
Information Memorandum

For Sheffield Construction Shares
offered by Central Plains Water Limited

1 September 2016



IMPORTANT NOTICE

This offer for Sheffield Construction Shares is only open to “eligible investors” within the meaning of clause 41 of Schedule 1 of the Financial Markets Conduct Act 2013.

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SECTION 1 – TERMS OF OFFER

WHAT IS THIS?

This is an offer of Sheffield Construction Shares to Eligible Investors who own, or control, land in the Sheffield Area. The Company will only issue Construction Shares under this Offer if, and to the extent that, it is satisfied that the level and density of uptake under this Offer will enable it to construct the Sheffield Scheme on an Economically Viable basis.

The volume of Scheme Water you may take during each Irrigation Season is dictated by the number of Ordinary Shares you hold. Ordinary Shares do not confer any rights to use Sheffield Infrastructure. Rights to use Sheffield Infrastructure are conferred by Construction Shares. You need to hold one Pre-Construction Share for every Construction Share you wish to subscribe for.

TERMS OF THIS OFFER

TO WHOM IS THIS OFFER BEING MADE?	<p>This Offer is made to persons who:</p> <ul style="list-style-type: none"> • are Eligible Investors; • own or control land in the Sheffield Area; and • hold a minimum of one Pre-Construction Share for each Construction Share they apply for under this Offer. <p>You will be required to certify that you are an Eligible Investor by completing the form attached to the Application Form and a lawyer, authorised financial adviser or chartered accountant must also provide written confirmation of your certification in the form attached to the Application Form.</p>
PURPOSE OF THIS OFFER	<p>The purpose of this Offer is to raise equity funding which will, when combined with further debt funding, be sufficient to construct the Sheffield Scheme and undertake the activities set out below.</p> <p>The proceeds of this Offer will be used to:</p> <ul style="list-style-type: none"> • construct the Sheffield Infrastructure; • purchase the land required for the Sheffield Pond; • repay the Sheffield Scheme’s component of the Existing Debt; and • meet certain: <ul style="list-style-type: none"> ○ costs associated with access arrangements for the Sheffield Scheme; ○ costs associated with securing access to the Kōwai River water; ○ consultancy, governance and administration costs and working capital requirements that are approved by the Board; and ○ costs associated with any other commercial undertakings relevant to the Sheffield Scheme, as approved by the Board. <p>The Company expects the lenders who provide debt funding for the Sheffield Scheme will require the Company to allocate the proceeds of this Offer to capital expenditure as the requirement arises. Accordingly, the Share instalments are expected to be applied to capital expenditure on all or any of the items listed above before any debt is drawn down to pay for such items.</p>
SHEFFIELD CONSTRUCTION SHARES	<p>Each Construction Share will entitle you to use Sheffield Infrastructure to the extent required to apply Scheme Water at a flow rate of 0.46 litres per second to land in the Sheffield Area, subject to:</p>

	<ul style="list-style-type: none"> • you holding, or having rights to, sufficient Ordinary Shares carrying rights to water; • you having entered into, and continuing to comply with, a Water Use Agreement and an Access Agreement, including (without limitation) having a farm environment plan; • you identifying the land in the Sheffield Area to which the Construction Shares will be associated and the Company being able to convey water to that land; • the Sheffield Infrastructure required to take and convey that water being funded and built by the Company; and • in its absolute discretion, the Company determining that it is Economically Viable to supply such water at any given time. <p>Construction Shares also confer on the holder an equal right to participate in the surplus assets of the Company in a liquidation together with other Shares, pro-rata to the amount paid up on the relevant Shares. For these purposes, Construction Shares and Pre-Construction Shares will be valued at their issue price and Ordinary Shares will be valued at \$10.25 per Ordinary Share.</p> <p>Construction Shares do not carry:</p> <ul style="list-style-type: none"> • rights to receive any dividends; • voting rights; or • rights to water <i>per se</i>, <p>all of which are conferred by Ordinary Shares.</p>
<p>HOW MANY CONSTRUCTION SHARES ARE BEING OFFERED?</p>	<p>4,300 Construction Shares are being offered (with no over subscriptions). There is no minimum number of Construction Shares being offered.</p>
<p>HOW MUCH DO CONSTRUCTION SHARES COST AND WHEN DO I PAY?</p>	<p>The subscription price for each Construction Share is \$3,000, payable in three instalments:</p> <ul style="list-style-type: none"> • \$1,000 per Construction Share payable on Application (“First Instalment”); • \$1,000 per Construction Share (“Second Instalment”) payable on the later of 1 December 2016 and 20 working days after the date the Company notifies you that the Board is satisfied (in its sole opinion) that: <ul style="list-style-type: none"> ○ the Company has secured access to the necessary consents on terms acceptable to the Board; ○ the Company has received a credit approved debt funding proposal on terms acceptable to the Board; and ○ the Company has received certainty on construction costs, (the “Confirmation Date”); and • \$1,000 per Construction Share payable on the later of 1 February 2017 and 20 working days after the Confirmation Date (“Third Instalment”).
<p>HOW MUCH ARE THE ESTIMATED WATER CHARGES?</p>	<p>The Company estimates the initial Water Charges per Construction Share per annum under the Base Case will be:</p>

	<table border="1"> <tr> <td>P&I Charge</td> <td>\$463</td> </tr> <tr> <td>Operating Charge</td> <td>\$312</td> </tr> <tr> <td>Total</td> <td>\$775</td> </tr> </table> <p>The Water Charges include the cost of Stored Water. The Water Charges are an initial estimate only and the exact figure is not known. Water Charges are likely to increase over time and any such increases will not be subject to negotiation with Shareholders.</p>	P&I Charge	\$463	Operating Charge	\$312	Total	\$775
P&I Charge	\$463						
Operating Charge	\$312						
Total	\$775						
HOW MANY CONSTRUCTION SHARES DO I NEED?	<p>When determining how many Construction Shares to subscribe for you need to consider what is the maximum flow rate you will require. Your maximum flow rate will be dictated by the number of Construction Shares you hold.</p> <p>The Company will design the Sheffield Infrastructure according to the uptake of Construction Shares under this Offer. The number of Construction Shares you subscribe for will determine the maximum flow rate at which you can receive Scheme Water.</p> <p>Once the Sheffield Infrastructure has been constructed there is no guarantee that the Scheme will be able to supply you with additional capacity in the future. It is therefore important that you consider very carefully the flow rate (and the impact that has on your ability to utilise your rights to water) required for your land in the Sheffield Area, both now and in the future, and the effects this flow rate might have on your land.</p> <p>In order to ensure that your land in the Sheffield Area is fully serviced by the Sheffield Infrastructure, the Company recommends that you accurately determine the irrigation requirements for your land in the Sheffield Area.</p>						
REQUIREMENT FOR ORDINARY SHARES	<p>You must purchase or licence the number of Ordinary Shares needed to meet your water requirements for the Irrigation Season before you need to use that water (i.e. before the start of the first Irrigation Season).</p> <p>Each Ordinary Share secures the right to take a pro-rata share of water available to the Company under the Consents and other arrangements, estimated to be, at the time of the 2013 Prospectus, approximately 500 m³ of water per Irrigation Season.</p> <p>The Company has previously issued Ordinary Shares and no Ordinary Shares are being offered under this Offer. If you do not have sufficient rights to water to meet your water requirements, you will need to purchase or licence sufficient Ordinary Shares from an existing Shareholder to secure rights to the requisite volume of water.</p>						
DO I HAVE TO ENTER INTO A WATER USE AGREEMENT AND ACCESS AGREEMENT?	<p>Yes, by applying for Construction Shares under this Offer, you irrevocably offer to enter into a Water Use Agreement and Access Agreement. By issuing Construction Shares to you, the Company accepts this offer. The Company's current Water Use Agreement General Terms (Sheffield) and Access Agreement General Terms (Sheffield) accompany this Information Memorandum.</p> <p>Under the Water Use Agreement, Shareholders are required to pay Water Charges based on the number of Construction Shares they hold (whether or not they take their allocation of water).</p> <p>The Company sets its Water Charges annually at the level required to meet the costs of servicing debt and operating and maintaining the Scheme. Water Charges are described in more detail under the heading Water Charges on pages 15 and 16.</p>						

OPENING DATE	1 September 2016.
CLOSING DATE	30 September 2016 (subject to any extension by the Board).
ACCEPTANCE OF APPLICATIONS	<p>The Company will only accept Applications for Construction Shares if, and to the extent that:</p> <ul style="list-style-type: none"> • it is satisfied that it is Economically Viable for it to construct and operate the Sheffield Scheme to service the irrigation demand which those Construction Shares represent; • the Applicant is an Eligible Investor; • the Applicant holds Ordinary Shares in the Company; • the Applicant owns or controls land in the Sheffield Area; and • the Applicant holds one Pre-Construction Share for each Construction Share that they apply for under this Offer. <p>The Board may also reject any Application in its sole discretion without providing any reason for such rejection.</p>
WHAT DOES “ECONOMICALLY VIABLE” MEAN?	<p>The Company will seek to optimise the scale of the Sheffield Infrastructure so that it can deliver water to the maximum number of Applicants in the Sheffield Area while ensuring the Sheffield Scheme remains Economically Viable. The Company has deliberately structured this Offer to ensure that it has sufficient flexibility to achieve this objective at different levels of uptake.</p> <p>The Company assesses the Economic Viability of developing the Sheffield Scheme in terms of the level of Water Charges that an Applicant will have to pay. The level of Water Charges for the Sheffield Scheme is driven by a number of factors, including:</p> <ul style="list-style-type: none"> • the capital cost of building the Sheffield Infrastructure; • the level and density of uptake; • the operating costs of the Sheffield Scheme; • the level of interest rates; and • the Company’s ability to source and maintain funding on acceptable terms. <p>The Company considers that any substantial increase to the level of Water Charges contemplated by the Base Case would make the Sheffield Scheme not Economically Viable.</p> <p>In determining whether the Sheffield Scheme is Economically Viable, the Board will, after the Closing Date:</p> <ul style="list-style-type: none"> • assess the level and density of irrigation demand evidenced by Applications; • assess the total cost of developing the Sheffield Scheme to service the irrigation demand evidenced by the Applications; • assess the Economic Viability of the Sheffield Scheme by reference to the factors set out above; and • if the Sheffield Scheme is not Economically Viable on the basis of all Applications received, assess whether declining any Applications could increase Economic Viability to a point where the Sheffield Scheme is Economically Viable and, if so, at the Board's sole discretion, determine which Application/s to decline on this basis. <p>If the Board believes on reasonable grounds, after completing this exercise, and on the basis of all of the information it has, that the level and density of uptake under this Offer will lead to Water Charges not substantially higher than those anticipated under the Base Case, it will issue Construction Shares under this Offer.</p> <p>If the Board determines that the Sheffield Scheme will not be Economically Viable no Construction Shares will be issued under this Offer and all Application Money</p>

	<p>will be returned. No interest will accrue on any subscriptions that are returned to Applicants.</p> <p>As the Base Case will be the Company's benchmark for Economic Viability, every Applicant should assess whether the initial Water Charges at or around the level indicated by the Base Case will be acceptable and sustainable from their perspective.</p>
<p>WHAT IS THE BASE CASE?</p>	<p>In preparation for this Offer, the Company has prepared the Base Case, which describes what the Company considers to be a realistic and Economically Viable Sheffield Scheme based on the Company's assessment of:</p> <ul style="list-style-type: none"> likely irrigation uptake under this Offer (based on the Company's surveys of demand for irrigation in the Sheffield Area) and over time; construction, land acquisition and operating costs; and funding options. <p>The Base Case assumes:</p> <ul style="list-style-type: none"> Sheffield Infrastructure with the capacity to irrigate 4,300 hectares in the Sheffield Area; 100% uptake of that capacity under this Offer; a total capital cost of \$42.5 million, which covers construction related capital expenditure, land acquisition and access, capitalised interest and fees, refinancing Existing Debt and other project costs, incurred over a construction period commencing in December 2016 and finishing in October 2017; debt funding of \$30.4 million provided from banks at an initial interest rate of up to 5.25% per annum (it is expected that debt funders will require interest rate risk for such debt to be 100% hedged (fixed or capped) during the construction of the Sheffield Infrastructure and will also require a relatively high percentage of interest rate hedging during the early years of operation); the Company will be able to refinance debt as and when required; interest is capitalised for the period of construction of the Sheffield Infrastructure followed by a 40 year amortisation term for bank debt; and initial Scheme operating costs of \$312 per hectare per annum. <p>On the basis of these assumptions, the Company estimates that the initial Water Charges (which includes storage) per Construction Share under the Base Case will be \$ 775 per annum.</p> <p>The Company considers that the development of the Base Case is Economically Viable within the meaning set out under the heading What does “Economically Viable” mean? on pages 5 and 6.</p>
<p>IS THERE A MINIMUM PARCEL OF SHARES AN APPLICANT MUST SUBSCRIBE FOR?</p>	<p>The minimum number of Construction Shares that a single Applicant or joint Applicants may apply for is 15 Construction Shares.</p>
<p>WHAT IF THE OFFER IS OVERSUBSCRIBED?</p>	<p>Given that there is a maximum number of Construction Shares available:</p> <ul style="list-style-type: none"> Shareholders who own or control land in the Sheffield Area and are the most Economically Viable to supply will be given priority to subscribe for Construction Shares over any other Applicant; Shareholders can apply for Construction Shares in a ratio greater than one Construction Share per hectare of their land in the Sheffield Area. However, such excess Construction Shares will only be allotted to the

	extent those Shares are not taken up in this Offer by Shareholders who subscribe in a ratio which is less than (or equal to) one Construction Share per hectare of their land in the Sheffield Area.
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OTHER IMPORTANT INFORMATION RELEVANT TO THIS OFFER

WHAT IS THE BEST WAY FOR ME TO GET THE REQUISITE NUMBER OF PRE-CONSTRUCTION SHARES?

Every Applicant must hold a minimum of one Pre-Construction Share for every Construction Share they wish to subscribe for.

