**Information Memorandum**

**MHV Water Limited  
(*the Company*)**

**Offer of 111,194 MG Shares   
at $82 each**

**Dated: 18 October 2018**

Applications for shares will only be considered from Applicants who are Eligible Investors and provide a certificate signed by an independent solicitor, authorised financial adviser or qualified statutory accountant.

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

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

Make sure you understand these consequences.

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

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

WARNING STATEMENT

This is an offer by the Company of MG Shares (*the Shares*). The MG Shares are offered to existing property owners in the Mayfield Hinds Zone with a priority to landowners in the Ruapuna Area (see map attached). These shares give you a stake in the ownership of MHV Water Limited. You may receive a return if dividends are paid. It is not likely that either dividends or rebates will be distributed.

If MHV Water Limited runs into financial difficulties and is wound up, as a holder of Shares you will be paid only after all creditors have been paid. M and V shareholders will take priority over holders of MG Shares after payment of all creditors and liabilities. As between V, M and MG Shareholders the net amount available for distribution from the sale of assets in the Mayfield Hinds Zone will be paid to the holders of M Shares and then MG Shares. The net amount available for distribution from the sale of assets in the Valetta Zone will be paid to holders of the V Shares. You may lose some or all of your investment. New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made to you as an Eligible Investor. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

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

The Shares are not quoted on any market, and the trading market for the investment is likely to be limited and you may not be able to sell any of the classes of shares. The Shares are subject to restrictions on transfer. The MG Shares have limited voting rights being one (1) vote for every 10 MG Shares held, while M and V Shares have voting rights of one (1) vote for every one (1) M or V Share held.

The arrangements under which you may transfer your investment and the restrictions on your ability to do so, are set out in detail in this Information Memorandum.

**Documents / Financial Statements**

As an Applicant for Shares and holder of those shares you will receive each of the following:

1. A copy of the Company’s latest annual report prepared under any enactment or overseas law (if any);
2. A copy of the relevant financial statements and, if those statements are not audited or reviewed by an auditor, a statement to that effect;
3. A copy of the auditor’s report on those financial statements (if any).

You have the right to receive or obtain from the Company, free of charge:

1. a copy of those documents referred to in paragraphs (a) to (c) above if the investor makes a request to the Company to receive a copy of those documents; and
2. a copy of those documents by electronic means;

by contacting the Company via its website (www.mhvwater.nz) or by contacting the office on phone 03 307 8389.

Note:

1. Holders of MG Shares receive water after all holders of M Shares have received water.
2. Applicants must be within the relevant Mayfield Hinds Zone (see glossary).
3. Applicants must be an Eligible Investor (see glossary) and pages 13 and 14.
4. Preference for allocation will be given to Applicants within the Ruapuna Area.

TABLE OF CONTENTS

[WARNING STATEMENT 1](#_Toc495589196)

[1 Key Information Summary 1](#_Toc495589197)

[1.1 What is this? 1](#_Toc495589198)

[1.2 About MHV Water Limited (the Company) 1](#_Toc495589199)

[1.3 Current Activities 2](#_Toc495589200)

[1.4 Purpose of this Offer 2](#_Toc495589201)

[1.5 Key Terms of the Offer 2](#_Toc495589202)

[1.6 How you can get your money out 5](#_Toc495589203)

[1.7 Key Drivers for returns 5](#_Toc495589204)

[1.8 Key Risks Affecting this investment 5](#_Toc495589205)

[1.9 Where you can find the Company’s financial information 6](#_Toc495589206)

[2 Summary of Offer 7](#_Toc495589207)

[2.1 Background 7](#_Toc495589208)

[2.2 Who is Providing it to Me 7](#_Toc495589209)

[2.3 Water / Shares Available 8](#_Toc495589210)

[2.4 Water Storage in Mayfield Hinds Zone 9](#_Toc495589211)

[2.5 Policies of Company on Water Storage 9](#_Toc495589212)

[2.6 Future Availability of Water 10](#_Toc495589213)

[2.7 Charges for Water 10](#_Toc495589214)

[2.8 Valetta Zone Annual Charges 10](#_Toc495589215)

[2.9 Mayfield Hinds Zone Annual Charges 10](#_Toc495589216)

[2.10 Difference in Annual Charges 11](#_Toc495589217)

[2.11 Stored Water 11](#_Toc495589218)

[2.12 Connection Costs 12](#_Toc495589219)

[2.13 Right to Transfer / Sell Securities 12](#_Toc495589220)

[2.14 Voting Cap 13](#_Toc495589221)

[2.15 Enquiries about Securities 13](#_Toc495589222)

[3 Who can apply for Shares 13](#_Toc495589223)

[4 Application for Shares 14](#_Toc495589224)

[5 Over Applications 14](#_Toc495589225)

[6 How to Apply 14](#_Toc495589226)

[6.1 How to Apply 14](#_Toc495589227)

[6.2 Privacy Policy 16](#_Toc495589228)

[7 Contact Information 17](#_Toc495589229)

[8 Glossary 18](#_Toc495589230)

[MAP OF SCHEME AREA 20](#_Toc495589231)

[APPLICATION FOR SHARES 21](#_Toc495589232)

[TERMS AND CONDITIONS OF APPLICATION 23](#_Toc495589233)

[APPLICATION INSTRUCTIONS 24](#_Toc495589234)

[CERTIFICATE UNDER SCHEDULE 1 OF FINANCIAL MARKETS CONDUCT ACT 2013 (FMCA) FOR ELIGIBLE INVESTOR 25](#_Toc495589235)

1. Key Information Summary
   1. What is this?

This Information Memorandum contains an offer of 111,194 MG Shares in the Company. Each Applicant for shares is required to provide a certificate to the Company that they are an Eligible Investor (see pages 13 and 14).

The Shares are being offered because the historical records on the supply of water by the Company for irrigation show that for a material part of the irrigation season there is surplus water which is available and is not taken by shareholders. Water provided to holders of MG Shares (previously called Growth Shares) has a lower reliability as it is only available after all holders of M Shares have received the water requested by them and if water is available at that time.

Currently all M and MG shareholders of the Company can hold shares to allow delivery of irrigation water at a rate of up to 4.2 mm/day for each hectare of land irrigated, being 0.487 litres/second per hectare. Historically the maximum allocation was 3.5 mm/day which was increased last year. The offer of MG Shares gives existing shareholders the right to increase the volume of water available (albeit at different levels of reliability) by applying for MG Shares.

M and V Shares give the opportunity, subject to reliability, to receive water at 0.01 l/s for 1 share (or 1 l/s for every 100 shares held). After the holders of M Shares have received their water and any Company storage has been refilled, the holders of MG Shares receive water, also at the rate of 0.01 l/s for 1 share.

