

## **DIRECTORS – APPOINTMENT AND REMOVAL**

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum fixed by the Directors from time to time. Directors are elected or re-elected at annual general meetings of the Company.

No Director (excluding the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the conclusion of the next annual general meeting of the Company following their appointment.

## **DIRECTORS – VOTING**

Questions arising at a meeting of the Board must be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting does not have a casting vote in addition to his or her deliberative vote.

## **DIRECTORS – REMUNERATION**

Under the Constitution, the total aggregate amount provided to all Directors for their services as Directors must not exceed in any financial year the amount of \$750,000 or such other amount fixed by the Company in general meeting. The remuneration of a Director must not include a commission on, or a percentage of, operating revenue. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors may be paid for all travelling and other expenses properly incurred by them in connection with the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. If a Director performs extra services in connection with the affairs of the Company, the Directors may arrange for a special remuneration to be paid.

## **POWERS AND DUTIES OF DIRECTORS**

The Directors are responsible for managing the business of the Company and may exercise to the exclusion of the Company in general meeting all the powers of the Company which are not required by the Corporations Act, the Constitution or the ASX Listing Rules, to be exercised by the Company in general meeting.

## **INDEMNITIES**

The Company, to the extent permitted by law, indemnifies each Director and executive officer of Windlab on a full indemnity basis against all losses, liability, costs, charges and expenses incurred by that person as an officer of the Company or of a related body corporate.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for a contract insuring each Director and executive officer of the Company against any liability incurred by that person as an officer of the Company or of a related body corporate, including for negligence or for reasonable costs and expenses incurred by that person in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

## **AMENDMENT**

The Constitution can only be amended by special resolution passed by at least three-quarters of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

## 9.5 SALE OF SHARES BY SALECO

Windlab SaleCo Limited was incorporated on 27 July 2017 as an Australian company limited by shares.

SaleCo is a special purpose vehicle established to enable the Selling Shareholders to sell part of their Shares under the Offer.

Windlab has entered into an IPO Implementation and Sale Deed with all Selling Shareholders and with SaleCo. Each Selling Shareholder agreed to sell to SaleCo some of their existing Shares which will be sold by SaleCo into the Offer, free from encumbrances and third party rights and conditional on (amongst other things) the Underwriting Agreement not having been terminated as at the date of settlement of the Offer.

The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. Windlab will also issue New Shares to successful Applicants under the Offer.

SaleCo has no material assets, liabilities or operations other than its interests and obligations under the Underwriting Agreement and the IPO Implementation and Sale Deed described above.

## 9.6 CONVERTIBLE NOTES

### 9.6.1 INSIDER CONVERTIBLE NOTES

In 2011, Windlab issued secured convertible notes to a number of investors (all of whom were existing Shareholders) for total proceeds of approximately \$5.6 million (**Insider Convertible Notes**). The purpose of issuing the Insider Convertible Notes was for general working capital. The Insider Convertible Notes accrue interest at the rate of 13% per annum. The Insider Convertible Notes are currently secured by third ranking security over the Australian assets of the Group (behind each of the security granted to CEFC and the security granted to secure the Pre-IPO Convertible Notes, each as described below).

The Insider Convertible Notes were issued for an initial term of three years and have been extended in accordance with their terms. In connection with the issue of the Insider Convertible Notes and their extension, the holders of Insider Convertible Notes have been issued with various tranches of Warrants that convert to ordinary Shares.

Immediately prior to Completion of the Offer, the amount outstanding under the Insider Convertible Notes (including principal and interest) will total approximately \$4.9 million. On Completion of the Offer, the Insider Convertible Notes and certain Warrants issued in connection with them will convert into approximately 2,499,644 Shares.

Following Completion of the Offer there will continue to be 1,110,668 Warrants originally issued in connection with the Insider Convertible Notes on terms as follows:

- (a) **Conversion:** Each Warrant is exercisable into one Share, ranking equally in all respects with the exiting Shares.
- (b) **Exercise Price:** Each Warrant has an exercise price of \$2.00, as shown below.
- (c) **Lapsing:** Each Warrant will lapse on its expiry date, as shown below.
- (d) **Cashless Exercise:** Where a holder of a Warrant makes such an election, rather than being required to pay the exercise price of each Warrant to be exercised, Windlab will issue the Warrant holder with a smaller number of Shares on the exercise of Warrants representing the difference between the value of the Shares to be issued and the exercise price of the Warrants. Where the warrants are exercised on a “cashless exercise”, Windlab will only issue such number of shares as is equivalent to:
  - (i) the number of Warrants being exercised multiplied by the volume weighted average market price of Shares over the previous 10 trading days (10 day VWAP); and

## 9. Additional Information

(ii) the number of Warrants being exercised multiplied by the exercise price otherwise payable in relation to the Warrants; and then

(iii) divided by the 10 day VWAP.

- (e) **Participation in new issues:** A Warrant does not confer any rights to participate in new issues of Shares by Windlab.
- (f) **Pro-rata issue:** If there is a pro rata issue (except a bonus issue) to the holders of ordinary Shares, the exercise price of the Warrant will not be adjusted.
- (g) **Re-organisation of capital:** In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Warrants will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.

Details of the number, exercise price and expiry date of these Warrants is as follows:

Number of Warrants (each Warrant is exercisable into one ordinary Share)	Exercise Price of Warrants	Expiry date of Warrants
256,484	\$2.00	30 June 2020
854,184	\$2.00	1 April 2021

The following number of Shares will be issued to Directors and persons associated with Directors on conversion of the Insider Convertible Notes and associated Warrants:

Director	Number of Shares
Roger Price	57,376

### 9.6.2 PRE-IPO CONVERTIBLE NOTES

In December 2016, Windlab issued convertible notes to certain institutional and sophisticated investors for total proceeds of approximately \$6 million (**Pre-IPO Convertible Notes**). The purpose of issuing the Pre-IPO Convertible Notes was for general working capital and investment into projects under construction. The Pre-IPO Convertible Notes accrue interest at the rate of 10% per annum. The Pre-IPO Convertible Notes are secured by second ranking security over the Australian assets of the Group (behind the security granted to CEFC as described below).