The Company has established a website www.cpwshares.co.nz where Applicants and Shareholders can publicise their intention to trade Pre-Construction Shares along with their contact details so that other Shareholders and Applicants can contact them to buy and sell Pre-Construction Shares.

CAN THE COMPANY ELECT NOT TO SUPPLY ME WITH SCHEME WATER?

In addition to the Board's discretion to decline Applications set out on pages 5 and 6, the Company may, at any time, elect, by notice in writing, not to supply water to a Shareholder (an "**Affected Shareholder**") who owns or controls land in the Scheme Area, if the Board determines, at its sole discretion, that:

- it would be uneconomic for the Company to supply water from the Scheme to the land owned or controlled by the Affected Shareholder in the Scheme Area; or
- the conditions of the Consents prohibit the supply of, or make it unfeasible or adversely impact the viability, for the Company to supply water from the Scheme to that land.

WHAT ARE ORDINARY SHARES?

Rights to water are conferred by Ordinary Shares not Construction Shares. Each Ordinary Share secures the right to take a pro-rata share of water available to the Company under its Consents and other arrangements, estimated to be, at the time of the 2013 Prospectus, approximately 500 m³ of water per Irrigation Season.

In addition, all Ordinary Shares rank equally in all respects with each other and carry equal rights to:

- vote (one vote per Share) on a resolution of Shareholders;
- receive any dividends (although it is not intended that dividends be paid on any class of Share issued by the Company); and
- participate in a liquidation of the Company.

Ordinary Shares do not confer any rights to use Sheffield Infrastructure. Rights to use Sheffield Infrastructure are conferred by Construction Shares.

HOW DO ORDINARY SHARES RELATE TO CONSTRUCTION SHARES?

The rights attached to Ordinary Shares relate to Scheme Water rather than rights to use the Sheffield Infrastructure which are conferred by Construction Shares.

The rights attaching to Ordinary Shares are subject to:

- the Shareholder entering into a Water Use Agreement;
- the Shareholder entering into an Access Agreement;
- the Shareholder holding sufficient Sheffield Construction Shares;
- the infrastructure required to take and convey that water being funded and built by the Company; and

- the Company determining, in its discretion, that it is Economically Viable to supply such water at any given time.

The rights conferred by Construction Shares are in addition to Shareholders' existing rights to water conferred by their Ordinary Shares.

TRANSFERABILITY OF SHARES

CAN I TRANSFER MY SHARES?

Shareholders may sell, or licence the rights to, their Construction Shares or their Ordinary Shares. Any transfer of Construction Shares, Ordinary Shares or Pre-Construction Shares will also result in the contemporaneous transfer of the rights attaching to those Shares. Construction Shares and Pre-Construction Shares cannot be redeemed.

Shares are transferable at the Board's discretion. In exercising its discretion, the Board will consider what is in the best interests of the Company and water users and, in particular, may consider whether:

- there is an efficient market for Scheme Water in the Scheme Area;
- the market for water in the Scheme Area is likely to be monopolised or "cornered" by one or more Shareholders or intending Shareholders; and
- the rights to water attaching to Ordinary Shares are used by farmers within the Scheme Area.

The Company does not encourage Shareholders to buy and sell Construction Shares unless they are buying and selling the land with which those Shares are associated. It is anticipated that the Board will normally consider a transfer of Construction Shares to any person who does not own or control the land in the Sheffield Area with which the Construction Shares are associated, as being contrary to the interests of the Shareholders and the Company will, therefore, decline to register such transfer.

The Constitution permits the Board to determine a minimum holding of Shares and compulsorily purchase shareholdings if they fall below any minimum level set by the Board.

Fees may be payable to the Share Registrar or to a broker, on the transfer of Shares.

SECTION 2 – KEY DATES AND OFFER PROCESS

KEY DATES AND OFFER PROCESS

Closing Date*	Applications for Construction Shares must be received by the Share Registrar by 5.00 pm on 30 September 2016, provided that the Company may determine to accept late Applications in its sole discretion.
Issue Date*	If it proceeds, the issue of Construction Shares will occur after the Board has completed the process described under the heading What does “Economically Viable” mean? on pages 5 and 6 and, in any case, within 5 months of the date of this Information Memorandum (“Issue Date”).
Issue Statements*	Issue statements will be mailed to Applicants within 5 working days following the Issue Date.
Date for payment of the First Instalment*	On Application, but no later than the Closing Date.
Date for payment of the Second Instalment for Construction Shares*	The later of 1 December 2016 and 20 working days after the Confirmation Date.
Date for payment of the Third Instalment for Construction Shares*	The later of 1 February 2017 and 20 working days after the Confirmation Date.

Timetable for Sheffield Scheme*

The key proposed dates for the Sheffield Scheme are set out below:

Key Milestone	Target achievement date
Equity raise	September 2016
Obtain Waimakariri Intake consents	September 2016
Credit approved debt funding proposal	November 2016
Detailed design (Sheffield Pond, Waimakariri Intake and distribution network)	November 2016
Confirmation Date	November 2016
Purchase of Sheffield Pond site	December 2016
Dam building consent	December 2016
Financial close	December 2016
Award construction contract(s)	December 2016
Commence construction	December 2016
Sheffield Pond, Waimakariri Intake and distribution network complete	October 2017

There are a number of risks associated with achieving this proposed timetable. The Board intends to provide an updated timetable to Applicants in December 2016 in order to assist with on-farm planning.

Dates for payment of Water Charges Water Charges will be invoiced to a Shareholder on a monthly basis throughout the whole year once the Company is able to supply Scheme Water to that Shareholder (expected to be October 2017). Water Charges are payable on the 20th of the month of invoice by direct debit.

*** These dates are indicative only. The Company reserves the right to vary these dates as it considers appropriate.**

SECTION 3 – CENTRAL PLAINS WATER LIMITED AND WHAT IT DOES

OVERVIEW

THE COMPANY'S BUSINESS

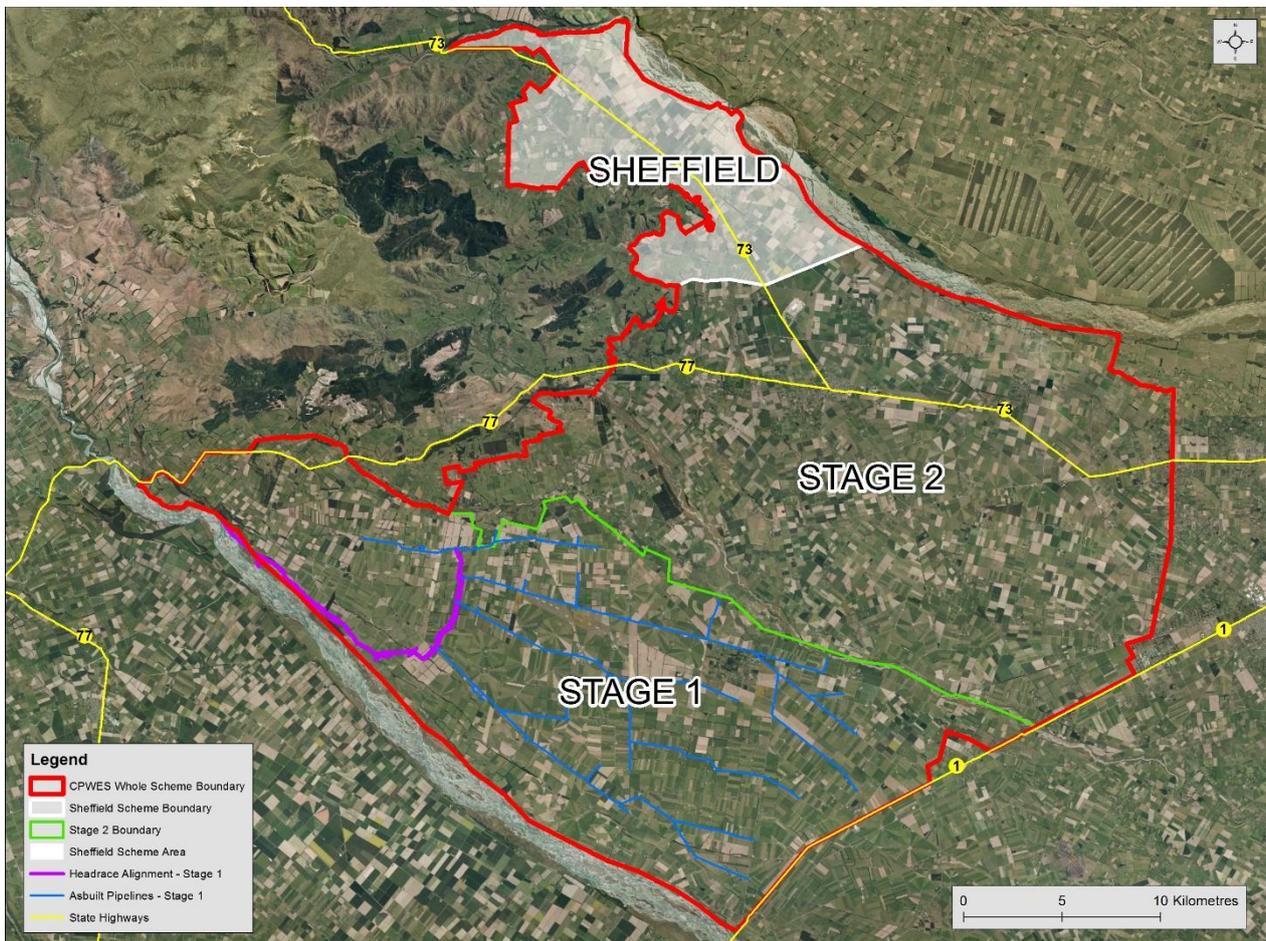
The Company's primary purpose is to construct, own and operate the Central Plains Water Enhancement Scheme, an irrigation scheme bounded by the Rakaia and Waimakariri Rivers on the Canterbury Plains.

The Company issued the 2013 Prospectus for Stage 1 of the Scheme on 4 September 2013. Construction of Stage 1 was completed in August 2015. Stage 1 of the Scheme commenced operations on 1 September 2015 and has delivered water to approximately 90 Shareholders. The performance of Stage 1 has exceeded expectations.

The Company issued the 2016 Product Disclosure Statement for Stage 2 of the Scheme on 3 May 2016 and expects to commence construction activities for Stage 2 in December 2016.

The Company is now proposing to develop an irrigation and stockwater scheme in the Springfield/Sheffield area of Canterbury as shown in the map below ("Sheffield Area").

A map showing the different stages of the Scheme is set out below.



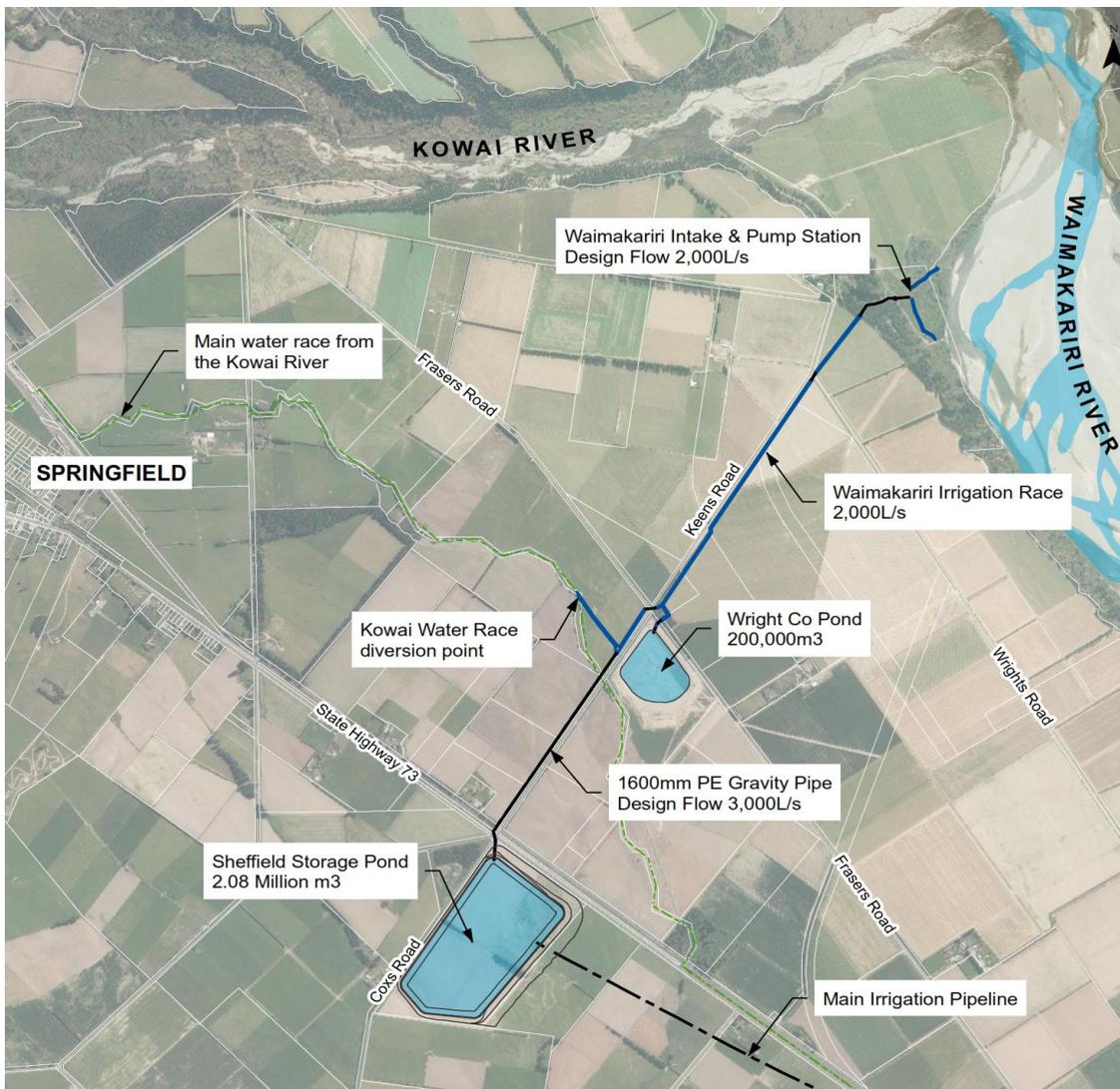
Further information on the Company (including its annual reports) can be obtained on the public register on which they are filed at the Companies Office of the Ministry of Business, Innovation and Employment (including at www.business.govt.nz/companies) and on the Company's website www.cpwl.co.nz.

