
Product Disclosure Statement



For Stage 2 Construction Shares and
Pre-Construction Shares
offered by Central Plains Water Limited

3 MAY 2016



This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on <http://www.business.govt.nz/disclose>, offer number OFR10527. Central Plains Water Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

SECTION 1 – KEY INFORMATION SUMMARY

WHAT IS THIS?

This is an offer of Stage 2 Construction Shares and Pre-Construction Shares to persons who hold, or wish to hold, Ordinary Shares and who own, or control, Stage 2 Land. Construction Shares and Pre-Construction Shares give you a stake in the ownership of Central Plains Water Limited. You may receive a return if the Company increases in value and you are able to sell your Construction Shares or Pre-Construction Shares at a higher price than you paid for them. However, the primary benefit of Construction Shares is the ability to use Scheme Infrastructure to apply Scheme Water to Stage 2 Land and the primary benefit of Pre-Construction Shares is the right to subscribe for Construction Shares.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

ABOUT CENTRAL PLAINS WATER LIMITED

The Company owns and operates Stage 1 of the Central Plains Water Enhancement Scheme. The Company now proposes to establish Stage 2 of the Scheme extending towards the Waimakariri River.

PURPOSE OF THIS OFFER

The purpose of this Offer is to raise equity funding which will, when combined with further debt funding, be sufficient to construct the Stage 2 Infrastructure. The Stage 2 Infrastructure will provide pressurised Scheme Water to those Shareholders who own or control Stage 2 Land and hold the requisite number of Construction Shares and Ordinary Shares. The proceeds of this Offer will be used to:

- construct Stage 2 Infrastructure;
- repay Existing Debt; and
- meet certain:
 - costs associated with land acquisition and/or access arrangements for Stage 2;
 - 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 Scheme, as approved by the Board.

A description of the Stage 2 Infrastructure and the Company's strategy for the development of Stage 2 is set out in Section 2 on pages 11 to 26.

KEY TERMS OF THE OFFER

CONSTRUCTION SHARES	<p>Subject to satisfaction of certain conditions, each Construction Share will confer on you:</p> <ul style="list-style-type: none">• a right to use Scheme Infrastructure to the extent required to apply Scheme Water to Stage 2 Land at the Expected Flow Rate (0.52 litres per second); and• a right to participate in the surplus assets of the Company in a liquidation. <p>Construction Shares do not confer voting rights or rights to Scheme Water <i>per se</i>.</p> <p>The key features of Construction Shares are set out in Section 6.</p>
PRE-CONSTRUCTION SHARES	<p>Each Pre-Construction Share confers the right to subscribe for one Construction Share under this Offer. If you do not already hold Pre-Construction Shares (and want to subscribe for Construction Shares), you must:</p> <ul style="list-style-type: none">• purchase the requisite number of Pre-Construction Shares from existing holders of Pre-Construction Shares; or• subscribe for them under this PDS in conjunction with your subscription for Construction Shares. <p>Pre-Construction Shares do not confer voting rights or rights to Scheme Water <i>per se</i>. The Company's strong preference is that you obtain any Pre-Construction Shares that you from existing holders of Pre-Construction Shares.</p> <p>The key features of Pre-Construction Shares are set out in Section 6.</p>

ORDINARY SHARES	<p>The volume of Scheme Water you may take during each Irrigation Season is dictated by the number of Ordinary Shares you hold.</p> <p>No Ordinary Shares are being offered under this PDS but they can be obtained from existing holders of Ordinary Shares.</p>
SHARE PRICE	<p>\$2,000 per Construction Share payable in two instalments:</p> <ul style="list-style-type: none"> • \$1,000 per Construction Share payable on Application; and • a further instalment of \$1,000 per Construction Share payable on 1 July 2017. <p>\$250 per Pre-Construction Share payable in one sum on Application.</p>
MANDATORY WATER CHARGES	<p>By applying for Construction Shares under this Offer, all Applicants irrevocably offer to enter into a Water Use Agreement and Access Agreement. By issuing Construction Shares to an Applicant, the Company accepts this offer.</p> <p>Under the Water Use Agreement, Shareholders are required to pay Mandatory Water Charges based on the number of Construction Shares they hold (whether or not they take their allocation of water).</p> <p>Under the Stage 2 Base Case (described in more detail under the heading <i>Stage 2 Base Case</i> on page 23), the Company estimates the initial Mandatory Water Charges will be \$785 per Construction Share per annum.</p>
WATER STORAGE CHARGES	<p>If a Shareholder wants to improve reliability of water supply by contracting Stored Water, the initial Water Storage Charges will on average be \$148 per hectare per annum (which equates to approximately 1,800m³ per annum – see discussion under the headings <i>Reliability</i> on page 45 and <i>Water Storage Charges</i> on page 48).</p>
<p>These Water Charges are initial estimates only and the exact figures are not known. A further description of Water Charges is set out under the heading <i>Water Charges</i> on page 47. Both Mandatory Water Charges and Water Storage Charges are likely to increase over time and any such increases will not be subject to negotiation with Shareholders.</p>	
OPENING AND CLOSING DATES	<p>This Offer opens on 3 May 2016 and closes on 13 June 2016 subject to any extension by the Company.</p>
NUMBER OF CONSTRUCTION SHARES BEING OFFERED	<p>25,000 Stage 2 Construction Shares are being offered (with the ability to accept over-subscriptions). There is no minimum number of Stage 2 Construction Shares being offered. The Company has not yet issued any Stage 2 Construction Shares. Therefore, the Stage 2 Construction Shares offered under this PDS represent 100% of the Stage 2 Construction Shares available at this time and will, immediately after issue, represent 100% of the Stage 2 Construction Shares on issue.</p>
NUMBER OF PRE-CONSTRUCTION SHARES BEING OFFERED	<p>The Company has previously issued 29,215 Pre-Construction Shares (including for the Sheffield component of the Scheme) under the 2013 Prospectus. The Company is only offering Pre-Construction Shares under this Offer to address any shortfall in Pre-Construction Shares offered for sale by existing holders to those persons who require Pre-Construction Shares to purchase Construction Shares under this Offer. There is no minimum or maximum number of Pre-Construction Shares being offered.</p>
MINIMUM PARCEL	<p>The minimum parcel of Construction Shares that a single Applicant or joint Applicants may apply for is 20 Construction Shares. There is no minimum number of Pre-Construction Shares that a single Shareholder or joint Shareholders may apply for. If you want to apply for less than 20 Construction Shares, please review the Company's small block policy available on the Company's website, www.cpw.co.nz.</p>
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 Stage 2 to service the irrigation demand which those Construction Shares represent; • the Applicant owns or controls Stage 2 Land; and • the Applicant holds a minimum of five (or such lower number as the Board, in its discretion, determines is reasonable in the circumstances) Ordinary Shares and 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>

HOW YOU CAN GET YOUR MONEY OUT

The Company does not intend to quote these Construction Shares or Pre-Construction Shares on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Construction Shares and/or Pre-Construction Shares.

You may only sell your Construction Shares or Pre-Construction Shares with the approval of the Board. The Board will not normally give its approval to the transfer of Construction Shares unless you are also selling the Stage 2 Land with which the Construction Shares are associated. The Construction Shares and Pre-Construction Shares cannot be redeemed.

KEY DRIVERS OF RETURNS

The Company sets its Mandatory Water Charges annually at the level required to meet the costs of servicing debt and operating and maintaining the Scheme. 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.

The key returns that Shareholders can expect to enjoy are the ability to use Scheme Infrastructure to access reliable water for irrigation and operate under the Company's discharge permit and, if a dryland farmer, participate in the Company's nitrogen allocation. The benefits to Shareholders can be enhanced by the Company improving all or any of these entitlements, and by managing the Company's financial performance to keep Mandatory Water Charges at an acceptable level.

The following current and future aspects of the Company's business are likely to have the most impact on the level of benefits enjoyed by Shareholders and the level of Mandatory Water Charges payable by Shareholders:

OPTIMUM SCALE	The Company intends to optimise the scale of Stage 2 Infrastructure so that it can deliver water to the maximum number of Applicants in the Stage 2 Area while still ensuring that Stage 2 remains Economically Viable.
CONSTRUCTION EFFICIENCY	The Company plans to construct Stage 2 as efficiently as possible. The Company has undertaken measures to reasonably estimate costs and timeframes and allowed for appropriate contingencies. The Company will also optimise design, run a competitive process seeking a lump sum contract or contracts with prospective construction contractors, undertake appropriate monitoring of construction progress and ensure that it has appropriate contractual protection in relation to cost and timeliness of construction of Stage 2 Infrastructure.
AVAILABILITY AND RELIABILITY OF WATER	The Company has secured access to run of river water, and Stored Water from Lake Coleridge, which, together, provide a very high level of reliability of supply and should enable the Company to provide reliability of 98% (assuming a Shareholder orders an appropriate level of Stored Water), on the basis of an Irrigation Season average supply-demand ratio.
NITROGEN ALLOCATION FOR NEW IRRIGATION	The Company has an allocation of 979 tonnes of nitrogen losses per annum (including the dryland baseline and calculated using version 6.1.3 of OVERSEER®) for new irrigation associated with the Scheme. This nitrogen allocation is available to Shareholders with land that has not been irrigated (other than by effluent) prior to 1 January 2015. This includes the unirrigated areas of partially irrigated properties.
FINANCING COSTS	The Scheme is, and will continue to be, funded through a combination of Shareholder equity and bank/third party debt. The Company will continue to seek debt funding on the best available terms.

More information about the key strategies and plans the Company has in place for these aspects of its business is provided in Section 2 under the heading *Current and future aspects of the business* on pages 22 to 26.

KEY RISKS AFFECTING THIS INVESTMENT

Investments in shares are risky. You should consider if the degree of uncertainty about the Company's future performance and returns is suitable for you. The price of these Construction Shares and Pre-Construction Shares should reflect the potential returns and the particular risks of these Construction Shares and Pre-Construction Shares. The Company considers that the most significant

risk factors that could affect the value of the Construction Shares and Pre-Construction Shares, the timing and level of benefits to be enjoyed by Shareholders and the level of Mandatory Water Charges payable by Shareholders are:

RISK FACTOR	SIGNIFICANCE TO THE COMPANY OR THE SCHEME
OBTAINING AND MAINTAINING FUNDING	The Company does not yet have debt funding facilities in place but has received indicative debt funding proposals for the Stage 2 Base Case and these proposals are subject to a number of conditions, which the Company is yet to satisfy. The Company may not be able to obtain this funding or may only be able to obtain funding on terms and conditions which are uneconomic or unfavourable to the Company, which could result in increased Mandatory Water Charges or the Company determining that Stage 2 is not Economically Viable or needs to be downsized.
COST ESCALATION	<p>The Company has not yet tendered the construction contract(s) for the construction of the Stage 2 Infrastructure, but, in determining the Stage 2 Base Case, has used reasonable endeavours to verify its costs, including the following key costs:</p> <ul style="list-style-type: none"> • construction (capital costs) for Stage 2; • operating and maintenance costs of the Scheme; and • financing costs for Stage 2 funding and/or wider Scheme funding. <p>Any significant cost increases in these areas are likely to result in increased Mandatory Water Charges or the Company determining that Stage 2 is not Economically Viable or needs to be downsized.</p>
LAND ACCESS AND ACQUISITION	The Company has not yet secured access to land required to construct the relevant Stage 2 Infrastructure and may experience difficulties or delays in obtaining access to this land. This could lead to delays in the timing of completion and/or cost escalation.
CONSTRUCTION AND ENGINEERING RISKS	Construction and engineering risks, including design, construction procurement and performance risks, applicable to both the construction and post-construction phase of Stage 2, may impact on the costs, timing of completion and/or performance of the Scheme Infrastructure.
AVAILABILITY AND RELIABILITY OF WATER	The Company's access to, and use of, Scheme Water is reliant on its Consents and Stored Water. Any risks associated with the modification or cancellation of those consents, and the related water sharing agreement with the Ashburton Community Water Trust, could reduce the Company's access to Scheme Water or increase the need for Stored Water to meet the Company's reliability target of 98%. From time to time the Scheme may experience outages (whether planned or otherwise), and/or water may be unavailable due to adverse climate or river conditions or natural disasters. While the Company's run of river water can be augmented by Stored Water, this may at times be less than the volume required to meet Shareholders' water demands.
CREDIT RISK	The Company is funded by the income received from Shareholders paying their Mandatory Water Charges. This income is necessary to meet the Company's operating costs and service its debt funding. Shareholder default on payments due on their Shares or default on the payment of Mandatory Water Charges poses a credit risk to the Company which is likely to result in an increase to the Mandatory Water Charges for remaining Shareholders.

This summary does not cover all of the risks of investing in Construction Shares or Pre-Construction Shares. You should also read Section 8 of the PDS (*Risks to Central Plains Water Limited's business and plans*), Section 5 (*Key terms of the Offer*) and Section 6 (*Key Features of Construction Shares and Pre-Construction Shares*).

WHERE YOU CAN FIND CENTRAL PLAINS WATER LIMITED'S FINANCIAL INFORMATION

The financial position and performance of the Company are essential to an assessment of this Offer. You should also read Section 7 of the PDS (*Central Plains Water Limited's Financial Information*).

TABLE OF CONTENTS

SECTION 1 – KEY INFORMATION SUMMARY	3
SECTION 2 – CENTRAL PLAINS WATER LIMITED AND WHAT IT DOES	11
SECTION 3 – PURPOSE OF THE OFFER	35
SECTION 4 – KEY DATES AND OFFER PROCESS	36
SECTION 5 – TERMS OF THE OFFER	37
SECTION 6 – KEY FEATURES OF CONSTRUCTION SHARES AND PRE-CONSTRUCTION SHARES	41
SECTION 7 – CENTRAL PLAINS WATER LIMITED'S FINANCIAL INFORMATION	51
SECTION 8 – RISKS TO CENTRAL PLAINS WATER LIMITED'S BUSINESS AND PLANS	53
SECTION 9 – TAX	62
SECTION 10 – WHERE YOU CAN FIND MORE INFORMATION	63
SECTION 11 – HOW TO APPLY	64
SECTION 12 – CONTACT INFORMATION	68
GLOSSARY OF TERMS	69
APPLICATION FORM	73

LETTER FROM CHAIRMAN

Dear Investor

Central Plains Water Limited is pleased to provide you with this opportunity to subscribe for Stage 2 Construction Shares. Having successfully commissioned Stage 1, the Company now needs to raise the necessary capital to construct Stage 2 of the Scheme. Stage 2 potentially covers the balance of the Scheme's command area (less the area to be serviced by the Sheffield component of the Scheme).

This is your opportunity to secure the benefits of reliable irrigation and, for dryland farmers, to access the Company's Nitrogen Allocation and intensify / change your land use to an irrigated system.

The Company recommends that Applicants subscribe for the number of Construction Shares which equates to the maximum number of hectares they will ever wish to irrigate in the Stage 2 Area. Ultimately, the Economic Viability of Stage 2 (and therefore the success of this Offer) will be driven by the level and density of uptake under this Offer.

Potential Stage 2 irrigators should note that:

- **The Company will only issue Stage 2 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 Stage 2 Infrastructure on an Economically Viable basis.**
- **The Board may exercise its discretion not to accept Share subscriptions from areas where the level or density of uptake is insufficient to be Economically Viable. No Shares will be issued under this Offer if Stage 2, as a whole, is not Economically Viable.**
- **The Company currently has no certainty of funding for additional or "spare" capacity in Stage 2 Infrastructure to provide for latecomers and provisioning for any such "spare" or additional capacity may also reduce the Economic Viability of Stage 2.**
- **There are a number of significant risks associated with developing a project financed irrigation scheme. These risks are discussed in more detail in Section 8.**

The Company considered offering Applicants the opportunity to fund upfront a greater proportion of the capital cost of the Scheme through a higher Construction Share price (as opposed to the Company's debt). However, the Company has decided instead to revisit this option at the next convenient opportunity (likely to be when existing funding arrangements need to be rolled over or refinanced) with a view to allowing all Shareholders to participate in an early refinancing.

Please note that the Company will not supply water to a property pursuant to the rights to water attached to your Ordinary Shares unless you hold Pre-Construction and Construction Shares. The number of Construction Shares you hold will dictate the maximum flow rate at which you can enjoy the rights to water attached to your Ordinary Shares. It is therefore important that you carefully consider the number of Construction Shares you subscribe for to ensure that your land is fully supplied by the Scheme both now and in the future.

Please take time to carefully consider this Offer and seek appropriate advice. Information is also available on the Company's website, www.cowl.co.nz. The Closing Date for this Offer is Monday, 13 June 2016 (subject to extension by the Board).

Stage 2 will not proceed without your collective support. We therefore look forward to your participation in this critical phase for the Scheme.

Yours sincerely

A handwritten signature in black ink, appearing to read "D. Catherwood". The signature is fluid and cursive, with a large initial "D" and a stylized "C".

Doug Catherwood

Chairman

Central Plains Water Limited



Example of HDPE pipe installation (Stage 1)



Example Shareholder turnout (Stage 1)



SECTION 2 – 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. This is the only industry or sector in which the Company operates.

The Company's only subsidiary is Te Pirita Irrigation Limited which is wholly owned by the Company but does not trade.

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 and Scheme Water was generally available to holders of Stage 1 Construction Shares from 1 September 2015.

THE SCHEME

CONSENTS

Since its incorporation, the Company has procured a number of resource 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 discharge permit allows for an annual discharge of up to 979 tonnes of nitrogen per year (calculated using version 6.1.3 of OVERSEER®) from any land that was dryland prior to 1 January 2015 and is irrigated with Scheme Water from 1 January 2015. The discharge permit enables the Scheme to report the annual discharge for existing irrigators who are now irrigating with Scheme Water. 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 (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 Company will sublicense the Nitrogen Allocation to new irrigators in the Scheme in accordance with the Nitrogen Allocation Strategy. Shareholders intending to irrigate their dryland property need to apply to the Company for a sub-licence for the additional nitrogen no later than 6 months after becoming a Construction Shareholder in accordance with CPWL's application process set out in the Nitrogen Allocation Strategy. A sub-licence is only available to Shareholders with newly irrigated land, i.e. land that was not irrigated (other than by effluent) prior to 1 January 2015. This includes the unirrigated areas of partially irrigated properties. The amount of nitrogen sublicensed by the Company will generally be based on the proposed new irrigated farm system nitrogen loss demand, assessed using good management practices (and any further percentage reductions required by the sub regional plan), calculated using OVERSEER®. The allocation will include the property's existing 2009-2013 dryland nitrogen baseline, it will not be in addition to the existing dryland baseline. A Shareholder will then have 5 years from when Scheme Water is available to their property to implement their proposed irrigated farm system. If the property has not been intensified to the extent planned within that timeframe the balance of the nitrogen sublicensed will no longer be available. The sub-licence will only be available for so long as the relevant Shareholder remains in the Scheme.

A summary of the Consents and the key conditions associated with the Consents and the Nitrogen Allocation Strategy is set out on the Offer Register, offer number OFR10527.

Scheme maps, including a whole Scheme overview and maps showing the boundary between the Stage 2 Area and the areas served (or to be served) by Stage 1 and the Sheffield component of the Scheme are set out on pages 14 to 16. Maps showing the four quadrants of the Stage 2 Area are set out on pages 17 to 21. **The maps showing the extent of Stage 2 Infrastructure are indicative only.**

SCHEME INFRASTRUCTURE

The key components of the Scheme Infrastructure constructed to date are:

- the intake and headworks at the Rakaia River to bring water into the headrace;
- the headrace alongside and traversing across the northern bank of the Rakaia River to the top of the main Rakaia terrace;
- the level headrace across the Canterbury Plains to convey water north and into the distribution network; and
- a piped distribution network providing water to Stage 1 Shareholders.