On Completion of the Offer, the Pre-IPO Convertible Notes convert into 3,801,484 Shares at an effective conversion price of \$1.60, equivalent to a 20% discount to the Offer Price.

No shares will be issued to Directors or persons associated with Directors on conversion of the Pre-IPO Convertible Notes.

### 9.7 WARRANTS HELD BY PFG

In September 2011 Windlab entered into debt funding arrangements with private equity firm Partners for Growth (**PfG**). The debt funding was repaid in March 2016. In connection with the debt funding arrangements, Windlab issued to PfG various tranches of Warrants that convert to series A preference shares and ordinary Shares. The majority of these Warrants will be converted to 756,084 ordinary Shares prior to Completion of the Offer. However, on Completion of the Offer PfG will continue to hold Warrants over 300,000 Shares. The terms of these Warrants are identical to those Warrants described in Section 9.6.1 above. Details of the number, exercise price and expiry date of these Warrants is as follows:

Number of Warrants (each Warrant is exercisable into one ordinary Share)	Exercise Price of Warrants	Expiry date of Warrants
300,000	\$2.00	4 May 2020

The Warrants issued to PfG include a cashless exercise provision on the same terms as that described in Section 9.6.1 above.

## 9.8 UNDERWRITING AGREEMENT

Windlab and the Lead Manager have entered into an underwriting agreement dated 28 July 2017 (**Underwriting Agreement**) pursuant to which the Lead Manager has agreed to manage and underwrite the Offer on an exclusive basis.

### 9.8.1 COMMISSION, FEES AND EXPENSES

On the settlement date of the Offer, the Company and SaleCo must pay the Lead Manager a management and underwriting fee equal to 5% of the proceeds of the Offer.

The Company has also agreed to reimburse the Lead Manager for reasonable costs and expenses of and incidental to the Offer.

The Lead Manager must pay any fees due to any co-managers, co-lead managers and brokers appointed by the Lead Manager under the Underwriting Agreement.

### 9.8.2 TERMINATION EVENTS

The Lead Manager may, at any time from the date of the Underwriting Agreement and on or before the settlement date of the Offer ("**Settlement Date**") or at any other time as specified below, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager by notice to the Company), if any of the following events occur:

- (a) (**disclosures**) any of the Offer Documents is or becomes misleading or deceptive or is likely to mislead or deceive, or there is an omission from the Offer Document of anything required under Part 6D.2 of the Corporations Act, the Listing Rules or any other applicable law;
- (b) (**forecasts**) there are not, or there ceases to be, reasonable grounds in the opinion of the Lead Manager for any statement or estimate by the Company in the Offer Documents which relate to a future matter;
- (c) (**unable to issue or transfer**) Windlab is prevented from allotting or issuing the New Shares or SaleCo is prevented from transferring the Existing Shares within the time required by the Prospectus or the ASX Listing Rules because of an order of a court of competent jurisdiction or a requirement of a Governmental Agency;
- (d) (**market fall**) the S&P/ASX 300 Index published by ASX falls to a level that is 90% or less of the level as at 5.00pm on the Business Day immediately preceding the date of this Agreement and remains at or below that 90% level for three consecutive Business Days prior to the Settlement Date or closes at or below that 90% level on the Business Day prior to the Settlement Date;
- (e) (**new circumstances**) there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement;
- (f) (**Supplementary Prospectus**)
  - (i) Windlab lodges a Supplementary Prospectus that has not been approved by the Lead Manager; or
  - (ii) the Lead Manager forms the view that a Supplementary Prospectus must be lodged with ASIC under section 719 of the Corporations Act;
- (g) (**ASIC action**) ASIC:
  - (i) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer Document under the Corporations Act or the ASIC Act;
  - (ii) prosecutes or gives notice of an intention to prosecute; or
  - (iii) commences proceedings against, or gives notice of an intention to commence proceedings against, Windlab or SaleCo or any of their officers, employees or agents in relation to the Offer or any Offer Document;

## 9. Additional Information

- (h) **(withdrawal of consent)**
- (i) any person whose consent to the issue of the Prospectus is required by section 720 and who has previously consented to the issue of the Prospectus withdraws such consent;
  - (ii) any person gives a notice under section 733(3); or
  - (iii) any person (other than the Lead Manager) who has previously consented to the inclusion of their name or any statement in the Prospectus withdraws that consent;
- (i) **(withdrawal of Prospectus or Offer)** the Offerors withdraw the Prospectus or the Offer, any invitations to apply for Offer Shares under the Offer Documents or all or any part of the Offer or indicate that they do not intend to proceed with the Offer or any part of it;
- (j) **(ASIC Modifications and ASX Waivers)** any of the ASIC Modifications or ASX Waivers obtained are withdrawn, revoked or amended without the prior written approval of the Lead Manager (acting reasonably);
- (k) **(ASIC notifications)** any of the following notifications are made in respect of the Offer (other than a notification or action that is not made public and that is withdrawn after 3 Business Days or prior to 8.00am on the Settlement Date, whichever is earlier):
- (i) ASIC issuing an order (including an interim order) under section 739;
  - (ii) ASIC holding a hearing under section 739(2);
  - (iii) an application being made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document;
  - (iv) ASIC commencing any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document;
  - (v) a person (other than the Lead Manager) gives a notice to an Offeror under section 730;
- (l) **(prosecution or fraud)** any of the following occur:
- (i) any Group Member or SaleCo or any of their respective directors or officers engages or has engaged in any fraudulent conduct or activity or is charged with an indictable offence, whether or not in connection with the Offer;
  - (ii) any Governmental Agency commences any public action against an Offeror or any other Group member or any of their respective directors in their capacity as a director of that entity, or announces that it intends to take that action; or
  - (iii) any director of an Offeror is disqualified from managing a corporation under Part 2D.6 or is charged with an indictable offence;
- (m) **(regulatory approvals)** a regulatory body withdraws, revokes or amends in an adverse manner any regulatory approvals required for Windlab to perform its obligations under the Underwriting Agreement;
- (n) **(listing approvals and quotation)** unconditional approval (or conditional approval subject only to customary pre-quotation listing conditions or other conditions acceptable to the Company and the Lead Manager) is refused or not granted for:
- (i) the Company's admission to the official list; or
  - (ii) the Official Quotation of the Offer Shares on ASX,
- on or before the Quotation Approval Date, or if granted, the approval is subsequently withdrawn (without immediate replacement), qualified (other than by customary pre-quotation listing conditions or other conditions acceptable to Windlab and the Lead Manager) or withheld, or ASX indicates to the Company that approval is likely to be withdrawn, qualified (other than by customary pre-quotation listing conditions or other conditions acceptable to the Company and the Lead Manager) or withheld;