SHEFFIELD SCHEME OVERVIEW

Due to the Sheffield Area's location, an alternative strategy to Stage 1 and Stage 2 had to be developed to provide water to the area and avoid significant pumping costs. Unlike Stage 1, which is largely located below the 235m headrace contour level, the Sheffield Area lies entirely above the 235m headrace contour level and, as such, all water would need to have been pumped up to Shareholders' land.

A separate standalone irrigation scheme is proposed for the Sheffield Area. This scheme will take water from both the Waimakariri and Kōwai Rivers to irrigate an area of approximately 4,300 ha. The Company has the right (under the 2016 Memorandum) to take up to 1m³/s of "A" permit water from the Waimakariri River and up to 24m³/s of "B" permit water from the Waimakariri River. To access this water, an intake and pump station will be constructed at the top end of the Sheffield Scheme which will pump up to 2m³/s of water from the Waimakariri River into a 2.08 million m³ storage pond located on the corner of Cox's Road and State Highway 73. The 2m³/s pumped water will comprise 1m³/s of "A" permit water and 1m³/s of "B" permit water. Should the Company obtain additional more reliable "A" permit water in the future this water will be used in preference to "B" permit water.

A plan showing the proposed water reticulation to and from the Sheffield Pond is set out below.



The pump station at the Waimakariri Intake will be significant in size and energy intensive to operate. To mitigate this cost, the Company has been negotiating access to gravity fed water from the Kōwai River with SDC. SDC currently operates an open channel stockwater network in the area (the *Malvern Stockwater Network*), which in the Sheffield Area is supplied with water from the Kōwai River alone. Lower down in the Malvern Stockwater

Network the Kōwai River water is supplemented by water from the Waimakariri River via SDC's stockwater intake at Gorge Bridge.

As part of the development of the Sheffield Scheme, SDC and the Company are proposing to work together to increase the efficiency of the Malvern Stockwater Network by reducing water losses associated with evaporation and seepage through the existing open channel network. To do this, the Company will supply stockwater from the irrigation pipe network to eliminate the need for using the existing open channel races. This frees up additional water for irrigation use which would otherwise have been lost through ground infiltration and evaporation. To access this water, a divide will be installed in the main stockwater race after the race passes through the Springfield township and nears Keens Road. Depending on the level of demand and available storage in the Sheffield Pond, water may be taken from one or other of the two water sources, or both simultaneously. If and when available, water will be taken from the Kōwai River in preference to water from the Waimakariri River. This is because water from the Kōwai River can be supplied under gravity whereas water from the Waimakariri River requires considerable energy (and associated cost) to pump up the terrace into the Sheffield Pond. In the first few years, the amount of water available from the Kōwai River may be low as it is unlikely extensive race closures will have occurred. In this case, the reliability will be lower and operating costs will be higher as more water will need to be pumped from the Waimakariri River. Over the medium term (estimated to be 2-3 years), it is envisaged that the bulk of the lateral open water races supplied from the main water race will be closed with landowner consent. However, the main water race running through Springfield and parallel with State Highway 73 will remain open (albeit at lower flows) to supplement the lower Malvern Stockwater Network.

From the Sheffield Pond, most of the water will be reticulated via a network of pipes down the plains delivering water to each landowner who subscribes for Construction Shares in the Sheffield Scheme. The Sheffield Scheme distribution network will be designed to deliver Sheffield irrigators a flow rate of 0.46 l/s of Scheme Water per Construction Share. Generally, the Sheffield Scheme distribution network will provide water to Shareholders' turnout points at a target minimum pressure equivalent to a head of 35 metres (3.5 Bar) relative to ground level. Delivery pressures are likely to fluctuate above this target delivery pressure depending on demand and location. While the Sheffield Scheme is designed to deliver a minimum of 3.5 Bar pressure, the Company makes no guarantee that the target pressure will be available and any failure to deliver Scheme Water at the targeted rate will not affect the Shareholder's obligations to pay Water Charges. The Company will install pressure reducing valves at the turnout to ensure the delivery pressure to the Shareholder's property does not exceed 40 meters of head (4.0 Bar) unless agreed otherwise on a case by case basis. However, like any mechanical device, it is subject to failure and therefore Shareholders should take the necessary precautions to ensure their on farm infrastructure is safe-guarded in the event higher pressures are received.

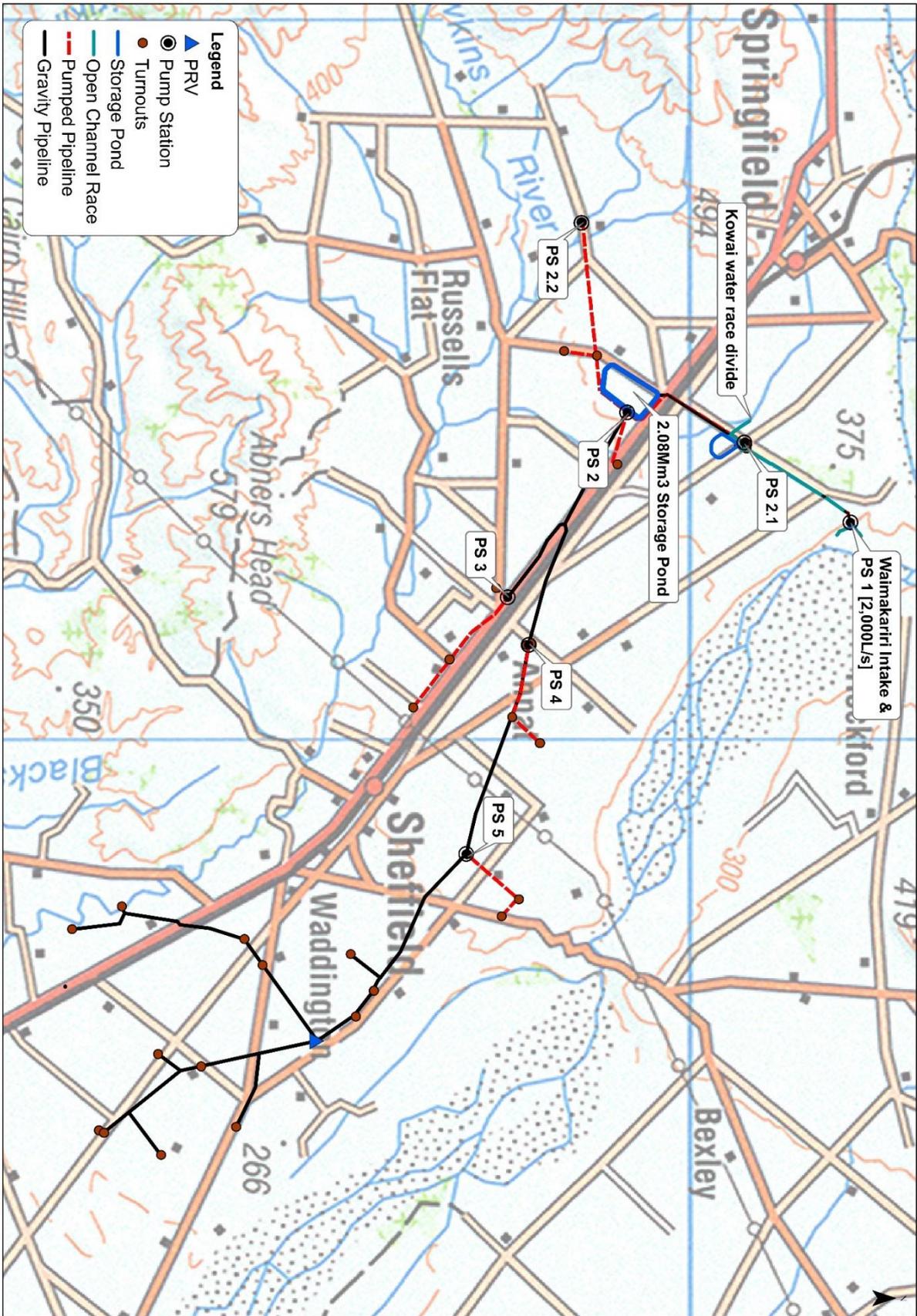
The preliminary design for the distribution network has been completed. However, detailed design (including turnout location) will not be completed until after the Closing Date of this Offer. A map of the indicative Sheffield Scheme is set out on page 14. Generally speaking, the Company will not allocate more than one turnout per contiguous Shareholder property (including properties under common ownership) and will not provide a turnout for a holding of less than 15 hectares of irrigated land. Where practicable, the Company intends to provide one turnout to non-contiguous properties under common ultimate ownership with Shareholders responsible for piped connections to each separate contiguous block. Shareholders requiring more than one turnout for their property will need to contact the Company. Turnouts will generally be located at the highest point practical on the Shareholder's property boundary closest to the main pipeline but the location of turnouts remain at the Company's sole discretion. For Shareholder properties located above the Sheffield Pond, the turnout will be located at the nearest point on the property boundary to the Sheffield Pond. Where a turnout location change imposes a de minimis additional cost to the Company, the Company will look to accommodate Shareholders' requests. The Company has yet to consult with Shareholders about the specific positioning of individual turnouts.

Only approximately 3,750 ha of land in the Sheffield Area is intended to be supplied by the Sheffield Pond. One large land owner in the area has their own storage facility and does not need to utilise the Sheffield Pond so has been excluded from the reliability calculations outlined in this Information Memorandum.

Various control and measuring devices will be installed along the pipe route and at turnouts as well as a radio telemetry system for the purposes of monitoring and controlling water flows to each of the irrigated farms within the Sheffield Area.

The system for water ordering used for Stage 1 will also be used for the Sheffield Scheme with certain modifications needed to accommodate the allocation and use of water in the Sheffield Pond.

INDICATIVE SHEFFIELD SCHEME MAP



WATER CHARGES

Under the Water Use Agreement, each Shareholder has an obligation to pay annual Water Charges based on the number of Construction Shares they hold. Water Charges are charged monthly in equal instalments over the 12 calendar months except for the first Irrigation Season where the annual Water Charges will be split between the relevant number of months.

Water Charges are payable by Shareholders on a monthly basis whether or not the Shareholder takes or uses the water during the relevant Irrigation Season and notwithstanding that water supply may be unavailable or cut off to the Shareholder's property for short periods in accordance with the terms of the Water Use Agreement.

Assuming that the Sheffield Scheme becomes operational in October 2017, Water Charges will be payable from October 2017 and will be charged in nine equal instalments over the year to June 2018 and subsequently in twelve equal instalments.

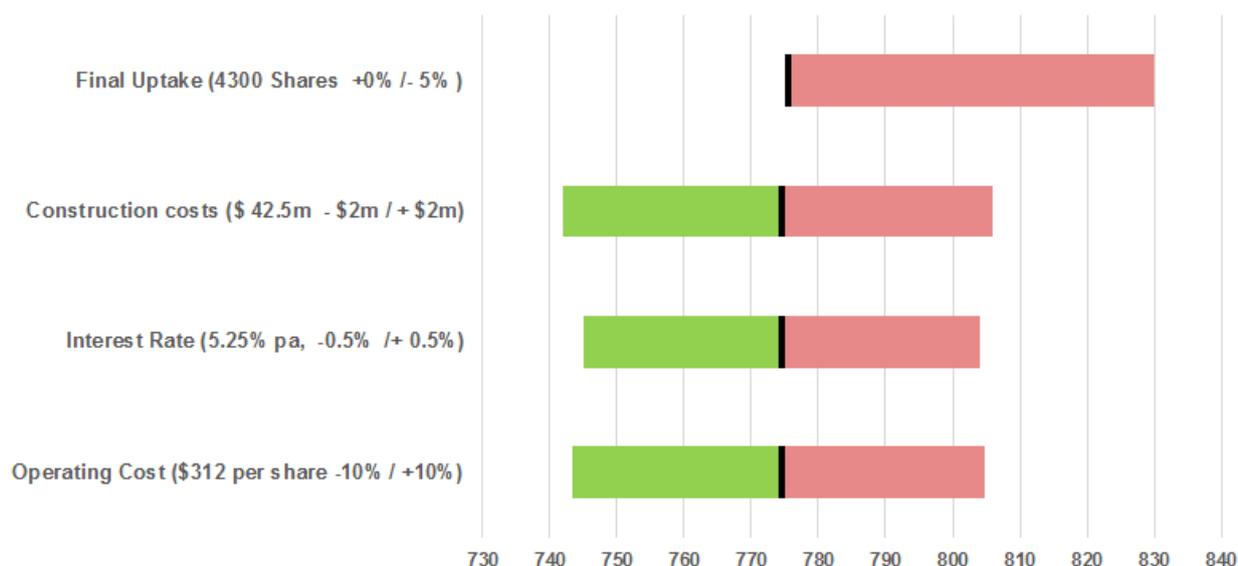
The Company estimates the initial Water Charges (which includes storage) per Construction Share per annum under the Base Case will be:

P&I Charge	\$463
Operating Charge	\$312
Total	\$775

Although it is difficult to anticipate all costs that may arise in the future, generally speaking Water Charges will include financing costs, scheme operating costs, maintenance and overheads. These costs may increase or decrease depending on a number of factors described in this Information Memorandum.

The potential impact of a number of key sensitivities on Water Charges from the estimate of \$775 per Construction Share per annum is shown in the sensitivity ladder below.

Estimated Mandatory Water Use Charge (Sensitivity Ladder (\$ per construction share pa))



The Company's philosophy is to progressively equalise Water Charges (excluding stored water) across Stage 1, Stage 2 and the Sheffield Scheme where practical once each stage has been commissioned.