STAGE 2 OVERVIEW

The Company's objective is to complete the development of Stage 2 of the Scheme by 1 September 2018.

The Stage 2 Base Case infrastructure comprises an extension to Stage 1 with a Trunk Main Pipeline and distribution network delivering pressurised water to Shareholders. It will not require an extension of the headrace but will require:

- modifications to the existing intake works; and
- a connection to Stage 2 Infrastructure,

to accommodate the additional volume of water that will be carried down the headrace for Stage 2.

The concept design for the Stage 2 distribution network has been undertaken by MWH New Zealand Limited. Detailed design will not be finalised until after the close of this Offer when the Stage 2 demand is known. Once finalised, the detailed design will be undertaken by the construction contractor and independently reviewed by a suitably qualified expert.

The Stage 2 Base Case distribution network comprises a network of pipelines, ranging in diameter from 150mm to 2500mm. The pipelines will be buried on farms, along roads and in easement routes in order to deliver water to each turnout. The plan for the Stage 2 Base Case is to reticulate water through the large diameter Trunk Main Pipeline, with a number of lateral pipelines conveying water above and below the Trunk Main Pipeline.

The Stage 2 distribution network will require installation of pump stations and pressure reducing stations above and below the Trunk Main Pipeline respectively to control system pressure. These will require connection to the existing Orion network.

The current proposal uses a combination of glass reinforced polymer (GRP) and high density polyethylene (HDPE) pipe materials to give the best compromise between cost and speed of installation.

The Stage 2 Base Case distribution network has been designed to allow Stage 2 irrigators to apply an Expected Flow Rate of 0.52 l/s of Scheme Water and a minimum flow rate of 0.46 l/s of Scheme Water (for further details about the flow rate for Stage 2, see Section 6 next to the heading *What is the Expected Flow Rate of Scheme Water per Construction Share?* on page 41).

Generally, the Stage 2 distribution network will provide water to irrigator Shareholders' turnout points at a target pressure equivalent to a head of 40 metres (4 Bar). Delivery pressures may fluctuate above and below this target delivery pressure depending on demand and location. While the Scheme is designed for 4 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. Shareholders will need to install pressure reducing valves at their turnout points to safeguard their on-farm infrastructure from overpressure.

Various control and measuring devices will be installed along the pipe route as well as a telemetry system for the purposes of monitoring and controlling water flows to each of the irrigated farms within the Stage 2 Area. Each farm will have a turnout device which will form the point of monitoring and control. The Company has yet to consult with Shareholders in relation to the specific positioning of the turnouts.

The system for water ordering used for Stage 1 will also be used for Stage 2.

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 20 hectares of irrigated land.

Where practicable, the Company intends to provide one turnout to non-contiguous properties under common ultimate ownership with 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 closest point to the main Scheme Infrastructure as determined by the Company in its sole discretion.

SHEFFIELD

At this stage it is proposed that a Sheffield component of the Scheme will be developed separately. Shareholders in the Sheffield Area therefore do not need to apply for Stage 2 Construction Shares at this time.

LAND ACQUISITION AND/OR LAND ACCESS

In order for the Company to build the distribution network for Stage 2, it requires access to, or acquisition of, certain land. The Company has entered, or will enter, into individual agreements for the acquisition of land or rights to land with relevant land owners. In addition, all Applicants will be required to enter into an Access Agreement with the Company contemporaneously with their Application. The location of Stage 2 Infrastructure will be determined by agreement between the Company and the Applicant.

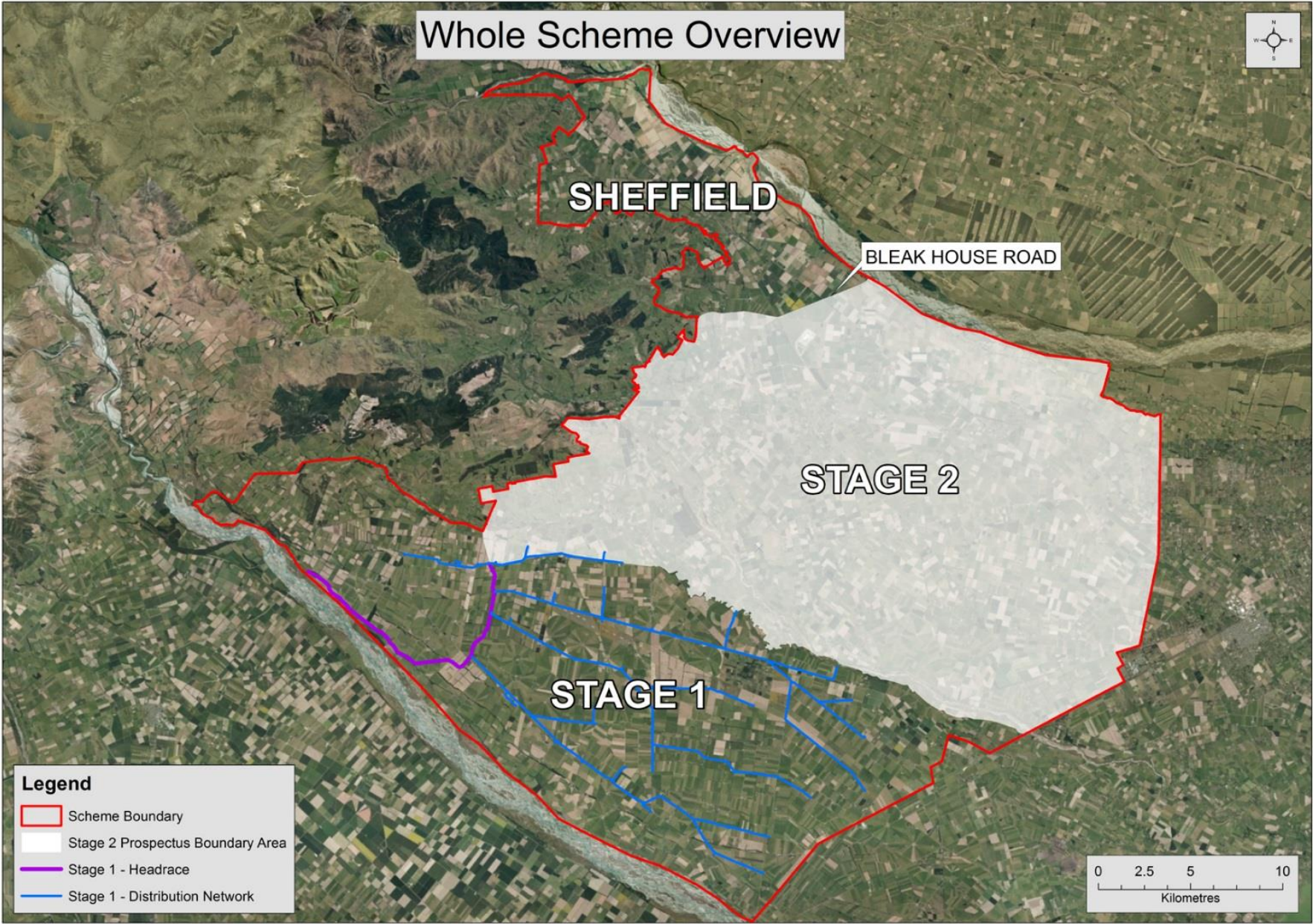
EXISTING FUNDING ARRANGEMENTS AND DEBT

The Company has put in place funding arrangements to meet the needs of each stage of the Scheme development to date.

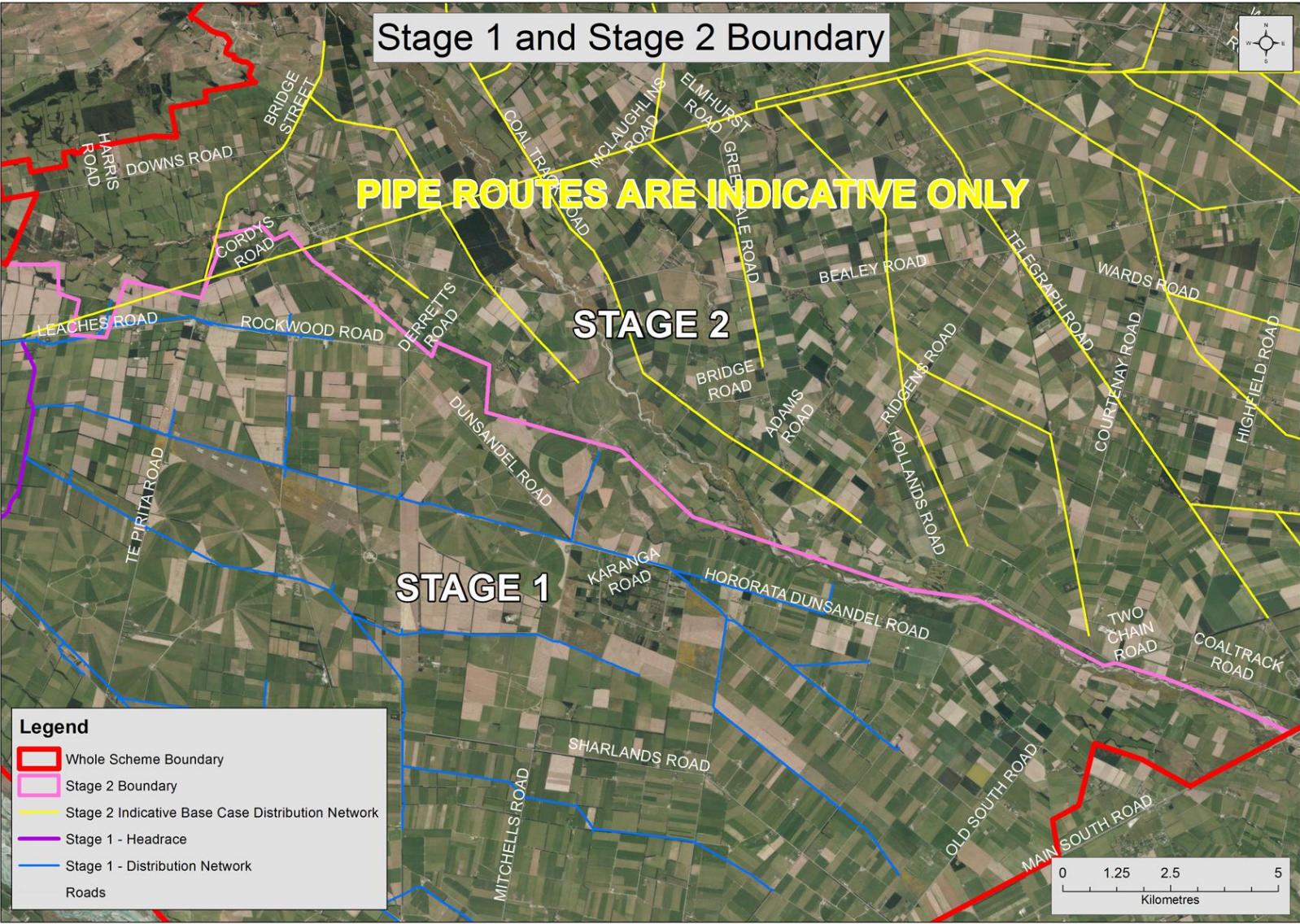
The Stage 1 Infrastructure was funded from a combination of shareholder equity and external debt. The Company has borrowed \$139.4 million under a syndicated loan from ANZ and Westpac (which matures on 9 April 2019) and \$6.9 million under a subordinated loan from CIIL (which matures on 9 September 2019 and which will be repaid as part of the Stage 2 Base Case 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. Since the commencement of irrigation in September 2015, the Stage 1 operation is self-funding with the revenue from Stage 1 Mandatory Water Charges meeting financing costs, scheme operating costs, maintenance and a portion of Company overheads. The Stage 1 Mandatory Water Charges are currently set on a cost recovery basis and do not currently include any profit margin or a depreciation charge.

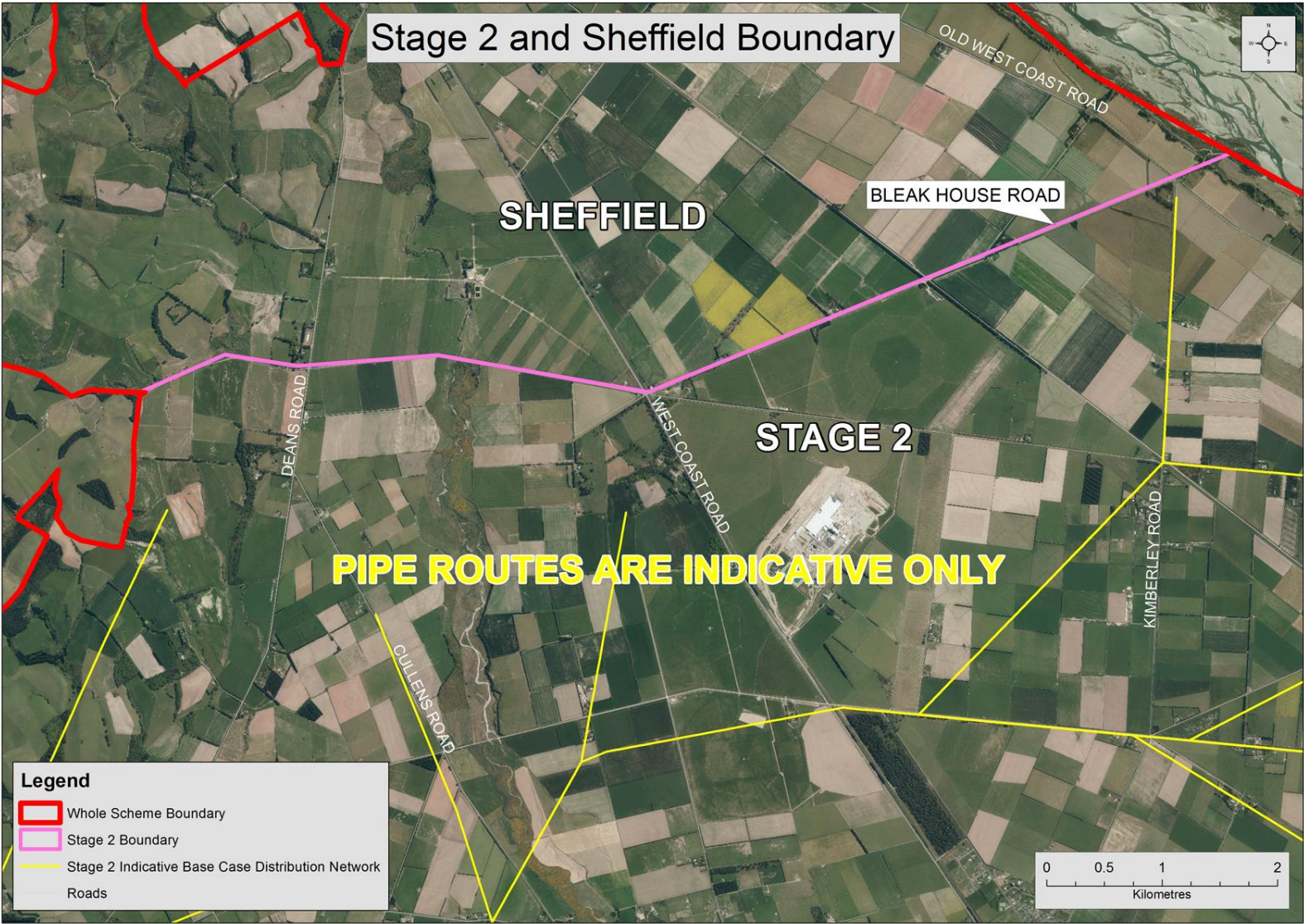
The Stage 2 final design development, and preparatory work, including the Sheffield component of the Scheme, will be funded, in part, from an \$8 million loan facility concluded with SDC in March 2016. The initial tranche of \$1 million under the SDC loan facility has been drawn. The Company has also secured grant funding from new Irrigation Acceleration Fund contracts with the Ministry of Primary Industries to the value of \$8.07 million for expenditure on Stage 2 and the Sheffield component of the Scheme.

Construction of the Stage 2 Infrastructure will be funded from equity and debt as described in more detail under the heading **Funding** on page 25.