- (o) (**unauthorised company changes**) without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld), either Windlab or SaleCo alters its share capital or the Company disposes or attempts to dispose of a substantial part of the business or property of the Company or a Group Member, or Windlab amends the Constitution;
- (p) (**Insolvency**) any Group Member becomes Insolvent, or an act occurs or an omission is made which may result in a Group Member becoming Insolvent;
- (q) (**Timetable**) any event specified in the Timetable is delayed for more than 2 Business Days without the prior written approval of the Lead Manager; or
- (r) (**Change in office**) the chairman, chief executive officer or chief financial officer of Windlab vacates his or her office, or there is a change in any of those positions.

### 9.8.3 TERMINATION EVENTS SUBJECT TO MATERIALITY

The Lead Manager may, at any time from the date of the Underwriting Agreement and on or before the Settlement Date, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager by written notice to the Company), if any of the following events occur and the Lead Manager has reasonable grounds to believe and, acting reasonably, does believe, that the event has or is likely to have a material adverse effect on the success or outcome of the Offer or the ability of the Lead Manager to settle the Offer, or will, or likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager of, any applicable law:

- (a) (**compliance with law**) any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act (and all regulations under that act), the Listing Rules or any other applicable law or regulation
- (b) (**breach of laws or constitution**) a Group member or SaleCo commits, is involved in or acquiesces in any activity which breaches any of the following matters:
- (i) the Corporations Act or any other law to which the Group member or SaleCo is subject or any order of any Government Agency that is binding on it;
  - (ii) the Listing Rules (except where compliance has been waived, or as modified, by ASX);
  - (iii) its constitution or other constituent documents;
  - (iv) any legally binding requirement of ASIC or ASX; or
  - (v) any other undertaking or instrument or authorisation binding on it;
- (c) (**disclosures in Due Diligence Report**) the Due Diligence Report or verification materials or any other information supplied by or on behalf of Windlab or SaleCo to the Lead Manager in relation to the Group or the Offer is or becomes false or misleading or deceptive or likely to mislead or deceive, including by way of omission;
- (d) (**representations and warranties**) a representation or warranty contained in this agreement on the part of Windlab or SaleCo breached, becomes not true or correct or is not performed;
- (e) (**breach**) Windlab or SaleCo fails to comply with any of its obligations under this Agreement, including any representation, warranty, undertaking or obligation;
- (f) (**Certificate**) a statement in a Certificate is untrue, incorrect or misleading or deceptive (including by way of omission);

## 9. Additional Information

- (g) **(Material Contracts)** if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group or the Material Contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of such contracts:
- (i) is amended or varied without the consent of the Lead Manager;
  - (ii) is terminated;
  - (iii) is breached;
  - (iv) ceases to have effect, otherwise than in accordance with its terms; or
  - (v) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal;
- (h) **(hostilities)** in respect of any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, and the People's Republic of China:
- (i) hostilities not presently existing commence (whether or not war has been declared);
  - (ii) a major escalation in existing hostilities occurs (whether or not war has been declared);
  - (iii) a declaration is made of a national emergency or war; or
  - (iv) a terrorist act is perpetrated in any of those countries or a diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;
- (i) **(change in law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of the New Zealand, the United States, the United Kingdom, Hong Kong, any member state of the European Union, Commonwealth of Australia or any State or Territory of Australia a new law, or the Government of Australia, or any State or Territory of Australia, the Reserve Bank of Australia, or any Minister or other Government Agency of Australia or any State or Territory of Australia, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this Agreement);
- (j) **(disruption in financial markets)** any of the following occurs:
- (i) any material adverse change or disruption to the political conditions or financial markets of Australia, Japan, Hong Kong, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions,
  - (ii) a general moratorium on commercial banking activities in Australia, the United States of America, Japan, Hong Kong, South Africa or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - (iii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one day (or a substantial part of one day) on which that exchange is open for trading;
- (k) **(force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive, request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any Governmental Agency which makes it illegal for the Lead Manager to satisfy an obligation under this document, or to market, promote or settle the Offer;
- (l) **(Directors and Senior Management)** a change in the senior management or the Directors occurs (except the chairman, chief executive officer or chief financial officer); or

- (m) **(Material adverse change or effect)** there is a material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, earnings position, shareholder's equity, or results of operations of the Group or otherwise in relation to the Group (taken as a whole).

#### **9.8.4 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

The Underwriting Agreement contains representations, warranties and undertakings provided by the Company to the Lead Manager. The representations and warranties relate to matters such as its powers and capacities, its conduct (including in respect of its compliance with applicable laws and the ASX Listing Rules, business and status, ongoing due diligence and disclosure), the Offer Documents, the information provided (including the financial information), insolvency, the conduct of the Offer, litigation and insurance.

The Company's undertakings include that it will not, during the 180 day period after Completion of the Offer, alter its capital structure, and for a 120 day period following Completion of the Offer it will not dispose of its business or property in whole or substantial part, vary a material agreement to which it is a party or enter into any material agreement or commitment, without the prior written consent of the Lead Manager.

#### **9.8.5 INDEMNITY**

The Company agrees to keep the Lead Manager and certain of the Lead Manager's affiliated parties indemnified from losses suffered in connection with the Offer, subject to customary exclusions (including fraud, wilful misconduct, recklessness or gross negligence).