If a Shareholder fails to pay Water Charges under their Water Use Agreement, on or before the due date, the Company may, at any time after such date, serve a notice on that Shareholder requiring payment, together with any interest accrued and expenses incurred by the Company because of the non-payment. If the requirements of

the notice are not met, the Company may resolve to forfeit any Construction Shares held by the Shareholder at any time before the required payment is made and may sell or dispose of any such forfeited Construction Shares.

The Company has a first and paramount lien over all Shares held by the Shareholders and the proceeds of sale of those Shares, for any amounts payable under the Water Use Agreement between the Company and the Shareholder and for any amounts payable in respect the Shares.

The Company also has contractual rights under the Water Use Agreement to enforce or action non-payment of Water Charges or other breaches of the Water Use Agreement, including ceasing to supply Scheme Water and terminating the Water Use Agreement.

AVAILABILITY AND RELIABILITY OF WATER

Ordinary Shares carry rights to a total annual volume of Scheme Water, delivered by run-of-river water and Stored Water from the Sheffield Pond.

The Sheffield Scheme, without the Sheffield Pond, would only provide run of river water at an average of approximately 82.5% reliability. Based on expert advice, this level would place the Sheffield Scheme in the poor or very poor reliability range.

The Company has determined that, provided the Sheffield Pond is at full capacity at the start of the Irrigation Season, the Sheffield Scheme's initial average reliability will be approximately 92% on the basis of the average demand of irrigators and the average supply of water over the entire Irrigation Season. Reliability in the first Irrigation Season is expected to be lower as the Sheffield Pond will need to be commissioned and progressively filled so will not start the season at full capacity.

The reliability of the Sheffield Scheme may be further improved to approximately 95% by securing access to SDC's available water from the Kōwai River. This reliability is on the basis of an Irrigation Season average supply-demand ratio and places the Sheffield Scheme at the bottom of the good reliability range. The Company is in advanced negotiations with SDC to progressively increase the Sheffield Scheme's reliability by securing access to SDC's available water from the Kōwai River. Initially the amount of water available from the Kōwai River is expected to be low as this water only becomes available for irrigation use as the open lateral water races of the Malvern Stockwater Network are progressively closed by landowner agreement. In this case, the reliability will be lower and operating costs will be higher. The target reliability, once agreement is reached with SDC, is 95% on the basis of an Irrigation Season average supply-demand ratio. This is an average across the Irrigation Season and does not mean that water is available at 95% reliability on any given day.

Continued availability of run-of-river water is critical to the Sheffield Scheme's success. The Company's access to Scheme Water is dependent on the Consents and the availability of Scheme Water at any time is subject to outages, climatic factors, river conditions.

In order to achieve its availability/reliability targets, the Company will ensure that it takes all necessary steps to:

- reach agreement with SDC to access water from the Kōwai River on commercially acceptable terms;
- work with affected landowners and SDC to progress the landowner initiated water race closure process;
- defend the Consents from challenge, including:
 - monitoring and enforcing compliance by the Company and its Shareholders with Consent conditions, including Shareholder adherence to farm environment plans and the provisions of the Water Use Agreement; and
 - challenging any outcome which may have material adverse results for the Scheme and/or its Shareholders under the Consents;
- renew or amend Consents (as appropriate);
- acquire any additional resource consents necessary or desirable for the efficient operation of the Sheffield Scheme;
- minimise emergency or unplanned outages where possible; and
- design key elements of the Sheffield Scheme to mitigate (where possible) the effects of natural disasters or adverse river conditions.

ALLOCATION OF STORED WATER

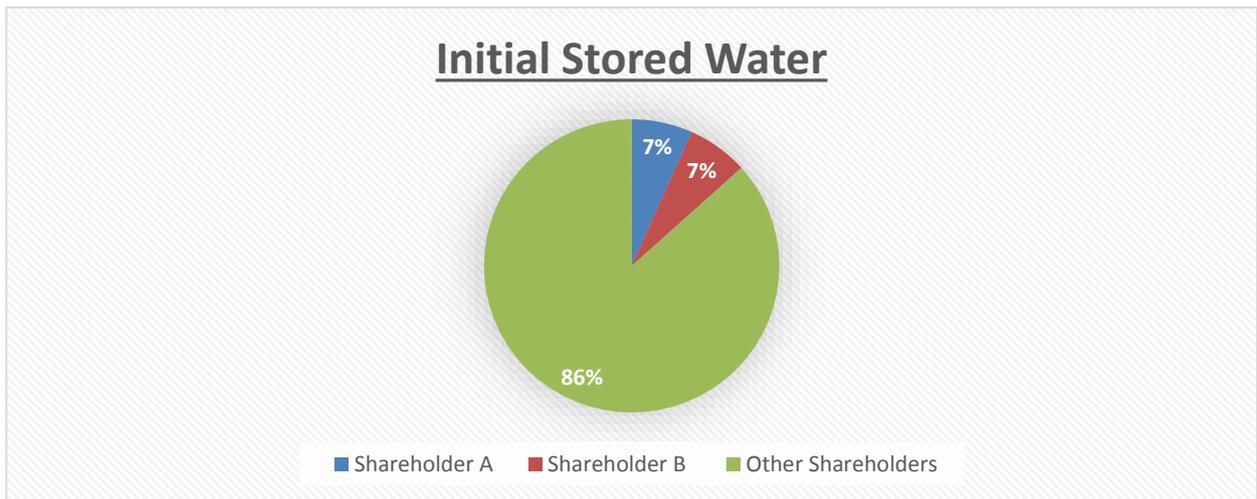
The Company intends to operate the Sheffield Pond so that it starts the Irrigation Season at full capacity and finishes the Irrigation Season close to empty. During the Irrigation Season it will be refilled from a combination of pumped Waimakariri River water, gravity fed Kōwai River water (once secured) and rainfall. The Company intends to maximise the use of any gravity fed Kōwai River water to reduce operating costs by setting appropriate refill trigger levels provided there is no material impact on targeted reliability.

Calculation of initial Stored Water allocation

Under the Water Use Agreement each Shareholder is entitled to their proportionate share of the water stored in the Sheffield Pond at the start of the Irrigation Season during that Irrigation Season based on their Sheffield Construction Shares. This allocation model may be amended in the future by the Board (at its sole discretion). The Sheffield Pond is designed to hold 2.08 million m³ of water when full with a usable amount of 2.03 million m³ of water.

Example based on Shareholder A owning 250 Sheffield Construction Shares, Shareholder B owning 250 Sheffield Construction Shares, 3,750 Sheffield Construction Shares being eligible for Stored Water and 2.03 million m³ of water in the Sheffield Pond at the start of the Irrigation Season

- Shareholder A's initial Stored Water is 135,401 m³ (250/3,750 x 2.03 million) or 7%.
- Shareholder B's initial Stored Water is 135,401 m³ (250/3,750 x 2.03 million) or 7%.



Calculation of refill Stored Water allocation

Each Shareholder is also entitled during that Irrigation Season to their proportionate share of the amount of any water entering the Sheffield Pond during the Irrigation Season and held in the Sheffield Pond based on their Sheffield Construction Shares. This allocation model may be amended in the future by the Board (at its sole discretion).

At the end of each Irrigation Season each Shareholder's entitlement will reset to zero (i.e. Stored Water entitlements cannot be carried over to the following Irrigation Season).

To maximise the use of Stored Water during the Irrigation Season the Water Use Agreement allows for Stored Water to be transferred between shareholders.

Stored Water may evaporate in the Sheffield Pond and this may result in Shareholders receiving less water than the originally allocated water volumes.

RESOURCE CONSENTS

The Company has procured a number of consents from the Canterbury Regional Council and SDC for, and on behalf of, the Water Trust, including consents to take and use water from the Rakaia and Waimakariri Rivers, and a discharge permit for nitrogen discharges associated with the Scheme.

The Water Trust (as owner of the Consents) is required to make the Consents available to the Company under an exclusive and royalty-free licence on the terms and conditions set out in the 2016 Memorandum between the Company and the Water Trust. The Company's licence from the Water Trust can only be revoked in circumstances where the Company commits a material breach of the 2016 Memorandum.

The principal consents relevant to the Sheffield Scheme are:

- CRC136234 to take up to 1 cumec of "A" water from the Waimakariri River;
- CRC61972 to take up to 24 cumecs of "B" permit water from the Waimakariri River;
- CRC165680 to use up to 65 cumecs of water taken from the Rakaia and Waimakariri Rivers for the irrigation of up to approximately 60,000 hectares of land;
- CRC164541 to dam and impound up to 2.08 million cubic metres of surface water associated with irrigation activities on the corner of State Highway 73 and Coxs Road;
- RC155704 to construct, use and maintain a water storage pond, located at the corner of State Highway 73 and Coxs Road, Sheffield from SDC;
- CRC170591 and CRC170592 to build the Waimakariri Intake in a wetland and undertake works in a river bed (to protect the infrastructure and wetland); and
- RC155373 Global land use consent for the entire Scheme Area (excluding sensitive sites) for the installation, use and maintenance of an underground pipeline distribution network and ancillary above ground infrastructure for the purposes of distributing water within the Scheme Area.

There are also various associated consents to:

- take, dam and divert surface water for the purposes of construction and operation of the Scheme;
- discharge water to land or to water; and
- disturb or excavate beds of rivers and plants or habitats to construct the Scheme.

Most of the Water Trust consents, including the main water take and use consents, are subject to a suite of conditions which, in summary, require:

- a) a maximum water application rate of 5.18 mm per day subject to the following further restrictions:
 - i. if the field capacity (defined as the level of moisture content in soil at which the addition of further water would result in saturation and/or drainage of water from the soil) is exceeded by this application rate on a particular property, the maximum application rate for that property is to be reduced to a level where the field capacity is not exceeded; and
 - ii. Scheme users who also apply water pursuant to existing groundwater consents are subject to a further requirement not to apply more than 6,250 m³ per hectare between 1 July and 30 June, unless the groundwater consent authorises a larger volume than this, in which case then that larger volume restriction applies;
- b) the Scheme's distribution network to achieve no more than a 20% loss of water on average over a year;
- c) preparation, implementation and auditing of comprehensive Farm Management Plans by each water user supplied by the Scheme, including rigorous nutrient budgeting obligations;
- d) cessation of water supply where a user has not complied with the requirements of the relevant Farm Management Plan;
- e) the cessation of water supply to a farm or farms where significant localised adverse effects on water quality or land drainage are being caused by those farms;
- f) a specified contribution of up to 12.5% of the annual costs of opening of Te Waihora/Lake Ellesmere;

- g) establishment of an Environmental Management Fund and a Te Waihora Environmental Management Fund, contributed to by Scheme water users and administered by an independent committee and Ngāi Tahu respectively, with the funds to be used for environmental enhancement projects in the area affected by the Scheme;
- h) establishment of a community liaison group to provide input and feedback into all aspects of the management of the Scheme; and
- i) establishment of a ground and surface water expert review panel to:
 - i. develop a ground and surface water plan;
 - ii. monitor potential adverse effects on groundwater and surface water bodies;
 - iii. review the ground and surface water plan to address any issues arising;
 - iv. recommend mitigation measures including amendment of Farm Management Plans; and
 - v. potentially, review consent conditions (the panel can also consider complaints regarding adverse environmental effects caused by the Scheme and recommend mitigation or remedies).

(The complete terms of the Consents referred to can be found on the Canterbury Regional Council's website (<http://ecan.govt.nz/services/online-services/pages/consent-search.aspx>).

The Company has also applied to SDC for a consent for earthworks within a riparian margin for the construction of the Waimakariri Intake.

The Company expects to receive a decision on this consent in September 2016. Securing this consent is one of the prerequisites to the Second Instalment of the Application Money being due.

DISCHARGE PERMIT

The Canterbury Land & Water Regional Plan requires all nitrogen discharges by farming properties in the Selwyn/Te Waihora Zone to be accountable for their discharges by:

- implementing good management practices;
- preparing farm environment plans in accordance with Schedule 7 of the Canterbury Land & Water Regional Plan where their nitrogen discharge is more than 15 kg/ha/year; and
- where nitrogen discharge is greater than 15 kg/ha/year, committing to percentage reductions of their nitrogen discharges.

The Water Trust has been granted a discharge permit (CRC165686) for nitrogen discharges to enable farming by Shareholders whether they are existing irrigators operating within their 2009-2013 nitrogen baseline or new irrigators operating within their 2009-2013 nitrogen baseline plus any additional nitrogen licensed by the Company.

The discharge permit is for the period to 25 July 2047 (to align with the term of the water use consent (CRC165680)) and permits an annual discharge of up to:

- 979 tonnes of nitrogen per year (calculated using version 6.1.3 of OVERSEER®) by new irrigators from any land irrigated with Scheme water from 1 January 2015;
- the 2009-2013 nitrogen baseline for properties irrigated prior to 1 January 2015; and
- the 2009-2013 nitrogen baseline for properties which are included in the same farm environment plans as properties supplied water by the Scheme but that are supplied water from an alternative source or are dryland.

An updating mechanism has been incorporated into the discharge permit to enable the Water Trust to adapt to any changes as later versions of OVERSEER® are released (that is, the Nitrogen Allocation will also move with changes to the OVERSEER® model). The discharge permit will be exclusively licensed to the Company in the same manner as the other Consents under the 2016 Memorandum.

In order for a Shareholder to be covered by the discharge permit that Shareholder must comply with the Consent conditions including, without limitation, the requirement to prepare and implement an approved farm environment plan. If not, they will amongst other things (including the cessation of water supply) not be covered by the Scheme's discharge arrangements and will need to comply on an individual basis in the same manner as any

other farming activity in the Selwyn – Te Waihora Zone. In addition, Shareholders who are part of a farm enterprise group (other than through the Scheme) are not covered by the Scheme's discharge arrangements as they will be operating as part of the farm enterprise group (although they will still need to comply with the Consent conditions).

