

## The Water Trust Agreement

The Company and the Central Plains Water Trust ("**Water Trust**") are parties to a memorandum of agreement dated 2 May 2016 ("**Water Trust Agreement**").

The key purpose of the Water Trust Agreement is to provide for the Water Trust to grant an exclusive licence to the Company to use the Resource Consents held by the Water Trust and to govern the terms of the relationship between the parties in relation to the Resource Consents and the Scheme.

Summary of the key terms of the Water Trust Agreement	
Parties	Central Plains Water Limited Central Plains Water Trust
Date	2 May 2016 The Water Trust Agreement replaces and supersedes previous agreements relating to its subject matter.
Licence	The Water Trust grants the Company an exclusive licence to use the Resource Consents for the duration of the Resource Consents and the further term of any renewed or replacement consents.  The Company may enter into Water Use Agreement and may sub-licence the Resource Consents (with the prior consent of the Water Trust).  Resource Consents means all resource consents which were or are required for the construction, commissioning and operation of the Scheme and which were obtained by the Company and issued to the Water Trust or held on behalf of the Water Trust on or before the Operational Date (1 September 2015).
Licence Fees	No fee is payable for the licence, but the Company must pay the Annual Operating Contribution to cover the Water Trust's reasonable operating costs incurred in performing its functions under the Water Trust Agreement.  The Company must also pay the Environmental Management Levy required for the Water Trust to fund the Environmental Management Fund, as required by the Resource Consents.
Role of the Water Trust	The Water Trust will: <ul style="list-style-type: none"> <li>allow the Company exclusively to manage and administer the Resource Consents;</li> <li>not to anything which would or could derogate from the licence granted pursuant to the Water Trust Agreement;</li> <li>offer all reasonable assistance to allow the Company to apply for replacement or supplementary resource consents, to defend the Resource Consents and to raise finance to construct, commission and operate the Scheme; and</li> <li>ensure that the Resource Consents will always be available to the Company.</li> </ul> The Water Trust must not transfer, assign, encumber, lease, licence or otherwise part with possession of the Resource Consents without the prior consent of the Company.

	<p>The Water Trust is responsible for establishing the Environmental Management Fund and the Community Liaison Group in accordance with the Resource Consents.</p>
Role of the Company	<p>The Company will construct, commission and operate the Scheme.</p> <p>As exclusive licensee of the Resource Consents, the Company will:</p> <ul style="list-style-type: none"> <li>• comply with all the terms of the Resource Consents;</li> <li>• at its cost, conduct any variations to, renewals of and defence of the Resource Consents on behalf of the Water Trust;</li> <li>• take reasonable steps to ensure that the Scheme distributes water as efficiently as reasonably practicable, that the annual operating cost of supplying Scheme water to users is financially viable for both the Company and water users; that water users comply with all applicable conditions of the Resource Consents; and that Environment Canterbury's Matrix of Good Management forms the minimum standard for management practices of the Scheme's water users.</li> </ul> <p>The Company may conduct such other activities as it sees fit, and may use the Resource Consents for such other activities subject to certain conditions, including that such activities must not derogate from or otherwise prejudice the operation of the Scheme.</p>
Compliance and Reporting	<p>The Water Trust will monitor:</p> <ul style="list-style-type: none"> <li>• the Company's operation of the Scheme in respect of the Company's use of the Resource Consents;</li> <li>• Scheme users' compliance with the Water Use Agreements to ensure compliance with the Resource Consents;</li> <li>• the Company's and water users' pursuance of the Matrix of Good Management.</li> </ul> <p>The Water Trust can conduct an independent audit of the Company's compliance with the Water Trust Agreement if the Company has committed or the Water Trust reasonably suspects that it will commit a material breach of the Water Trust Agreement.</p>
Indemnity	<p>The Company indemnifies the Water Trust in respect of any liability incurred by it due to any non-compliance by the Company with the Resource Consents, the Water Trust Agreement or any other law, except to the extent caused by a party other than the Company.</p>
Default	<p>If the Company commits a material breach of the Water Trust Agreement, the Water Trust may review and direct the nature and extent of the Company's ongoing use of the Resource Consents, or withdraw permission for such period as may be reasonably necessary having regard to the nature of the breach.</p> <p>The Company will commit a material breach if it commits a breach which has jeopardised or is likely to jeopardise the continuity of the Resource Consents; and, if capable of remedy, the breach has not been remedied within 90 days or such shorter period as a regulator may require.</p> <p><i>Refer also to the Summary of Existing Funding Arrangements on the Offer Register OFR10527, for further information relating to the tripartite deed between the Water Trust, the Company and the Security Trustee.</i></p>