### **9.9 OTHER MATERIAL CONTRACTS**

#### **9.9.1 SHAREHOLDERS' AGREEMENT**

Windlab has entered into a shareholders' agreement with its Shareholders. The shareholders' agreement sets out certain terms relating to the governance of Windlab, including relating to the appointment and proceedings of directors, the issue and transfer of shares and the requirement for Shareholders to approve certain actions by Windlab (including a decision to list the Company on a stock exchange).

The shareholders' agreement will terminate on completion of the Offer.

#### **9.9.2 KENNEDY ENERGY PARK PHASE I – JOINT DEVELOPMENT AGREEMENT**

Windlab Developments, is party to a joint development agreement with Eurus Energy Holdings Corporation dated 27 July 2015.

Under the terms of the joint development agreement, the parties incorporated Kennedy Energy Park Pty Ltd, to be equally owned by each of them for the purpose of developing Kennedy Energy Park Phase I. The parties have agreed a development program and development budget, in accordance with which each party makes equal capital contributions.

Windlab Developments provides wind assessment and analysis services in addition to accounting and administrative services which are charged to Kennedy Energy Park Pty Ltd on an arm's length basis.

Neither party may transfer its interests in Kennedy Energy Park Pty Ltd without the other party's prior written consent. In addition, during the term of the agreement and for five years following its termination, neither party may engage in any activity associated with the development of a solar or wind energy facility, which is owned (now or in the future) by the party, and which will have a material adverse effect on the project; being located within a 20km radius from the project site, or competes for electricity connection capacity with the project.

## 9. Additional Information

### 9.9.3 COOPERS GAP – IMPLEMENTATION DEED

Windlab is party to an Implementation Deed with Coopers Gap Wind Farm Pty Ltd dated 20 September 2007.

Windlab is entitled to a milestone payment of \$15,000 (increased by CPI since 2007) (plus certain adjustment payments for earlier milestones), per MW of actual name plate capacity of the wind turbines on the site at financial close being the date of the first advance under any finance agreement entered to finance construction of the project.

### 9.9.4 LAKELANDS PROJECT – LEASE AGREEMENT

Windlab Developments has entered into a lease with EPC Lees and SJ Marsh, owners of the land at which the Lakeland Project will be constructed. The Lease is for a term of 32 years, with the first two years of the lease being the construction period.

Under the terms of the lease agreement, the rent is reviewed on each year beginning on the third anniversary of the lease. The permitted use of the property under the lease is the erection and operation of wind or solar power generators, the export of electricity to the local electricity network and all ancillary equipment and uses including (but not limited to) wind monitoring, solar monitoring, etc., including anything necessary to obtain any approval or comply with any approvals or laws in relation to the use.

While there is no option period under the lease, if Windlab Developments continues to occupy the premises after the expiry date of the lease, a three month holding over tenancy applies. Windlab Developments may terminate the lease at any time for convenience after the fifteenth anniversary of the lease. The landlord grants Windlab Developments exclusive access to the land for the purpose of installing any wind-monitoring equipment, solar monitoring equipment or generators. Any disposal of the land by the landlord must be done with Windlab Developments' consent.

### 9.9.5 KIATA WIND FARM – ASSET MANAGEMENT AGREEMENT

Windlab Asset Management entered into an asset management agreement with Kiata Wind Farm Pty Ltd, dated 22 June 2015.

Under the terms of the agreement Windlab Asset Management provides a broad range of asset management services to Kiata Wind Farm Pty Ltd. Windlab guarantees the provision of services under the agreement. The agreement remains on foot until five years following the date of commercial operation. The date of commercial operation is anticipated to be December 2017.

Under the terms of the agreement, Kiata Wind Farm Pty Ltd pays Windlab Asset Management a monthly charge for any additional services and reimbursable costs, a mobilisation fee, construction fee and an annual asset management fee.

### 9.9.6 ARARAT WIND FARM – ASSET MANAGEMENT AGREEMENT

Windlab Asset Management entered into an asset management agreement with Ararat Wind Farm Pty Ltd, dated 28 October 2016.

Under the terms of the agreement Windlab Asset Management provides a broad range of asset management services to Ararat Wind Farm Pty Ltd. The agreement remains on foot until the earlier of the tenth anniversary following practical completion or the date the agreement is terminated.

Under the terms of the agreement, Ararat Wind Farm Pty Ltd pays Windlab Asset Management a monthly charge for any additional services and reimbursable costs, a mobilisation fee, and an annual asset management fee.

#### **9.9.7 COONOOER BRIDGE WIND FARM – ASSET MANAGEMENT AGREEMENT**

Windlab Asset Management entered into an asset management agreement with Coonooer Bridge Wind Farm Pty Ltd.

Under the terms of the agreement Windlab Asset Management provides a broad range of asset management services to Coonooer Bridge Wind Farm Pty Ltd. Windlab guarantees the provision of services under the agreement. The agreement remains on foot until April 2036.

Under the terms of the agreement, Coonooer Bridge Wind Farm Pty Ltd pays Windlab Asset Management a monthly charge for any additional services and reimbursable costs, a mobilisation fee, construction fee and an annual asset management fee.

#### **9.9.8 GREENWICH – DEVELOPMENT AND PURCHASE OPTION AGREEMENT**

Windlab Developments USA, Ltd. (Windlab USA) entered into an exclusive development and purchase option agreement with ALLETE Clean Energy, Inc (ACE) dated 26 May 2017.

Under the terms of the agreement Windlab USA grants a conditional option to ACE to purchase 100% of the outstanding ownership interests in 6011 Greenwich Windpark, LLC, and exclusive marketing rights for the Greenwich Project. The option expires 31 August 2017. ACE may extend the option period in certain conditions, until 31 December 2017. Should ACE execute a PPA or a build-own-transfer agreement (BOTA) prior to the expiry of the exclusivity period, it must exercise its option within 10 days of execution of the PPA or BOTA.

Under the agreement, Windlab USA receives payment:

- (a) on execution of the agreement;
- (b) where the exclusive marketing period is extended (subject to certain conditions being met);
- (c) on closing of a membership interest purchase agreement and execution of the BOTA and PPA;
- (d) within 5 business days of receiving a notice from ACE that it will proceed with the Greenwich Project; and
- (e) within 5 business days of the Greenwich Project commencing construction.