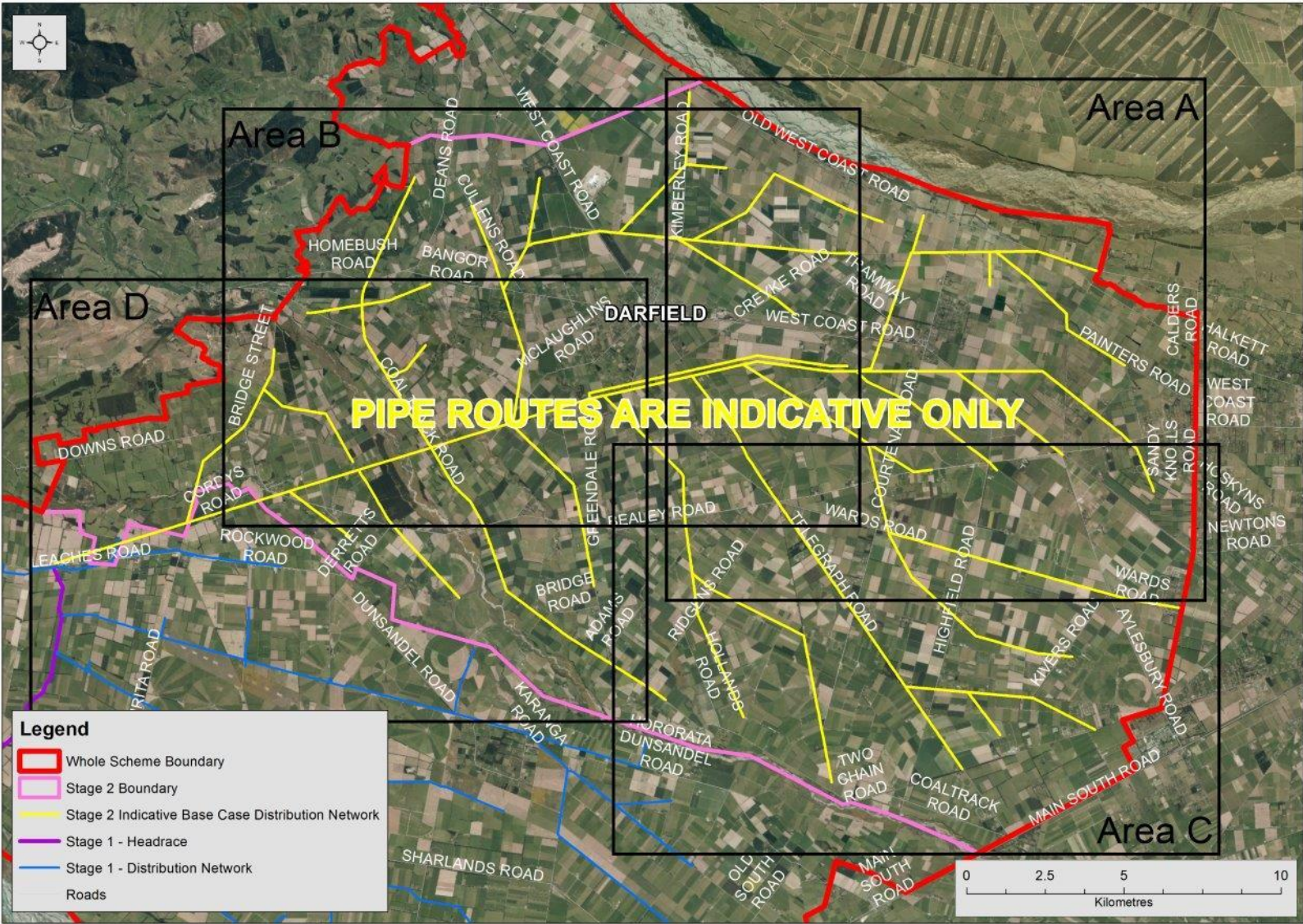


SCHEME MAPS

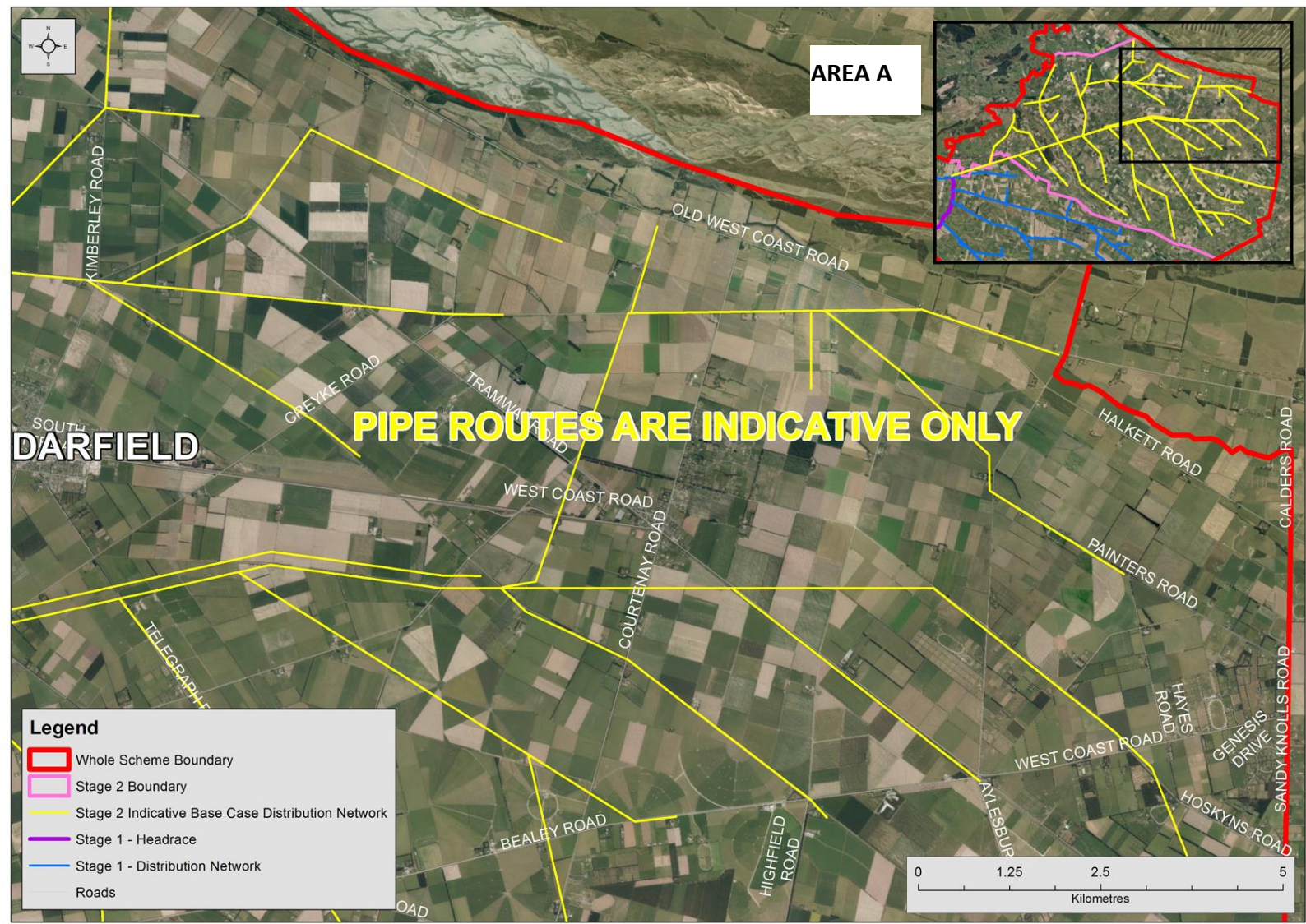




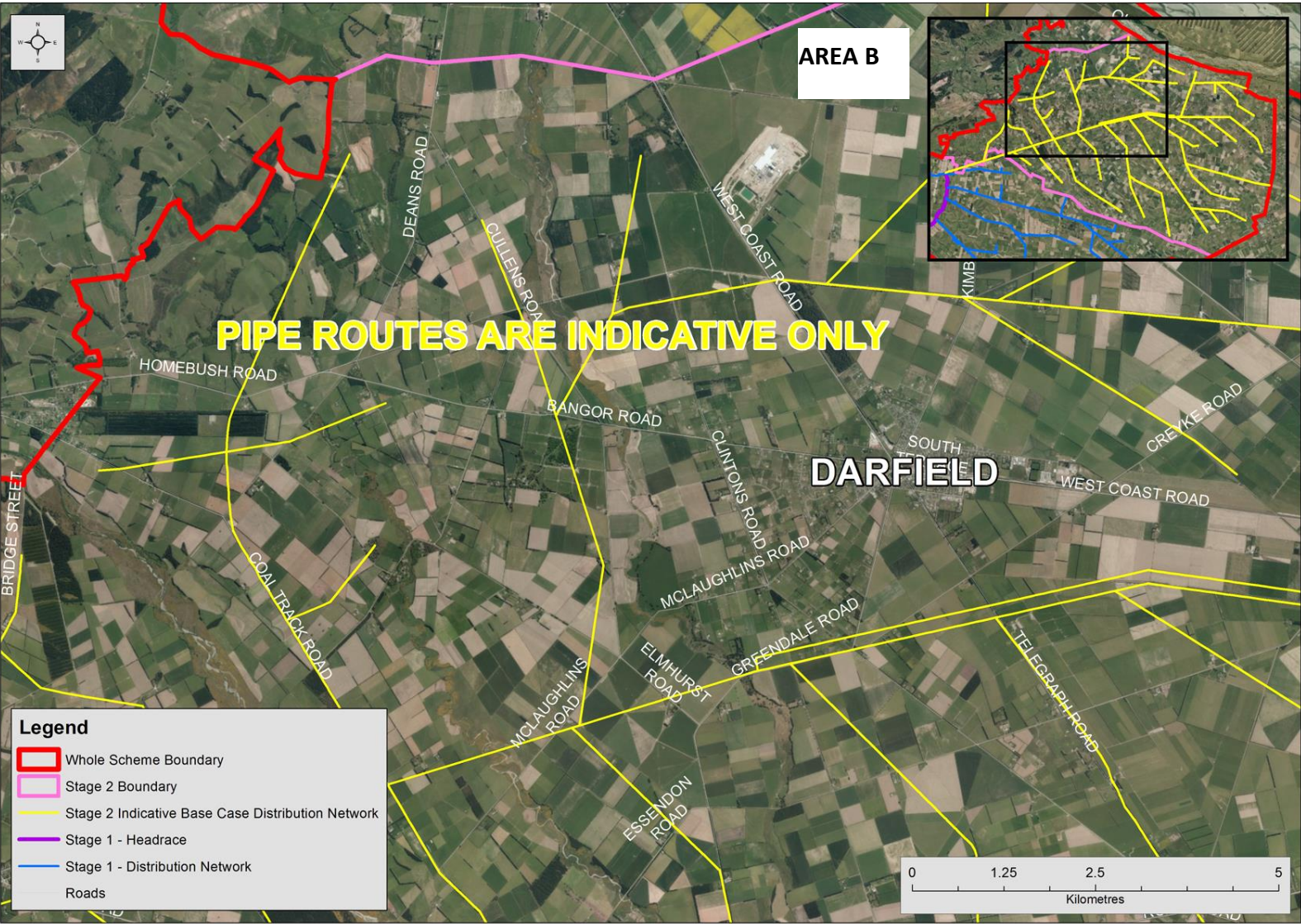
INDICATIVE STAGE 2 BASE CASE SCHEME MAPS



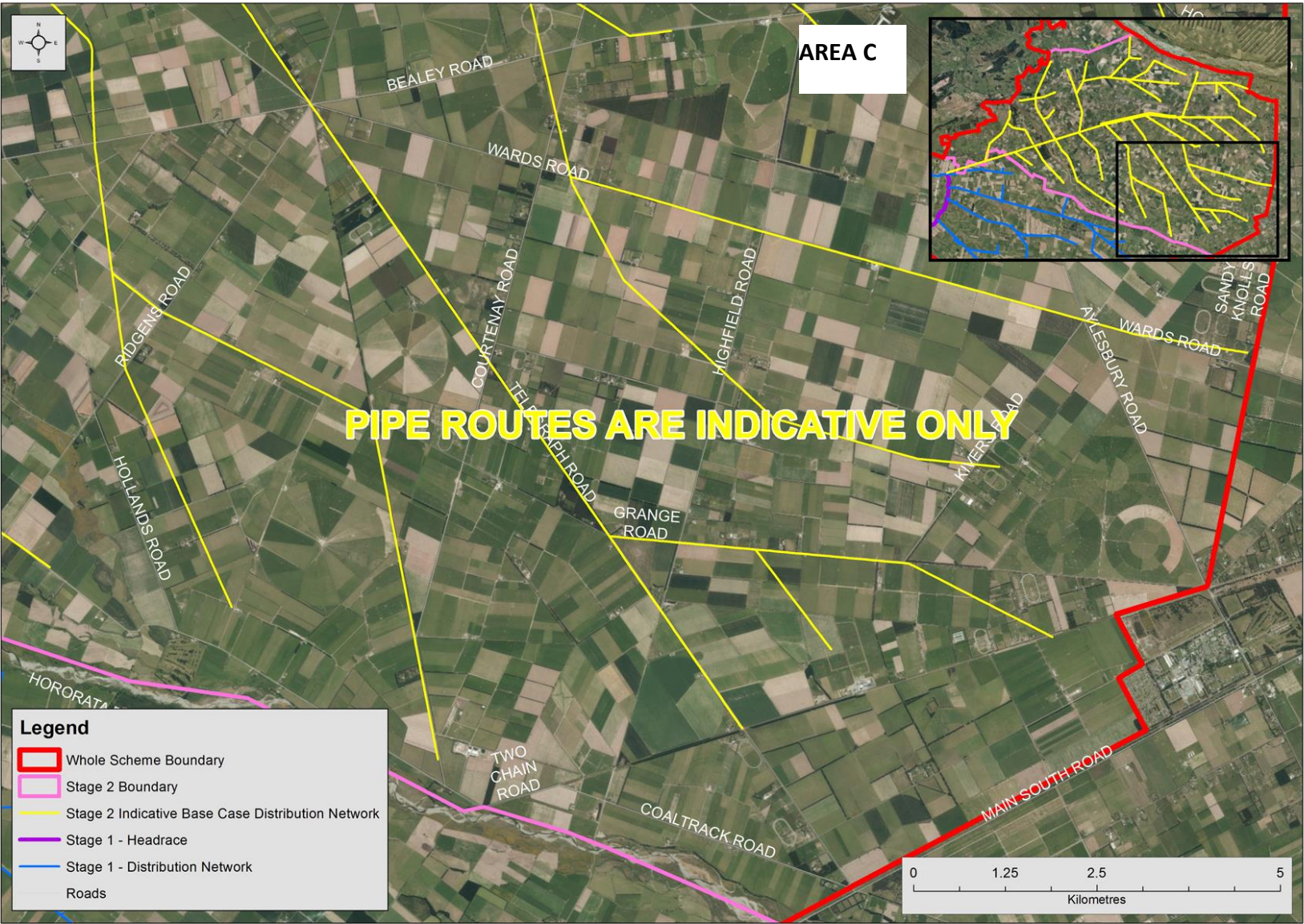
INDICATIVE STAGE 2 BASE CASE SCHEME MAPS



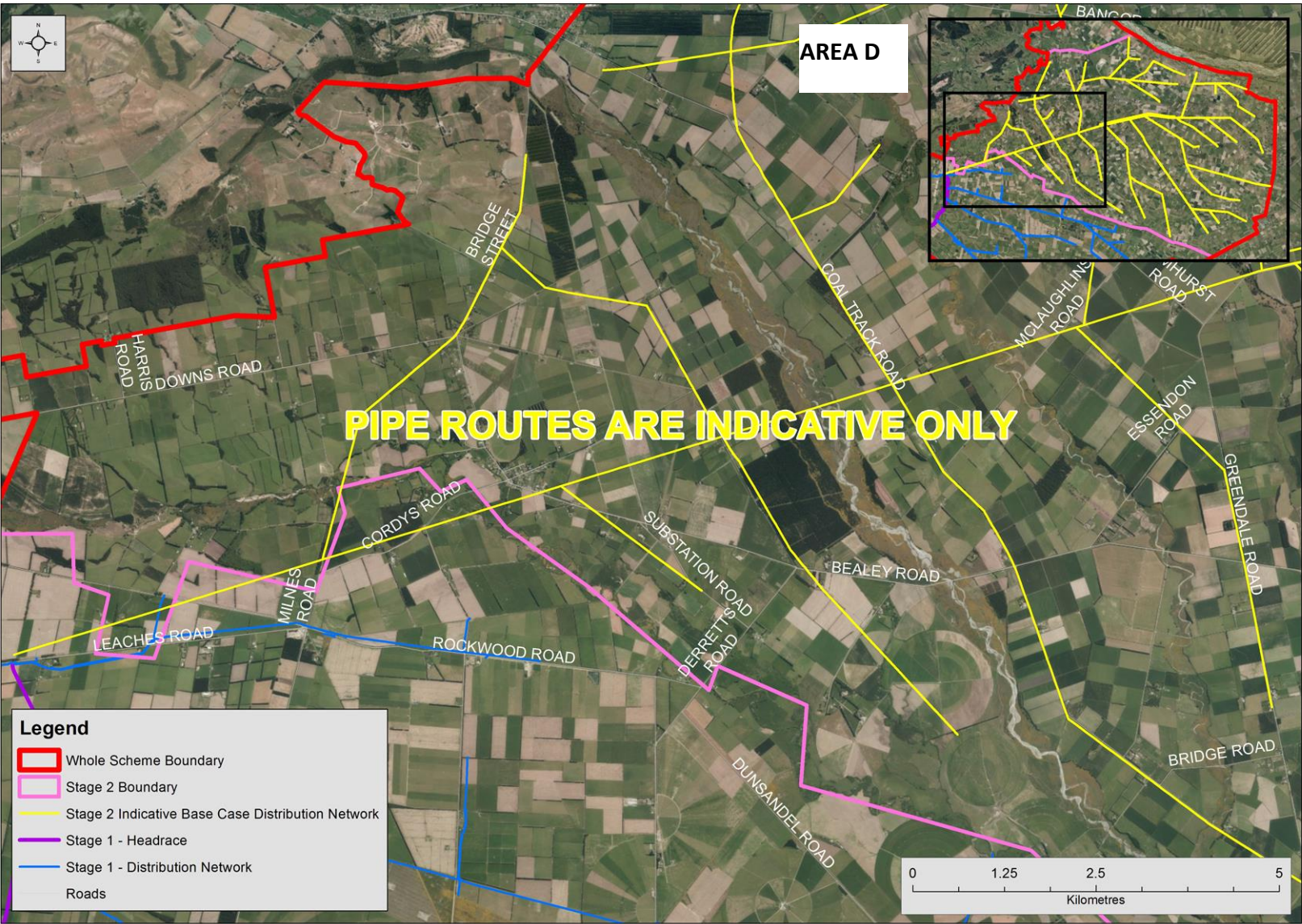
INDICATIVE STAGE 2 BASE CASE SCHEME MAPS



INDICATIVE STAGE 2 BASE CASE SCHEME MAPS



INDICATIVE STAGE 2 BASE CASE SCHEME MAPS



CURRENT AND FUTURE ASPECTS OF THE BUSINESS

Stage 1 of the Scheme commenced operation on 1 September 2015 and has delivered water to approximately 90 Shareholders. The performance of Stage 1 has exceeded expectations.

The current focus of the Company is to:

- design and construct the Stage 2 Infrastructure to deliver Scheme Water to the maximum number of Applicants in the Stage 2 Area on an Economically Viable basis;
- provide Scheme Water to Applicants in the Stage 2 Area as quickly and as efficiently as possible;
- develop the Sheffield component of the Scheme; and
- continue to service existing Stage 1 Shareholders.

The financial performance of the Company is important to the extent it impacts on Water Charges (and the Company's ability to effectively manage the Scheme). The current and future aspects of the Company's business which are likely to have the most impact on the Company's financial performance, and the Company's key strategies and plans for those aspects of the business, are described below.

The Company's strategies and plans to address key aspects of the Company's business are dependent, to a large degree, on the risks associated with the relevant aspects of its business. As such, Applicants should also refer to Section 8 *Risks to Central Plains Water's business and plans* on pages 53 to 61.

OPTIMUM SCALE AND ECONOMIC VIABILITY

The Company will seek to optimise the scale of Stage 2 Infrastructure so that it can deliver water to the maximum number of Applicants in the Stage 2 Area while ensuring Stage 2 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.**

The Company assesses the Economic Viability of developing Stage 2 in terms of the level of Mandatory Water Charges that an Applicant will have to pay. The level of Mandatory Water Charges for Stage 2 is driven by a number of factors, including:

- the capital cost of building the Stage 2 Infrastructure;
- the level and density of uptake;
- the operating costs of Stage 2;
- the level of interest rates; and
- the Company's ability to source and maintain funding on acceptable terms.

The Company considers that any substantial increase to the level of Mandatory Water Charges contemplated by the Stage 2 Base Case (described below) would make Stage 2 not Economically Viable.

In determining whether Stage 2 is Economically Viable, the Board will, after the Closing Date:

- assess the level and density of irrigation demand evidenced by Applications;
- assess the total cost of developing Stage 2 to service the irrigation demand evidenced by the Applications;
- assess the Economic Viability of Stage 2 by reference to the factors set out above; and
- if Stage 2 is not Economically Viable on the basis of all Applications received, assess whether declining any Applications could increase Economic Viability to a point where Stage 2 is Economically Viable and, if so, at the Board's sole discretion, determine which Application to decline on this basis.

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 Mandatory Water Charges not substantially higher than those anticipated under the Stage 2 Base Case, it will issue Construction Shares and, if required, Pre-Construction Shares, under this Offer.

If the Board determines that Stage 2 will not be Economically Viable no Construction Shares and Pre-Construction Shares will be issued under this Offer and all Application Money will be returned (if paid electronically) or cheques destroyed (if paid by cheque). No interest will accrue on any subscriptions that are returned to Applicants.

As the Stage 2 Base Case will be the Company's benchmark for Economic Viability, every Applicant should assess whether the initial Mandatory Water Charges at or around the level indicated by the Stage 2 Base Case will be acceptable and sustainable from their perspective.