* 1. About MHV Water Limited (*the Company*)

The Company owns and operates irrigation distribution networks in the areas shown on the attached map. There are two areas within which water is distributed being:

* + 1. the Mayfield Hinds Zone to which the M and MG Shares relate.
    2. The Valetta Zone to which the V Shares relate.

Each Zone is shown on the map attached.

The shares in this offer only apply to the Mayfield Hinds Zone.

The Company supplies irrigation water to an area of approximately 50,000 hectares.

MHV Water Limited distributes water to service defined areas of farm land between the Ashburton River and Rangitata River in mid Canterbury known as the MHV Water Scheme area, by taking water from the Rangitata Diversion Race and distributing that water for irrigation within those areas. The Board of MHV Water Limited may extend or amend the area to be supplied with irrigation water but will only do so if surplus water is available and it is economical to provide a distribution system to the extended area.

MHV Water Limited has rights to take 21.312 cumecs from the Rangitata Diversion Race with the resource consents to take that water being held by Rangitata Diversion Race Management Limited.

MHV Water Limited recently decided to extend the Scheme Area to include the Ruapuna Area where a piped irrigation distribution system has been constructed.

The project for piping the Ruapuna Area was completed in September 2017.

In addition, existing shareholders and property owners who require additional volumes of water and farmers within the Mayfield Hinds Zone not currently supplied with water are also being given the opportunity to apply for Shares. This may extend the activities of MHV Water Limited into new geographic areas within the Mayfield Hinds Zone.

The Company has on issue:

1,412,842 M Shares which have a priority right over MG Shares to water in the Mayfield Hinds Zone, subject to water being available.

449,629 V Shares which have the first right to water in the Valetta Zone, subject to water being available.

94,145 MG Shares which rank after the M Shares for entitlements to water in the Mayfield Hinds Zone.

This Information Memorandum offers MG Shares. MG Shares only receive irrigation water after the holders of M Shares have received their requirement for water within the Mayfield Hinds Zone.

* 1. Current Activities

The Company has recently completed a project to pipe water in the Ruapuna Area so that water can be delivered under pressure to shareholders in that area holding M and/or MG Shares. The Company is doing a feasibility study focusing on the ability to build infrastructure and deliver water into the Hackthorne area of the Valetta zone. This project would be utilising existing water from the Valetta Zone if it was to proceed.

* 1. Purpose of this Offer

The purpose of this offer is to enable Eligible Investors who wish to access irrigation water the opportunity to do so. The MG Shares offer a lower level of reliability to property owners in the Mayfield Hinds Zone.

MG Shares are only available to shareholders and property owners in the Mayfield Hinds Zone.

The offer will also raise moneys to provide working capital, reduce debt incurred for the Ruapuna Line and to optimise infrastructure.

* 1. Key Terms of the Offer

|  |  |
| --- | --- |
| **Issuer** | MHV Water Limited |
| **Pricing** | The issue price for each MG Share is $82, which is payable as to:   * + 1. 10% on application; and     2. The balance (90%) within 10 business days after the date on which the Applicant is notified that the application has been accepted. |
| **Offer Opening Date** | Thursday 18 October 2018 |
| **Offer Closing Date** | Friday 16th November 2018 unless extended by the Company. |
| **Water Available** | 1 December 2018, subject to infrastructure capability |
| **First Charging date** | Monthly in arrears. First payment due 20 January 2019 by direct debit. |
| **Number of Shares Offered** | 111,194 MG Shares |
| **Fees payable** | There are no fees or other charges payable except water charges under the Water Supply Agreement and charges for connection to the Scheme Infrastructure. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **V Shares** | **M Shares** | | **MG SHARES** |
| **Classes of Shares** | V Shares are held by shareholders in the Valetta Zone. | M and MG Shares are, or will be, held by shareholders in the Mayfield Hinds Zone. | | |
| **Rights to Water** | Each V Share has the right to 0.01 l/s of water to be delivered in the Valetta Zone (see attached map). | Each M Share has the right to 0.01 l/s of water to be delivered in the Mayfield Hinds Zone (see attached map). Before the holders of the MG Shares receive any irrigation water the entitlement of the M Shares must be met. | The holders of the MG Shares must own property in the Mayfield Hinds Zone and only receive water after the Company has met the entitlements of the holders of the M Shares. After this occurring the holders of the MG Shares have entitlements to 0.01 l/s of water for every one MG Share held. | |
| **Water Charges** | Annual water charges are projected to be $295 for every 100 V Shares held for 2018/19. | Annual water charges for every 100 M and MG Shares held are $210\* for open race water and $852 for piped water. This includes the cost of servicing a capital charge for the pipeline. | | |
| **Water Supply Terms** | The right to take water is not required to be exercised. It is a right, not an obligation. Water charges are assessed and payable on a per share basis notwithstanding the full right to water is not exercised. Notwithstanding this, new shareholders are required to take water no later than 1 February 2019. | | | |
| **Reliability of Supply** | For water available in the Valetta Zone the holders of V Shares receive that water in proportion to the number of V Shares held. If there is a shortage of water then all shareholders only receive their portion of water based on the number of shares held. | For water available in the Mayfield Hinds Zone the holders of M Shares receive that water in proportion to the number of M Shares held. If there is a shortage of water then all shareholders only receive their portion of water based on the number of shares held.  M class shares also have access to water stored in the Carew Ponds. | Where there is a shortage of water to supply holders of MG Shares allocations of water are reduced in proportion to the number of MG Shares held. If there is insufficient water for holders of M Shares the holders of MG Shares receive no water.  MG shares only have access to water available in the Mayfield Hinds Zone including the Ruapuna Area.  MG shares have no rights to access water stored in the Carew Ponds. | |
| **Maximum Holding** | The maximum holding is 58 V shares per hectare which allows a supply of water of 0.58 l/s per hectare. | The maximum holding is an aggregate of 48.7 M and MG shares/hectare which allows a supply of water of 0.487 l/s per hectare.  Additional surplus water may also be available | | |
| **Rebates and Distributions** | All shares share equally in proportion to the number of shares held for any distributions. The Board of the Company (*the Board*) may pay rebates or make distributions on a different basis to different class of shares. | | | |
| **Voting Rights** | One vote for each V Share held subject to 10% voting cap.  At a separate class meeting of holders of V Shares one vote for each V Share with a 10% voting cap. | One vote for each M Share held subject to 10% voting cap.  At a separate class meeting of holders of M Shares one vote for each M Share with a 10% voting cap. | One vote for every 10 MG Shares held subject to 10% voting cap.  At a separate class meeting of holders of MG Shares one vote for every 10 MG Shares with a 10% voting cap. | |
| **Transfer Rights** | All shares are transferable with the property owned by the shareholder.  When shares are transferred with a farm the shareholder and the purchaser of the farm determine the transfer price for shares.  Shares and the water rights attached to shares cannot be transferred to another property in another area or between the current Valetta and Mayfield Hinds Zones.  All transfers require the consent of the Board to ensure that the operational, environmental, legal and any other relevant considerations have been appropriately addressed. | | | |
| **Surrender of Shares at Nominal Value** | If a shareholder breaches the terms of the Water Supply Agreement the Company can stop supplying water and surrender any Shares at $1.00 each. | | | |
| **\*Harris Drain** | Charges are different for those using the Harris Drain infrastructure | | | |
| **Unallocated Water** | Any unallocated water made available to the Valetta Zone is used in the Valetta Zone. | Any unallocated water made available to the Mayfield Hinds Zone is used in the Mayfield Hinds Zone. | | |
| **Allocation of Shares** | The Board of the Company will allocate shares based on the ability to deliver water to the Applicants through the existing network. If there are over applications there may be scaling of the class of shares allocated to Applicants. If there are over applications preference will be given to Eligible Investors in the Ruapuna Area. The Board may decline applications at its discretion, acting in the best interests of the Company. | | | |