NITROGEN ALLOCATION FOR NEW IRRIGATION

The Water Trust has been provided a fixed allocation of 979 tonnes of nitrogen losses per annum (calculated using version 6.1.3 of OVERSEER®) for new irrigation associated with the Scheme under section 11 of the Land and Water Plan. No additional nitrogen allocation will be made to existing irrigators as they are required to operate within their properties' 2009-2013 nitrogen baseline.

The Water Trust has granted the Company an exclusive licence to use the Nitrogen Allocation under the 2016 Memorandum. The Company will then sublicense nitrogen to new irrigators in the Scheme in accordance with its Nitrogen Allocation Strategy. The Nitrogen Allocation Strategy is available on the Company's website, www.cpw.co.nz.

KŌWAI WATER

SDC currently takes water at a rate of up to 1,720L/s from the Kōwai River for stock water use through the Malvern Stockwater Network. This water is drawn from two separate intakes near the Kōwai River bridge and is then distributed down the plains from Springfield with a single main stock water race running parallel to State Highway 73. Smaller stock water races reticulate off the main stock water race to properties in the area.

As part of ongoing discussions with the Company, SDC has applied for, and been granted, a substitute consent to take water from the Kōwai River at a rate of up to 1,720L/s for both stock water and irrigation use (CRC155937). This consent has not yet been activated and expires on 5 November 2028. The new consent requires SDC to comply with certain conditions, including the installation of fish screens at the upper Kōwai River intake. In order for the Company to access this water for irrigation, the efficiency of the Malvern Stockwater Network must be improved by replacing part of the open channel races with a piped network. There is no intention to close the main water race along State Highway 73. The conversion of open channel races into a largely piped supply reduces the losses (through seepage, evaporation and soak holes) associated with the existing open channel and enables that water to be used for irrigation. The Company is currently negotiating an agreement with SDC to access this available water.

LAND ACQUISITION AND/OR LAND ACCESS

In order for the Company to build the Sheffield Pond and the distribution network for the Sheffield Scheme, it requires access to, or acquisition of, certain land. The Company has an agreement to purchase the land required for the Sheffield Pond (subject to Stage 1 lenders' approval) and is in advanced discussions with the owners of the site for the Waimakariri Intake. In addition, it will need to enter into individual agreements for the acquisition of land or rights to land with other land owners for the distribution network. All Applicants (and their related entities) will be required to enter into an Access Agreement with the Company contemporaneously with their Application. The location of Sheffield Infrastructure will be determined by agreement between the Company and the Applicant.

FUNDING ARRANGEMENTS

The Company has put in place funding arrangements to meet the needs of each stage of the Scheme development to date. The Company has implemented, and will continue to implement, appropriate risk management strategies to mitigate risks associated with servicing Company debt, which may include interest rate hedging.

Stage 1

The Stage 1 Infrastructure was funded from a combination of shareholder equity and external debt. The Company has borrowed \$139.4 million under a syndicated loan from ANZ and Westpac (which matures on 9 April 2019) and \$6.9 million under a subordinated loan from CIIL (which matures on 9 September 2019 and which will be repaid as part of the Stage 2 financing). These loans were drawn during 2014 and 2015 to fund, alongside \$37.9 million of new equity from existing Shareholders, the repayment of existing debt, the construction of the Stage 1 Infrastructure and the initial design of Stage 2 and the Sheffield Scheme. Since the commencement of irrigation in September 2015, the Stage 1 operation is self-funding with the revenue from Stage 1 Water Charges meeting financing costs, scheme operating costs, maintenance and a portion of Company overheads. The Stage 1 Water

Charges are currently set on a cost recovery basis and do not currently include any profit margin or a depreciation charge.

Stage 2

The Company has appointed ANZ and Westpac as joint lead arrangers for Stage 2 debt funding. The Company does not yet have debt funding facilities in place, but has received an indicative debt funding proposal for Stage 2 from both banks. The indicative proposal is subject to a number of conditions including the Company being successful in raising the requisite equity under this Offer, sufficient commitment from Shareholders to enter into Water Use Agreements and completion of legal, technical and financial due diligence. The Board believes that these indicative conditions can be satisfied in order to obtain the required debt funding, provided the necessary Shareholder equity is raised from Stage 2 Shareholders.

Key terms of the proposed debt facilities include a period of capitalised interest during construction and, following completion of construction of Stage 2, a loan amortisation period of up to 40 years. The initial term of the facilities is proposed to be up to five years (approximately three years post construction) at which point a rollover or refinance will be required. The Board believes that a rollover or refinance of the debt facilities will be achievable.

Sheffield Scheme

The final design development and preparatory work for the Sheffield Scheme will be funded in part from \$1 million of an \$8 million loan facility concluded with SDC in March 2016. The Company has also secured grant funding from an Irrigation Acceleration Fund contract with CIL (previously the Ministry for Primary Industries) to the value of \$0.898 million for expenditure on the Sheffield Scheme.

The Company's estimate of the cost associated with constructing and commissioning the Sheffield Scheme is \$42.5 million. This will be funded through a combination of equity and bank/third party debt. The Company does not yet have debt funding facilities in place or an indicative debt funding proposal for the Sheffield Scheme. The Company intends to arrange debt funding once this Offer closes and uptake is known. Securing a credit approved debt funding proposal (acceptable to the Board) is one of the prerequisites to the Second Instalment of the Application Money being due. Certain assumptions about the structure and terms of the debt funding have been made based on previous experience and preliminary discussions with the Company's lenders (including a period of capitalised interest during construction and, following completion of construction of the Sheffield Scheme, a loan amortisation period of up to 40 years). However, the availability, structure and terms of any debt funding has not yet been agreed.

Based on previous experience the Company expects that any debt funding will be subject to a number of conditions including the Company being successful in raising the requisite equity under this Offer, sufficient commitment from Shareholders to enter into Water Use Agreements and completion of legal, technical and financial due diligence. Other sources of funding may be options for the Sheffield Scheme but, at this stage, the Company has not developed any such proposals.

OTHER MATERIAL GOVERNANCE DISCLOSURES

Dividend Policy

The Company does not aim to generate a financial return for Shareholders and it is, therefore, very unlikely that Shareholders will receive a return on their Shares in the form of dividends or other payment from the Company.

Issue of further Shares

The Company can, under its Constitution, issue further Shares ranking (in relation to voting rights, rights to Scheme Water, payment of dividends or rights on liquidation) ahead of or equally with Ordinary Shares, Stage 1 Construction Shares, Stage 2 Construction Shares, Sheffield Construction Shares and/or Pre-Construction Shares without requiring the approval, or a special resolution, of Shareholders of Ordinary Shares, Stage 1 Construction Shares, Stage Construction Shares, Sheffield Construction Shares and/or Pre-Construction Shares. This could occur, for example, where the Company determines to raise additional funding through the issue of a redeemable or convertible debt or equity instrument.

In a liquidation

In a liquidation of the Company, the holders of Stage 1 Construction Shares, Stage 2 Construction Shares, Sheffield Construction Shares, Pre-Construction Shares and Ordinary Shares will rank on a pro-rata basis calculated by reference to the relevant issue price for the Stage 1 Construction Shares, Stage 2 Construction Shares, Sheffield Construction Shares and Pre-Construction Shares and \$10.25 per Ordinary Share.

Other matters

The Company's Constitution contains certain provisions which are relevant to the Shares, including provisions relating to calls, forfeiture and lien and transfer of Shares. The Constitution is available on the Companies Office website at www.business.govt.nz/companies.

SECTION 4 – RISKS TO CENTRAL PLAINS WATER LIMITED’S BUSINESS AND PLANS

RISKS

The following is a description of circumstances that the Company is aware of that exist or are likely to arise that significantly increase the risk to the Company’s financial position, financial performance, or stated plans.

Applicants should note that this is an offer of Sheffield Construction Shares, which are Shares in the Company and sit pari passu alongside Stage 1 and Stage 2 Construction Shares. The Company has completed the development of Stage 1 which is now operational. The Company intends to develop Stage 2 concurrently with the Sheffield Scheme, and is exposed to similar risks as those outlined below in respect of its development of Stage 2. Applicants should note that the failure of any part of the Scheme, including Stage 1, Stage 2 or the Sheffield Scheme poses a risk not just to Shareholders of that stage, but to the Company as a whole.

Applicants who wish to find more information about the Company’s operation of Stage 1 or its development of Stage 2 are encouraged to visit the Company’s website at www.cpwil.co.nz or the Company’s registered office where copies of the offer documents for previous stages of the Scheme and other material information can be found.

All of the risks stated below may result in all or some of the following key impacts (“Key Impacts”):

Water Charges payable by Shareholders

Any impact on the Company’s financial position, financial performance or stated plans is likely to, in turn, impact on the Water Charges payable by Shareholders. **In considering the impact of a risk on Water Charges, Applicants should remember that Water Charges are payable regardless of the amount of water taken and are fixed annually, but are variable over time.**

Company default under funding facilities

Another major potential consequence of all of the risks set out below is that the Company becomes unable to comply with all or any of its positive and negative obligations under its borrowing facilities with its lenders (which may include ANZ and Westpac (and any other senior lenders), CIIL and SDC). **If the Company fails to meet these obligations, these lenders may be entitled to terminate the funding, require the Company to repay all amounts owing and exercise any of their security rights over the Company’s assets (including the Scheme). In addition, any breach of borrowing facilities may lead to an increase in the interest rate or fees charged, an adjustment to the repayment period and/or an adjustment to the terms of the borrowing facilities that requires the Company to increase Water Charges.**

Delay

Another potential consequence of some of the risks outlined below is delay in the construction of the Sheffield Infrastructure and consequent delay in delivery of Scheme Water to irrigating Shareholders in the Sheffield Area. If any delay becomes protracted, the Sheffield Scheme may not proceed at all.

OBTAINING AND MAINTAINING FUNDING

In addition to the financing risks outlined below in relation to interest rate fluctuations, there are a number of risks specifically associated with obtaining debt funding, including being able to access debt funding (i.e. draw down funds) throughout construction of the Sheffield Infrastructure and convert those debt facilities to term facilities at the conclusion of construction of the Sheffield Infrastructure, for example:

- an inability by the Company to get funding at (or above) the levels anticipated by the Company as being required for the construction and development of the Sheffield Scheme;

- the terms and conditions of any funding obtained by the Company being uneconomic or otherwise unfavourable;
- an inability of the Company to obtain all necessary corporate approvals or satisfy any conditions precedent to draw down funds during construction of the Sheffield Infrastructure; or
- an inability to refinance existing funding at the end of the initial loan maturity.

Poor macro-economic conditions will exacerbate this risk. For example, funders may determine that Shareholders will not be able to pay the required Water Charges to service the level of debt required to fund construction of the Sheffield Infrastructure.

If any of these circumstances eventuate, it could result in one or more of the Key Impacts materialising or the Company seeking further equity from Shareholders.

The Company is also exposed to similar risks in respect of its development of Stage 2 and the operations of Stage 1 which could have an impact on the Company as a whole. Further details of these risks and mitigation strategies are set out in the 2016 Product Disclosure Statement.

Mitigation Strategies

The Company:

- has developed relationships with potential funders of the balance of the Scheme including a number of trading banks and CIIL;
- is working with its existing funders to determine the optimal mix of funding and terms;
- has management and external advisors to assist in managing approvals and satisfying conditions imposed on funding; and/or
- could look to raise additional equity from Shareholders.

Assessment of the likelihood of circumstances arising

Low

RISKS ASSOCIATED WITH AVAILABILITY AND RELIABILITY OF WATER (CONSENTS, OUTAGES, CLIMATE CONDITIONS/NATURAL DISASTERS AND RELIABILITY)

The success of the Scheme and the financial performance of the Company are dependent on the availability of Scheme Water.

Resource Consents

The Company is reliant on Consents which are held by the Water Trust to construct and operate the Scheme and to access the water for the Scheme. As such, the Company is subject to a number of risks associated with the Consents, as set out below:

- **2016 Memorandum:** The Company is reliant on the Consents which are held by the Water Trust to construct and operate the Scheme and to access the Scheme's water. If the Company fails to comply with its obligations under the 2016 Memorandum relating to the use of the Consents, the agreement to use them could be reviewed or even withdrawn.
- **General Compliance:** Each Consent is issued for a specified term and is subject to conditions that must be complied with and which may be reviewed from time to time. There is a risk that the Company could breach the conditions of the Consents, which could result in abatement notices being issued by the relevant consent authority requiring compliance and/or remedial action being taken. Alternatively, enforcement orders could be made by the Environment Court on the application of any party, again requiring the Company to achieve compliance and/or complete remedial works and/or pay compensation or costs. Breaches of the Consents could also result in the Company being prosecuted and/or the terms of the Consents being altered.
- **Expiry:** The Consents generally expire on 25 July 2047 (except for consents which the Water Trust obtained from third parties, which expire earlier, or land use consents issued by SDC which do not have an expiry date). In particular, the consent to take Waimakariri "A" water expires on 18 November 2031 and SDC's consent to take Kōwai River water expires on 5 November 2028. There is a risk that the Consents which have an expiry date may not be renewed following expiry, or that on renewal the

Consent terms are changed, which could restrict the amount of water available to the Scheme or increase the cost of compliance.

- **Nutrient Losses Regime:** The Consents contain nutrient and farm management conditions which require the Water Trust to require all water users to, among other things:
 - prepare, produce, maintain and implement a farm environment plan for all of their properties in the Scheme Area;
 - use good management practices to minimise the loss of nitrate-nitrogen below the plant root zone and minimise any loss of sediment, phosphorus or nitrogen to surface waters; and
 - exclude stock from waterways and wetlands (including drains and races) that are within or immediately adjoining land being irrigated.

Mitigation Strategies

The Company has a number of strategies and plans in place to mitigate risks associated with the existing Consents, including measures to ensure adherence to/enforcement of Consent and other contractual conditions, including through the provisions of the Water Use Agreement and the use of farm environment plans.