STAGE 2 BASE CASE

In preparation for this Offer, the Company has prepared the Stage 2 Base Case, which describes what the Company considers to be a realistic and Economically Viable Stage 2 based on the Company's assessment of:

- likely irrigation uptake under this Offer (based on the Company's surveys of demand for irrigation in the Stage 2 Area) and over time;
- construction, land acquisition and operating costs; and
- funding options.

The Stage 2 Base Case assumes:

- Stage 2 Infrastructure with the capacity to irrigate 25,000 hectares in the Stage 2 Area;
- 80% uptake of that capacity under this Offer with final uptake rising to 95% within 10 years of the construction of the Stage 2 Infrastructure;
- a total capital cost of \$239 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 September 2018;
- debt funding of \$199 million provided from banks and CIIL at an initial interest rate of up to 5.75% per annum, with the interest rate for the CIIL funding initially at a lower rate than bank debt funding (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 Stage 2 Infrastructure and will also require a relatively high percentage of interest rate hedging during the early years of operation of Stage 2);
- an exchange rate of 0.6450 US dollars to the New Zealand dollar;
- the Company will be able to refinance debt as and when required;
- interest is capitalised for the period of construction of Stage 2 Infrastructure followed by a 40 year amortisation term for bank debt; and
- Scheme operating costs of \$205 per hectare.

On the basis of these assumptions, the Company estimates that the initial Mandatory Water Charges per Construction Share under the Stage 2 Base Case will be \$785 per annum and the initial average Water Storage Charges (if applicable) will be \$148 per hectare per annum.

The Company considers that the development of the Stage 2 Base Case is Economically Viable within the meaning set out under the heading **Optimum Scale and Economic Viability** on page 22. Although the Stage 2 Base Case contemplates the construction of some additional capacity, there is no assurance that such capacity will actually be built or, if built, be configured in a way that caters for any individual shareholder or area. Potential irrigators in the Stage 2 Area are therefore encouraged to participate in the Offer if they want access to Scheme Water.

CONSTRUCTION EFFICIENCY

The Company plans to construct the Stage 2 Infrastructure as quickly and as efficiently as possible to minimise Mandatory Water Charges and to ensure that Applicants have the benefit of irrigation as soon as possible. To achieve this outcome, the Company has:

- undertaken appropriate verification, including financial modelling and seeking advice from appropriately qualified experts, of all costs estimated in this PDS, to ensure it seeks appropriate levels of funding (both debt and equity) for the construction of Stage 2; and
- included appropriate contingencies in all cost estimates to minimise the effect of any cost escalation,

and will:

- run a competitive tender process with prospective construction contractors in order to secure a lump sum contract or contracts for the construction of Stage 2 Infrastructure;
- ensure that the design for Stage 2 is optimised (as to scale and efficiency) as far as possible and that key aspects of the design are subject to progressive independent reviews by suitably qualified experts to mitigate the risks;
- ensure that appropriate contingencies are included in the proposed construction timetable;
- undertake appropriate monitoring of construction progress to ensure any delays or issues are quickly addressed; and
- ensure that it has appropriate contractual protection in relation to cost and timeliness of construction.

TIMING OF CONSTRUCTION

The Company proposes to construct Stage 2 of the Scheme between December 2016 and September 2018 (subject to sufficient support by Applicants under this Offer and all necessary permissions, consents, funding and land acquisition arrangements and approvals (including corporate approvals) being obtained).

Key proposed dates for the design and construction phases of Stage 2 are as follows:

Key Milestone	Target achievement date
Concept design	Completed February 2016
Reference design	Completed April 2016
Issue tender documents for design and construction contract(s)	Completed April 2016
Award design and construction contract(s)	December 2016
Commence construction	December 2016
Stage 2 distribution network complete	September 2018

AVAILABILITY AND RELIABILITY OF WATER

Continued availability of run of river and Stored Water is critical to the 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 and the availability of Stored Water.

The Scheme will only provide run of river water at an average of 63% reliability. A Shareholder can choose to augment the reliability of Scheme Water by entering into a water storage arrangement with the Company. The Company's target reliability of water supply (assuming that a Shareholder has entered into appropriate storage arrangements with the Company) is equivalent to 98% on the basis of an Irrigation Season average supply-demand ratio. A summary of water storage arrangements, including a summary of the Stored Water Release Agreement, and the basis on which Stored Water is provided to Shareholders, can be found on the Offer Register, offer number OFR10527.

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

- defend Scheme 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 Scheme;
- comply with (and ensure Shareholders comply with) the conditions of the Stored Water Release Agreement;
- minimise emergency or unplanned outages where possible; and
- design key elements of the Scheme to mitigate (where possible) the effects of natural disasters or adverse river conditions.

A further description of the strategies the Company may utilise to achieve its availability/reliability targets is set out in Section 8 under the heading *Risks Associated with Availability and Reliability of Water* on pages 57 to 60.

FUNDING

Development of the Scheme will be funded through a combination of equity and bank/third party debt as follows:

SOURCE	DESCRIPTION
ISSUE OF CONSTRUCTION SHARES AND PRE-CONSTRUCTION SHARES	The Company is looking to raise up to \$50 million from the issue of 25,000 Construction Shares.
SENIOR DEBT	<p>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 the Stage 2 Base Case 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 to entering 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 pursuant to this Offer.</p> <p>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.</p>
CROWN IRRIGATION INVESTMENTS LIMITED (CIIL) FUNDING	<p>CIIL acts on behalf of the New Zealand Government as a bridging investor for regional water infrastructure development (see www.crownirrigation.co.nz).</p> <p>The Company is of the view that investment in Stage 2 could meet CIIL's objectives. The potential for CIIL to provide funding will not be known until this</p>

	<p>Offer closes and the level and density of uptake under this Offer and Economic Viability are assessed. The Company will work closely with CIIL following the close of this Offer to ascertain whether CIIL can invest further in the Scheme.</p> <p>The Company will only proceed with CIIL funding if the Board is satisfied, on reasonable grounds, that such funding would be in the long term best interest of the Company as a whole.</p>
--	---

Other sources of funding (including equity) may be options for Stage 2 but, at this stage, the Company has not developed any such proposals.

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. A further description of the strategies the Company may utilise to ensure efficient servicing of Company debt is set out in Section 8 under the heading *Financing cost increases* on page 55.

DIRECTORS AND SENIOR MANAGERS

Directors of the Company

The Company's Directors are:

Chairman – Douglas James Catherwood

Doug has been a Director of the Company since 2005 and has been our Chairman since 2012. He has extensive experience and involvement with the rural community in the Central Plains and is a key communication link with Shareholders. Doug's family has farmed sheep in the Malvern area since the early 1950s. From the start of his farming career in the early 1970s, he has been involved in a wide range of groups and organisations on the Central Plains, dealing with various rural community and agricultural issues. Doug started irrigating his Hororata property from a 100 metre deep well in 2002. He was a member of the Central Plains Water Enhancement Steering Committee. Doug has been a trustee of the Water Trust since 2003 and is a director of Te Pirita Irrigation Limited (a subsidiary of the Company) and Carlow 1 Limited.



John William Donkers

John has been a director of the Company since October 2003 and has been involved in the Central Plains Water initiative since its inception, initially as a member of the Central Plains Water Steering Committee followed by a period as trustee of the Water Trust.

John graduated from Lincoln University in 1981 with a degree in Agricultural Science. After working as a sharemilker for a number of years and travelling overseas, he returned to New Zealand and held senior management roles with Apple Fields Dairy Company Limited from 1989 to 1992, developing and managing large-scale dairy farms throughout the South Island. John also held project management roles with Sealord Shellfish in Nelson, before moving back to Canterbury in 1996 where he established the dairy business consultancy Dairy Farm Management Services Limited. That company has recently been sold and John continues to work for the business.

John has a number of business interests including shareholdings in and directorships of a number of companies involved in dairy farming on the Central Plains. Four of these businesses are shareholders in Stage 1 of the CPWL scheme; namely Praise Farm Limited, Willsden Farm Limited, Highbury Farm Limited and Chiswick Farm Limited. Burnham Farm Limited is located in Stage 2 and owns Pre-Construction shares. John is also a shareholder and director of Camden Dairy Farms Limited and Camden Group Services Limited, as well as being a director of Alto Holdings Limited. John is a shareholder in, and director of, craft brewer Wigram Brewing Company Limited.

John has been a board member of Irrigation New Zealand Incorporated since 2002. He is also a director of INZ Accreditation Limited. He is a founding member of the Dunsandel Groundwater Users Group, established to represent the interests of groundwater irrigators on the Central Plains. John is a community appointee to the Regional Committee of the Canterbury Water Management Strategy.



Paul Jason Munro

Paul is a Corporate Finance Partner at Deloitte and an elected member of the Deloitte New Zealand Partner Board. Paul has over 20 years' experience providing share and business valuation advice, transaction support and advice including advising on business acquisitions or sales, capital raising, financial modelling, preparing independent valuation appraisals and providing independent expert evidence to assist with dispute resolution. Paul was the Investigating Accountant (in relation to the Prospective Financial Information) for the Meridian Energy Limited IPO, the Scales Corporation IPO, the Synlait Milk IPO and the EBOS Group Limited (2013) rights issue. In his professional capacity as a Partner at Deloitte, Paul has



been a Receiver (or Liquidator) for various companies that have been placed in receivership (or liquidation). Paul has a Bachelor of Commerce (Finance & Accounting) from the University of Canterbury. He is a Chartered Accountant (PP) and a member of the New Zealand Institute of Chartered Accountants. In addition to being a director of Central Plains Water Limited, Paul is also a director of Orion New Zealand Limited and an Advisory Board member of the University of Canterbury Students Association.

William John Palmer

Willie has been a commercial litigation partner with law firm Buddle Findlay since 1996. He has Bachelors' degrees in Commerce and Law and was admitted as a Barrister and Solicitor of the High Court of New Zealand in 1981. His areas of expertise include company and commercial litigation, and local government advice. Willie grew up in Sheffield and has an interest in an 80 hectare farm there. He was an original member of both the Central Plains Water Enhancement Steering Committee and the Central Plains Water Trust. He is a director of Otarama Investments 2011 Limited and Budfin Nominees Limited. He has been on the Board since 2005.



Geoffrey Keith Stevenson

Geoff is a farmer based in the Selwyn district with interests in both dairy and dry stock farming. He has been an elected member of the Board for nearly eleven years during which he has been involved in the raising of capital via a rights issue and the issue of Stage 1 Construction Shares. Geoff has an Institute of Directors in New Zealand certificate in company direction, which was obtained in 2009. In 2006 he attended the Monash University Course in Agribusiness for Co-operative Leadership and Governance and in 2003 was a participant in the Kellogg Rural Leadership Course. He has also been an elected member of the Fonterra Shareholders Council and the Livestock Improvement Corporation's Shareholder Council. Geoff is currently a Director of Te Pirita Irrigation Limited (a wholly owned subsidiary of the Company) and his own business companies consisting of Clovernook Farm Limited and Harptree Farm Limited (both of which are Shareholders).



William James Luff

Bill is a professional director with more than 30 years' experience in government and business roles, including a long period at British Petroleum and 4 years as Chief Executive of the Canterbury Development Corporation. Bill was Strategy and Marketing Manager at Solid Energy New Zealand Limited until July 2014 (this company went into voluntary administration under Part 15A of the Companies Act 1993 in August 2015). Bill is currently also a director of Enable Services Limited (a subsidiary of Christchurch City Council), Isaac Construction Limited and J Ballantyne and Company Limited. Bill's past directorships include Silver Fern Farms Limited and Lyttelton Port Company Limited.



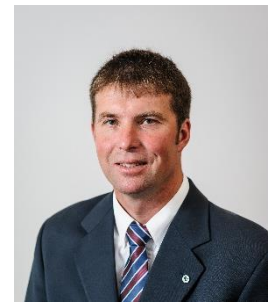
Damon Lester Summerfield

Damon has been a dryland arable farmer in Sheffield for 20 years. He is a director and shareholder in Summerfield Farming Co Limited, which owns Shares in the Company. He became a director of the Company in October 2011.

**Grant Steven Miller**

Grant is a current Selwyn District Councillor who chairs the Council Audit and Risk committee. He also farms a dairy, beef, and cropping enterprise based at Tai Tapu and McQueens Valley. These farms are outside the Scheme Area.

Grant has previously been involved in New Zealand commercial banking at a management level before working for two large international banks in London. Since returning to New Zealand, Grant has completed the Fonterra/Massey University Governance development program. He is a current member of the Fonterra Alumni Program as well as the New Zealand Institute of Directors.



SENIOR MANAGERS OF THE COMPANY

The Senior Managers of the Company as at the date of this PDS are:

Derek Crombie, Chief Executive Officer

Derek is a Civil Engineer with over 20 years' experience of large (over US\$200,000,000) water resource based civil engineering projects in various countries including New Zealand, Australia, Singapore, Philippines and Hong Kong. He was previously Managing Director (New Zealand) and General Manager (Asia) for MWH Asia Limited (formerly Montgomery Watson Limited) from 1989 until 2003. He was also a Director of the GHD Pty Global Company, South Island Manager for GHD NZ Limited, one of Australasia's largest consulting engineering practices, up until 2010. Derek is the Company's Chief Executive Officer and has been the overall project manager of the Scheme working with the Board to develop all aspects of the Scheme since 2009. Derek holds a Bachelor of Engineering (Hons) from the University of Canterbury and a Diploma from Harvard Business School. He was a director of City Care Limited between 2003 and 2012.

Warren Maslin, Chief Financial Officer

Warren is a Chartered Accountant with 30 years' experience in chartered accountancy, commercial accounting and senior financial management roles. Warren has worked on a number of development projects in the natural resources sector including undertaking feasibility work, developing financing solutions and negotiating debt and leasing facilities. Warren was Chief Financial Officer of Solid Energy New Zealand Limited (New Zealand Corporate) for 11 years (from 1999 to 2010). Warren has been the Company's Commercial Manager since October 2012 and was appointed Chief Financial Officer in January 2016. Warren worked on the CPWL Stage 1 development with particular responsibilities for financing and commercial aspects of the project.

Michael Grey, General Manager Stage 2 Design

Michael is a General Manager and project engineer with the Company, and was responsible for delivering the headrace component of Stage 1. Michael is a Chartered Professional Engineer with 22 years project delivery experience in the practice fields of design management, construction management and project management. He has previously held various roles with Solid Energy New Zealand (including as a senior project manager), Modus Project Management Limited as Business Development/Project Manager, Mainzeal Property and Construction as a Business Development/Project Manager and a UK company Total Communications Infrastructure Limited as a Senior Project Engineer. Michael's professional experience spans industrial, commercial, infrastructure, civil, mining and residential projects in leadership and project management roles. Michael holds a Bachelor of Civil Engineering and Masters of Business Administration (MBA) both from the University of Canterbury.

Mark McKenzie, General Manager Operations

Mark is the General Manager Operations for the Company and is responsible for the day-to-day operation of the irrigation scheme, ensuring supply of water to customers and management and maintenance of the scheme assets. Mark is a Professional Project and Programme Manager and has worked in both management and technical roles on medium-large projects and customer facing engagements for 24 years. Mark has a Masters Degree in Engineering Geology and Bachelors qualifications in Geology, Information Technology and Software Development. Mark has previously held project management roles with Solid Energy, Hewlett-Packard and Macraes Mining Company Limited, and has managed a broad range of projects in the mining, mineral exploration, civil infrastructure, telecommunications, and education sectors.

Penny Hoogerwerf, General Counsel

Penny is the Company's General Counsel and is responsible for the land and legal teams. Penny is a qualified lawyer with over 12 years' experience in corporate and commercial law. She was previously a Partner at Lane Neave Lawyers and has held roles at Discount Superstores Group as General Counsel, as Australasian Legal Counsel at Diageo and Corporate Associate at Freehills (now Herbert Smith Freehills). Penny has advised clients on a number of equity raises as well as various development projects in the natural resources and construction sectors, and has extensive corporate governance experience.

Susan Goodfellow, General Manager Environmental

Susan is the General Manager Environmental at the Company and is responsible for the implementation of resource consents, obtaining any new consents, external communications, Shareholder communications, managing the development and implementation of Water Use Agreements and consent compliance including compliance relating to water use such as the Farm Management Plans.

Susan has over 20 years' experience, which includes 10 years working for international firms in both office operations and business development in the Asia region. Susan has specialist expertise in the project management of resource consent work packages for approval; managing and tracking work to project budget. She has also designed, documented contracts, project managed and site supervised large scale infrastructure and urban design projects in New Zealand, Hong Kong and China in a lead consultant and sub consultant capacity. Susan has a Masters of Landscape Architecture. Susan is a director of The Goodfellow Group Limited, a landscape architecture consultancy practice.

SUBSTANTIAL SHAREHOLDERS AND RELEVANT INTERESTS HELD BY DIRECTORS AND SENIOR MANAGERS

Substantial Shareholders

Shareholder	As at date of PDS						Likely after issue	
	Ordinary Shares		Construction Shares (Stage 1)		Pre-Construction Shares		Construction Shares (Stage 2) ¹	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Purata Farming Limited	41,380	5.18%	500	2.73%	-	0.00%	-	0.00%
Fonterra Co-Operative Group Limited	10,000	1.25%	1,268	6.93%	-	0.00%	-	0.00%
Warren James Thomas & Annemieke Antionette Thomas	17,972	2.25%	-	0.00%	2,047	7.01%	2,047	+/- 7.01%

Relevant interests of directors and senior managers

Director or Senior Manager	Legal ownership of relevant interest	As at date of PDS						Likely after issue	
		Ordinary Shares		Construction Shares (Stage 1)		Pre-Construction Shares		Construction Shares (Stage 2) ¹	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Doug Catherwood	Carlow 1 Limited, DJ & JE Catherwood	3720	0.47%	40	0.22%	80	0.27%	80	0.27%
John Donkers	Willsden Farm Limited, Chiswick Farm Limited, Praire Farm Limited, Burnham Farm Limited and Highbury Farm Limited	28,068	3.51%	1,150	6.29%	800	2.74%	800	2.74%
Damon Summerfield	Summerfield Farming Co Limited ²	2,776	0.35%	0	0.00%	200	0.68%	0	0%
Geoff Stevenson	Clovernook Farm Limited and Harptree Farm Limited	6,454	0.81%	200	1.09%	150	0.51%	150	0.51%
Willie Palmer	William John Palmer and John Alexander Shepherd Buchan ²	1,200	0.15%	0	0.00%	75	0.26%	0	0%

¹ Projected on basis of current holding of Pre-Construction Shares.

² Owns land in the area to be covered by the Sheffield component of the Scheme.

OTHER EQUITY SECURITIES OF THE COMPANY

Ordinary Shares

The Company has issued 799,398 Ordinary 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 500m³ 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 Scheme Infrastructure. Rights to use Scheme Infrastructure are conferred by Construction Shares.

Construction Shares and Pre-Construction Shares

Construction Shares and Pre-Construction Shares do not confer:

- rights to receive any dividends;
- voting rights; or
- rights to water *per se*.

All Stage 1 Construction Shares, Stage 2 Construction Shares and Pre-Construction Shares rank, or will on issue rank, equally with other Shares of the same class.

Stage 1

The Company has issued 18,291 Stage 1 Construction Shares. Each Stage 1 Construction Share entitles the holder to use Scheme Infrastructure at a flow rate of 0.6 litres per second of Scheme Water to Stage 1 Land (subject to holding the necessary number of Ordinary Shares and complying with all relevant conditions). On the basis of one Stage 1 Construction Share per hectare this is equivalent to 5.18 mm per hectare per day.

