

21 September 2017

*By email*

Murray King  
Chairman  
**Waimea Irrigators Limited**

Lindsay McKenzie  
Chief Executive Officer  
**Tasman District Council**

Dear Sirs

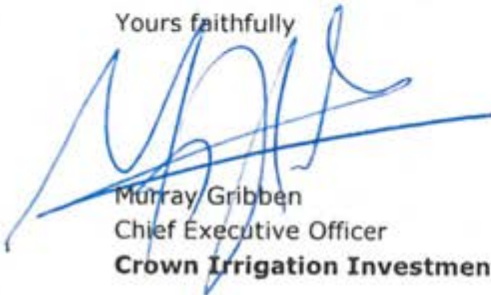
## **PROCESS LETTER – WAIMEA COMMUNITY DAM PROJECT**

- 1 Crown Irrigation Investments Limited (**CIIL**) is pleased to set out in this letter the basis on which it will proceed with its involvement in the Waimea Community Dam Project (**Project**) with Waimea Irrigators Limited (**WIL**) and Tasman District Council (**TDC**) (collectively the **Parties**).
- 2 CIIL agrees to continue to progress the Project on the basis set out in the:
  - 2.1 Term Sheet for the provision of financing to the Project company to be established by WIL and TDC (**DamCo**) in the form attached at Appendix 1 to this letter (**Project Facility Term Sheet**), including as to conditions precedent, due diligence and documentation; and
  - 2.2 Term Sheet for the provision of financing from CIIL to TDC to part fund the environmental benefits of the Project in the form attached at Appendix 2 to this letter (**Environmental Facility Term Sheet**), including as to conditions precedent, due diligence and documentation; and
  - 2.3 Term Sheet in relation to the Project Agreement to be entered into by CIIL, TDC, DamCo and WIL in the form attached at Appendix 3 to this letter (**Project Agreement Term Sheet**); and
  - 2.4 Term Sheets for the Wholesale Water Augmentation Agreements to be entered into by DamCo with each of TDC and WIL in the form attached at Appendix 4 to this letter (**Wholesale Water Augmentation Agreement Term Sheet**); and
  - 2.5 Term Sheet in relation to the Shareholders Agreement between TDC and WIL in relation to DamCo, in the form attached at Appendix 5 to this letter (**Shareholders' Agreement Term Sheet**),  
  
(collectively the **Project Term Sheets**).
- 3 There are nine key milestones to be achieved in order for the Project to be progressed to financial close. These are:
  - 3.1 CIIL board approval to proceed with the Project through to Financial Close; and

- 3.2 TDC approval of its participation in the Project on the basis of the Project Term Sheets and TDC successfully undertaking public consultation in relation to such participation in the Project; and
  - 3.3 WIL successfully undertaking a capital raise in respect of irrigators on a basis that meets the requirements of the Project Term Sheets; and
  - 3.4 the Parties successfully concluding a construction contract for the construction of the dam on terms that meet the requirements of WIL, CIIL and TDC; and
  - 3.5 the Parties finalising the detailed financial model for the Project; and
  - 3.6 the Parties agreeing the terms of all Project documents and finance documents required in connection with the Project (which will reflect the provisions set out in the Project Term Sheets, and will otherwise be in form and substance satisfactory to all parties);
  - 3.7 DamCo securing access to the land required to carry out the Project;
  - 3.8 all authorisations and consents required in connection with the Project have been transferred to or otherwise obtained by DamCo on terms satisfactory to WIL, CIIL and TDC, and WIL and TDC having each agreed a final recognition of and allocation for pre financial close Project costs and expenses, and those costs and expenses have been paid by the relevant party on or prior to financial close; and
  - 3.9 the establishment of a stand-alone project office and project governance group to oversee all aspects of the project going forward on terms acceptable to CIIL, TDC and WIL. The project governance group will be accountable to CIIL, TDC and WIL.
- 4 As applicable, TDC, WIL and CIIL each agrees in favour of the others that they will each take such steps as are reasonably within their power in order to successfully achieve these milestones.
  - 5 CIIL, TDC and WIL will:
    - 5.1 As soon as practicable after TDC and WIL counter-sign this letter, agree a process and timeline to achieve the milestones to achieve financial close for the Project; and
    - 5.2 Co-operate with each other to the extent necessary to achieve the milestones and financial close and will provide such information and support to the others as may be reasonably requested for this purpose (and which those parties are legally able to disclose to each other).
  - 6 While this letter does not commit CIIL, TDC and WIL to achieve these milestones, or to undertake the Project, each of CIIL, TDC and WIL agree that they will undertake reasonable endeavours to achieve the milestones above on the basis of the structure and requirements for the Project as set out in the Project Term Sheets (and in the case of TDC and WIL, that will include establishing DamCo).
  - 7 TDC and WIL acknowledge, without limiting any of the conditions set out above or in the Project Term Sheets, that it is a condition of CIIL providing funding for the Project that CIIL is satisfied that the Project meets its investment criteria.

- 8 Each of CIIL, TDC and WIL agrees to keep the other Parties informed of progress towards achieving the milestones and, as soon as reasonably possible, to notify of any actual or potential impediments to achievement of the milestones. CIIL, TDC and WIL will consult with each other in relation to any such impediment and will endeavour to agree a basis to address or overcome it.
- 9 If financial close has not been achieved by 31 December 2018 or if CIIL, TDC or WIL notifies the other parties that it is not able to achieve a milestone or financial close, then none of CIIL, TDC or WIL will be under any further obligation under this letter or the Project Term Sheets (other than obligations in relation to confidentiality, which will continue).
- 10 Costs:
  - 10.1 TDC will pay all reasonable external costs incurred by CIIL (including legal costs in relation to its negotiation of documentation) in relation to the Environmental Facility Term Sheet; and
  - 10.2 WIL will pay all reasonable external costs incurred by CIIL (including legal and professional fees and costs in relation to its due diligence and negotiation of documentation) in relation to all other Project Term Sheets.
- 11 Each of CIIL, TDC and WIL agrees to observe the confidentiality undertakings contained in the Project Term Sheets.
- 12 If you agree to the matters set out in this letter please acknowledge agreement and acceptance by signing and returning a countersigned copy of the letter. If this letter has not been countersigned and returned by TDC and WIL within seven days of the date of this letter then this letter will automatically lapse and be of no further force and effect.

Yours faithfully



Murray Gribben  
Chief Executive Officer

**Crown Irrigation Investments Limited**