At the Prospectus Date, ACE has not exercised the option granted pursuant to this agreement.

#### **9.9.9 VERDIGRE – ASSET PURCHASE AGREEMENT**

Verdigre and Kolach entered into an asset purchase agreement dated 14 December 2016, relating to the sale by Verdigre to Kolach of the 80 MW facility developed by Verdigre in Kock County, Nebraska (**Verdigre Project**). Kolach is a subsidiary of NextEra Energy, Inc. The sale of the Verdigre Project closed on 14 December 2016.

Under the terms of the agreement, Verdigre receives payment:

- (a) on closing of the sale;
- (b) within 10 business days after the pouring of each foundation for each name place capacity (in MW) of the turbines actually installed;
- (c) within 10 business days after each turbine achieves commercial operation, for each turbine actually installed.

Windlab USA's equity interests in the Verdigre Project SPV, entitles Windlab USA to a maximum of 65% of the distributions from Verdigre.

# 9. Additional Information

## 9.10 CONSENTS

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- (a) Moelis Australia Advisory Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Lead Manager and underwriter to the Offer in the form and context in which it is named. Moelis Australia Advisory Pty Ltd takes no responsibility for any part of this Prospectus other than any reference to its name.
- (b) DibbsBarker has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal advisor to Windlab (except in relation to taxation) in the form and context in which it is named. DibbsBarker takes no responsibility for any part of this Prospectus other than any reference to its name.
- (c) Grant Thornton Corporate Finance Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to Windlab in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report in the form and context in which it is included. Grant Thornton Corporate Finance Pty Ltd takes no responsibility for any part of this Prospectus other than any reference to its name and the Investigating Accountant's Report.
- (d) Grant Thornton Audit Pty Ltd has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in the Prospectus as auditor of Windlab.
- (e) Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Prospectus, other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

## 9.11 SUBSTANTIAL HOLDERS

It is expected that the following Shareholders will have a substantial holding in Windlab following completion of the Offer:

Shareholder	Shares	Percentage Interest
Innovation Capital Fund II LP.	12,574,544	18.7%
Lendlease Ventures	11,477,728	17.1%

The above assumes no additional participation by the Shareholders in the Offer.

Final holdings of all substantial holders will be notified to the ASX on Windlab's Listing.

## 9.12 CONTROL IMPLICATIONS OF THE OFFER

The Directors do not expect any Shareholder to control Windlab on Completion of the Offer (as defined in Section 50AA of the Corporations Act).

## 9.13 ASIC RELIEF

Windlab has applied for and received relief from ASIC so that the takeovers provisions of the Corporations Act will not apply to certain relevant interests that Windlab would otherwise acquire in escrowed Shares by reason of the voluntary escrow arrangements in relation to those Shares described in Section 8.13.

## 9.14 ASX WAIVERS

Windlab has sought waivers of Condition 12 of ASX Listing Rule 1.1 in relation to a number of Options issued under the New ESOP described in Section 7.5 and the Warrants described in Sections 9.6.1 and 9.7 which have a cashless exercise provision.

## 9.15 COMPLIANCE OFFER

In addition to the Offer, this Prospectus also relates to an offer to nominated employees of Windlab for the issue of up to a further 100 Shares (**Compliance Offer**). The Compliance Offer opens on the closing date of the Broker Firm Offer and will close 10 Business Days after the commencement of trading of Shares on the ASX (or such earlier date as determined by the Board). Windlab reserves the right not to accept any applications under the Compliance Offer.

Shares will be issued as a result of the conversion of the Insider Convertible Notes, the Pre-IPO Convertible Notes and the conversion of certain Warrants on issue in connection with the Completion of the Offer and admission of Windlab to the official list of the ASX. The existence of the Compliance Offer will enable holders of these Shares to rely on the exception in section 708A(11) of the Corporations Act to the on-sale restrictions in section 707(3) of the Corporations Act that would otherwise limit the ability of those holders to sell their Shares in the 12 month periods after their date of issue.

# 9. Additional Information

## 9.16 EXPENSES OF THE OFFER

If the Offer proceeds, the total estimated costs in connection with the Offer payable by Windlab (including advisory, legal, accounting, tax, listing and administrative fees, the Lead Manager's fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses) are currently estimated to be approximately \$2.5 million.

A summary of the Offer costs is set out below. Refer to Section 4 for further details.

Summary of the Offer Costs	\$'000
Lead manager fees <sup>1</sup>	1,281
Legal due diligence	291
ASX listing fees	191
IPO project manager	275
Investor relations	39
Other Prospectus costs	204
Investigating accountants	186
Design and printing	36
Other	31
<b>Total cash offer costs (inclusive of GST where applicable)</b>	<b>2,534</b>

Note:

1. Amount shown is the amount to be paid by Windlab pursuant to the Underwriting Agreement. An additional \$1.250 million will be paid by SaleCo in respect of the management and underwriting fee in connection with the Offer of Existing Shares (see Section 9.8).

## 9.17 DIVIDENDS

The Directors intend to use Windlab's current cash reserves and any surplus cash flow to fund the business objectives set out in Section 3.

The Directors will review the dividend policy with reference to the Company's cash flows and financial position and may revise this dividend policy in the future.

The Directors give no assurance as to the amount timing, franking or payment of any future dividends by Windlab. The capacity to pay dividends will depend on a number of factors including the future earnings, capital expenditure requirements and the financial position of the Company.

## 9.18 LITIGATION AND CLAIMS

So far as the Directors are aware, as at the Prospectus Date, there are no legal proceedings to which Windlab is a party that it believes are likely to have a material adverse impact on the future financial results of Windlab and the Directors are not aware of any such legal proceedings that are pending or threatened.

## 9.19 TAX

Investors should seek and rely on their own professional taxation advice in relation to any investment in Windlab.

## 9.20 INSPECTION OF DOCUMENTS

Copies of the following documents will be available for inspection free of charge at the registered office of Windlab for at least 13 months after the Prospectus Date:

- (a) the written consents to the issue of this Prospectus; and
- (b) the Constitution of Windlab.

## 9.21 WORKING CAPITAL STATEMENT

The Directors believe that, on completion of the Offer, Windlab will have sufficient working capital to carry out its objectives as stated in this Prospectus.