Stage 2

Each Stage 2 Construction Share entitles the holder to use Scheme Infrastructure to the extent required to apply Scheme Water to Stage 2 Land at the Expected Flow Rate (subject to holding the necessary number of Ordinary Shares and complying with all relevant conditions). On the basis of one Construction Share per hectare this is equivalent to 4.5 mm per hectare per day.

Pre-Construction Shares

Each Pre-Construction Share entitles the holder to subscribe for one Stage 2 Construction Share under this Offer. Applicants are required to hold one Pre-Construction Share for every Stage 2 Construction Share they wish to acquire.

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 and/or Pre-Construction Shares without requiring the approval, or a special resolution, of Shareholders of Ordinary Shares, Stage 1 Construction Shares, Stage 2 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, 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 and Pre-Construction Shares and \$10.25 per Ordinary Share.

INTERESTS OF DIRECTORS, SENIOR MANAGERS, ETC

DIRECTOR INTERESTS

Willie Palmer is a partner at law firm Buddle Findlay. The Company has engaged Buddle Findlay to assist it with the preparation of this PDS and to provide other legal advice.

Paul Munro is a partner at accountancy firm Deloitte. The Company has engaged Deloitte for financial advisory and taxation advisory work.

REMUNERATION

Directors

The total remuneration and other benefits to Directors (and past Directors) for services for the year ended 30 June 2015 were:

Director	Position	Total Remuneration (\$)	Other Benefits (\$)
D J Catherwood	Chairman	58,000	-
G K Stevenson	Director	29,000	-
P J Munro	Director	29,000	-
W J Palmer	Director	29,000	-
J W Donkers	Director	29,000	-
D L Summerfield	Director	29,000	-
W Luff	Director	24,000	-
G R Wilson	Director	5,000	-
		232,000	-

Grant Steven Miller was appointed as a director on 18 March 2016. Directors' remuneration was increased to \$36,000 per director per annum in October 2015.

Employees

During the year ended 30 June 2015 the following employees and former employees received individual remuneration of \$100,000 or more:

Remuneration range	Number of employees
\$100,000 - \$110,000	3
\$110,000 - \$120,000	1
\$120,000 - \$130,000	1
\$130,000 - \$140,000	2

\$150,000 - \$160,000	1
\$180,000 - \$190,000	2
\$190,000 - \$200,000	1
\$230,000 - \$240,000	1
\$240,000 - \$250,000	2
\$330,000 - \$340,000	1

OTHER MATERIAL GOVERNANCE DISCLOSURES

Clause 19.2 of the Company's constitution requires that, once the Scheme is operational, at least one half of the Directors, or if their number is not a multiple of 2, then the number one greater than one half, be a:

- Wet Shareholder (being a Shareholder who has entered into a water use agreement with the Company);
- holder of not less than 25% of the voting shares in a company which is a Wet Shareholder;
- person who is an active participant in farming on the Central Plains and is a trustee or primary beneficiary of a trust which is a Wet Shareholder; or
- person who is an active participant in farming on the Central Plains and is a trustee or primary beneficiary of a trust which holds not less than 25% of the voting shares in a company which is a Wet Shareholder.

Clause 19.13 of the Company's constitution provides that Te Rūnanga o Ngāi Tahu has the right at all times to appoint one Director to the Board. If the total number of Directors at any time exceeds nine, Te Rūnanga o Ngāi Tahu shall be entitled to nominate a second Director.

Clause 19.15 of the Company's constitution provides that Te Rūnanga o Ngāi Tahu's express written consent is required to allow for more than 12 directors to be appointed to the Board.

SECTION 3 – PURPOSE OF THE OFFER

PURPOSE OF THE OFFER

The purpose of this Offer is to raise sufficient equity funding which will, together with debt funding (and any further equity funding), be used to:

- construct the Stage 2 Infrastructure;
- repay Existing Debt; and
- meet:
 - costs associated with land acquisition and/or access;
 - all 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 Scheme, as approved by the Board.

The Company anticipates that the lenders that provide debt funding for Stage 2 will require the Company to allocate the proceeds of this Offer to capital expenditure as the requirement arises. Accordingly, the first instalment of the Construction Share subscription price, and the Pre-Construction Share subscription price, will 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. Similarly, the second instalment of the Construction Share subscription price will be applied to capital expenditure for any of the above items which are outstanding at the time the second instalment is paid.

HOW USE OF MONEY MAY CHANGE

The Company does not anticipate that the requirements of any lenders that provide debt funding for Stage 2, in relation to the allocation of proceeds of this Offer, will change depending on the level of uptake under this Offer. Accordingly, the Company expects the use of the proceeds of this Offer will remain the same as that described above if the level and/or density of uptake under this Offer is higher or lower than the Stage 2 Base Case.

MINIMUM AMOUNT

There is no minimum number of Construction Shares or Pre-Construction Shares which must be subscribed for under this Offer. There is also no minimum amount which must be raised before Construction Shares and Pre-Construction Shares are issued under this Offer.

This Offer is not underwritten.

SECTION 4 – KEY DATES AND OFFER PROCESS

KEY DATES AND OFFER PROCESS

Opening Date and lodgement of this PDS	This PDS was lodged and the Offer opened on 3 May 2016.
Closing Date*	Applications for Construction Shares and/or Pre-Construction Shares must be received by the Share Registrar by 5.00pm on 13 June 2016, provided that the Company may determine to accept late Applications in its sole discretion.
Issue Date*	If it proceeds, the issue of Shares will occur after the Board has completed the process described under the heading <i>Optimum Scale and Economic Viability</i> on page 22 and, in any case, within 4 months of the date of this PDS.
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*	1 July 2017.
Construction Timetable for Stage 2*	The key proposed dates for the design and construction phases of Stage 2 are set out under the heading <i>Timing of Construction</i> on page 24.
Dates for payment of Water Charges	Mandatory 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 1 September 2018). Mandatory Water Charges are payable on the 20 th of the month of invoice. Water Storage Charges are invoiced monthly during the Irrigation Season.
Consequences of failing to pay the Second Instalment or Water Charges	For a description of the consequence of a Shareholder not paying his, her or its Second Instalment or Water Charges see Section 8 under the heading <i>Credit Risk</i> on page 60.

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

SECTION 5 – TERMS OF THE OFFER

A summary of the key terms of the Offer is set out in the Key Information Summary on pages 3 to 6. The key features of the Construction Shares and Pre-Construction Shares are set out in Section 6 on pages 41 to 50.

The Constitution also 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 Offer Register, offer number OFR10527 or on the Companies Office website at www.business.govt.nz/companies. The Water Use Agreement also contains provisions which are relevant to the Shares and, in particular, includes the ongoing obligation to pay Water Charges. A copy of the Water Use Agreement General Terms accompanies this PDS and is available on the Offer Register, offer number OFR10527.

KEY 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"> • own or control Stage 2 Land; and • hold a minimum of: <ul style="list-style-type: none"> ○ five (or such lower number as the Board, in its discretion, determines is reasonable in the circumstances) Ordinary Shares; and ○ one Pre-Construction Share, <p>for each Construction Share that they apply for under this Offer.</p>
WHAT ARE THE SHARES BEING OFFERED?	<p>Details of the Construction Shares can be found next to the heading <i>What are the rights attached to Construction Shares</i> on page 41 and details of the Pre-Construction Shares being offered can be found next to the heading <i>What are the rights attached to Pre-Construction Shares</i> on page 42.</p>
WHAT IS THE PURPOSE OF THIS OFFER?	<p>The purpose of this Offer is described in Section 3 <i>Purpose of the Offer</i> on page 35.</p>
WHAT ARE THE KEY DATES FOR THIS OFFER?	<p>The key dates for this Offer, including the Opening Date and Closing Date are set out in Section 4 <i>Key dates and offer process</i> on page 36.</p>
HOW MUCH DO CONSTRUCTION SHARES COST?	<p>The subscription price for each Construction Share is \$2,000.</p>
WHEN DO I NEED TO PAY FOR CONSTRUCTION SHARES?	<p>The subscription price for each Construction Share is payable in two instalments, as follows:</p> <ul style="list-style-type: none"> • \$1,000 per Construction Share payable on Application; and • a further instalment of \$1,000 per Construction Share payable on 1 July 2017. <p>A description of the remedies the Company may utilise if you do not pay the second instalment on your Construction Shares on or before the due date for that instalment is set out in Section 8 under the heading <i>Credit Risk</i> on page 60.</p>

HOW MUCH ARE PRE-CONSTRUCTION SHARES AND HOW DO I PAY?	The subscription price for each Pre-Construction Share is \$250, payable in one sum on Application.
HOW WAS THE PRICE OF CONSTRUCTION SHARES AND PRE-CONSTRUCTION SHARES DETERMINED?	<p>In determining the subscription price for Construction Shares, the Board considered:</p> <ul style="list-style-type: none"> the subscription price for Stage 1 Construction Shares (being \$1,750) and an appropriate uplift to that subscription price over the three years from the date of issue of the Stage 1 Construction Shares to the date of intended issue of Stage 2 Construction Shares under this Offer; and the optimum price for affordability and the mix of debt and equity funding for the Stage 2 Infrastructure. <p>In determining the subscription price for Pre-Construction Shares, the Board considered that the subscription price should be above the subscription price for Pre-Construction Shares in the 2013 Prospectus (being \$200) to allow existing holders of Pre-Construction Shares, who do not require any or all of their Pre-Construction Shares, to sell their excess Pre-Construction Shares to subscribers for Construction Shares who do not hold enough Pre-Construction Shares.</p> <p>The Board did not use any independent or objective mechanism to determine the subscription price for Construction Shares or Pre-Construction Shares.</p>
HOW MANY CONSTRUCTION SHARES ARE BEING OFFERED?	<p>25,000 Stage 2 Construction Shares are being offered (but the Company may accept over-subscriptions). There is no minimum number of Stage 2 Construction Shares being offered.</p> <p>The Company has not yet issued any Stage 2 Construction Shares. Therefore, the Stage 2 Construction Shares offered under this PDS represent 100% of the Stage 2 Construction Shares available at this time and will, immediately after issue, represent 100% of the Stage 2 Construction Shares on issue.</p>
HOW MANY PRE-CONSTRUCTION SHARES ARE BEING OFFERED?	The Company has previously issued 29,215 Pre-Construction Shares (including for the Sheffield component of the Scheme) under the 2013 Prospectus. The Company is only offering Pre-Construction Shares under this Offer to address any shortfall in Pre-Construction Shares offered for sale by existing holders to those persons who require Pre-Construction Shares to purchase Construction Shares under this Offer. There is no minimum or maximum number of Pre-Construction Shares being offered.
WHAT IS THE MAXIMUM AMOUNT?	25,000 Stage 2 Construction Shares are being offered (with the ability to accept over-subscriptions). There is no maximum number of Pre-Construction Shares being offered.
IS THERE A MINIMUM PARCEL OF SHARES AN APPLICANT MUST SUBSCRIBE FOR?	The minimum number of Construction Shares that a single Applicant or joint Applicants may apply for is 20 Construction Shares. If you want to apply for less than 20 Construction Shares, please review the Company's small block policy available on the Company's website, www.cpwil.co.nz .

	There is no minimum number of Pre-Construction Shares that a single Applicant or joint Applicants may apply for, but an Applicant must hold one Pre-Construction Share for every Construction Share they wish to subscribe for.
<p>The Company will only issue Shares under this Offer if, and to the extent that, the Board is satisfied that the development of Stage 2 is Economically Viable. The Board's process for determining Economic Viability is described under the heading <i>Optimum Scale and Economic Viability</i> on page 22.</p> <p>The Board may also reject any Application in its sole discretion without providing any reason for such rejection.</p>	
<p>WHAT IS THE BEST WAY FOR ME TO GET THE REQUISITE NUMBER OF PRE-CONSTRUCTION SHARES?</p>	<p>It is a requirement (a prerequisite to subscription) that every Stage 2 Applicant hold one Pre-Construction Share for every Stage 2 Construction Share they wish to subscribe for. This PDS contains an offer of Pre-Construction Shares to enable Applicants who do not currently hold sufficient Pre-Construction Shares and are unable to purchase the sufficient number of Pre-Construction Shares from existing holders, to subscribe for the requisite number of Pre-Construction Shares.</p> <p>However, the Company is aware that there is likely to be surplus Pre-Construction Shares (issued under the 2013 Prospectus) already in the market. A description of what will happen to 'unused' Pre-Construction Shares is set out under the heading <i>What happens to my Pre-Construction Shares if I don't subscribe for Construction Shares?</i> on page 40.</p> <p>The Company prefers that surplus Pre-Construction Shares be obtained by Applicants from existing holders, before new Pre-Construction Shares are issued. Accordingly, the Company reserves the right to decline any Application for Pre-Construction Shares under this Offer, where Pre-Construction Shares are available to be transferred to the Applicant.</p> <p>If you require Pre-Construction Shares, you are encouraged to contact the Company to discuss your Application. Contact details are set out in Section 12, <i>Contact Information</i> on page 68. The Company has also 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.</p>
<p>WHAT IS THE BEST WAY FOR ME TO GET THE REQUISITE NUMBER OF ORDINARY SHARES?</p>	<p>It is a requirement (a prerequisite to subscription) that every Stage 2 Applicant hold a minimum of five (or such lower number as the Board, in its discretion, determines is reasonable in the circumstances) Ordinary Shares for every Stage 2 Construction Share they wish to subscribe for. This PDS does not contain an offer of Ordinary Shares.</p> <p>The Company has established a website www.cpwshares.co.nz where Applicants and Shareholders can publicise their intention to trade Ordinary Shares along with their contact details so that other Shareholders and Applicants can contact them to buy and sell Ordinary Shares.</p> <p>The requirement to hold five Ordinary Shares for every Construction Share subscribed for is an eligibility requirement only and is not a recommendation as to the number of Ordinary Shares a Shareholder requires.</p>
<p>WHAT IS THE WAITING PERIOD?</p>	<p>The Company is unable to issue any Shares or accept any Applications or subscriptions in respect of the Offer during the FMA's 'waiting period' which is the period of 5 working days after the lodgement of this PDS or such longer period (but not longer than 10 working days in total) required by the FMA.</p>

DO I HAVE TO ENTER INTO A WATER USE AGREEMENT AND ACCESS AGREEMENT?	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 and Access Agreement General Terms accompany this PDS and are also available on the Offer Register, offer number OFR10527.
WHAT ARE WATER CHARGES?	Under the Water Use Agreement, each Shareholder will have an obligation to pay annual Mandatory Water Charges, based on the number of Construction Shares they hold, and Water Storage Charges if they have elected to enter into arrangements for Stored Water with the Company. Mandatory Water Charges and Stored Water Charges are described in more detail under the heading Water Charges on page 47.

OTHER IMPORTANT INFORMATION RELEVANT TO THIS OFFER

WHAT HAPPENS TO MY PRE-CONSTRUCTION SHARES IF I DON'T SUBSCRIBE FOR CONSTRUCTION SHARES?	If a Shareholder holds Pre-Construction Shares and does not intend to subscribe for Construction Shares, or intends to subscribe for less Construction Shares than the number of Pre-Construction Shares they hold, the Shareholder's excess Pre-Construction Shares can be transferred to an Applicant under this Offer. The transfer would need to occur in sufficient time to allow the transferee to subscribe for Construction Shares under this Offer. If a transfer of Pre-Construction Shares does not occur within this timeframe, the Shareholder may find that there is limited, if any, opportunity to sell their Pre-Construction Shares in the future.
CAN THE COMPANY ELECT NOT TO SUPPLY ME WITH SCHEME WATER?	<p>In addition to the Board's discretion to decline Applications set out on page 4, 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 that:</p> <ul style="list-style-type: none"> • 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.

SECTION 6 – KEY FEATURES OF CONSTRUCTION SHARES AND PRE-CONSTRUCTION SHARES

Key terms of this Offer of Construction Shares and Pre-Construction Shares are also contained in Section 5 *Terms of the Offer* on pages 37 to 40. Subscribers should read Section 5 and Section 6 of this PDS carefully to understand the key terms of the Offer, the rights and obligations conferred by Construction Shares and Pre-Construction Shares and the relationship between Construction Shares, Pre-Construction Shares and Ordinary Shares.

STAGE 2 CONSTRUCTION SHARES (CONSTRUCTION SHARES)

WHAT ARE THE RIGHTS ATTACHED TO CONSTRUCTION SHARES?	<p>Each Construction Share will entitle you to use Scheme Infrastructure to the extent required to apply Scheme Water at the Expected Flow Rate to Stage 2 Land, 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 Stage 2 Land to which the Construction Shares will be associated and the Company being able to convey water to that land; • the Stage 2 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 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 Ordinary Shares and Pre-Construction 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"> • voting rights; or • rights to water <i>per se</i>, <p>both of which are conferred by Ordinary Shares.</p>
WHAT IS THE PURPOSE OF CONSTRUCTION SHARES?	<p>Details of the use of proceeds of subscriptions raised pursuant to this Offer are set out in Section 3 <i>Purpose of the Offer</i> on page 35.</p>
WHAT IS THE EXPECTED FLOW RATE OF SCHEME WATER PER CONSTRUCTION SHARE?	<p>The Company expects the Scheme Infrastructure to deliver Scheme Water to Stage 2 at a flow rate of 0.52 litres per second and at a minimum flow rate of 0.46 litres per second.</p> <p>The Expected Flow Rate of 0.52 litres per second is determined using a demand diversification factor of 0.89. This demand diversification factor is applied to reflect the fact that on a large piped irrigation scheme (similar to the Scheme), even during periods of high irrigation demand, not all irrigators will simultaneously require their maximum allocation of Scheme Water at the maximum flow rate. This could be for a number of reasons, including broken irrigators, farms still under development, crops being dried for harvest, fallow</p>

	ground post-harvest and portions of farms being in feed which requires less water.
HOW MANY CONSTRUCTION SHARES DO I NEED?	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>The Company will design the Stage 2 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 Stage 2 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 Stage 2 Land, both now and in the future, and the effects this flow rate might have.</p>
	<p><i>Example (based on the Expected Flow Rate of 0.52 litres per second or 4.5mm per day)</i></p> <p>You have 200 hectares of irrigable Stage 2 Land.</p> <ul style="list-style-type: none"> You wish to irrigate your Stage 2 Land at 0.52 litres per second or 4.5mm per day. To ensure the Company designs the Stage 2 Infrastructure to allow for this you will need to subscribe for 200 Construction Shares. You wish to irrigate your Stage 2 Land at 0.26 litres per second or 2.25mm per day. To ensure the Company designs the Stage 2 Infrastructure to allow for this you will need to subscribe for 100 Construction Shares. You wish to irrigate your Stage 2 Land at 0.6 litres per second or 5.18 mm per day per hectare. To ensure the Company designs the Stage 2 Infrastructure to allow for this you will need to subscribe for 231 Construction Shares.
<p>In order to ensure that your Stage 2 Land is fully serviced by the Scheme Infrastructure, the Company recommends that you accurately determine the irrigation requirements for your Stage 2 Land.</p>	