Any default by a Shareholder under the Water Use Agreement can result in the Company ceasing to supply Scheme Water to that Shareholder, the Company requiring the Shareholder to pay the costs of any audit of the farm environment plan, or the Company terminating the Shareholder’s Water Use Agreement.

These mitigation strategies are also in place with its Stage 1 and Stage 2 Shareholders.

Assessment of the likelihood of circumstances arising

Low

Outages

Scheme supply outages could happen from time to time, including as a result of any of the following circumstances:

- **Climatic Changes:** Climate change can affect both the performance and long term operation of the Scheme. Decreased rainfall or increased temperatures could:
 - increase the frequency and/or duration of low or very low river flows; or
 - increase pressure on water resources at certain times,
 all of which could result in the Scheme not being able to deliver sufficient levels of water to all Shareholders. Increased winds, coupled with an increase in temperatures, could cause an increase in evapotranspiration leading to increased pressure on water resources, as could a decrease in ground water levels or less snow fall (and/or a shorter melt season). Increases in average temperatures could cause a range of issues which could adversely affect the performance of the Scheme or increase maintenance costs, including an increased risk of weeds, nuisance algae, pest fish, or other unwanted organisms. Increased frequency of heavy rainfalls could cause increased sediment in the Scheme catchments, increased nutrient seepage, or have a potentially adverse effect on pipe stability.
- **Natural Disasters:** Natural disasters such as floods, fires, droughts, adverse weather events or conditions, earthquakes, the failure of essential utilities or the destruction or damage of any key business premises utilised by the Company, could have a significant impact on the availability of water and/or on the financial performance of the Company or the performance of Sheffield Infrastructure.
- **The intake is closed because river flow is too high:** To limit the amount of sediment that has to be managed and cleared from the supply works, the intake will be shut down when the Waimakariri River flow is too high. Where this occurs, the Company will also not be able to take water pursuant to the Consents.
- **Other emergencies or breakdowns occur.**
- **Deliberate or accidental damage to the Sheffield Infrastructure.**

The Company is also exposed to similar risks in respect of the operations of Stage 1 and (once operational) Stage 2 which could have an impact on the Company as a whole. Further details of these risks and mitigation strategies are set out in the 2016 Product Disclosure Statement.

Mitigation Strategies
<p>The Company will build the Scheme to a robust standard, have contingency plans that will minimise emergency and unplanned shutdowns and plan any required shutdowns outside the Irrigation Season. However, there is the potential for breakdowns or emergency shutdowns and planned maintenance to occur over the life of the Scheme. For example, power outages, pump breakdowns, intake blockages, broken pipes or other equipment failures or preventative maintenance could interrupt supply to all or parts of the Scheme from time to time.</p> <p>The adverse effects of climate change can be difficult to prevent. However, certain design solutions can help to mitigate these risks including the size and positioning of certain key elements of the Sheffield Infrastructure.</p>
Assessment of the likelihood of circumstances arising
Low
Reliability
<p>The Company has engaged experts to model the availability of run-of-river water in the Waimakariri River over the past 49 years. Assuming a run-of-river supply without storage, the long term average reliability of supply across the Sheffield Scheme is estimated at approximately 85% on the basis of an Irrigation Season average supply-demand ratio. With the Sheffield Pond, the initial reliability increases to approximately 92% on the basis of an Irrigation Season average supply-demand ratio and assuming the Sheffield Pond is at full capacity at the start of the Irrigation Season. The target reliability assuming the Company can secure access to the available Kōwai River water is 95% on the basis of an Irrigation Season average supply-demand ratio.</p> <p>The Company has not yet secured access to the Kōwai River water from SDC and may experience difficulties or delays in obtaining access to this water. This could lead to delays in the timing of completion and/or cost escalation. In addition, the cost of accessing this water may turn out to be uneconomic and the Company electing not to proceed with the use of the Kōwai River water.</p> <p>The Company is in discussions with a number of parties to secure access to additional water consents which may further improve the reliability of the Scheme, however, there is a risk that the Company may experience delays or difficulties in securing these on acceptable terms.</p>
Mitigation Strategies
<p>The Company will continue to negotiate with SDC for access to the available Kōwai River water on the best available terms.</p>
Assessment of the likelihood of circumstances arising
Low to Medium

COST ESCALATION
<p>The Company is exposed to risks associated with cost escalation. Cost escalation could occur in relation to:</p> <ul style="list-style-type: none"> • construction costs (capital costs) of the Sheffield Scheme; • operating and maintenance costs of the Sheffield Scheme; and/or • financing costs (particularly, interest rate fluctuations) of the Sheffield Scheme funding and/or wider Scheme funding. <p>The Company is also exposed to similar risks in respect of its development of Stage 2 which could have an impact on the Company as a whole. Further details of the risks to Stage 2 and the related mitigation strategies are outlined in the 2016 Product Disclosure Statement.</p>
Escalation of (estimated) construction costs
<p>The total estimated capital costs for the construction and development of the Sheffield Scheme, along with projected operating expenses of the Company during the construction period, will determine the amount of debt funding required.</p> <p>Detailed design and negotiations for construction contracts have not yet been completed. As such, there is a risk that the costs of construction (capital costs) of the Sheffield Scheme could increase from those currently estimated by the Company. If capital costs rise significantly for the construction of the Sheffield Scheme (beyond the allowed contingency), one or more of the Key Impacts may materialise and/or the Company may be required to:</p>

<ul style="list-style-type: none"> • adjust the Scheme design or delivery standard for parts of the Sheffield Scheme; • reduce the delivery area of the Sheffield Scheme to supply only the highest density/lowest cost areas of demand; and/or • seek additional: <ul style="list-style-type: none"> ○ debt funding from a bank(s) or other lender(s); ○ funding by way of grant(s) from governmental or other regulatory authorities; and/or ○ equity funding from existing Shareholders or an alternative equity partner.
Mitigation Strategies
Construction costs (including contingences) have been estimated based on indicative pricing from the potential construction contractor, industry standard techniques such as first principles estimation, industry benchmarks, correlation with similar projects and expert judgment. The Company has undertaken financial risk modelling, sought advice from appropriately qualified experts and included appropriate contingencies in the estimated construction costs. In addition, the Company now has significant institutional knowledge from executing Stage 1 which should enable it to anticipate and control this risk. On this basis, the Company considers that it has established the robustness of construction cost estimates as far as is reasonably practicable at this stage.
Assessment of the likelihood of circumstances arising
Low
<i>Escalation of (estimated) operating and maintenance costs</i>
Annual operating and maintenance costs (recovered by the Company through Water Charges) are initially likely to be less significant than the costs of servicing debt funding. However, there is a risk that operating and maintenance costs associated with the Sheffield Scheme could rise.
Mitigation Strategies
As with construction costs, operating and maintenance costs have been estimated based on experience with operating Stage 1 and industry precedents. The Company has undertaken financial modelling, sought advice from appropriately qualified experts and included appropriate contingencies into all estimated operating and maintenance costs. The Company considers that it has verified the operating and maintenance cost estimates as far as possible at this stage. The Company has also used competitive tendering processes in the past (where appropriate) to secure the best pricing available (for example, for electricity contracts for Stage 1), and intends to utilise a similar process to obtain lump sum contracts (where appropriate).
Assessment of the likelihood of circumstances arising
Low
<i>Financing cost increases</i>
The Scheme is currently, and will continue to be, funded through a combination of equity (shares) and bank/third party debt. Because the Company has significant levels of debt funding from Stage 1 and will, with the development of Stage 2 and the Sheffield Scheme, significantly increase its current levels of debt funding, an increase in interest rates could have an adverse impact on the Company's financial performance and result in increased Water Charges.
Mitigation Strategies
The Board will implement appropriate risk management strategies in relation to interest rate fluctuations (subject to a decision to proceed with construction of the Sheffield Scheme) which will include interest rate hedging. It is also expected that debt funders will require interest rate risk for the Sheffield Scheme debt to be 100% hedged (fixed or capped) during the construction of Sheffield Infrastructure and will also require a relatively high percentage of interest rate hedging during the early years of operation of the Sheffield Scheme.
Assessment of the likelihood of circumstances arising
Medium

**CONSTRUCTION AND ENGINEERING RISKS
(DESIGN, CONSTRUCTION PROCUREMENT AND PERFORMANCE RISKS)**

Managing the construction of the Sheffield Scheme is a large and complex task, involving a significant number of complex and interdependent activities. The Company is subject to construction and engineering risks associated with the design, construction and performance of Scheme Infrastructure.

The Company is also exposed to similar risks in respect of its development of Stage 2 which could have an impact on the Company as a whole. Further details of the risks to the development of Stage 2 and the related mitigation strategies are outlined in the 2016 Product Disclosure Statement.

Design risks

The Sheffield Pond, the Waimakariri Intake and the pipe distribution network are subject to design risks. Stage 1 involved a similar distribution network and has already been constructed. The Company is not aware of any material design flaws affecting the Stage 1 Infrastructure. If a significant design flaw arises in relation to the Sheffield Infrastructure, this could result in one or more of the Key Impacts materialising. A significant design flaw could also affect the availability and/or reliability of Scheme Water and result in the Scheme (or part of it) not being able to deliver the volume or flow of water required by Shareholders.

Mitigation Strategies

Critical aspects of the design of the Sheffield Scheme have been designed by suitably qualified experts, and will be subject to progressive independent reviews by suitably qualified experts with appropriate levels of professional indemnity insurance.

Assessment of the likelihood of circumstances arising

Low

Construction risks

The Company's ability to procure the construction of the Sheffield Infrastructure in a timely and cost efficient manner will have an impact on the Company's financial performance. While the Company intends to appoint a construction contractor to undertake the construction of the Sheffield Infrastructure, a number of circumstances could lead to time delays and/or cost escalation which could, in turn result in one or more of the Key Impacts materialising. The construction programme includes no time contingency so any time delay could result in delay in delivery of Scheme Water. These circumstances include:

- unforeseen adverse physical conditions (including weather events);
- contractor and sub-contractor financial distress;
- poor contractor or sub-contractor execution;
- failure to provide access to relevant land (see further details on land access risk below);
- third party damage to, or interference with, the Sheffield Infrastructure;
- location of antiquities or treasures;
- delays or difficulties in obtaining the pipe;
- delays or difficulties in obtaining the necessary building and resource consents for the Sheffield Infrastructure; and
- unforeseen contractor claims.

Mitigation Strategies

The Company will offset as many construction risks as realistically possible under the construction contract(s), including by ensuring:

- appropriate geotechnical investigations are completed before construction of Sheffield Infrastructure commences;
- the final construction contract includes appropriate levels of security;
- appropriate site security; and
- there are appropriate levels of project insurance.

Assessment of the likelihood of circumstances arising
Low to medium
Performance risks
<p>The Sheffield Infrastructure involves a number of complex and integral components including sophisticated metering and operational systems.</p> <p>There is a risk that the Sheffield Infrastructure (or part of it) may fail or not perform as expected due to its design or construction, or the functionality or performance of operating systems. Risks exist around the pressurisation of the pipelines and control of that pressure which will require complex valves, controls and monitoring equipment that could be affected by failure of power supply, data communications and/or operator error.</p> <p>There is a risk of dam failure in the event of a catastrophic natural disaster.</p>
Mitigation Strategies
<p>The Company has strategies and plans to mitigate (but not eliminate) performance risks including quality of design criteria, internal reviews using competent designers and an independent review of critical aspects of the design which will be obtained by the Board prior to commencement of construction together with monitoring of the key components of the Scheme and a detailed maintenance programme once operational. Most of the systems and processes required to operate the Scheme have been developed and used by other schemes so the risk of systems failures is reduced. The risk of failure of the Sheffield Infrastructure is also reduced by the knowledge gained during the successful construction and operation of Stage 1 over the 2015/2016 Irrigation Season.</p> <p>The Company has conducted a dam failure risk assessment as part of the Sheffield Pond design and resource consenting process, which assessed the risk of dam failure as low. vThe Company has prepared an Emergency Response Plan which it will implement in the event of dam failure. The Company will take out project specific insurances and public liability insurance to mitigate this risk.</p> <p>However, residual performance risk will remain and is impossible to entirely eliminate, including risks associated with natural disasters. It is likely that if this risk crystallises, the effects will be transitory for an Irrigation Season or two and not result in a long term failure.</p>
Assessment of the likelihood of circumstances arising
Low

CREDIT RISK – NON-PAYMENT BY SHAREHOLDERS
<p>The Company’s primary credit risk lies in the non-payment by Shareholders of the subsequent instalments on their Construction Shares and/or the non-payment by Shareholders of Water Charges under their Water Use Agreements. The Company is also exposed to the risk of non-payment by Stage 2 Shareholders of their second instalment of their Stage 2 Construction Shares and non-payment of water charges by Stage 1 and Stage 2 Shareholders which could have an impact on the Company as a whole.</p>
Mitigation Strategies
<p>If a Shareholder fails to pay the subsequent instalments on their Construction Shares, or any Water Charges under their Water Use Agreement, on or before the due date, the Company may, at any time after such date, serve a notice on that Shareholder requiring payment, together with any interest accrued and expenses incurred by the Company because of the non-payment. If the requirements of the notice are not met, the Company may resolve to forfeit any Construction Shares held by the Shareholder at any time before the required payment is made and may sell or dispose of any such forfeited Construction Shares.</p> <p>The Company has a first and paramount lien over all Shares held by the Shareholders and the proceeds of sale of those Shares, for any amounts payable under the Water Use Agreement between the Company and the Shareholder and for any amounts payable in respect the Shares.</p> <p>The Company also has contractual rights under the Water Use Agreement to enforce or action non-payment of Water Charges or other breaches of the Water Use Agreement, including ceasing to supply Scheme Water and terminating the Water Use Agreement.</p>

These mitigation strategies also apply to the Company's water use agreements with Stage 1 and Stage 2 Shareholders.
Assessment of the likelihood of circumstances arising
Low in relation to any wholesale failure by Shareholders.

