

SUMMARY OF EXISTING FUNDING ARRANGEMENTS

Terms defined in the product disclosure statement dated 3 May 2016 relating to Stage 2 Construction Shares and Pre-Construction Shares offered by Central Plains Water Limited (the "Company") have the same meaning in this document.

The Company's existing debt funding comprises:

- a senior debt facility of \$139,600,000 from ANZ Bank New Zealand Limited ("ANZ") and Westpac New Zealand Limited (together, the "Senior Lenders") for, among other things, the construction of Stage 1 of the Scheme and general working capital purposes (the "Senior Facility");
- a subordinated debt facility of \$6,900,000 from Crown Irrigation Investments Limited ("CIIL") for the construction of Stage 1 of the Scheme (the "CIIL Facility"); and
- a debt facility of up to \$8,000,000 from Selwyn District Council for the design, development and preparatory work required for Stage 2 of the Scheme and the Sheffield scheme (the "SDC Facility").

In addition the Company has secured grant funding from the Irrigation Acceleration Fund ("IAF") administered by the Ministry for Primary Industries ("MPI") for the design, development and preparatory work for Stage 2 of the Scheme (the "IAF Funding").

A copy of the SDC Facility is available on the Disclose Register under the heading "Selwyn District Council Loan Agreement" and a summary of the key terms of Senior Facility, CIIL Facility and IAF Funding is set out below.

Summary of the key terms of the Senior Facility	
Expiry Date	9 April 2019
Interest	Interest is calculated on the BKBM bid rate plus a margin and is paid monthly. The Company's interest rate risk is managed in accordance with its hedging policy and is 100% hedged until the Expiry Date.
Repayment	Monthly repayments of principal and interest based on an amortisation profile of 40 years. The Senior Facility must be repaid in full on the Expiry Date.
Security	<ul style="list-style-type: none"> • First ranking General Security Agreement in respect of all assets and undertaking of the Company (including all relevant licences, consents and shares). • Guarantee from Central Plains Water Trust (limited to the resource consents ("the Consents") held by Central Plains Water Trust in relation to the Scheme) supported by a first ranking Specific Security Agreement over the Consents. • First ranking Mortgage over all applicable real property interests of the Company (including land owned by the Company for the Stage 1 headrace and all easements granted in favour of the Company for the Stage 1 distribution network). • Tripartite Agreements between ANZ (as the Security Trustee), the Company and each of the following: <ul style="list-style-type: none"> ○ Fulton Hogan and John Holland (as the Headrace contractors); ○ Downer (as the Stage 1 Distribution Network contractor);

	<ul style="list-style-type: none"> ○ Trustpower Limited (in relation to the Stored Water Release Agreement); and ○ Central Plains Water Trust (in relation to the 2016 Memorandum) <p>Each of which (in respect of the relevant underlying contractual arrangement) places certain restrictions on the counter party's entitlement to take default action, and grant the Security Trustee various step in rights, cure rights, rights to remedy a default of the Company and rights to novate the underlying contractual arrangements to a suitable substitute party.</p> <p>Security and related arrangements are held by ANZ, as the Security Trustee, on behalf of the Senior Lenders and CIIL.</p>
Representations and Warranties	The Facility Agreement and Security documents include standard representations and warranties for a facility of this nature and size.
Reporting Requirements	<p>The Facility Agreement includes standard information undertakings for a facility of this nature and size, including (without limitation) a requirement for the Company to provide:</p> <ol style="list-style-type: none"> 1. quarterly management reports; 2. audited annual financial statements; 3. an annual budget; 4. quarterly compliance certificates (confirming compliance with the financial covenants); and 5. a semi-annual environmental report.
Undertakings and Covenants	<p>The Facility Agreement includes standard positive and negative undertakings and covenants for a facility of this nature and size, including the following financial covenants:</p> <ul style="list-style-type: none"> • Debt Service Cover Ratio (Cashflow Available for Debt Servicing to total Debt Service Costs) must not be less than 1.0x at all times. • At every quarter, no more than 20% of water user charges to be more than 60 days in arrears.
Events of Default	<p>The Facility Agreement includes standard events of default for a facility of this nature and size, and includes (without limitation) the following events as events of default:</p> <ol style="list-style-type: none"> 1. Payment default. 2. Breach by the Company of any other obligation under the Facility Agreement or Security documents (subject to usual cure periods). 3. Any indebtedness (excluding any indebtedness which is disputed) owing by the Company in excess of NZ\$500,000 is not paid when due. 4. Insolvency of the Company or Central Plains Water Trust. 5. Any material consent, license or approval necessary in connection with the ownership and operation of Stage 1 of the Scheme is revoked, not renewed or is no longer valid (subject to usual cure periods). 6. Change of control of the Company (one person holding or controlling more than 20% of the voting rights in the Company). 7. Any representation or warranty fails to be true in any material respect.