PRE-CONSTRUCTION SHARES

WHAT ARE THE RIGHTS ATTACHED TO PRE-CONSTRUCTION SHARES?	<p>Pre-Construction Shares confer on the holder the right to participate in this offer of Stage 2 Construction Shares.</p> <p>Holding Pre-Construction Shares is a prerequisite to subscribing for Construction Shares under this Offer – you must hold one Pre-Construction Share for each Construction Share you subscribe for.</p> <p>Pre-Construction Shares also confer on the holder an equal right to participate in the surplus assets of the Company in a liquidation together with Ordinary Shares and Construction 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>Pre-Construction Shares do not carry:</p> <ul style="list-style-type: none"> • voting rights; • rights to water <i>per se</i>, <p>both of which are conferred by Ordinary Shares, or</p> <ul style="list-style-type: none"> • rights to use Scheme Infrastructure, which are conferred by Construction Shares.
WHY DO I NEED PRE-CONSTRUCTION SHARES?	<p>Pre-Construction Shares were first issued under the 2013 Prospectus as a means of allowing non Stage 1 investors to participate in that offer and assist with the funding of the design of Stage 2 and construction of Stage 1 elements which are essential for Stage 2. At that stage, the Company promised that it would be pre-requisite for any subsequent investment in construction shares that the investor already held Pre-Construction Shares. The Company is now honouring this commitment.</p> <p>This Offer of Pre-Construction Shares is made to enable those Applicants who do not currently hold sufficient Pre-Construction Shares and are unable to acquire sufficient Pre-Construction Shares from existing holders, to subscribe for a sufficient number of Pre-Construction Shares to enable the Applicant to subscribe for the required number of Construction Shares.</p> <p>On that basis, it is recommended that you determine the number of Construction Shares you require, then purchase the same number of Pre-Construction Shares from existing holders of Pre-Construction Shares. If you cannot acquire Pre-Construction Shares please contact the Company to discuss your Application (see the disclosure under the heading <i>What is the best way for me to get the requisite number of Pre-Construction Shares?</i> on page 39).</p>
HOW MANY PRE-CONSTRUCTION SHARES DO I NEED?	<p>You need to hold one Pre-Construction Share for every Construction Share you wish to subscribe for. A description of the number of Construction Shares you may require is set out above.</p>
ARE THERE ANY ONGOING CHARGES ASSOCIATED WITH PRE-CONSTRUCTION SHARES?	<p>There are no ongoing charges immediately associated with a subscription for Pre-Construction Shares. However, there are ongoing charges associated with a subscription for Construction Shares (see above).</p>

RELATIONSHIP WITH ORDINARY SHARES

HOW DO ORDINARY SHARES RELATE TO CONSTRUCTION SHARES AND PRE-CONSTRUCTION SHARES?	<p>Each Ordinary Share in the Company confers a pro-rata right to take Scheme Water, estimated at the time of the 2013 Prospectus to be approximately 500m³ of water per Ordinary Share per Irrigation Season (subject to Scheme Water being available – see the discussion under the heading Reliability on page 45 below). The rights attached to Ordinary Shares relate to Scheme Water rather than rights to use Scheme Infrastructure which are conferred by Stage 1 Construction Shares or Stage 2 Construction Shares.</p> <p>These rights are subject to:</p> <ul style="list-style-type: none"> • the Shareholder entering into a Water Use Agreement; • the Shareholder entering into an Access Agreement;
--	--

	<ul style="list-style-type: none"> the Shareholder holding sufficient Stage 1 Construction Shares or Stage 2 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 viable to supply such water at any given time. <p>The rights conferred by Construction Shares and Pre-Construction Shares are in addition to Shareholders' existing rights to water conferred by their Ordinary Shares.</p>
WHAT IF I DON'T HAVE ENOUGH WATER?	Rights to water are conferred by Ordinary Shares, not by Construction or Pre-Construction Shares. If you do not have sufficient rights to water to meet your water requirements, you will need to purchase or licence additional Ordinary Shares from an existing Shareholder to secure rights to the requisite volume of water.
WHAT IF I HAVE MORE WATER THAN I NEED?	Where you consider that you have rights to water in excess of your water requirements, you may consider selling such number of Ordinary Shares that are not required by you or licensing the rights to water attached to your Ordinary Shares contemplated by the provisions of clause 4.1 of the Water Use Agreement.

TRANSFERABILITY OF SHARES

CAN I TRANSFER MY SHARES?	<p>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.</p> <p>The Shares will not be listed on the NZX and there is no established market available to sell Company Shares. However, the Company has established a website, www.cpwshares.co.nz, where Shareholders can publicise their intention to buy or sell Ordinary Shares, Pre-Construction Shares and/or Construction Shares along with their contact details so that other Shareholders and investors can contact them to buy or sell their Shares.</p> <p>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:</p> <ul style="list-style-type: none"> 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. <p>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 Stage 2 Land with which the Construction Shares are associated, as being contrary to the interests of the Shareholders and the Company within in the meaning of clause 14.2(f) of the Constitution and will, therefore, decline to register such transfer.</p>
----------------------------------	---

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.

RELIABILITY

Ordinary Shares carry rights to a total annual volume of Scheme Water, delivered by one of two water sources: (i) run-of-river water and (ii) Stored Water. Run-of-river water alone (that is, without Stored Water) will, on a seasonal basis, provide approximately 63% reliability of supply of a Shareholder's Ordinary Share entitlement, on the basis of the Stage 2 Base Case and using an Irrigation Season average supply-demand ratio. A comparison annual Scheme Water volume entitlement and the Scheme Water volume provided by river water alone is shown in Figure 1 below.

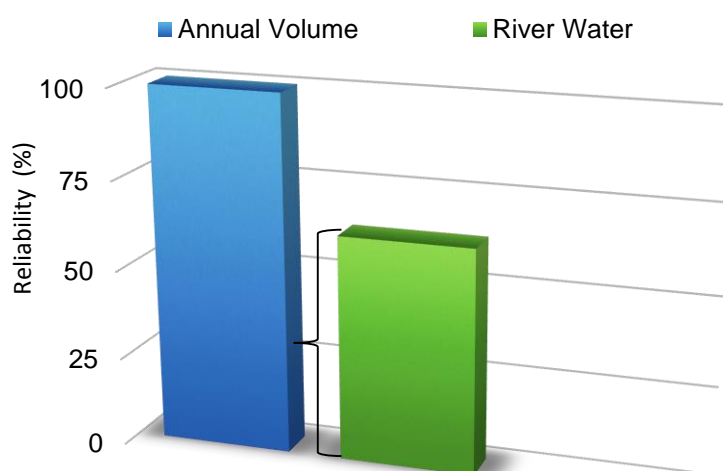


Figure 1

Shareholders can increase the available reliability of their water supply between 1 October and 30 April by supplementing available run-of-river water with Stored Water, which the Company will obtain from Lake Coleridge under its Stored Water Release Agreement with Trustpower.

Contracting Stored Water can increase the reliability of supply of Scheme Water up to approximately 98% reliability (depending on the level of Stored Water an individual Shareholder chooses to order). The level of Contracted Stored Water is determined by each individual Shareholder and reflects the level of reliability they require as shown in Figure 2 below.

Stored Water is not an additional volume of water over and above the annual entitlement attached to your Ordinary Shares, but simply increases the reliability of that water.

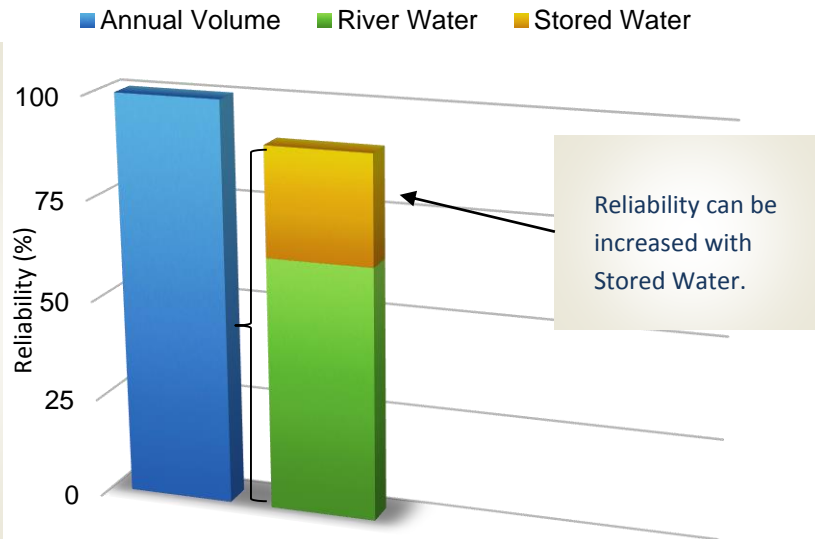


Figure 2

Shareholders who want to receive Stored Water are required to nominate a volume of Contracted Stored Water prior to the commencement of their first Irrigation Season. Once a Shareholder nominates a volume of Contracted Stored Water, the Shareholder can increase the volume or leave it at the same level for subsequent Irrigation Seasons, but cannot reduce the volume of Contracted Stored Water and will be required to pay for the full volume of that Contracted Stored Water, irrespective of whether or not it is used in any given Irrigation Season. In addition to Contracted Stored Water, a Shareholder may also then order Additional Stored Water of up to twice the volume of that Shareholder's Contracted Stored Water. The different types of Stored Water are shown in Figure 3 below.

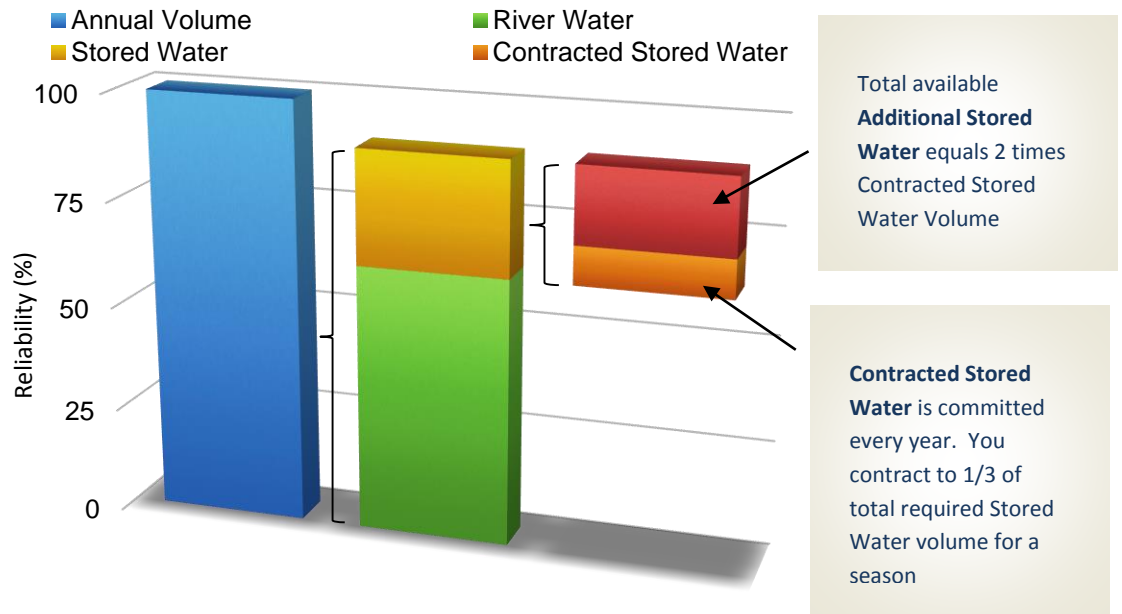


Figure 3

Whilst run-of-river water is available over an irrigation season with average reliability of 63%, this does not mean that river water is available at 63% reliability on any given day. In reality, Stored Water is required to ensure that Shareholders have water for those periods where there are days or weeks of no available run-of-river water.

Stored Water allows a Shareholder to have certainty that their daily irrigation requirements are met during those periods during the season where river water is unavailable or severely restricted (e.g. Days 3, 4, 5, 6 and 10 in Figure 4 below).

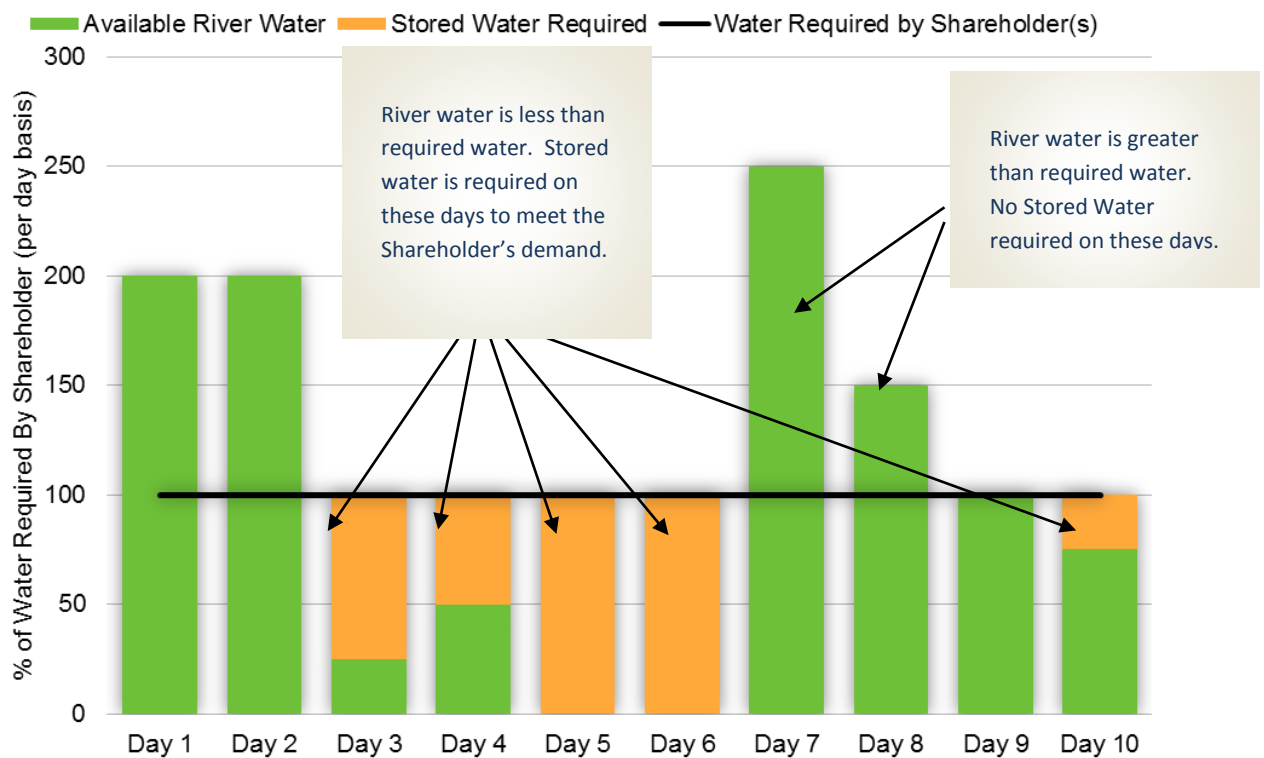


Figure 4

WATER CHARGES

Under the Water Use Agreement, each Shareholder will have an obligation to pay annual Mandatory Water Charges, based on the number of Construction Shares they hold, and Water Storage Charges if they have elected to enter into arrangements for Stored Water with the Company.

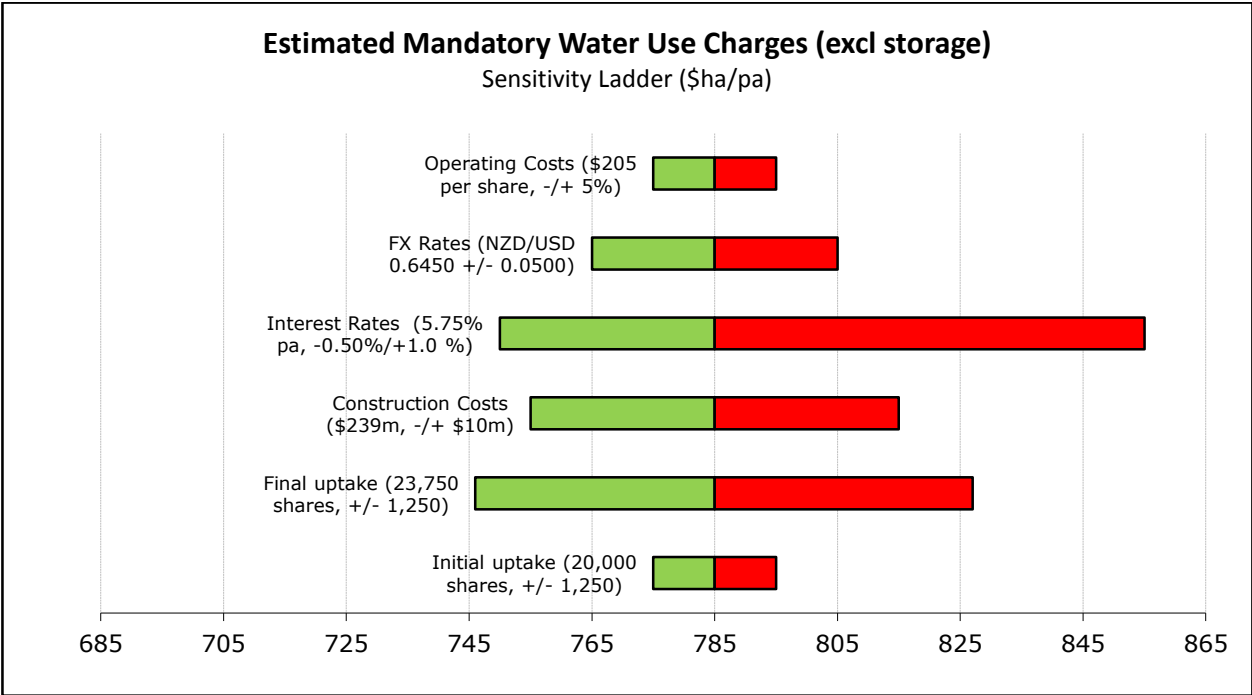
MANDATORY WATER CHARGES

Although it is difficult to anticipate all costs that may arise in the future, generally speaking Mandatory 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 Section 2 *Central Plains Water Limited and what it does – Current and future aspects of the business* on pages 22 to 26 and in Section 8 *Risks to Central Plains Water's business and plans* on pages 53 to 61.

The potential impact of a number of key sensitivities on Mandatory Water Charges from the Stage 2 Base Case estimate of \$785 per Construction Share is shown in the sensitivity ladder below.

Assuming that Stage 2 becomes operational in time for the 2018 Irrigation Season, Mandatory Water Charges will be payable from September 2018.

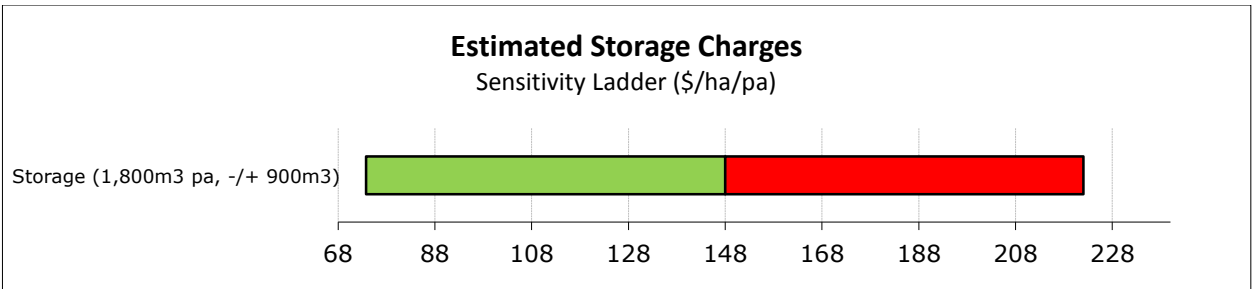
Mandatory Water Charges are payable by Shareholders on a monthly basis whether or not the Shareholder takes or uses the water during the relevant Irrigation Season and notwithstanding that water supply may be unavailable or cut off to the Shareholder's property for short periods in accordance with the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



WATER STORAGE CHARGES

Stored Water is ordered by Shareholders in m³/Ha and is currently charged at a rate of 8.2 cents per m³ (adjusted for CPI yearly). The reliability of a Shareholder's water is controlled by the Contracted Stored Water ordered by that Shareholder.