RISKS ASSOCIATED WITH LAND ACCESS AND LAND ACQUISITION
The Company may experience difficulties or delay in obtaining access to land required to construct the Sheffield Infrastructure.
Mitigation Strategies
The Company has an agreement to purchase the land required for the Sheffield Pond (subject to Stage 1 lenders' approval) and is in advanced discussions with the owners of the site for the Waimakariri Intake. It is also a requirement of subscription for Construction Shares under this Offer that the Applicant agrees to grant the Company access over its land to construct the Sheffield Infrastructure. The Company also has requiring authority powers pursuant to section 167 of the Resource Management Act 1991 which means that the Company may be able to apply to the Minister of Land Information for compulsory acquisition of designated land under the Public Works Act 1981.
Assessment of the likelihood of circumstances arising
Low

UPTAKE RISK
The Company's Base Case assumes 100% uptake of the 4,300 Construction Shares on offer. If this uptake is not realised, the Company will need to source additional debt funding to supplement the deficit in equity raised which will result in increased Water Charges. If uptake falls significantly below the Base Case assumption, the Company may decide that it is not Economically Viable to develop the Sheffield Scheme.
Mitigation Strategies
The Company's assumptions are based on its scoping exercises with prospective Applicants to ascertain indicative levels of demand for irrigation from the Scheme, its assessment of the likely future demand for Sheffield Infrastructure and the likely potential impact on Water Charges from forecast uptake not materialising.
Assessment of the likelihood of circumstances arising
Medium

SECTION 5 – HOW TO APPLY

Applications to subscribe for Sheffield Construction Shares must be made on the Application Form accompanying this Information Memorandum.

BOX 1 **Application details and information**

Construction Shares, Pre-Construction Shares and Ordinary Shares should be held in the same legal name as the owner of the land in the Sheffield Area to which those Shares relate. If that land is not owned by the Applicant the land owning entity must guarantee the Applicant's obligations under the Water Use Agreement and enter into an Access Agreement on the Company's standard terms.

BOX 2 **Calculate the number of Shares you require**

Construction Shares A description of how to calculate the number of Construction Shares you require for your land in the Sheffield Area is set out on page 4.

Calculate the number of Construction Shares you require and complete BOX A1 in the Application Form.

Applicants are invited to contact the Company on: (03) 982 4267 or admin@cpwl.co.nz if they have any questions concerning the number of Construction Shares they require.

BOX 3 **Calculate the payment for your Shares**

Construction Shares The subscription price of \$3,000 for each Construction Share is payable in three instalments:

- \$1,000 per Construction Share payable on Application;
- \$1,000 per Construction Share payable on the later of 1 December 2016 and 20 working days after the Confirmation Date; and
- \$1,000 per Construction Share payable on the later of 1 February 2017 and 20 working days after the Confirmation Date.

Calculate the total subscription amount for your Construction Shares and complete **BOX A2** in the Application Form.

Total amount payable on Application

Only the First Instalment of \$1,000 per Construction Share is payable on Application. Calculate your total first instalment payment and complete BOX A3 in the Application Form.

BOX 4 **Payment options for your Shares**

The amount payable on Application may be paid in one of two ways: direct credit or cheque/bank draft.

Option 1: Cheque

Payment of the amount payable on Application (recorded in **BOX A3**) may be made by bank draft in New Zealand dollars or a cheque drawn from a New Zealand registered bank and must be made in New Zealand dollars. Cheques must be made payable to "Central Plains Water Share Offer", crossed "Not Transferable". The cheque must be dated on or before the date specified in the Application Form as the presentation date. If an Applicant's cheque is dishonoured, the Company may cancel that Applicant's subscription for Shares or the issue of Shares to that Applicant and pursue any other remedies available to it at law.

Option 2: Direct Credit Payment of the amount payable on Application (recorded in **BOX A3**) may be made by direct credit/internet banking, to the account of the Share Registrar, Link Market Services. The account details for Link Market Services are noted in **BOX 4** of the Application Form. **Please ensure that you include an appropriate reference such as your CSN/Holder number and your surname so that the Share Registrar can identify your direct credit payment when it is received.** Please also note the date that your direct credit was made.

Closing Date Payment and completed Application Forms must be received by the Share Registrar, Link Market Services, prior to the Closing Date of the Offer, being 30 September 2016.

BOX 5 Electronic correspondence and reporting

If you supply your email address, the Company will be able to deliver investor correspondence to you electronically where possible. This is a much more environmentally friendly, cost effective and timely option than paper based investor mail outs.

BOX 6 Water Use Agreement

Complete and Sign Water Use Agreement In order to subscribe for Construction Shares, you must offer to enter into a Water Use Agreement by completing the details in Box 6 and confirming your agreement to the Water Use Agreement General Terms (Sheffield).

This part of the Application Form must be executed by the Applicant(s) as a deed and be witnessed appropriately.

The Company recommends that Applicants who have any questions or concerns about the Water Use Agreement contact it on: (03) 982 4267 or admin@cpwl.co.nz or seek independent legal advice.

BOX 7 Access Agreement

Complete and Sign Access Agreement In order to subscribe for Construction Shares, you offer to enter into the Access Agreement by completing the details in Box 7 and confirming your agreement to the Access Agreement General Terms (Sheffield). If your land in the Sheffield Area is not owned in your name the land owning entity must guarantee the Applicant's obligations under the Water Use Agreement and enter into an access agreement on the Company's standard terms.

The Company recommends that Applicants who have any questions or concerns about the Access Agreement contact it on: (03) 982 4267 or admin@cpwl.co.nz or seek independent legal advice.

BOX 8 Eligible Person Certificate and Confirmation

In order to subscribe for Construction Shares under this Offer, you must certify that you are an eligible investor within the meaning in clause 41 of Schedule 1 of the Financial Markets Conduct Act 2013 by completing the eligible person certificate attached to the Application Form. A lawyer, authorised financial adviser or chartered accountant must also provide written confirmation of your certification in the form attached to the Application Form.

BOX 9**Signature of Applicants**

Please read the Information Memorandum and Application Form carefully and sign and date the Application Form under BOX 9.

The Application Form must be signed by the Applicant(s) personally, by its director(s) if a company or by a duly authorised attorney.

If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney on the reverse of the Application Form.

Joint Applicants must each sign the Application Form, including the individual trustees of a trust and partners of a partnership. Before signing the Application Form, the trustees and partners must ensure that he/she/they has/have the power to do so under the governing trust deed and partnership deed, respectively.

Please include a contact daytime phone number to allow the Share Registrar to contact you if required.

BOX 10**General Terms****Closing Date and Delivery**

This Offer will close at 5.00pm on the Closing Date (being 30 September 2016). **All Applications must be received by the Registrar on or before the Closing Date.** Applicants should remember that the Closing Date may be changed at the sole discretion of the Company.

Your Application Form should be delivered to Link Market Services in accordance with the instructions contained in the Application Form.

Please contact the Company if you require a guarantee, Access Agreement or an additional or replacement Application Form.

The Eligible Investor certificate must also be provided to Link Market Services. Please contact the Company if you require an additional or replacement certificate.

Personal Information Rights

Personal information provided by you will be held by the Company at its registered office and the Share Registrar at the address shown in BOX 10 of the Application Form or at such other place as is notified upon request. This information has been collected, and will be used, for the purpose of managing your investment with the Company. The information collected will be used by the Company, its associated companies, its staff, professional advisers and agents, the Share Registrar and any other parties relevant to the management of your investment, for the purpose stated. You have a right to access and correct any personal information about you under the Privacy Act 1993. You can also access your information on the Link Market Services website: www.linkmarketservices.com. You will be required to enter your holder number and FIN (your FIN will be dispatched to you after issue of your Shares and should be kept in a secure place).

Terms and Conditions of Application

By signing (or authorising an attorney or agent to sign) the Application Form:

- the Applicant acknowledges that the Application Form was distributed with the Information Memorandum;
- the Applicant acknowledges that he/she/it has read and understood all statements made in the Information Memorandum, including in relation to the Privacy Act 1993;
- the Applicant irrevocably offers to be bound by the Water Use Agreement General Terms (Sheffield) in respect of the specified property;

- the Applicant irrevocably offers to be bound by the Access Agreement General Terms (Sheffield) in respect of the specified property; and
- the Applicant confirms that he/she/it is an Eligible Person.

Subject to any statutory condition, an Application received by the Share Registrar cannot be withdrawn or revoked by the Applicant. The Company reserves the right to decline any Application, in whole or in part, without giving any reason.

Upon receipt, Application Money will be banked pending issue. The banking of such money does not constitute an issue of any Shares.

The Board may accept or reject any Application in its sole discretion without assigning any reason. An Applicant applying under this Offer whose Application Form is not accepted (in whole or in part), will receive a refund of all, or part, of their Application Money (as applicable) without interest. Receipts for Application Money will not be issued.

Issue statements confirming the issue of the relevant number of Shares will be dispatched to successful Applicants as soon as practicable after issue, but in any event within five working days of the Issue Date.

Application Forms must conform with the application instructions in this section.

Terms defined in the Information Memorandum have the same meaning in the Application Form.

The Application Form, the Offer and any contract arising out of its acceptance are each governed by New Zealand law. Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, investors may be required to produce evidence of their identity.

GLOSSARY OF TERMS

Access Agreement	means the agreement between the Company and a Shareholder set out in the Application Form which incorporates the Access Agreement General Terms (Sheffield), under which a Shareholder permits the Company to access their land for the purposes of constructing Sheffield Infrastructure (on the basis that the location of Sheffield Infrastructure will be determined by agreement between the Company and the Shareholder).
Access Agreement General Terms (Sheffield)	means the Access Agreement General Terms (Sheffield) a copy of which accompanies this Information Memorandum.
Affected Shareholder	has the meaning given to that term on page 7.
ANZ	means ANZ Bank New Zealand Limited.
Applicant	means an Eligible Investor who submits a validly completed Application Form and includes all documents attached to the Application Form.
Application	means the act of applying for Construction Shares under this Offer by submission of an Application Form.
Application Form	means the Application Form attached to this Information Memorandum.
Application Money	means the sum of \$3,000 per Construction Share.
Base Case	describes what the Company considers to be a realistic and Economically Viable Sheffield Scheme and is defined under the heading "What is the Base Case?" on page 6.
Board	means the board of directors of the Company.
CIIL	means Crown Irrigation Investments Limited.
Confirmation Date	means the date the Company notifies you that the Board is satisfied (in its sole opinion) that: <ul style="list-style-type: none"> • the Company has secured access to the necessary consents on terms acceptable to the Board; • the Company has received a credit approved debt funding proposal on terms acceptable to the Board; and • the Company has received certainty on construction costs.
Closing Date	means 30 September 2016 (subject to any extension by the Board).
Construction Share or Sheffield Construction Share	means a Sheffield Construction Share in the Company, the details of which are set out on pages 2 to 6 of this Information Memorandum.
Company	means Central Plains Water Limited.
Consents	means the resource consents procured by the Company from the Canterbury Regional Council and SDC for and on behalf of the Water Trust including resource consents to take and use water from the Rakaia and Waimakariri Rivers and the nitrogen discharge permit granted to the Water Trust, as set out in more detail on pages 18 to 20.
Constitution	means the constitution of the Company, as may be amended from time to time.
Cumecs	is a measure of flow rate of water in cubic metres per second.
Directors	means the directors of the Company from time to time.
Economically Viable and Economic Viability	is defined under the heading "What does 'Economically Viable' mean?" on page 5.

Eligible Investor	means an eligible investor as defined in clause 41 of Schedule 1 to the Financial Markets Conduct Act 2013.
Existing Debt	means the debt facilities described on pages 20 and 21 including senior debt from ANZ and Westpac and facilities from CIIL and SDC.
First Instalment	has the meaning given to that term on page 3.
GST	means goods and services tax under the Goods and Services Tax Act 1985.
Information Memorandum	means this Information Memorandum dated 1 September 2016.
Irrigation Season	means the period commencing on 1 September in any year and terminating on 31 May in the following year or such other period as the Company may from time to time determine.
Issue Date	has the meaning given to that term on page 9.
Key Impacts	has the meaning given to that term on page 23.
Malvern Stockwater Network	means the infrastructure by which stockwater is taken from the Kōwai River by SDC and supplied to ratepayers in the Sheffield area.
m³	means cubic metres.
Nitrogen Allocation	means the fixed allocation of 979 tonnes of nitrogen losses per annum (calculated using version 6.1.3 of OVERSEER®) for new irrigation associated with the Scheme as set out in more detail under the heading <i>Nitrogen allocation for new irrigation</i> on page 20.
Nitrogen Allocation Strategy	means the Company's nitrogen allocation strategy as set out in more detail under the heading <i>Nitrogen allocation for new irrigation</i> on page 20 and available at www.cpwf.co.nz .
Offer	means the offer of Construction Shares described in this Information Memorandum.
Opening Date	means 1 September 2016.
Ordinary Share	means an ordinary share in the Company.
Pre-Construction Share	means a pre-construction share in the Company..
Scheme	means the water enhancement scheme providing surface water for community irrigation on the Central Plains of Canterbury including Stage 1 which has been developed and Stage 2 and the Sheffield Scheme which are proposed by the Company and the Water Trust.
Scheme Area	means the area of the Central Plains to be serviced by the Scheme.
Scheme Infrastructure	means infrastructure of the Scheme and includes Stage 1 Infrastructure, Stage 2 Infrastructure and Sheffield Infrastructure, as the context may require.
Scheme Water	means water from the Scheme.
SDC	means the Selwyn District Council.
Second Instalment	has the meaning given to that term on page 3.
Share	means a share in the Company, including an Ordinary Share, a Stage 1 Construction Share, a Stage 2 Construction Share, a Sheffield Construction Share and/or a Pre-Construction Share, as the context may require.
Shareholder	means a holder of Shares.
Share Registrar	means Link Market Services Limited.
Sheffield Area	means the area defined as the Sheffield area on page 11 of this Information Memorandum.