* 1. How you can get your money out

The Shares being offered cannot be sold except with the property to which water is delivered or with the prior consent of the Board. There is no market on which the Shares can be sold. (See page 12)

* 1. Key Drivers for returns

There is no return on the Shares. The Company usually operates on a recovery of costs basis so as to keep the annual water charges at a reasonable level.

* 1. Key Risks Affecting this investment

**Investments in shares are risky. You should consider if the degree of uncertainty about MHV Water Limited’s future performance and benefits are suitable for you. The only benefit from holding MG, V or M Shares is the potential supply of water. The price for the MG Shares should reflect the potential benefits from receiving less reliable water for irrigation and the particular risks of the MG Shares which have a lower priority to water. MHV Water Limited considers that the most significant risk factors that could affect the benefits from the Shares are:**

|  |  |  |
| --- | --- | --- |
| **Risk** | **Risk Identification** | **Mitigating Factors** |
| Water Delivery Risk | There is a risk water will not be available from the Rangitata Diversion Race (*RDR*) due to a number of factors:   * Seasonal water flows not permitting delivery. * Change in resource consents held by Rangitata Diversion Race Management Limited (*RDRML*). * Failure of plant and equipment. | The Company mitigates this risk by requiring shareholders to construct on farm storage or contract off farm storage from a third party. |
| Resource Consent / Nutrient Risk | ECan has required that all shareholders comply with certain nutrient discharge limits. ECan has indicated that from 2019 there will be a requirement to reduce nutrient discharge. These are included in the resource consents. Failure to comply could result in land use consents being withdrawn.  The Company holds a resource consent CRC183851 which permits the discharge of nutrients from farming for properties to which the Company supplies water. This consent expires in May 2019. | The Company addresses this by requiring all shareholders to provide a Farm Environment Plan, including an Overseer™ nutrient budget, to manage nutrients.  A resource consent application has been lodged with the Canterbury Regional Council to replace the existing consent on its expiry. |
| Design and Operating Risks | The delivery of water to shareholders depends on the pipes and other equipment operating properly. Failure of pumps, pipes and other equipment can result in no water being available or only limited water. This can create economic risk for shareholders who depend on the water to operate farming businesses. | Continued maintenance, inspection and upgrading of pipes, ponds and equipment plus a structured maintenance programme is implemented to reduce these risks. |
| Construction Risks | The Company lets contracts for its infrastructure from time to time. The Company has constructed a piped distribution system at Ruapuna to deliver pressurised water. | The Company engages competent contractors to build its system and has a monitoring programme for contracts to contain risks. |
| Borrowing Risks | The Company has a requirement for material bank funding to implement capital projects. These loans create an interest rate and repayment risk for the Company. | This risk is managed through being able to adjust charges to shareholders. In addition, interest rate hedging can mitigate any increase in interest rates. |
| Payments from Shareholders of Water Charges | The Company depends on its shareholders paying water charges on time to fund the cash outflows of the Company. This can be affected by major changes in commodity prices affecting farm incomes. | The Company can have a measure of control over this risk by not providing water if payment is not made on due date. |
| Water and or Nutrient Royalties | The Government may impose a levy on the use of water for irrigation or other purposes or nutrient losses. MHV Water Limited may be required to pay these levies and pass this cost onto all Shareholders. The cost for any given user may be higher than the government levy due to system losses and/or averaging across the scheme. | The Company has no control over changes in Government policies. |

This summary does not cover all of the risks of investing in V, M or MG Shares.

* 1. Where you can find the Company’s financial information

On the website of the Company www.mhvwater.nz you can find copies of:

* The audited financial statements of the Company to 31 May 2018.
* Policies of the Company.
* The latest water supply terms and conditions.

1. Summary of Offer
   1. Background

The Company operates an irrigation network in the area shown on the attached map (*Scheme Zones*) with infrastructure comprising races, ponds, pipelines, gates, and other plant and equipment to enable irrigation water to be distributed to approximately 200 shareholders within the Scheme Zones.

There are conditions attached to the MG and M Shares requiring minimum volumes of water storage to be available at a date to be specified by the Board (see page 9 for further details). All Applicants for MG Shares will need to provide to MHV Water Limited a Farm Environment Plan for the property of the Applicant that outlines the proposed farming activities and nutrient discharges to ground water calculated using the latest version of Overseer™ in accordance with the Company’s nutrient policy. If there is any potential increase to nutrient discharge a Farm Activity Variation Application will be required and will need to be approved by the Board. If this is not provided prior to applying for shares, or with the share application, the Company may not be able to allocate shares to that Applicant.

Water in the Ruapuna Area will be provided through pipes and will be under pressure. In addition, the Company is also intending to invest in further storage facilities within 4 years.

There are different charges for water based on the method of delivery. Water delivered through pipes and under pressure is charged at a higher rate than water delivered through open races.

* 1. Who is Providing it to Me

The name and address of the Company is:

MHV Water Limited   
Ground Floor, Irrigo Centre  
326 Burnett Street  
Ashburton 7700

The current directors of the Company are:

* John Richard Nicholls (Chair)
* William (Mark) Dewhirst (Deputy Chair)
* Evan Keith Chisnall
* Phillip Graham Everest
* Vincent John Lobb
* Craig Ernest Osborne
* Nigel Harold Reith
* Mark Andrew Saunders
* Richard David Wilson

Prospective investors should be aware that the persons acting as directors of MHV Water Limited, and the address of the Company, may change. The names of the current directors of the Company, and the current address of the Company, may be obtained by searching the public register website maintained by the Companies Office: www.companiesoffice.govt.nz /companies.

* 1. Water / Shares Available

The Company is offering for application 111,194 MG Shares (*the Shares*) to shareholders and other property owners in the Scheme Areas including properties that may be connected to the Company’s water distribution infrastructure. The Shares are offered at a fixed price of $82.00 per share.