## 9.22 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in New South Wales, Australia and each Applicant and bidder submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

## 9.23 STATEMENT OF DIRECTORS

This Prospectus is authorised by each director of Windlab and SaleCo who consents to its lodgement with ASIC and its issue and has not withdrawn that consent.

Dated: 4 August 2017



**Roger Price**  
Chairman  
Windlab Limited

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# 10.

## Significant Accounting Policies

# 10. Significant Accounting Policies

## **BASIS OF PREPARATION**

The Financial Information set out in this Prospectus has been prepared in accordance with the Corporations Act 2001, AAS and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The group is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of Financial Information are presented below and have been consistently applied unless otherwise stated.

## **PRINCIPLES OF CONSOLIDATION**

### **SUBSIDIARIES**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Windlab Limited and the results of all subsidiaries for the year then ended. Windlab Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entities. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. On controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity, and Balance Sheet respectively. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

### **INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS**

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

### **INVESTMENTS AT COST**

Investments are held at cost when the Group does not exert significant influence. Income from these investments arises as dividend revenue when dividends are declared and receivable.

# 10. Significant Accounting Policies

## INCOME TAX

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entities have a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of fixed assets includes the expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method or reducing balance method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives, as follows:

- ♦ Wind monitoring equipment: 3 – 10 years;
- ♦ Furniture, fittings and equipment: 2 – 10 years; and
- ♦ Leasehold improvements (or lease term if shorter): 3 – 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## **INVESTMENTS AND OTHER FINANCIAL ASSETS**

### **CLASSIFICATION**

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this designation at each reporting date. Joint Arrangements are accounted for under the equity method as joint ventures unless the arrangement provides rights over assets and obligations for liabilities of the investment.

### **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are current assets.

### **LOANS AND RECEIVABLES**

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as noncurrent assets.

### **HELD TO MATURITY INVESTMENTS**

Held to maturity investments are nonderivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in noncurrent assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

### **AVAILABLE FOR SALE FINANCIAL ASSETS**

Available for sale financial assets, including Windlab's investments in Coonooer Bridge Wind Farm, Kiata Wind Farm and Kennedy Energy Park Phase I, are nonderivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

# 10. Significant Accounting Policies

## **SUBSEQUENT MEASUREMENT**

Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

## **IMPAIRMENT**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available for sale are not reversed through the statement of comprehensive income.

## **EMPLOYEE BENEFITS**

### **SHORT TERM EMPLOYEE BENEFITS**

Provision is made for the Group's obligation for short term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short term employee benefits such as wages, salaries, annual leave and sick leave are recognised as part of current trade and other payables in the statement of financial position.

### **EQUITY-SETTLED COMPENSATION**

Sharebased compensation benefits are provided to employees via the employee share option plan ("ESOP").

The fair value of options granted under the ESOP is recognised as an employee benefit expense with a corresponding increase in the Share Based Payment Reserve. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a BlackScholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share value at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any nonmarket vesting conditions (for example, profitability and sales growth targets). Nonmarket vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises the estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include deposits held at call with banks.

## REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties such as GST/VAT. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entities and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

### PROJECT REVENUE

Project revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entities, taking into consideration any relevant project milestones, the type of customer, the type of transaction and the specifics of each contractual arrangement.

The gain recognised on loss of control results in the recognition of a corresponding investment. The value of the gain and investment recognised is derived from the project valuation of the acquiring investor(s) including the percentage interest acquired. Where a partial disposal of a project results in loss of control with a reduced shareholding, a gain on loss of control is recorded. Development fees are recognised on sale of inventory.

### SERVICE REVENUE

Sales of services include revenue derived from project development, construction and operational asset management services. This revenue is recognised in the accounting period in which the services are rendered.

### ROYALTIES

Royalties earned are recognised in the accounting period in which the right to royalties are derived.

### GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants received in advance relating to capital costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants received in arrears of the costs that they are intended to compensate are recognised in the statement of comprehensive income. Where grants relate to the purchase of specific assets, the grant is offset against the acquisition of the asset and reduces the depreciation of the assets over its life.

# 10. Significant Accounting Policies

## TRADE AND OTHER RECEIVABLES

### CURRENT

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. Trade receivables are generally due for settlement within 30 days. Due to their short-term nature, they are measured at amortised cost and are not discounted.

Other receivables are recognised at amortised cost, less any provision for impairment.

## TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the Group during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## INVENTORY

Wind farm developments projects are classified as inventory and are stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, capitalised salaries, borrowing costs and holding costs incurred in acquiring and bringing the inventory to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Current inventory is defined as projects intended to be sold within the next twelve months. Non-current inventory is all other inventory not classified as current.

## IMPAIRMENT OF ASSETS

Non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Nonfinancial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## BORROWINGS

Borrowings are initially recognised at fair value, net of any transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Balance Sheet when the obligation in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## **BORROWING COSTS**

Borrowing costs (net of interest income arising from unused elements of the borrowed funds) directly attributable to the acquisition or development of assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of these assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **GOODS AND SERVICES TAX**

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

## **FOREIGN CURRENCY TRANSACTIONS AND BALANCES**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are attributable to part of the net investment in a foreign operation.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- ♦ assets and liabilities for each Balance Sheet presented are translated at the closing rate at the reporting date;
- ♦ income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- ♦ all resulting exchange differences are recognised in the foreign currency translation reserve.