Sheffield Construction Share	means a Sheffield Construction Share in the Company the details of which are set out on pages 2 to 6 of this Information Memorandum.
Sheffield Infrastructure	means the Scheme Infrastructure which is required to bring water to land in the Sheffield Area (but does not include Scheme Infrastructure already constructed by the Company).
Sheffield Pond	means the 2.08 million m ³ storage pond to be constructed on the corner of Coxs Road and State Highway 73.
Sheffield Scheme	means that part of the Scheme required to deliver Scheme Water to land in the Sheffield Area owned or controlled by irrigating Shareholders.
Stage 1	means that part of the Scheme required to deliver Scheme Water to Stage 1 Land owned or controlled by irrigating Shareholders.
Stage 1 Construction Share	means a construction share issued under, or subsequent to, the 2013 Prospectus to fund the construction of Stage 1.
Stage 1 Infrastructure	means the Scheme Infrastructure which is required to bring water to Stage 1 Land.
Stage 1 Land	means land which is situated, in whole or in part, in the area defined as the Stage 1 area on page 11 of this Information Memorandum.
Stage 2	means that part of the Scheme required to deliver Scheme Water to Stage 2 Land owned or controlled by irrigating Shareholders.
Stage 2 Construction Share	means a construction share issued under, or subsequent to, the 2016 Product Disclosure Statement to fund the construction of Stage 2.
Stage 2 Infrastructure	means the Scheme Infrastructure which is required to bring water to Stage 2 Land.
Stage 2 Land	means land which is situated, in whole or in part, in the area defined as the Stage 2 area on page 11 of this Information Memorandum.
Stored Water	has the meaning given to that term in the Water Use Agreement General Terms (Sheffield).
Third Instalment	has the meaning given to that term on page 3.
Waimakariri Intake	means the intake at the Waimakariri River as shown on the map on page 14.
Water Charges	means the charges payable under a Water Use Agreement on a per Construction Share basis in respect of use of water from the Scheme or otherwise levied by the Company in respect of rights to water attaching to Shares.
Water Trust	means the Central Plains Water Trust, a charitable trust incorporated under the Charitable Trusts Act 1957 on 26 September 2003.
Water Use Agreement	means the agreement between the Company and a Shareholder set out in the Application Form, and which incorporates the Water Use Agreement General Terms (Sheffield), under which the Company will supply water to that party, a copy of which accompanies this Information Memorandum.
Water Use Agreement General Terms (Sheffield)	means the Water Use Agreement General Terms (Sheffield), a copy of which accompanies this Information Memorandum.
Westpac	means Westpac New Zealand Limited.
2013 Prospectus	means the Company's prospectus dated 4 September 2013 as amended by memoranda of amendments dated 16 September and 31 October 2013.
2016 Product Disclosure Statement	means the Company's product disclosure statement dated 3 May 2016.

2016 Memorandum means the memorandum of agreement dated 4 May 2016 between the Company and the Water Trust.

\$ means New Zealand dollars (unless stated otherwise).

All figures in this Information Memorandum are stated exclusive of GST (if any).

APPLICATION FORM

ATTACH CHEQUE AND
ELIGIBLE INVESTOR
CERTIFICATE HERE

CENTRAL PLAINS WATER LIMITED Issue of Sheffield Construction Shares

This Application Form is issued with the Information Memorandum dated 1 September 2016 (the "**Information Memorandum**"), issued by Central Plains Water Limited. Please complete this Application Form and return it to, or lodge it with, **Link Market Services Limited** at the address specified under **BOX 10** of this Application Form. Terms defined in the Information Memorandum will have the same meaning in this Application Form.

The offer for Sheffield Construction Shares is only open to investors who qualify as eligible investors within the meaning of clause 41 of Schedule 1 of the Financial Markets Conduct Act 2013.

Before completing this Application Form, Applicants should read the Information Memorandum to which this Application relates

1 APPLICATION DETAILS AND INFORMATION

Name and address

CSN/Holder Number:

Barcode

Current Holding:

SAMPLE

2 CALCULATE THE NUMBER OF SHARES YOU REQUIRE

Each Construction Share will confer on you a right to use Sheffield Infrastructure to the extent necessary to apply Scheme Water to land in the Sheffield Area at a flow rate of 0.46 l/s (subject to the requirements set out in the Information Memorandum). **A description of how to calculate the number of Construction Shares you require for your land in the Sheffield Area is set out on page 4 of the Information Memorandum. The Company recommends that you subscribe for one Construction Share for every hectare of land in the Sheffield Area you wish to irrigate or may in the future wish to irrigate.**

BOX A1

I/we wish to subscribe for:

Construction Shares.

3 CALCULATE THE PAYMENT FOR YOUR SHARES

A. CONSTRUCTION SHARES:

To calculate the total subscription amount you are committing to for Construction Shares, multiply the number of Construction Shares in **BOX A1** by \$3,000.

BOX A2

\$

My total subscription amount for Construction Shares is:

Only the First Instalment payment for Construction Shares is due on Application. To calculate your First Instalment payment for your Construction Shares, multiply the number of Construction Shares in **BOX A1** by \$1,000.

BOX A3

\$

My total amount payable on Application is:

SAMPLE

4 PAYMENT OPTIONS FOR YOUR SHARES

Applications must be accompanied by the correct payment. Please tick the box next to your selected option (✓).

OPTION 1: PAYMENT BY CHEQUE

Attach your cheque for the full amount as calculated in **BOX A3**.

Cheques must be payable to "**Central Plains Water Share Offer**" and crossed "*Not Transferable*". Payment must be in New Zealand currency and attached to your Application Form which must be received by the Share Registrar, Link Market Services Limited ("**Link**"), by **5.00pm 30 September 2016** (provided that the Company may, in its sole discretion, determine to accept Applications received after this date). The Company may accept or reject all or part of this Application without giving reason.

OPTION 2 DIRECT CREDIT

You may use internet banking to pay the First Instalment amount as calculated in **BOX A3** above. The bank account details for Link Market Services are noted below:

Link Market Services – Trust Account

Account Name: LMS o/a Central Plains Water Limited

Bank Account: ANZ Bank, Wellington Branch

Bank Account Number: 01 – 0505 – 0235542 – 82

and I have quoted my surname and CSN/Holder Number in the bank payment advice. Please write the date the transfer was made in the space provided:

Date:

5 ELECTRONIC CORRESPONDENCE & REPORTING

To enable the Company to provide you with your investor correspondence in relation to your holding in this security electronically, please complete your email address below. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

Email:

6 WATER USE AGREEMENT

You have been provided with a copy of the Company's Water Use Agreement General Terms (Sheffield) together with this Information Memorandum.

Please provide details of the property(ies) to which your Construction Shares will relate and confirm agreement to the Water Use Agreement General Terms (Sheffield). The Company recommends that Applicants who have any questions or concerns about the Water Use Agreement contact it on: (03) 982 4267 or admin@cpwl.co.nz or seek independent legal advice.

Certificate of Title (Computer Register)/Legal Description (if known)	Property Owner (if not the Applicant(s))	Approximate Area (hectares)	Number of Construction Shares
TOTAL			

By signing and submitting this Application Form the Applicant:

- irrevocably offers to take Scheme Water from the Company on the terms and conditions set out in the Water Use Agreement General Terms (Sheffield) in respect of each property specified above;
- acknowledges that issue of Construction Shares to the Applicant by the Company will constitute acceptance by the Company of this offer by the Applicant;
- acknowledges that the Water Use Agreement General Terms (Sheffield) impose a permanent obligation to pay Water Charges to the Company; and
- acknowledges that the Company may, from time to time, amend the terms of the Water Use Agreement in accordance with clause 17 of the Water Use Agreement General Terms (Sheffield), and that the Applicant will be bound by any such amendment on receiving written notice of the change.

I/We hereby acknowledge that I/we have received and read the Water Use Agreement General Terms (Sheffield), and I/we accept and agree to be bound by the Water Use Agreement General Terms (Sheffield) in respect of all Shares we may hold from time to time.

EXECUTED as a DEED for and on behalf)
of)
)

[INSERT CORPORATE SHAREHOLDER NAME]

by its director(s)

)

Director

in the presence of)

Witness signature

Full name

Address

Occupation

Director

Note: Director's signature must be witnessed

EXECUTED as a DEED by

)

[INSERT INDIVIDUAL)
SHAREHOLDERS/TRUSTEES NAME OR)
NAMES])

in the presence of)

Signature

Signature

Signature

Witness signature

Full name

Address

Occupation

Note: The signature(s) must be witnessed by an independent person

7 COMPLETE ACCESS AGREEMENT

Please confirm agreement to the Access Agreement General Terms (Sheffield). The Company recommends that Applicants who have any questions or concerns about the Access Agreement contact it on: (03) 982 4267 or admin@cpwl.co.nz or seek independent legal advice.

By signing and submitting this Application Form the Applicant:

- irrevocably offers to grant the Company access to my/our land as reasonably required by the Company for the purposes of construction of the Sheffield Infrastructure on the terms and conditions set out in the Access Agreement General Terms (Sheffield) in respect of each property I/we own in the Sheffield Area¹;
- irrevocably offer to grant the Company an easement following construction of the Sheffield Infrastructure, on the terms and conditions set out in the Access Agreement General Terms (Sheffield) in respect of each property I/we own in the Sheffield Area.

I/We hereby acknowledge that I/we have received and read the Access Agreement General Terms (Sheffield), and I/we accept and agree to be bound by the Access Agreement General Terms (Sheffield) in respect of all property/properties I/we may hold in the Sheffield Area from time to time.

Signature

Signature

Signature

8 ELIGIBLE PERSON CERTIFICATE AND CONFIRMATION

Each Applicant noted in the Application Form must certify that they are an *eligible person* within the meaning of clause 41 of Schedule 1 of the Financial Markets Conduct Act 2013 by completing and returning to the Company the certificate attached to this Application Form. This certification must be confirmed by an authorised financial adviser, lawyer or chartered accountant completing the confirmation form attached to this Application Form.

9 SIGNATURE(S) OF APPLICANT(S) - ALL APPLICANTS ON THE APPLICATION FORM MUST SIGN

I/We hereby acknowledge that I/we have received and read the Information Memorandum, and apply for the dollar amount of Shares set out above and agree to accept such Shares (or such lesser number as may be issued to me/us) on, and subject to, the terms and conditions set out in the Information Memorandum.

Signature

Signature

Signature

Date:

Daytime Contact Phone Number:

¹ The location of such Sheffield Infrastructure will be determined by agreement between the Company and the Applicant.

10 APPLICATION FORM AND PAYMENT TO BE RECEIVED BY OUR SHARE REGISTRAR, LINK MARKET SERVICES LIMITED, NO LATER THAN 5.00 PM ON 30 SEPTEMBER 2016

Post to:

Central Plains Water Limited Share Offer

C/- Link Market Services Limited

PO Box 384, Ashburton 7740

Or deliver to:

138 Tancred Street
Ashburton 7700

Or scan and email to:

enquiries@linkmarketservices.co.nz

Or fax to:

(03) 308-1311

Investor phone number: +64 9 375 5998

SAMPLE

11**CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY**

(Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney)

I, [.....] (full name)

of [.....] (place and country of residence),

[.....] (occupation), CERTIFY:

THAT by deed dated [.....] (date of instrument creating the power of attorney),

[.....] (full name of person/body corporate which granted the power of attorney)

of [.....]

(place and country of residence of person/body corporate which granted the power of attorney**)

appointed me [.....] attorney;

(his/her/its)

- THAT I have executed the application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received notice of any event revoking the power of attorney.

Signed at [.....], this [.....], day of [.....] (month/year)

Signature of attorney [.....]

**** If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.**

ELIGIBLE INVESTOR CERTIFICATE

To: Central Plains Water Limited

Date:

Name of Applicant(s): _____

In this certificate, "Offer" means the offer by Central Plains Water Limited of Sheffield Construction Shares, pursuant to the Information Memorandum dated 1 September 2016.

Warning

The law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make an informed decision.

If you provide this certificate, the usual rules do not apply to the Offer made to you. As a result, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for these investments.

Make sure you understand these consequences.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

Offence

It is an offence to give this certificate knowing that it is false or misleading in a material particular. The offence has a penalty of a fine not exceeding \$50,000.

SAMPLE

Certification

1) In accordance with clause 41 of Schedule 1 of the Financial Markets Conduct Act 2013, I hereby certify that:

- I have previous experience in acquiring or disposing of financial products that allows me to assess:
 - the merits of the Offer (including assessing the value and the risks of the financial products involved); and
 - my own information needs in relation to the Offer; and
 - the adequacy of the information provided by persons involved in the Offer.
- I understand the consequences of certifying myself to be an eligible investor.

2) My certification in paragraph (1) above has been provided on the basis that:

.....
.....
.....

(please explain why the relevant grounds in paragraph (1) above apply to you)

- 3) By giving this certification, I am certifying that I am an "eligible investor" under clause 41 of Schedule 1 of the Financial Markets Conduct Act 2013.
- 4) I have attached a written confirmation from an authorised financial adviser, a chartered accountant or a lawyer in accordance with clause 43 of Schedule 1 of the Financial Markets Conduct Act 2013.

Signed by each Applicant:

Signature

Signature

Signature

SAMPLE

CONFIRMATION BY AUTHORISED FINANCIAL ADVISER, CHARTERED ACCOUNTANT OR LAWYER

**Confirmation of certificate of eligible investor under clause 43 of Schedule 1 of the Financial Markets
Conduct Act 2013**

To: Central Plains Water Limited

Date:

Name of Applicant(s):

Having considered each Applicant's grounds for the certification attached to this confirmation, I confirm that:

- I am satisfied that each Applicant has been sufficiently advised of the consequences of the certification; and
- I have no reason to believe that the certification is incorrect or that further information or investigation is required as to whether or not the certification is correct.

I am not disqualified from giving this confirmation under clause 42(2) of Schedule 1 of the Financial Markets Conduct Act 2013.

Signed by:

Name

Signature

Occupation (Authorised Financial Adviser/Lawyer/Chartered Accountant)

SAMPLE

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