The Shares are offered on the following terms:

* + 1. Applicants for MG Shares can only receive water in the Mayfield Hinds Zone.
    2. The maximum rate of supply of water for holders of M and MG Shares is 0.487 l/s per hectare (see earlier details on pages 3 to 4). Each M and MG Share gives an allocation of 0.1 l/s per share. This is equivalent to a maximum application rate of 4.2mm/day per hectare.
    3. Each Applicant will be required to be a party to a Water Supply Agreement with the Company.
    4. Every Applicant and the Company must be satisfied that the water available with those Shares can be delivered to the property of the Applicant.
    5. The costs of connection to the Company’s infrastructure must be paid for by the Applicant where there are additional costs to upgrade offtakes or extend delivery infrastructure to deliver water.
    6. For every one hundred (100) Shares applied for the Applicant will be entitled (subject to reliability) to receive 1 litre per second of water. Holders of MG Shares only receive water in the Mayfield Hinds Zone after holders of M Shares have received full entitlements to water.
    7. There are requirements imposed under resource consents, and by regulatory and statutory bodies as to the maximum volume of water, including both irrigation scheme and bore water, that can be taken and used for irrigation. Applicants should make themselves aware of any restrictions on the use of water.
    8. Every Applicant shall, unless otherwise agreed, provide to the Company a Farm Environment Plan and Farm Activity Variation Application, where applicable, including a current Overseer™ nutrient budget and must satisfy the Company that the nutrient policies of the Company will be met.
    9. Holders of MG Shares must comply with the company policy on water storage. This policy requires shareholders to have available at minimum volume of stored water at a location agreed with the Company at a date set by the Board. The Board has not yet specified a date for this. The holders of MG Shares have no rights to water from the Carew Ponds or to storage in those ponds. The stored water policies of the Company are currently being reviewed with a new policy likely to apply in the near future. The application for the Shares may be accepted or declined by the Board at its discretion. Shares may be proportionately reduced if there are over applications or otherwise allocated as the Board determines.
    10. If there are over applications for shares those Eligible Investors in the Ruapuna Area will have priority to be allotted the MG Shares.

The Company can by notice to the holders of MG Shares require those shares to be surrendered if water can be made available on the same level of reliability as M Shares. If the Company requires MG Shares to be so surrendered it will at the same time offer to the relevant shareholders the same number of M Shares at a price determined by the Board as will enable the relevant shareholders who are being requested to surrender MG Shares to maintain the volume of water available to them under that shareholding for irrigation.

Under the Constitution of MHV Water Limited and the Water Supply Agreement the Directors can determine how many shares in MHV Water Limited must be held for the volume of water which is required for irrigation. The current requirement for all Shares is that for every 1 share held (subject to priority right to M Shares) water is available at a rate of 0.01 litres per second (or 1 litre per second for every 100 Shares held) to obtain water. The Directors can also issue shares with differing priorities to access water. M Shares rank equally with each other for accessing available water in the Mayfield Hinds Zone. The MG Shares rank behind the M Shares so that if there is a shortage of water for the holders of the M Shares in the Mayfield Hinds Zone or water is required for Company storage the amount of water available to the holders of the MG Shares may be reduced or suspended. Holders of M Shares have the first priority rights to available water.

* 1. Water Storage in Mayfield Hinds Zone

The current MHV Water Limited storage policy is detailed in clause 2.5. This policy is currently under review as a result of delays with Klondyke Storage.

The Water Supply Agreement provides for the Company to set policies and guidelines on the requirements for shareholders to hold stored water.

The Water Supply Agreement has covenants and provisions relating to the requirement for Stored Water. The provisions and restrictions are as follows:

All new Applicants for M and MG Shares must satisfy the Company that within such period as may be specified by the Company they will have water storage facilities on the property of that Applicant or have secured access to Stored Water that will enable compliance with the policy on water storage.

If a shareholder has entered into an agreement to purchase stored water from MHV Water Limited or another provider that stored water may be applied in satisfaction in part or in whole of the obligation of that shareholder to construct or have on farm stored water as set out above.

A shareholder holding M or MG Shares may be required to carry out an independent storage volume assessment at the expense of that shareholder and provide a copy of that assessment to the Company to enable the Company to be satisfied that the above storage requirements are being met.

* 1. Policies of Company on Water Storage
* The Company has on its website (www.mhvwater.nz) a paper called “Policy of Irrigation” which sets out the requirements of the Company relating to the storage of water. The design and construction of all storage ponds must comply with the requirements of the Company which requirements are on that website.
* A minimum storage volume of 250 m3/hectare for shareholders in the Mayfield Hinds Zone.
* Where a Shareholder in the Mayfield Hinds Zone currently has on farm storage the required volume of additional storage will be as follows:
  + 1. If existing storage exceeds 400m3 per hectare then no additional storage capacity is required provided in aggregate the average storage does not reduce below the 400m3 per hectare requirement.
    2. If existing storage is less than 400m3 per hectare then additional storage of 400m3 per hectare is required.
    3. For the purposes of determining existing storage for holders of M shares existing on farm storage has added to that existing storage 185m3 per hectare of storage from the Carew Ponds, which storage water is only available to holders of M Shares, to give the aggregate storage required.
    4. The above water storage facility must be available by a date as advised by the Company to all shareholders holding M or MG Shares. If that storage is not provided that will be a breach of this agreement and the company’s policy of irrigation.

The Board is reviewing its policy on water storage and when a new policy is adopted all shareholders will be advised of that new policy.

* 1. Future Availability of Water

In the event that at a future date more reliable water becomes available from storage, piping or other improvements or enhancements to the MHV Scheme the Company has the right to allocate any more reliable water as it thinks fit and there is no obligation to allocate that water to Applicants for shares under this Offer Document.

* 1. Charges for Water

The entitlement of all shareholders to water, is subject to payment of water charges levied by the Company on a monthly basis. All shareholders are required to pay water charges based on the number of shares held by each shareholder. Water charges are payable notwithstanding that the full volume of water may not be taken, or be available from the Company.

The policy of the Company is to ensure water delivery charges are struck at a level where the Company can meet all of its operating costs, administration costs, bank debt, interest and capital reductions and any other costs of the Company. This ensures the water supply charges made and levied against the shareholders cover all costs but do not seek to make a profit for the Company.

* 1. Valetta Zone Annual Charges
* The charges on V Shares will be a total charge of $2.95 per share.

If and when the bank debt attributable to class V Shares is subject to repayment an additional charge may be levied.

* 1. Mayfield Hinds Zone Annual Charges

The annual charges on M and MG Class Shares will be, for every M and MG Share:

* For open race delivery of water $2.10 per share ($210 per annum for every 100 shares).
* For pressurised pipe delivery of water $8.52 per share ($852 per annum for every 100 shares).