	<p>8. Material breach or termination of any of the following documents:</p> <ul style="list-style-type: none"> • Construction contracts for Stage 1 of the Scheme; • Stored Water Release Agreement; • the 2016 Memorandum (between the Company and the Central Plains Water Trust); and • various other material documents relating to Stage 1 of the Scheme. <p>9. Abandonment of Stage 1 of the Scheme for a period of more than 5 Business Days.</p> <p>10. The occurrence of any event which has a material adverse effect on the Company.</p> <p>On the occurrence of an Event of Default, the Senior Lenders can (among other things):</p> <ul style="list-style-type: none"> • require the immediate repayment by the Company of all amounts outstanding under the Facility Agreement; and/or • instruct ANZ (as the Security Trustee) to enforce the Security.
Review Events	<p>The following events are review events under the Facility Agreement:</p> <ol style="list-style-type: none"> 1. a breach of any of the financial covenants; and 2. the Senior Lenders reasonably consider that the arrangements with Trustpower Limited with respect to operation of the Stored Water Agreement are not, in any material adverse respect, functioning as conveyed by the Company. <p>If a review event occurs the Senior Lenders and the Company must negotiate in good faith for up to 30 days in order to attempt to agree any action to be taken by the Company to remedy and/or overcome the effects of the review event on terms acceptable to the Senior Lenders. If no such agreement is achieved within this period, the review event will become an event of default.</p>

Summary of the key terms of the CIIL Facility	
Expiry Date	9 September 2019
Interest	<p>Interest is payable monthly based on a fixed rate.</p> <p>The interest rate will increase in accordance with a formula set out in the CIIL Facility Agreement on each issue of Stage 2 Construction Shares by the Company if the Company elects not to use the proceeds of the issue of the Stage 2 Construction Shares to repay the CIIL Facility (see "Repayment" section below).</p>
Repayment	<p>The CIIL Facility must be repaid in full on the Expiry Date.</p> <p>Prior to the Expiry Date:</p> <ul style="list-style-type: none"> the proceeds of the issue of any further construction shares in relation to Stage 1 of the Scheme by the Company must be applied in repayment of the CIIL Facility; and the proceeds of the issue of any Stage 2 Construction Shares by the Company may (but are not required to) be applied in repayment of the CIIL Facility.
Security	<p>CIIL benefits from the security held by ANZ (as the Security Trustee) under the Senior Facility.</p> <p>The relationship between CIIL, the Senior Lenders and the Security Trustee (including CIIL's right to accelerate repayment of the CIIL Facility and enforce its rights under the CIIL Facility and/or the Security) is governed by, and set out in, an Intercreditor Agreement between the Security Trustee, the Senior Lenders, CIIL and SDC.</p>
Senior Facility	The representations, warranties, covenants, undertakings, events of default and events of review in the CIIL Facility mirror the relevant provisions in the Senior Facility.

Summary of the key terms of the IAF Funding	
Purpose of IAF Funding	<p>To fund costs incurred by the Company associated with the design, development and preparatory work for Stage 2 of the Scheme, including:</p> <ul style="list-style-type: none"> • project management and construction contract procurement costs; • costs associated with assessment of water reliability and options to improve reliability; • costs associated with liaising with local runanga and other key community groups; • Scheme design costs; • costs incurred: <ul style="list-style-type: none"> ◦ communicating with potential irrigators in the Stage 2 Area; ◦ in relation to funding Stage 2; and ◦ in securing access to land required for Stage 2; and • general overhead costs of the Company.
Maximum available amount	\$6.638m (plus GST if any).
Contract start date	1 February 2016
Contract finish date	31 January 2017
Grant availability	<p>MPI's obligation to pay the IAF Funding is subject to:</p> <ul style="list-style-type: none"> • any change in government policy to the contrary, or a change in appropriation under the Public Finance Act 1989; • there being no un-remedied breach of the funding agreement by the Company; and • MPI being satisfied on reasonable grounds that the funding is being appropriately expended on the activities and being used in accordance with the funding agreement. <p>The Company must also have and use matching co-funding from Selwyn District Council for the activities.</p>
Repayment	<p>The Company is not required to repay the IAF Funding, provided that:</p> <ul style="list-style-type: none"> • MPI may recover the amount of any funding that has been used by the Company other than as provided in the funding agreement. • If co-funding has not been used, MPI may recover an amount that represents the same proportion of the funding as the proportion of co-funding that has not been used is of the total co-funding. • If the Company abandons Stage 2 of the Scheme or states an intention to abandon Stage 2 of the Scheme, MPI may recover an amount up to the total value of the funding unless the Company satisfies MPI that it acted on reasonable grounds in deciding to abandon Stage 2 of the Scheme.
Key MPI rights	<p>MPI has the following key rights under the IAF Funding:</p> <ul style="list-style-type: none"> • Right to attend board meetings as an observer.

	<ul style="list-style-type: none"> • MPI may direct the Company not to spend the funding if the Company has not achieved a milestone or is otherwise in breach of the funding agreement. • MPI may review the remaining funding available on 31 July 2016 after conducting a comprehensive evaluation on the basis of known uptake, design and tender prices and funding. • The Company grants MPI a perpetual, irrevocable, world-wide, royalty-free, non-exclusive licence to use, reproduce, adapt, modify, communicate, broadcast, distribute and publish the intellectual property developed as part of the funding. • MPI has the ability to terminate the funding in certain circumstances, including: <ul style="list-style-type: none"> o with at least 20 business days' notice, if the activities have not been completed within any specified timeframe or, where no such timeframe was specified, within a reasonable period; o where there is a breach not capable of being remedied and which has a material adverse effect on MPI or, if capable of being remedied, where it has not been remedied within 10 business days of notification; o an insolvency event occurs in relation to the Company; o where the Company is unable to perform its obligations for more than 20 business days due to a force majeure event; o the Company damages MPI's or the New Zealand government's reputation or business; o change in control; o the Company provides information that is misleading or inaccurate in any material respect.
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