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# 11. Glossary

# 11. Glossary

In this Prospectus, unless the context or subject matter otherwise requires:

\$	Australian dollars.
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
ACE	ALLETE Clean Energy, Inc.
AEDT	Australian Eastern Daylight Time.
AEST	Australian Eastern Standard Time.
AGL	AGL Energy Limited (ACN 115 061 375).
AGL PARF Fund	The fund developed by AGL to develop, own and manage large-scale renewable energy infrastructure assets and projects.
Applicant	A person who returns an Application.
Application	An application for Shares under the Offer.
Application Form	The application form attached to this Prospectus.
Application Payment	The payment of the Offer Price under the Offer submitted by an Applicant for the purposes of making an Application.
AEMO	The Australian Energy Market Operator.
African National Congress	The governing party of the Republic of South Africa.
ARENA	The Australian Renewable Energy Agency.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the stock exchange which it operates, as the context requires.
ASX Corporate Governance Council	The council convened by the ASX for the purpose of offering insights and perspectives on governance issues and to develop and issue principle-based recommendations on the corporate governance practices to be adopted by ASX listed entities.
ASX Listing Rules or Listing Rules	The official Listing Rules of ASX.
ASX Recommendations	The ASX Corporate Governance Principles and Recommendations 3rd edition.
ASX Settlement Operating Rules	The operating rules of the ASX Settlements Facility for the purpose of the Corporations Act.
Aurora Wind Power	Aurora Wind Power (RF)(Pty) Ltd
Board	The board of Directors.
BOTA	A build-own-transfer agreement.
CCGT	Combined cycle gas turbine.
CEFC	The Clean Energy Finance Corporation, established by the Australian Government as an independent authority with the principal purpose to facilitate increased flows of finance into the clean energy sector.

# 11. Glossary

<b>CHES</b>	The Securities Clearing House Electronic Subregister System operated in accordance with the Corporations Act.
<b>Clean Energy Council</b>	An industry association representing solar, wind, energy efficiency, hydro, bioenergy, energy storage, geothermal and marine businesses.
<b>Clean Energy Council Community Engagement Award</b>	An award presented by the Clean Energy Council in recognition of an organisation that has demonstrated outstanding positive community engagement in relation to the Australian clean energy industry.
<b>Clean Energy Regulator</b>	The government body responsible for administering legislation to reduce carbon emissions and increase the use of clean energy.
<b>Clean Energy Target</b>	The clean energy target recommended by the Finkel Report.
<b>Closing Date</b>	5.00pm (Sydney time) on 17 August 2017 (unless varied).
<b>Company</b>	Windlab Limited (ACN 104 461 958).
<b>Completion</b>	Completion of the issue of Shares under this Prospectus.
<b>Constitution</b>	The constitution of the Company.
<b>Coonooer Bridge Wind Farm</b>	The wind farm operated by Coonooer Bridge Wind Farm Pty Ltd.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Corporations Regulations</b>	Corporations Regulations 2001 (Cth).
<b>CSIRO</b>	The Commonwealth Scientific and Industrial Research Organisation.
<b>Current ESOP</b>	The Company's current employee share Option plan.
<b>Directors</b>	The directors of the Company, as outlined in Section 7.1.
<b>EPC</b>	An engineering, procurement, and construction contract
<b>Eurus Energy Group</b>	Eurus Energy Holdings Corporation.
<b>Expiry Date</b>	The date on which this Prospectus expires, being 13 months after the Prospectus Date.
<b>Exposure Period</b>	The period during which the Company cannot accept Applications as described in section 727(3) of the Corporations Act.
<b>Finkel Review</b>	The 'Independent Review into the Future Security of the National Electricity Market' by Dr Alan Finkel.
<b>Forecast Financial Information</b>	Has the meaning given in Section 4.1.1 of this Prospectus.
<b>FTE</b>	Full time equivalent.
<b>Generator Performance Standards</b>	Specific performance standards established for each registered generator in accordance with the National Electricity Rules, or included in the register of performance standards established and maintained by the AEMO under the National Electricity Rules.
<b>Greenwich Project</b>	The wind farm conducted by the 6011 Greenwich Windpark, LLC Project SPV.
<b>Group</b>	The Company and each entity in which the Company holds an equity interest, directly or indirectly.
<b>GST</b>	Has the meaning given to that term in A New Tax System (Goods and Services Tax) Act 1999 (Cth) and includes goods and services tax.

<b>GW</b>	A gigawatt.
<b>GWh</b>	A Gigawatt-hour.
<b>Historical Financial Information</b>	Has the meaning given in Section 4.1.1 of this Prospectus.
<b>IFRS</b>	International Financial Reporting Standards.
<b>Insider Convertible Notes</b>	The convertible notes described in Section 9.6.1 of this Prospectus.
<b>International Accounting Standards Board</b>	The independent, accounting standards-setting body of the IFRS Foundation.
<b>International Energy Agency</b>	An autonomous organisation which works to ensure reliable, affordable and clean energy for its 29 member countries.
<b>JV</b>	Joint venture.
<b>Kolach</b>	Kolach Creek Wind Farm, LLC.
<b>Lakeland Project</b>	The wind farm project described in Section 9.9.4 of this Prospectus.
<b>Large-scale Renewable Energy Target</b>	As described in Section 2.2.2 of this Prospectus.
<b>Lead Manager</b>	Moelis Australia Advisory Pty Ltd (ABN 72 142 008 446).
<b>LCOE</b>	The levelised cost of electricity is a measure of the average cost of producing electricity from a specific generating technology, representing the cost per MWh of building and operating a generating plant in order to breakeven over an assumed financial life.
<b>LGCs</b>	Large-scale Generation Certificates generated by accredited renewable power stations for each MWh of electricity generated above a baseline level of generation.
<b>Listing</b>	Listing of the Company on the official list of the ASX.
<b>Moyeng Energy</b>	A consortium of GDF Suez and Investec Bank Limited.
<b>MW</b>	Megawatt.
<b>MWh</b>	Megawatt-hour.
<b>NASDAQ</b>	The US stock exchange.
<b>NEM</b>	The National Electricity Market.
<b>Offer</b>	The invitation to apply for Shares under this Prospectus.
<b>Offer Period</b>	The period between the opening date of the Offer and the closing date of the Offer as set out in Section 8.1 of this Prospectus.
<b>Offer Price</b>	The subscription price per Share under the Offer (ie, \$2.00 per Share).
<b>Opening Date</b>	7 August 2017.
<b>Option</b>	An option to acquire a Share in consideration for the payment of the applicable exercise price (as described in Section 8.7 of this Prospectus).
<b>PPA</b>	Power purchase agreements.
<b>Pre-IPO Convertible Notes</b>	The convertible notes issued to certain institutional and sophisticated investors, as described in Section 9.6.2 of this Prospectus.