For every 100 shares held, on a per annum basis:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **M Shares** | **MG Shares** | **V Shares** |
| **Piped Water** | $852 | $852 | $295 |
| **Open Race Water** | $210 | $210 | N/A |

* 1. Difference in Annual Charges

Future water charges will be set on a divisional basis so that:

* Divisional financial information will be prepared for each of the Valetta Zone and the Mayfield Hinds Zone and the Ruapuna Area.
* The operating and other costs of delivering water in each of the scheme zones will be kept separate from shared overheads so these costs can be recovered as water charges from each of the holders of the M and MG Shares (for the Mayfield Hinds Zone costs) and from the V Shares (for the Valetta Zone costs).

The above is to ensure that holders of V Shares will not have to pay the operational and funding costs within the current Mayfield Hinds Zone and the holder of M and MG Shares will not pay as water charges any of the above costs for the Valetta Zone.

* 1. Stored Water

If stored water is available and a shareholder elects to enter into an agreement with MHV Water Limited to take stored water then there may be additional fixed and variable charges relating to the taking of stored water. MHV Water Limited may be required to incur costs in accessing stored water and it is intended to pass these costs on to those shareholders who take stored water. The cost may be payable whether or not that stored water is taken in any year. Stored water is usually available on an annual basis and the allocation cannot be carried over into the next irrigation season.

The company has arranged with Barrhill Chertsey Irrigation Ltd (BCI) for the supply of stored water to holders of MG share in the Ruapuna Line at times when they would not otherwise receive their full allocation of water. Holders of MG shares who want to take advantage of this supply are required to separately contract with the Company for this. In the 2018/19 season this water is available at a cost of $0.22 per 1,000 litres of water supplied. Delivery of this water is subject to availability and it ranks below other uses for water which BCI have. Capacity restrictions in the RDRML, BCI’s pumping infrastructure or restrictions in the amount of water available from Lake Coleridge may result in no water being available to be delivered. The Company makes no warranties as to the availability of this water or the future cost of this water.

* 1. Connection Costs

If a new dedicated offtake is required for a property the Company can recover from the relevant property owner the costs of installing a new offtake. Any new offtake must be approved by the scheme to the relevant design standards.

If new infrastructure is required to connect a property, then the costs of that infrastructure can be recovered by the Company from the shareholders benefitting from that expenditure.

Every Applicant shall seek confirmation from the Company as to whether there will be additional charges and costs to connect to the Company infrastructure and to clarify the operational charges.

* 1. Right to Transfer / Sell Securities

**Board may Restrict Access**

There is no right to transfer shares in the Company except if a transfer is permitted by the Board. The Transfer of Shares policies are on the website mhvwater.nz. The Board can impose conditions in approving a transfer of shares. However, the terms of the Water Supply Agreement and Constitution of MHV Water Limited permit the Board to approve transfers of shares and rights to water:

1. when transferred with a property;
2. on a subdivision of a property;
3. by transfer to another property. Shareholders in the piped areas may not be able to transfer water to another property and in other areas and there may be other issues preventing that transfer.
4. under a licensing agreement.

**Transfer of Shares with Farm**

Shares are normally transferable with the farm land to which they relate as they are issued to persons who have the potential to become connected to the distribution system and when a shareholder sells a farm the shares are transferred at the same time to the purchaser. A shareholder may not transfer the shares issued under this Information Memorandum and rights to water to another property owner in the Scheme Area except if approved by the Company.

**Transfer of Shares where Farm Sold to Trust**

Transfers can also arise when an existing farm which at the time has the right to take supply from the distribution system is transferred to another member of the same family or a new owner or where the shares are transferred by a shareholder to a trust or company and at the same time the shares in MHV Water Limited and rights to water will be transferred.

**Transfer of Shares issued under Offer Document**

Shares issued under this Information Memorandum may not be transferred to another property except if approved by the Company. That approval can be withheld without giving reason. This restriction is required because where water is being delivered under pressure that facility may not be available on another property or may result in stranded and redundant infrastructure.

**Transfer of Shares in Piped Area and Harris Drain Area**

Shares in the above areas cannot be transferred out of that area. As these shares only receive water because they are connected to a dedicated system the shares and water rights attached to them cannot be transferred to another area.

* 1. Voting Cap

The constitution of the company includes a voting cap so that if a group of associated shareholders hold shares which carry the right to more than 10% of the aggregate votes available any shares held above that 10% voting cap cannot vote on a shareholder resolution. If there is a requirement to have a separate class meeting of the holder of any class of shares (being M, V or MG Shares) then the above voting restriction will also apply to that class meeting of shareholders.

* 1. Enquiries about Securities

The name of the employee of MHV Water Limited to whom enquiries about the shares can be made, and the address and business telephone number of that person is:

Melanie Brooks   
MHV Water Limited   
Ground Floor, Irrigo Centre  
326 Burnett Street  
Ashburton 7700  
Phone: 03 307 8389  
Email: mel@mhvwater.nz

1. Who can apply for Shares

Only persons who are ‘Eligible Investors’ can apply for Shares. To be an Eligible Investor the Applicant must:

* + 1. Meet the criteria in the Financial Markets Conduct Act 2013 under which the Applicant for the shares has previous experience in acquiring or disposing of financial products that allows that person to assess:
       1. The merits of the service or services to be provided including assessing the value and risks involved.
       2. That person’s own information needs in relation to the service or services.
       3. The adequacy of the information provided by the company offering those services.

The Applicant must also:

* + 1. Understand the consequences of certifying himself, herself or itself to be an Eligible Investor.
    2. State in the certificate the grounds for the certification.

AND

* + 1. An authorised financial adviser, qualified financial accountant or lawyer signs a written confirmation of that certification.

Unless an application for Shares is accompanied by an Eligible Person Certificate from the Applicant certified by an independent chartered accountant, solicitor or financial adviser that application cannot be accepted by the Company.

In addition only property owners who own property in the Mayfield Hinds Zone can apply for MG Shares.

1. Application for Shares

Every Eligible Investor wishing to acquire Shares under the Offer must:

* Complete the application form setting out the shares for which application is being made.
* Confer with the Company to ensure water will be available for delivery to the property of the shareholder at the required volume.
* Pay a deposit of 10% of the amount payable on application for the Shares.
* Be prepared to pay the further 90% payable for the shares within 10 business days from the date the Applicant has been advised of the allocation of shares to that Applicant.
* Have provided to the Company a Farm Environment Plan, Farm Activity Variation Application (where required) and Overseer™ nutrient plan showing the impact of irrigating additional land on nutrient discharges on the property of the Applicant.
* Provide a direct debt form to the Company to enable all charges to be directly debited to the bank account of that Applicant.