The Company's estimate of annual Water Storage Charges, based on an average requirement of 1,800m³ of Stored Water per hectare, is \$148 per hectare. This equates to 180mm of water from Lake Coleridge additional to that available from run of river supply. Modelling indicates that a peak year demand will be in the order of 2,700m³ per hectare/270mm in a 1-in-10 year drought. Meeting that demand would cost \$222 per hectare in Water Storage Charges. The potential impact of a lower or greater storage requirement on Water Storage Charges is shown in the sensitivity ladder below.



PAYMENT OF WATER CHARGES

Mandatory Water Charges are charged monthly in equal instalments over the 12 calendar months.

Contracted Stored Water is charged in equal monthly instalments over the seven months from October to April (inclusive). Contracted Stored Water is charged whether the Contracted Stored Water is used or not. Once a shareholder has consumed their Contracted Stored Water Volume, they will then commence consuming their available Additional Water. Additional Water is charged to the customer on the basis of volume of additional water used each month, and charged the month after the water is used. Additional Water charges (if any) will be incurred some time into the irrigation season, when the individual Shareholders Contracted Stored Water has been consumed.

Figure 5 belows show the payment cycle for each type of Water Charge.

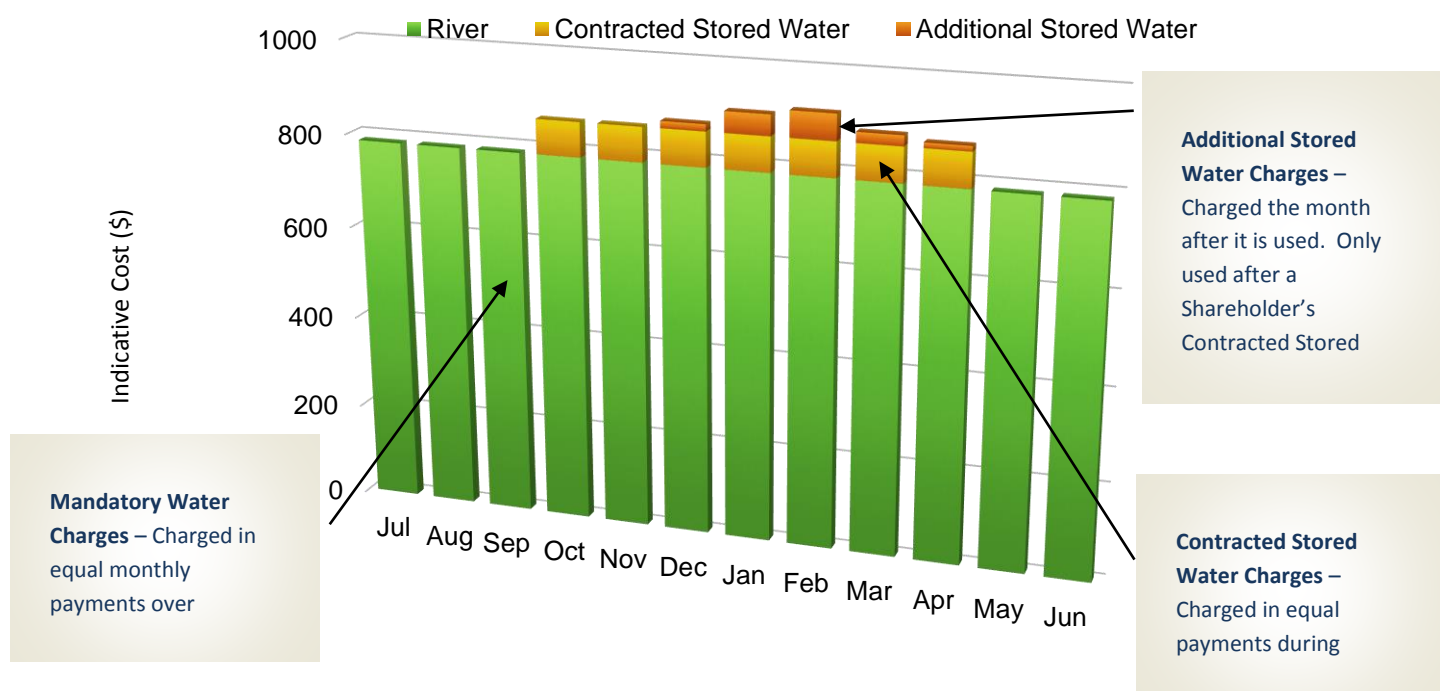


Figure 5

If a Shareholder does not pay his, her or its Water Charges, the Company may exercise its contractual remedies under the Water Use Agreement and may:

- cut off the supply of Scheme Water to the Shareholder's property;
- cancel the Water Use Agreement by giving ten working days written notice to the Shareholder; and/or
- forfeit Shares held by the Shareholder.

A fuller description of the remedies the Company may utilise if a Shareholder does not pay his, her or its Water Charges is set out in Section 8 under the heading *Credit Risk* on page 60.

The Company will use all reasonable endeavours to progressively equalise Mandatory Water Charges across Stage 1 and Stage 2 of the Scheme as soon as possible following Stage 2 being commissioned (there is only a marginal difference between the current Stage 1 water charges and the projected Water Charges under the Stage 2 Base Case).

THE COMPANY'S DIVIDEND POLICY

While the Company has the ability in its Constitution to pay dividends to Shareholders (although the payment of such dividends would never be guaranteed and would be at the discretion of the Board and subject to the Company first meeting appropriate solvency requirements), it is not intended that holders of Construction Shares, Pre-Construction Shares or Ordinary Shares will receive a return by way of dividends or rebates.

What a Shareholder will receive by virtue of their shareholding is:

- if the Shareholder holds Ordinary Shares and enters into a Water Use Agreement, rights to a certain volume of water (dictated by the number of Ordinary Shares held);
- if the Shareholder subscribes for Pre-Construction Shares, rights to participate in this Offer of Stage 2 Construction Shares; and
- if the Shareholder subscribes for Construction Shares, rights to use Stage 2 Infrastructure (subject to their underlying rights to water) to the extent required to deliver Scheme Water to a turnout device located on their land at a location determined by the Company (in accordance with its turnout policy) at the Expected Flow Rate per Construction Share,

in each case subject to:

- 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 practical to supply such water at any given time.

As such, these rights will only have intrinsic value to a Shareholder after the Operational Date.

SECTION 7 – CENTRAL PLAINS WATER LIMITED'S FINANCIAL INFORMATION

These tables provide key financial information about the Company. Full and interim financial statements are available on the Offer Register at <http://www.business.govt.nz/disclose>, offer number OFR10527. If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.

This key financial information relates to the actual historical results for the appropriate period and has been prepared in accordance with Generally Accepted Accounting Practices (GAAP).

The 30 June 2015, 30 June 2014 and 30 June 2013 annual financial statements have each been subject to external audit. The 31 December 2015 interim financial statements have been subject to a limited scope review (a copy of the review report is available on the Offer Register, offer number OFR10527).

Selected Financial Information

	6 months	6 months	12 months	12 months	12 months
	31 December	31 December	30 June	30 June	30 June
	2015	2014	2015	2014	2013
	\$	\$	\$	\$	\$
Statement of Financial Performance Summary					
Total Revenue	7,447,953	149,700	222,751	4,053,235	1,522,281
Total Expenses	(5,979,915)	(2,400,518)	(4,586,840)	(8,591,351)	(3,686,799)
Earnings before interest, tax, depreciation and amortisation	1,468,038	(2,250,818)	(4,364,089)	(4,538,116)	(2,164,518)
Depreciation and amortisation	(1,555,274)	(56,984)	(119,503)	(22,299)	(4,437)
Finance costs – net	(2,752,884)	-	(36)	(643,505)	(749,855)
Net profit/(loss) before tax	(2,840,120)	(2,307,802)	(4,483,628)	(5,203,920)	(2,918,810)
Income Tax	(382,081)	-	-	-	-
Net profit/(loss) after tax	(3,222,201)	(2,307,802)	(4,483,628)	(5,203,920)	(2,918,810)
Statement of Cash Flows Summary					
Net cash inflow/(outflow) from operating activities	(4,090,321)	(3,228,847)	(4,271,574)	(5,855,706)	(2,079,922)
Statement of Financial Position Summary					
ASSETS					
Cash and cash equivalents	6,203,296	3,106,038	1,994,781	2,439,231	183,034
Trade and other receivables	687,781	4,629,274	2,302,403	20,762,001	830,787
Current assets	6,891,077	7,735,312	4,297,184	23,201,232	1,013,821
Non-current assets	160,288,567	84,716,149	149,966,692	23,169,826	265,128
Total assets	167,179,644	92,451,461	154,263,876	46,371,058	1,278,949
LIABILITIES					
Current liabilities	3,622,462	7,028,075	8,925,269	5,961,387	1,050,098
Total debt	146,305,510	66,127,700	124,793,908	20,425,394	13,741,167
Derivative financial instruments	12,413,459	8,922,402	12,126,960	3,189,510	-
Non-current liabilities	158,718,969	75,050,102	136,920,868	23,614,904	13,741,167
Total liabilities	162,341,431	82,078,177	145,846,137	29,576,291	14,791,265
Net assets	4,838,213	10,373,284	8,417,739	16,794,767	(13,512,316)
EQUITY	4,838,213	10,373,284	8,417,739	16,794,767	(13,512,316)

The Company's balance sheet has grown significantly as the Company has moved through the project life cycle of design, then construction and finally into irrigation operations of Stage 1 from September 2015. "Highlight" comparisons between years are therefore difficult.

The Company has put in place funding arrangements to meet the needs of each stage of project development. These are explained in further detail under the heading *Existing Funding Arrangements and Debt* on page 13 and under the heading *Funding* on page 25.

SECTION 8 – 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.

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 Mandatory Water Charges payable by Shareholders. **In considering the impact of a risk on Mandatory Water Charges, Applicants should remember that Mandatory Water Charges are payable regardless of the amount of water taken and are fixed annually, but are variable over time.**

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 Mandatory Water Charges.**

Delay

Another potential consequence of some of the risks outlined below is delay in the construction of the Stage 2 Infrastructure and consequent delay in delivery of Scheme Water to irrigating Shareholders in the Stage 2 Area. If any delay becomes protracted, Stage 2 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 Stage 2 Infrastructure and convert those debt facilities to term facilities at the conclusion of construction of the Stage 2 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 Stage 2;
- 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 Stage 2 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 Mandatory Water Charges to service the level of debt required to fund construction of the Stage 2 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.

Mitigation Strategies

The Company has received a proposal from ANZ and Westpac to provide a substantial portion of the debt funding required for the construction and development of the Stage 2 Base Case. The indicative proposal is subject to a number of conditions including the Company being successful in raising the requisite capital under this Offer and completion of legal, technical and financial due diligence. The Board believes that these indicative conditions could be satisfied in order to obtain the required debt funding for any Economically Viable level of uptake.

In addition, the Company:

- has developed relationships with other potential funders including CIIL and additional trading banks;
- has undertaken, and is undertaking, a competitive process to determine the optimal mix of funding and terms;
- has management and external advisors to assist in managing approvals and satisfying and conditions imposed on funding; and/or
- could look to raise additional equity from Shareholders.

Assessment of the likelihood of circumstances arising

Low

COST ESCALATION

The Company is exposed to risks associated with cost escalation. Cost escalation could occur in relation to:

- construction (capital costs) for Stage 2;
- operating and maintenance costs of the Scheme; and/or
- financing costs (particularly, interest rate fluctuations) for Stage 2 funding and/or wider Scheme funding.

Escalation of (estimated) construction costs

The total estimated capital costs for the construction and development of Stage 2, along with projected operating expenses of the Company during the construction period, will determine the amount of debt funding required.

Detailed design and tendering for construction contracts has not yet been completed. As such, there is a risk that the costs of construction (capital costs) of Stage 2 of the Scheme could increase from those currently estimated by the Company. If capital costs rise significantly for the construction of Stage 2 (beyond the allowed contingency), one or more of the Key Impacts may materialise and/or the Company may be required to:

- adjust the Scheme design or delivery standard for parts of Stage 2;
- reduce the delivery area of Stage 2 to supply only the highest density/lowest cost areas of demand; and/or
- seek additional:
 - 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 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 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 Mandatory 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 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 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 for the construction of Stage 2 (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. Details of the Company's current and future levels of debt funding are set out on page 13 (under the heading <i>Existing Funding Arrangements and Debt</i>) and page 25 (under the heading <i>Funding</i>). Because the Company has significant levels of debt funding and will, assuming Stage 2 proceeds, significantly increase its current levels of debt funding, an increase in interest rates could have an adverse impact on the Company's financial performance.
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 Stage 2) which will include interest rate hedging. It is also expected that debt funders will require interest rate risk for Stage 2 debt to be 100% hedged (fixed or capped) during the construction of Stage 2 Infrastructure and will also require a relatively high percentage of interest rate hedging during the early years of operation of Stage 2.
Assessment of the likelihood of circumstances arising
Medium

CONSTRUCTION AND ENGINEERING RISKS (DESIGN, CONSTRUCTION PROCUREMENT AND PERFORMANCE RISKS)
Managing the construction of the 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.

Design risks
The headrace and the pipework distribution network (for both Stage 1 and 2) are subject to design risks. Stage 1 has already been constructed and the Company is not aware of any material design flaws affecting the Stage 1 Infrastructure. As part of Stage 2, certain modifications to the intake works and headrace are required. If a significant design flaw arises in relation to Scheme 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 Stage 1 have been designed by suitably qualified experts, subject to progressive independent reviews by suitably qualified experts with appropriate levels of professional indemnity insurance. This process will continue to be implemented in the design for Stage 2 although with the responsibility for design of the Stage 2 distribution network being novated to the construction contractor.
Assessment of the likelihood of circumstances arising
Low
Construction risks
The Company's ability to procure the construction of the Stage 2 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 Stage 2 Infrastructure, a number of circumstances could lead to time delays and/or cost escalation (see discussion above) which could, in turn result in one or more of the Key Impacts materialising. These circumstances include: <ul style="list-style-type: none"> • 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 Scheme Infrastructure; • location of antiquities etc; • delays or difficulties in obtaining the pipe; • delays or difficulties in obtaining the necessary building consents for the Stage 2 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: <ul style="list-style-type: none"> • ensuring appropriate geotechnical investigations are completed before construction of Stage 2 Infrastructure commences; • running a tender process with two large and reputable companies with appropriate competence and capacity to undertake the works; • ensuring the final construction contract includes appropriate levels of security; • ensuring appropriate site security; and • ensuring there are appropriate levels of project insurance.
Assessment of the likelihood of circumstances arising
Low to medium
Performance risks
The Scheme Infrastructure involves a number of complex and integral components including sophisticated metering and operational systems.

There is a risk that the Scheme 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. There are also risks around the integration of Stage 1 and Stage 2 of the Scheme.
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 Stage 2 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>However, residual performance risk will remain and is impossible to entirely eliminate, including risks associated with natural disasters (described below). 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

RISKS ASSOCIATED WITH AVAILABILITY AND RELIABILITY OF WATER (<i>CONSENTS, OUTAGES, CLIMATE CONDITIONS/NATURAL DISASTERS AND RELIABILITY</i>)
The success of the Scheme and the financial performance of the Company are dependent on the availability of Scheme Water.
<i>Resource Consents</i>
<p>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:</p> <ul style="list-style-type: none"> • 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). 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:

<ul style="list-style-type: none"> • prepare, produce, maintain and implement a Farm Environment Plan for all of their property 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
<p>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.</p> <p>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.</p> <p>The mitigation measures available to the Company are also discussed in Section 2, <i>Central Plains Water Limited and what it does</i>, under the heading <i>Availability of Water</i> on page 24.</p>
Assessment of the likelihood of circumstances arising
Low
Outages
<p>Scheme supply outages could happen from time to time, including as a result of any of the following circumstances:</p> <ul style="list-style-type: none"> • <i>Water cannot be supplied under storage arrangements:</i> Without storage, the Scheme will only provide run of river water at 63% reliability (based on an Irrigation Season average supply-demand ratio). • <i>Climatic Changes:</i> Climate change can affect both the performance and long term operation of the Scheme. Decreased rainfall or increased temperatures could: <ul style="list-style-type: none"> ○ increase the frequency and/or duration of low or very low river flows; ○ adversely affect the level of water in Lake Coleridge (which could affect the availability and price of Stored Water under the Stored Water Release Agreement); or ○ increase pressure on water resources at certain times, <p>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.</p> • <i>Natural Disasters:</i> 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 Scheme Infrastructure. • <i>The intake is closed because river flow is too high:</i> To limit the amount of sediment that has to be managed and cleared from the supply works, the Scheme intake will be shut down when the Rakaia River flow is too high. Where this occurs, the Company will also not be able to take water pursuant to the Consents or utilise its Stored Water allocation from Trustpower. It is currently expected that the intake may be closed when the river flow is higher than approximately 1,000 cumecs (although this is the subject of a technical investigation), and it is expected this could occur around 10 times per year (on

<p>average) and for a total of around six days per year (on average). This level of river flow is likely to occur less frequently during the Irrigation Season.</p> <ul style="list-style-type: none"> • <i>Other emergencies or breakdowns occur.</i> • <i>Deliberate or accidental damage to the Scheme Infrastructure.</i>
Mitigation Strategies
<p>The following mitigation strategies are in place:</p> <ul style="list-style-type: none"> • Shareholders can augment the reliability of their water supply from the Scheme by entering into water storage arrangements with the Company but, even then, reliability may not be 100% every year (also see the description of risks associated with reliability below). The Company's target reliability of water supply (assuming that a Shareholder has entered into appropriate storage arrangements with the Company) is equivalent to 98% on the basis of an Irrigation Season average supply-demand ratio. • 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>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 Scheme 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 Rakaia River over the past 49 years, and using this analysis has calculated that the Consents to take water from the Rakaia River secure an average Irrigation Season water entitlement of 296 million m³ for Shareholders. Assuming a run-of-river supply without storage, the long term average reliability of supply across the Scheme is estimated at approximately 63% on the basis of an Irrigation Season average supply-demand ratio. However, the Company has entered into the Stored Water Release Agreement which increases this reliability. The Stored Water Release Agreement and the reliability of the Scheme is discussed further in the summary on the Offer Register, offer number OFR10527.</p> <p>The volume of Stored Water available to the Company through the Stored Water Release Agreement may at times be less than the volume required to meet the Company's daily water demands, particularly during times of low flows in the Rakaia River:</p> <ul style="list-style-type: none"> • <i>Lake Levels:</i> While Trustpower is committed to providing the contracted volumes of water to the Company, this is subject at all times to there being sufficient water in Lake Coleridge. The level of water in the Lake may be insufficient to release the total requested volumes of water to the Company where there is a drought, where there has been insufficient inflow into the Lake, or where Trustpower has underestimated the volume of water it has available for power generation. • <i>Release Rate and Maximum Daily Take:</i> Trustpower is subject to a total maximum release rate from Lake Coleridge advised by Trustpower (being 30 to 36 cumecs depending on Lake levels) which may limit the volume of water it can release to the Company (subject also to the demands of the other first participants – refer to the discussion of first participants below). The Lake Coleridge release regime is currently able to meet the demands of all current users up to the limits of storage committed by Trustpower. If additional release capacity is required, there are options available to Trustpower such as to release water over the intake flow gates or construct additional structures to effect this but this may come at an increased cost to water users. • <i>First Participants:</i> The Company (together with several other parties) are defined as "first participants" in the Stored Water Release Agreement with Trustpower. Trustpower is required to ensure that it has sufficient water available in Lake Coleridge on a monthly basis (based on reasonable forecasting) to

<p>meet the water requirements of its counterparties, particularly the first participants, but is not required at the beginning of each release season to ensure that it has the full 100,000,000m³ of water available. As such, the Company's ability to utilise its full entitlement to water may be dependent on Trustpower's ability to adequately forecast lake inflows in any subsequent month.</p> <p>Any inability of Trustpower to supply Stored Water could result in a decrease in reliability for those Shareholders who have entered into water storage arrangements with the Company.</p>
Mitigation Strategies
<p>The Company will continue to monitor storage demands, contracted storage sufficiency and assess other storage options as they arise. The Company anticipates that in most cases, it will have sufficient advance warning of Water Storage constraints to make the necessary arrangements to deal with the situation.</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 second instalment on their Construction Shares and/or the non-payment by Shareholders of Water Charges under their Water Use Agreement.</p>
Mitigation Strategies
<p>If a Shareholder fails to pay the second instalment on the 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 Shareholder's name 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>
Assessment of the likelihood of circumstances arising
Low in relation to any wholesale failure by Shareholders.