# 11. Glossary

<b>Project SPV</b>	A special purpose vehicle established for the purpose of developing and operating wind farms.
<b>Prospectus</b>	This prospectus (including any supplementary or replacement prospectus).
<b>Prospectus Date</b>	The date the original Prospectus was lodged with ASIC, being 28 July 2017.
<b>REIPPPP</b>	The South African government's 'Renewable Energy Independent Power Producer Procurement Program'.
<b>RET</b>	Australia's renewable energy target.
<b>SaleCo</b>	Windlab SaleCo Limited (ACN 620 718 372).
<b>Securities</b>	The securities on issue in the Company.
<b>Selling Shareholders</b>	Those Shareholders who will sell down Shares into the Offer as described in Section 9.5 of this Prospectus.
<b>Share Registry</b>	Computershare Investor Services Pty Limited (ABN 49 078 279 277).
<b>Shareholder</b>	A holder of Shares in the Company.
<b>Shares</b>	Ordinary shares in the capital of the Company.
<b>SODAR</b>	Sonic detection and ranging, a meteorological instrument used to measure wind.
<b>Solar PV</b>	Solar photovoltaic systems
<b>SSA</b>	Sub Saharan Africa.
<b>Underwriting Agreement</b>	The underwriting agreement between the Lead Manager and the Company, as outlined in Section 9.8.
<b>Verdigre</b>	Verdigre Land and Wind Partners, LLC.
<b>Warrants</b>	A warrant entitling the holder to acquire a share in consideration for payment of the applicable exercise price (as described in Sections 8.7, 9.6 and 9.7 of this Prospectus).
<b>Windlab</b>	Windlab Limited (ACN 104 461 958).
<b>Windlab Developments</b>	Windlab Developments Pty Ltd.
<b>Windlab USA</b>	Windlab Developments USA, Ltd.
<b>WindScope</b>	Windlab's atmospheric modelling and wind energy assessment technology.
<b>ZAR</b>	The South African rand, the local currency of the Republic of South Africa.

**For all enquiries:**

(within Australia) 1300 617 682

(outside Australia) +61 3 9415 4004

Monday to Friday 9.00am to 5.00pm (Sydney time)

## Broker Firm Offer Application Form

**Broker Firm Offer closes 5.00pm (Sydney time) on Thursday, 17 August 2017**

This Application Form relates to the Broker Firm Offer by Windlab Limited (**Company**) and Winlab SaleCo Limited (**SaleCo**) of fully paid ordinary shares (**Shares**) in the Company (**Offer**), made under the Replacement Prospectus lodged with the Australian Securities and Investments Commission on 4 August 2017 (or any supplementary or replacement prospectus).

You may apply for a minimum of A\$2,000 worth of Shares. This Application Form and your cheque or bank draft must be received by your Broker by the deadline set out in their Offer to you.

This Application Form is important. If you are in doubt as to how to deal with it, please contact your financial or other professional adviser. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

**By applying under the Broker Firm Offer, you make the acknowledgments, declarations, representations and warranties set out in the Prospectus.**

### STEP 1 Shares applied for

Enter the number of Shares you wish to apply for. The Application must be for a minimum of 1,000 Shares (A\$2,000.00). Enter the amount of the Application Monies. To calculate this amount, multiply the number of Shares applied for by the Offer price which is A\$2.00.

### STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHES participants should complete their name identically to that presently registered in CHES. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to the Company's privacy statement. This is not compulsory but will assist us if we need to contact you.

### STEP 3 CHES holdings only

The Company will apply to ASX for Shares to participate in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHES, the Company will operate an electronic CHES subregister of securityholdings and an electronic issuer sponsored subregister of securityholdings.

Together, the two subregisters will make up the Company's principal register of Shares. The Company will not be issuing certificates to applicants in respect of Shares allotted.

If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES subregister, enter your CHES HIN.

Otherwise, leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ("SRN") will be allocated to you. Please note that if you supply a CHES HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHES, your Application will be deemed to be made without the CHES HIN, and any Shares issued will be held on the issuer sponsored subregister.

### STEP 4 Application payment

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not return this Application Form or Application Monies to the Share Registry.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the applicant received a firm allocation.

### Lodgement instructions

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on Thursday, 17 August 2017, unless varied in accordance with the Corporations Act and ASX Listing Rules. Applicants under the Broker Firm Offer must submit their Applications and payment in accordance with instructions from their Broker. Please contact your Broker for instructions.

### Privacy Statement

The personal information you provide on this Application Form is collected by Computershare Investor Services Pty Limited (CIS), as registry for Windlab Limited, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the Windlab Limited may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided for enquiries at the top of this page or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to Windlab Limited for whom we maintain securities registers, or to third parties upon direction by Windlab Limited where related to the Windlab Limited's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.



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# 12. Corporate Directory

## BOARD MEMBERS

Roger Price  
(Executive Chairman and Chief Executive Officer)

Joseph O'Brien  
(Independent Non-Executive Director)

Pippa Downes  
(Independent Non-Executive Director)

Charles Macek  
(Independent Non-Executive Director)

John Cooper  
(Independent Non-Executive Director)

## REGISTERED OFFICE

60 Marcus Clarke Street  
Canberra City ACT 2601

## SHARE REGISTRY

Computershare Investor Services Pty Limited  
Level 4, 60 Carrington Street  
Sydney NSW 2000

## LEAD MANAGER

Moelis Australia Advisory Pty Ltd  
Level 27, 1 Farrer Place  
Sydney NSW 2000

## AUDITOR TO THE COMPANY

Grant Thornton Audit Pty Ltd  
Level 17, 383 Kent Street  
Sydney NSW 2000

## LEGAL ADVISER TO THE COMPANY

DibbsBarker  
Level 8, 123 Pitt Street  
Sydney NSW 2000

## INVESTIGATING ACCOUNTANT

Grant Thornton Corporate Finance Pty Ltd  
Level 17, 383 Kent Street  
Sydney NSW 2000

## ASX CODE

WND

## WEBSITE

[www.windlab.com](http://www.windlab.com)

For personal use only