The Company will advise all Eligible Investors who lodge an application for shares whether that application has been successful in whole or in part within 10 business days after the Closing Date. Repayment of any initial payments for shares not allotted to Applicants will be refunded at the same time. Payment for the remaining 90% payable for shares will be due 10 business days after Applicants are advised that their application has been successful.

1. Over Applications

If there are over applications for Shares then shares will be allocated at the discretion of the Board. Preference will be given to those farming in the Ruapuna Area.

1. How to Apply
   1. How to Apply

The process to apply for shares under this Information Memorandum is:

* + 1. An Applicant must be an owner of property in the Mayfield Hinds Zone.
    2. An Applicant must complete the application form stating the total number of MG Shares for which application is submitted. That application form and payment can be made or returned as follows:
       1. by hand delivering the application form and the cheque made payable to MHV Water Limited to the office of the company at Ground Floor, Irrigo Centre, 326 Burnett Street, Ashburton 7700; or
       2. posting the application form and your cheque (10% of the total application price) to MHV Water Limited, Ground Floor, 326 Burnett Street, Ashburton 7700;
       3. posting your application form to the above address and making payment of your application moneys by direct credit to the account of MHV Water Limited 03 0162 0009307 090;
       4. Sending to the Company a direct debit form providing for payment of all charges to be deducted from the Applicant’s bank account.

All application forms and payments must be paid or received by the Company on or before the Closing Date which is 4pm on Friday 16th November 2018 or such extended date as the directors may determine.

* + 1. The application form must be accompanied by a payment of 10% of the full amount payable for the shares as applied for as set out on the application form. This amount will be paid into the account of MHV Water Limited and will only be used if the application is accepted. If the application is declined the payment will be refunded with no interest. The refund will be made within 10 business days following the closing date for applications. All interest earned will be held for MHV Water Limited.
    2. If an application is successful and an Applicant is allotted shares and an allocation of water then the Applicant will be advised of this in sufficient time for the Applicant to pay the balance of the amount due for the shares within 10 business day after notice is given to the Applicant which will be after the Closing Date. At the same time a Water Supply Agreement must have been signed before water will be made available.
    3. The directors of the Company have an absolute discretion on the allocation of shares, if it is economical to deliver water to the relevant property, and if water can be made available to the Applicant.
    4. All Applicants should discuss with the Company how they can satisfy the nutrient discharge policy requirements of the Company if the Applicant cannot provide a Farm Activity Variation Application, Farm Environment Plan or other information to the Company to enable the Company to be satisfied that the property to which water is to be supplied has the appropriate environment planning in place.
    5. An Applicant for shares must be satisfied, from discussions with the Company, the charges that may be incurred in connecting to the infrastructure.

On receiving all applications the Company will determine for each application:

* + - the number of shares to be issued;
    - whether the farm of the Applicant can be supplied with water economically and is within the Scheme boundaries.

There is no assurance that the Eligible Investors applying for shares will receive shares. The Company will also take into account the cost of delivering water to each Eligible Investor.

* 1. Privacy Policy

If you apply for Offer Shares you will be asked to provide personal information to the Company, the Share Registrar, and their respective agents who will collect and hold the personal information provided by you in connection with your Application.

Your personal information will be used:

* For considering, processing the corresponding with you about your Application;
* In connection with your holding of Shares, including sending your information concerning the Company, your Shares and other matters your Company considers may be of interest to you by virtue of your holding of Shares; and
* For conducting an audit or review of the activities contemplated above.

To do these things, the Company or the Share Registrar may disclose your personal information to:

* each other;
* their respective related companies; and
* agents, contractors or third party service providers to whom they outsource services such as mailing and registry functions.

However, all of these parties will be bound by the same privacy policy as the Company and the Share Registrar.

In addition, if you elect to pay by one-time direct debit, the Share Registrar will communicate with your nominated bank (including providing your personal information) for the purposes of processing your payment.

Failure to provide the required personal information may mean that your application form is not able to be processed efficiently, if at all.

Where the Company and the Share Registrar hold personal information about you in such a way that it can be readily retrieved, you have a right to obtain from the Company and the Share Registrar confirmation of whether or not they hold such personal information, and to access and seek correction of that personal information under the Privacy Act 1993 by contacting the privacy officer of the Company and the Share Registrar at their respective addresses shown in the Directory.

1. Contact Information

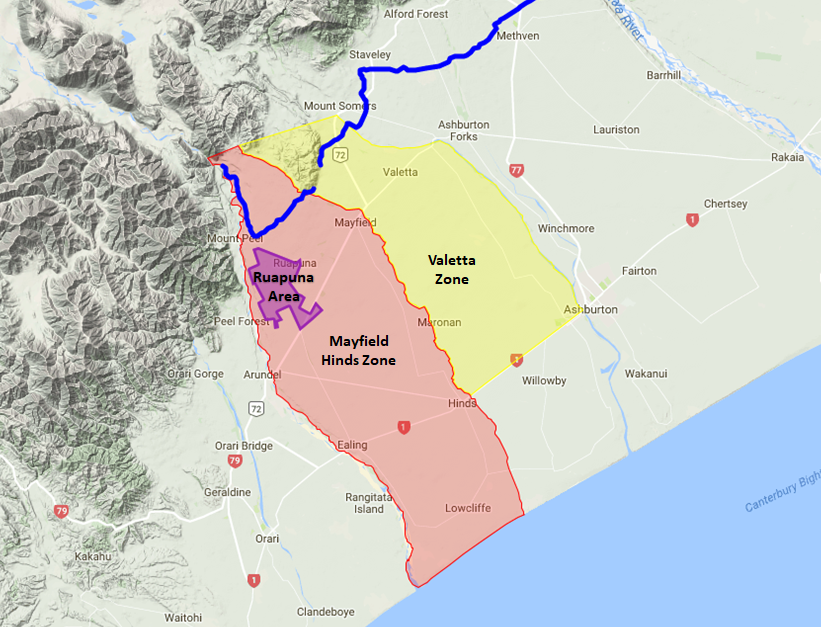
|  |  |
| --- | --- |
| MHV Water Limited | Ground Floor  326 Burnett Street Ashburton website: [www.mhvwater.nz](http://www.mhvwater.nz) Phone: 03 307 8389 |
| Directors of MHV | John Richard Nicholls (Chair)  Evan Keith Chisnall  William (Mark) Dewhirst  Phillip Graham Everest  Vincent John Lobb  Craig Ernest Osborne  Nigel Harold Reith  Mark Andrew Saunders  Richard David Wilson |
| Chief Executive Officer of  MHV Water Limited | Melanie Brooks  Ground Floor  326 Burnett Street Ashburton email: [mel@mhvwater.nz](mailto:mel@mhvwater.nz) |
| Securities/Share Registrar | MHV Water Limited |
| Legal Adviser for this Offer | David Stock  Level 3, White Fox and Jones House  22 Moorhouse Avenue Christchurch Phone: 03 353 1036 |
| Auditor | Crowe Howarth 173 Spey Street  Invercargill |
| Accountant / Registered Office | KPMG Chartered Accountants 151 Burnett Street Ashburton 7700 |
| Privacy Officer | Melanie Brooks  Ground Floor  326 Burnett Street Ashburton email: [mel@mhvwater.nz](mailto:mel@mhvwater.nz) |