RISKS ASSOCIATED WITH LAND ACCESS AND LAND ACQUISITION
<p>The Company may experience difficulties or delay in obtaining access to land required to construct the Stage 2 Infrastructure.</p>
Mitigation Strategies
<p>The Company has already started discussions with various landowners for access for the Trunk Main Pipeline. It is also a requirement of subscription for Construction Shares under this Offer that the subscriber agrees to grant the Company access over its land to construct the Stage 2 Infrastructure. The Company also has requiring authority powers pursuant to section 167 of the Resource Management Act which means that the Company may</p>

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 may decide to build additional capacity in the Stage 2 Infrastructure. If the Company proceeds with this option it will make certain assumptions about the level of uptake over time which will, in turn, be used to set the level of Mandatory Water Charges (for instance the Stage 2 Base Case assumes an initial uptake of 80% under this Offer rising to 95% over the 10 years following the construction of the Stage 2 Infrastructure). These assumptions may prove to be incorrect resulting in an increase in Mandatory Water Charges.
Mitigation strategies
The Company's assumptions will be based on its scoping exercises with prospective Applicants to ascertain indicative levels of demand for irrigation from the Scheme, its assessment of likely future demand for Stage 2 Infrastructure, and the likely potential future impact on Mandatory Water Charges from future forecast uptake not materialising.
Assessment of likelihood of circumstances arising
Medium

SECTION 9 – TAX

Tax can have significant consequences for an investment in Shares. You should carefully consider how an investment in Shares might affect your personal financial and taxation circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

SECTION 10 – WHERE YOU CAN FIND MORE INFORMATION

Further information about the Company, Construction Shares and Pre-Construction Shares can be found on the Offer Register at <http://www.business.govt.nz/disclose>, offer number OFR10527. A copy of the information on the Offer Register can be obtained on request from the Registrar.

Copies of this PDS, the Company's Financial Statements and other documents relating to the Company (including the Constitution, the 2004 Prospectus, the 2010 Prospectus and the 2013 Prospectus) may also be inspected:

- at the registered office of:
Central Plains Water Limited
Level 1
114 Wrights Road
Addington
Christchurch 8024
New Zealand
- on a public register on which they are filed at the Companies Office of the Ministry of Economic Development (including at www.business.govt.nz/companies).

Any document not available on the Companies Office website will need to be requested through the Company.

Further copies of this PDS may be obtained free of charge by writing to:

The Chairman
Central Plains Water Limited
PO Box 9424
Tower Junction 8149
Christchurch
Telephone: (03) 982 4267
Email: PDShelp@cpwl.co.nz

A reasonable fee for photocopying and postage expenses may be charged.

The Company is registered on the Financial Service Providers Register. An investor can search the Financial Service Providers Register to find out details about the Company on <http://www.business.govt.nz/fsp/>

An annual report complying with the Companies Act is available annually to all Shareholders.

The Company must keep minutes of all meetings and resolutions of Shareholders, copies of all written communications to Shareholders (including annual reports and financial statements), certificates given by Directors and the Company's interests register for inspection by Shareholders for a ten year period. The Company's share register is also available for inspection in accordance with the public inspection procedures set out in the Companies Act. These documents can be inspected on business days, at the registered office of the Company as set out above free of charge. A reasonable fee for photocopying may be charged.

An annual meeting of the Company will be held after the end of each financial year.

SECTION 11 – HOW TO APPLY

Applications to subscribe for Stage 2 Construction Shares and/or Pre-Construction Shares must be made on the Application Form accompanying this PDS. Please note that the Application Form on pages 73 to 79 of this PDS is a sample. An Application Form tailored for you accompanies this PDS. Please complete your tailored Application Form (not the sample).

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 Stage 2 Land to which those Shares relate.

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 Stage 2 Land is set out on page 42.

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

Pre-Construction Shares A description of how to calculate the number of Pre-Construction Shares you require for your Stage 2 Land is set out on page 43. **The Company's strong preference is that you obtain any Pre-Construction Shares that you require to enable you to subscribe for Construction Shares under this Offer from existing holders of Pre-Construction Shares rather than under this Offer.**

Calculate the number of Pre-Construction Shares you require. If you cannot obtain the requisite number of Pre-Construction Shares from existing holders insert the number of any shortfall in BOX B1 in the Application Form.

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

BOX 3 Calculate the payment for your Shares

Construction Shares The subscription price of \$2,000 for each Construction Share is payable in two instalments:

- \$1,000 per Construction Share payable on Application; and
- a further instalment of \$1,000 per Construction Share payable on 1 July 2017.

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

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.

Pre-Construction Shares The subscription price of \$250 for each Pre-Construction Shares is payable in one sum on Application.

Calculate the total subscription amount for your Pre-Construction Shares and complete **BOX B2** in the Application Form.

Total amount payable on Application To calculate the amount that you must pay with your Application, add the totals in **BOXES A3** and **B2** and write this sum in **BOX C1**. This amount is due on Application.

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 C1**) 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 amount payable on Application (recorded in **BOX C1**) may be made by direct credit/internet banking, to the account of the Share Registry, 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 Registry 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 Applications Forms must be received by the Share Registrar, Link Market Services, prior to the Closing Date of the Offer, being 13 June 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 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.**

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 PDShelp@cpwl.co.nz or seek independent legal advice.

BOX 7

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 terms.

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

BOX 8

Signature of Applicants

Please read the PDS and Application Form carefully and sign and date the Application Form under BOX 8.

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

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.

If the Application Form is signed by an agent, the agent must complete the certificate of agent 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 Registry to contact you if required.

BOX 9

General Terms

Closing Date and Delivery

This Offer will close at 5.00pm on the Closing Date (being 13 June 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 an additional or replacement Application Form.

Personal Information Rights

Personal information provided by you will be held by the Company and the Share Registrar at their respective addresses shown in the Directory 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 PDS;
- the Applicant acknowledges that he/she/it has read and understood all statements made in the PDS, including in relation to the Privacy Act 1993;
- the Applicant irrevocably offers to be bound by the Water Use Agreement General Terms in respect of the specified property; and
- the Applicant irrevocably offers to be bound by the Access Agreement General Terms in respect of the specified property.

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 of the PDS entitled *Application Instructions*.

Terms defined in the PDS have the same meaning in the Application Form.

This 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.

SECTION 12 – CONTACT INFORMATION

CONTACT DETAILS

Inquiries about Construction Shares or Pre-Construction Shares may be made to the following:

The Chairman
Central Plains Water Limited
Level 1
114 Wrights Rd
Addington
PO Box 9424
Tower Junction 8149
Christchurch
Telephone: (03) 982 4267
Email: PDShelp@cpwl.co.nz

The Company's Share Registrar can be contacted as follows:

Link Market Services Limited
138 Tancred Street
(P O Box 384)
Ashburton

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, under which a Shareholder permits the Company to access their land for the purposes of constructing Stage 2 Infrastructure (on the basis that the location of Stage 2 Infrastructure will be determined by agreement between the Company and the Shareholder).
Access Agreement General Terms	means the Access Agreement General Terms available on the Offer Register, offer number OFR10527 a copy of which accompanies this PDS.
Additional Stored Water	has the meaning given to that term on page 46.
Affected Shareholder	has the meaning given to that term on page 40.
Applicant	means a person who submits a validly completed Application Form.
Application	means the act of applying for Shares under this Offer by submission of an Application Form.
Application Form	means the Application Form attached to this PDS.
Application Money	means: <ul style="list-style-type: none"> • where the Applicant is subscribing for Construction Shares, the sum of \$1,000 per Construction Share; and • where the Applicant is subscribing for Pre-Construction Shares, the sum of \$250 per Pre-Construction Share, in each case payable on Application under this Offer.
Board	means the board of directors of the Company.
CIIL	means Crown Irrigation Investments Limited.
Closing Date	means 13 June 2016 (subject to any extension by the Board).
Construction Share or Stage 2 Construction Share	means a Stage 2 construction share in the Company, the details of which are set out on pages 41 to 42 of this PDS.
Companies Act	means the Companies Act 1993.
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 Rakaia and Waimakariri Rivers and the nitrogen discharge permit granted to the Water Trust, as set out in more detail in the document entitled <i>Summary of Resource Consents and Nitrogen Allocation Strategy</i> available on the Offer Register, offer number OFR10527.
Constitution	means the constitution of the Company, as may be amended from time to time.
Contracted Stored Water	has the meaning given to that term on page 46.

CPI	means the Consumer Price Index as calculated by Statistics New Zealand.
Cumecs	is a measure of flow rate of water in cubic meters per second.
Directors	means the directors of the Company from time to time.
Economic Viability	has the meaning explained under the heading <i>Optimum Scale and Economic Viability</i> on page 22, and Economically Viable has a corresponding meaning.
Existing Debt	means the debt facilities described on page 13 including senior debt from ANZ and Westpac and facilities from CIIL and SDC.
Expected Flow Rate	has the meaning explained in Section 6 next to the heading <i>What is the Expected Flow Rate of Scheme Water per Construction Share?</i> on page 41.
Farm Environment Plan	has the meaning given to that term in the document entitled <i>Summary of Resource Consents and Nitrogen Allocation Strategy</i> available on the Offer Register, offer number OFR10527.
FMA	means the Financial Markets Authority.
GST	means goods and services tax under the Goods and Services Tax Act 1985.
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.
m³	means cubic metres.
Mandatory 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 but, for the avoidance of doubt, does not include Water Storage Charges.
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>Consents</i> on page 11.
Nitrogen Allocation Strategy	means the Company's nitrogen allocation strategy as set out in more detail under the heading <i>Consents</i> on page 11.
Offer	means the offer of Construction Shares and Pre-Construction Shares, described in this PDS, as the context may require.
Offer Register	means the electronic register of offers of financial products ("Disclose") kept under Schedule 2 of the Financial Markets Conduct Act 2013 and available at: http://www.business.govt.nz/disclose
Opening Date	means 3 May 2016.
Operational Date	means the date on which the Board deems the Scheme operational. If the Scheme becomes operational in stages, the Board may declare an Operational Date for each part of the Scheme when it deems that part of the Scheme operational.

Ordinary Share	means an ordinary share in the Company.
PDS	means this Product Disclosure Statement.
Pre-Construction Share	means a pre-construction Share the details of which are set out on pages 42 and 43 of this PDS.
Registrar	means the Registrar of Financial Service Providers.
Resource Management Act	means the Resource Management Act 1991.
Scheme	means the water enhancement scheme providing surface water for community irrigation on the Central Plains of Canterbury 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 and Stage 2 Infrastructure, as the context may require.
Scheme Water	means water from the Scheme.
SDC	means the Selwyn District Council.
Share	means a share in the Company, including an Ordinary Share, a Stage 1 Construction Share, Stage 2 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 indicated on the map on page 14.
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 14 of this PDS.
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 Area	means the area defined as the Stage 2 area on page 14 of this PDS.
Stage 2 Base Case	means Stage 2 Infrastructure to service 25,000 hectares of Stage 2 Land (together with all associated data) proposed by the Company as the realistic and Economically Viable size of Stage 2, as further set out under the heading <i>Stage 2 Base Case</i> on page 23.

Stage 2 Construction Share	means a Stage 2 construction share the details of which are set out on pages 41 to 42 of this PDS.
Stage 2 Infrastructure	means the Scheme Infrastructure which is required to bring water to Stage 2 Land (but does not include Scheme Infrastructure already constructed by the Company).
Stage 2 Land	means land which is situated, in whole or in part, in the Stage 2 Area.
Stored Water	means stored water under the Stored Water Release Agreement or any other arrangement for storing of water entered into by the Company.
Stored Water Release Agreement	means the agreement between the Company and Trustpower (a summary of which is available on the Offer Register, offer number OFR10527).
Trunk Main Pipeline	means the Stage 2 Base Case planned large bore underground pipe conveying Scheme Water north and east from the Leaches Road terminus of the headrace.
Trustpower	means Trustpower Limited.
Water Charges	means the Mandatory Water Charges and the Water Storage Charges.
Water Storage Charges	means charges payable under a Water Use Agreement in respect of Stored Water the Shareholder has contracted and/or ordered.
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, under which the Company will supply water to that party, a copy of which accompanies this PDS.
Water Use Agreement General Terms	means the Water Use Agreement General Terms available on the Offer Register, offer number OFR10527 a copy of which accompanies this PDS.
Westpac	means Westpac New Zealand Limited.
Wet Rate	means the rate of Water Charges under a Water Use Agreement.
Wet Shareholder	means a Shareholder who has entered into a water use agreement with the Company.
2004 Prospectus	means the Company's prospectus dated 11 November 2004.
2010 Prospectus	means the Company's prospectus dated 29 October 2010.
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 Memorandum	means the memorandum of agreement dated 2 May 2016 between the Company and the Water Trust.
\$	means New Zealand dollars (unless stated otherwise).

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

APPLICATION FORM

ATTACH
CHEQUE HERE

CENTRAL PLAINS WATER LIMITED

Issue of Stage 2 Construction Shares and Pre-Construction Shares

This Application Form is issued with a Product Disclosure Statement dated 3 May 2016 (the "PDS"), issued by Central Plains Water Limited. Please complete this Application Form and return it to, or lodge it with, **Link Market Services** at the address specified under **BOX 9** of this Application Form. Terms defined in the PDS will have the same meaning in this Application Form.

Before completing this Application Form, Applicants should read the PDS and review the Offer Register, offer number OFR10527 for the Offer to which this Application relates

1 APPLICATION DETAILS AND INFORMATION – (this section has been completed for you)

Name and address

CSN/Holder Number:

Barcode

2 CALCULATE THE NUMBER OF SHARES YOU REQUIRE

A. STAGE 2 CONSTRUCTION SHARES:

Each Construction Share will confer on you a right to use Scheme Infrastructure to the extent necessary to apply Scheme Water to Stage 2 Land at the Expected Flow Rate (subject to the requirements set out in the PDS). **A description of how to calculate the number of Construction Shares you require for your Stage 2 Land is set out on page 42 of the PDS. The Company recommends that you subscribe for one Construction Share for every hectare of Stage 2 Land you wish to irrigate or may in the future wish to irrigate.**

BOX A1

I/we wish to subscribe for:

Construction Shares.

B. PRE-CONSTRUCTION SHARES:

Each Pre-Construction Share will confer on the holder a right to participate on a one-for-one basis, in any offer by the Company (including this Offer) of Stage 2 Construction Shares. **The Company's strong preference is that you obtain any Pre-Construction Shares that you require to enable you to subscribe for Construction Shares under this Offer from existing holders of Pre-Construction Shares rather than under this Offer. A description of how to calculate the number of Pre-Construction Shares you**

require for your Stage 2 Land is set out on page 43 of the PDS. The Company recommends that you obtain one Pre-Construction Share for every hectare of Stage 2 Land you wish to irrigate or may in the future wish to irrigate.

BOX B1

I/we cannot obtain any Pre-Construction Shares from existing holders and therefore wish to subscribe for:

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 \$2,000.

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 first instalment payment for my Construction Shares is:

B. PRE-CONSTRUCTION SHARES:

To calculate the subscription amount you are committing to for Pre-Construction Shares, multiply the number of Pre-Construction Shares in **BOX B1** by \$250.

BOX B2

\$

My subscription amount for Pre-Construction Shares is:

C. TOTAL AMOUNT PAYABLE ON APPLICATION:

To calculate your total amount payable on Application add the totals in **BOXES A3** and **B2** and write that figure in **BOX C1**. This amount is due on Application.

My total amount payable on Application for Construction and Pre-Construction Shares is:

BOX C1

\$

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 C1**.

Cheques must be payable to "**Central Plains Share Offer**" and crossed "*Not Transferable*". Payment must be in New Zealand currency and attached to your Application Form which must be received by our registry, Link Market Services Limited ("**Link**"), by **5.00pm 13 June 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 your first instalment amount as calculated in **BOX C1** above. The bank account details for Link 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 together with this PDS.

Please provide details of the property(ies) to which your Construction Shares will relate AND confirm agreement to the Water Use Agreement General Terms. The Company recommends that Applicants who have any questions or concerns about the Water Use Agreement contact it on: (03) 982 4267 or PDShelp@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 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 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, 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, and I/we accept and agree to be bound by the Water Use Agreement General Terms in respect of all Shares we may hold from time to time.

EXECUTED as a DEED for and on behalf)
of [INSERT 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)
SHAREHOLDER'S/TRUSTEES NAME OR)
NAMES]

in the presence of)

Witness signature

Full name

Address

Occupation

Signature

Signature

Signature

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

7 COMPLETE ACCESS AGREEMENT

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

By signing and submitting this Application Form the Applicant:

- irrevocably offers to grant CPWL access to my/our land as reasonably required by CPWL for the purposes of construction of the Stage 2 Infrastructure on the terms and conditions set out in the Access Agreement General Terms in respect of each property I/we own in the Stage 2 Area³;
- irrevocably offer to grant CPWL an easement following construction of the Stage 2 Infrastructure, on the terms and conditions set out in the Access Agreement General Terms in respect of each property I/we own in the Stage 2 Area.

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

Signature

Signature

Signature

8 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 PDS, 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 PDS.

Signature

Signature

Signature

Date:

Daytime Contact Phone Number:

³ The location of such Stage 2 Infrastructure will be determined by agreement between the Company and the Applicant.

9 SEND APPLICATION FORM (AND PAYMENT) TO BE RECEIVED BY OUR SHARE REGISTRAR, LINK MARKET SERVICES LIMITED, NO LATER THAN 5.00 PM ON 13 June 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

10 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**