1. Glossary

|  |  |
| --- | --- |
| **Applicant** | Means an Eligible Investor whose application for Shares has been received by the Registrar prior to the Closing Date. |
| **Application** | An application to subscribe for Shares under the Offer. |
| **Application Form** | The Application Form attached to this Information Memorandum to subscribe for Shares under the Offer. |
| **Application Moneys** | The moneys payable on Application. |
| **Board** or **Board of Directors** | The Board of Directors of MHV Water Limited. |
| **Business Day** | A day on which the banks are open for general banking business in Ashburton, New Zealand. |
| **Closing Date** | 4pm on Friday 16th November 2018 |
| **Director** | A Director of MHV Water Limited. |
| **Eligible Investor** | Means a person owning property in the Mayfield Hinds Zone who requires water for irrigation who can provide an Eligible Person Certificate. |
| **Eligible Person Certificate** | Means a certificate provided under clause 41 of the First Schedule to the FMC Act. |
| **EBITDA** | Earnings before interest, income tax, depreciation and amortisation. |
| **FMC Act** | Financial Markets Conduct Act 2013 |
| **FMC Regulations** | Financial Markets Conduct Regulations 2014 |
| **Glossary** | This glossary of key terms. |
| **Harris Drain** | Drain in the vicinity of Lowcliffe used to distribute water for irrigation. |
| **‘Information Memorandum’** or **‘Offer Document’** | Means this Information Memorandum and all attachments. |
| **Mayfield Hinds Zone** | The area set out on the attached map. |
| **‘MHV Water Limited’, the ‘Company’** | MHV Water Limited |
| **MG Shares** | The shares in the Company classified as MG Shares and which rank after the M Shares for entitlements to water in the Mayfield Hinds Zone. |
| **M Shares** | The shares in the Company classified as M Shares and which have a priority right over MG Shares to water in the Mayfield Hinds Zone, subject to water being available. |
| **V Shares** | The shares in the Company classified as V Shares and which have the first right to water in the Valetta Zone, subject to water being available. |
| **NZD or NZ$ or $** | New Zealand Dollar |
| **Offer** | The offer of MG Shares under this Offer. |
| **Offer Price** | Offer price for MG Shares means $82 for each MG Share. |
| **Ruapuna Area** | The area shaded purple on the attached map. |
| **Scheme Area** | The area between the Rangitata and Hinds River, Mid Canterbury as set out on the attached map. |
| **Share Registrar** | MHV Water Limited |
| **Valetta Zone** | The area set out on the attached map. |

**This Information Memorandum is dated 18 October 2018.**

MAP OF SCHEME AREA

  
Note: Areas shown on the map are indicative only and Applicants should contact the Company to confirm which area their property is located in.

**MHV WATER LIMITED   
*(the Company*)**

APPLICATION FOR SHARES

(Applicants must own land in the Mayfield Hinds Zone)

This application form is important. If you are in any doubt please contact your professional adviser. You should read the Information Memorandum before signing this form.

**Name(s) of Applicant(s):**

|  |  |  |
| --- | --- | --- |
| **Surname** |  | **Given Name** |
| **Surname** |  | **Given Name** |
| **Surname** |  | **Given Name** |

**Note:** *If the trustees of a trust are applying for shares all of the names of the trustees should be included above.*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name of Company** | | | | | | |
| **Address** | | | | | | |
| **Email** |  | **Telephone** |  | | **Cellphone** | |
| **Address of farm to which water is to be supplied** | | | | | | |
| **Legal Description** | | | |  | |  |
|  | | | |  | | **Title References** |

I/we hereby make application for the number of MG Shares set out below which shares shall be allotted on the terms and conditions set out in the Information Memorandum of which this application form forms part. I/we confirm that the information provided by me/us is correct.

Number of MG Shares applied for:

Total price at $82 per MG Share: (A)

Initial Payment (10% of A) $

Balance Payable (90% of A) $

A payment of ten percent (10%) of the Total Amount Payable is required to accompany this application, with the balance of ninety percent (90%) within ten (10) business days of the date on which the Applicant is notified by the Company that the application for shares has been accepted.

Payment can be made by direct credit to the nominated bank account of MHV Water Limited, Bank Account No.: 03 0162 0009307 090 with the Applicant’s name as the reference.

**The options for returning your form are:**

* + 1. Hand Delivering this form with your cheque for 10% of the tendered price payable to MHV Water Limited by leaving this form and the cheque with MHV Water Limited, Ground Floor, 326 Burnett Street Ashburton 7700; or
    2. Posting this form and your cheque to MHV Water Limited, Ground Floor, 326 Burnett Street, Ashburton 7700; or
    3. Posting your application form to the above address and making payment of 10% of your application moneys by direct credit to MHV Water Limited– Account No. 03 0162 0009307 090 with your name as the reference.

**Applications close at 4.00 pm on Friday 16th November 2018 and must be received by this date or such extended Closing Date as determined by the Board.**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Signature Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Signature Signature  
  
Date:

**MHV WATER LIMITED *(the Company*)  
APPLICATION FORM FOR SHARES**

TERMS AND CONDITIONS OF APPLICATION

* 1. By signing this Application Form the Applicant:
* offers to subscribe for Shares on the terms and conditions set out in the Information Memorandum dated Thursday 18 October 2018, this Application Form and the application instructions in respect of the Application Form;
* acknowledges that this form was distributed with the Information Memorandum;
* acknowledges that he/she/it has read and understood the Information Memorandum;
* agrees to be bound by the Constitution;
* provides the certificate under the Financial Markets Conduct Act 2013.
  1. Applicants must pay ten percent (10%) of the Total Amount Payable for their shares with the balance of ninety percent (90%) payable in full within ten (10) business days after the date on which the Applicant is notified that the application has been accepted.
  2. An application cannot be withdrawn or revoked.
  3. The Company reserves the right to decline any application, in whole or in part, without giving any reason. Unless otherwise expressly agreed to by the Company in its absolute discretion, Application Forms received after the Closing Time will not be accepted.
  4. Applicants must confirm with the application instructions in the section of the Information Memorandum entitled ‘Application Instructions’.
  5. Joint applications must be signed by all Applicants. Only the address provided on the Application Form will be recorded on the register for Shares and all notices and communications will be sent to that address.
  6. If the Application Form is signed by an attorney or an agent, the relevant non-revocation form below must be completed.
  7. Terms defined in the Information Memorandum have the same meaning in this Application Form. This Application Form, the offer of Shares by the Company and any contract arising out of its acceptance is governed by New Zealand Law.

**CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY**(Complete this section if you are acting on behalf of someone for whom you have a Power of Attorney)

|  |  |  |  |
| --- | --- | --- | --- |
|  | NAME OF ATTORNEY |  | ADDRESS AND OCCUPATION OF ATTORNEY |
| I |  | of |  |
|  | hereby certify that: |  |  |

DATE OF POWER OF ATTORNEY NAME OF PERSON FOR WHOM ATTORNEY IS SIGNING

|  |  |  |  |
| --- | --- | --- | --- |
| By Power of Attorney Dated: |  |  |  |

ADDRESS AND OCCUPATION OF PERSON FOR WHOM ATTORNEY IS SIGNING

|  |
| --- |
|  |

(‘The Donor’) appointed me his/her/its attorney on the terms and conditions set out in that Power of Attorney.

* I have completed and executed this application for Shares as attorney under that Power of Attorney and pursuant to the powers thereby conferred upon me.
* At the date of this certificate I have not received any notice or information of the revocation of that Power of Attorney, whether by the death or dissolution of the Donor or otherwise.

SIGNATURE OF ATTORNEY

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | | |  |  | | | |
| Signed at | |  | this |  | | | day of |  | 2018 |

APPLICATION INSTRUCTIONS

1. **Complete Details.**

* Insert your title, full name(s), address and telephone numbers.
* Applications must be in the name(s) of natural persons, companies or other legal entities.
* Applications by a minor, trust, fund, estate, business, firm or partnership, club or other unincorporated body cannot be accepted unless they are made in the individual name(s) of the person(s) who is (are) the legal guardian(s), trustee(s), proprietor(s), partner(s) or office bearer(s) (as appropriate).

1. **Signing.**

* Read the application form carefully and sign (and date) the form.
* The form must be signed by the Applicant(s) personally, or by two directors of the Company (or one director if there is only one director), or (in either case) by an attorney.
* If the application form is signed by an attorney, an original or certified copy of the relevant Power of Attorney must be lodged with the application form (originals will be returned). The attorney must complete the certificate of non-revocation below.

1. **Checklist for Applicants**

Before making an application for shares every Applicant should:

* Check with the Company to confirm the Applicant’s property can be provided with a water connection from the Scheme infrastructure.
* Provide to the Company a Farm Environment Plan and Farm Activity Variation Application, where applicable, including a current Overseer™ report for the property to be irrigated and check with the Company that the nutrient policy will be met. Approval for a land use change may be required.
* Check the water storage that each Applicant will be required to provide and ensure you as the Applicant can satisfy this requirement.
* Check you have signed the Certificate and has this certified by an independent authorised financial adviser, solicitor or qualified statutory accountant.

1. **Closing Date**

The closing date for the offer is 4.00 pm Friday 16th November 2018 or such extended date as determined by the Company.

**MHV WATER LIMITED  
(*the Company*)**

CERTIFICATE UNDER SCHEDULE 1 OF FINANCIAL MARKETS CONDUCT ACT 2013 (*FMCA*) FOR ELIGIBLE INVESTOR

**WARNING**

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

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

Make sure you understand these consequences.

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

**Offence**

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

**Background**

A The Company has determined that it has water available for irrigation in the distribution areas of the Company shown on the attached map, being the Mayfield Hinds Zone which includes the Ruapuna Area.

B The MG Shares are being offered for application on the terms and conditions set out in the Information Memorandum prepared by the Company and dated Thursday 18 October 2018 (*the MG Shares*).

C Applications will only be accepted by the Company for MG Shares if the Applicants have provided this form signed by the Applicants for the shares and certified by an independent authorised financial adviser, qualified statutory accountant or solicitor (see Note 1).

D The Company has referred potential Applicants to the information contained in the Information Memorandum and to the further information on the website of the Company including the water supply agreement.

E The Investor having considered the Information has agreed to apply for the MG Shares in the Company as set out in the Information Memorandum.

F The investor is required to provide a certificate required under schedule 1 of the FMCA that the Investor has previous experience in acquiring or disposing of financial products that allows the Investor to assess:

(a) the merits of the transaction, including assessing the value and risks of the shares for which an application is made by the investor;

(b) the investor’s own information needs in relation to the proposed investment and the proposed transaction;

(c) the adequacy of the information provided to the investor in the Information.

**Certificate by Investor**

The undersigned investor(s) (*the Investors*) hereby certify as required by clause 41(2) of the First Schedule to the FMCA that the Investor(s):

1. has/have previous experience in acquiring or disposing of financial products; and
2. has/have the ability to assess:
3. the merits of the transaction, including assessing the value and risks of the shares which will be issued to the Investors;

(ii) the Investors own information needs in relation to the proposed shareholders;

(iii) the adequacy of the information provided to the Investors under the Information.

The experience of the Investor(s) is set out in the schedule to this certificate.

I understand the consequences of certifying myself as an ‘*eligible investor’* for the purposes of clause 3(3) and clause 41 of Schedule 1 of the FMCA.

The grounds and reasons why I/we can sign this certificate are:

Dated:

Signed by proposed Investor(s):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SCHEDULE**

***Name of Issuer* MHV Water Limited**

***Details of shares applied for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*** MG Shares at $82 for each MG Share.

The Applicant will also be required:

1. to sign and be a party to a water supply agreement with the Company;
2. provide a Farm Environment Plan, Farm Activity Variation Application (if required) and Overseer™ nutrient budget to the Company.

**Full Name of Applicant(s)**:

**Address of Applicant(s):**

**Email Address:**

**Phone Number:**

**CONFIRMATION OF CERTIFICATE   
Clause 43 of First Schedule to FMCA**

I, being a qualified statutory accountant / solicitor / authorised financial adviser[[1]](#footnote-1) hereby confirm that having considered the proposed investor’s grounds for certifying as set out:

1. I am satisfied that the Investor(s) have been sufficiently advised of the consequences of the certification as above; and
2. I have no reason to believe that the certification is incorrect or that further information or investigation is required as to whether or not the certification is correct.

Dated 2018

Signature of Confirming Person: ....................................................

Details of Confirming Person:

1. The person giving this certificate must be a qualified statutory accountant / solicitor / authorised financial adviser and must not:

   within the two years prior to the date of the above certificate, have provided professional services to the Company, provider, or other relevant person, or a related body corporate of the Company, provider or relevant person. The ‘*provider’* is a person giving financial advice on the shares being offered for application;

   be an associated person of the Company making the offer, provider or other relevant person. This includes a relative, director or senior manager of the Company or a person acting jointly or in concert with that Company. [↑](#footnote-ref-1)