Maerewhenua District Water Resource Co Ltd

Irrigation Share Transfer Information Sheet

This information sheet explains what must happen before irrigation scheme shares can transfer from vendor to purchaser and is intended for existing shareholders, potential purchasers and their solicitors.

In practical terms: the vendor must notify Aqus and remain responsible until the transfer is registered, the purchaser must satisfy the scheme's technical, environmental and security requirements, and the purchaser's solicitor must complete the required transfer and security documents before the share register can be updated.

The transfer of irrigation scheme shares issued by Maerewhenua District Water Resource Company Limited (MDWRC) must follow the process set out below. The process ensures that water can be supplied to the proposed purchaser and that the scheme has the security it requires for payment of water charges. This process is outlined as follows:

Stage 1: Before sale or early in the sale process

1. **ALL** share transfers require approval of the scheme's board of directors before they can proceed. Scheme shares cannot be separated from the land they relate to. The vendor and purchaser should therefore allow enough time to obtain board approval before settlement.

2. The scheme recommends that potential purchasers contact Aqus' Environmental Management Team to discuss the scheme's environmental requirements including the following:

    a. Farm Environment Plans (FEPs)
    b. Compliance with consent conditions
    c. Environmental audits
    d. Scheme-specific requirements, including the Company Policies, Rules of Operation, Environmental Strategy, Annual Volume restrictions and Scheme Management Plan requirements.

    The existing shareholder, being the vendor, must give Aqus not less than **ten working days' notice** of the intended sale and provide details of the number of shares proposed to be transferred and the name of the proposed purchaser.

3. When notified of a proposed share transfer, Aqus staff will undertake a technical, environmental, commercial and legal review to determine whether water can be supplied to the proposed purchaser and whether water can be delivered within the conditions of the scheme's resource consents.

4. Aqus will then confirm whether or not water can be supplied and any connection costs involved.

5. If water cannot be supplied, the share transfer cannot proceed and cannot be approved by the scheme's board of directors.

6. All water charges in the final month of ownership will be invoiced to the existing shareholder.

    a. Fixed water charges to the end of the month in which settlement occurs are to be paid to the scheme on the day of settlement. The shareholder and purchaser are responsible for determining any apportionment of fixed water charges.
    b. Variable water charges will be separately invoiced to the shareholder, usually via their solicitor, for payment on settlement date. Aqus will carry out the final meter reading.

7. No share transfers will be approved where there are outstanding payments owing.

8. The vendor remains fully liable for all water charges until registration of the transfer is complete.

Stage 2: If water can be supplied — documents and security before settlement

9. If water can be supplied, the purchaser's solicitor must liaise with the scheme's solicitor Anderson Lloyd to provide the following:

    i. The purchaser must enter into the scheme's then-current Water Supply Agreement and complete any audit requirements as required by the current consent conditions **on or prior to settlement date**.
    ii. A Registered First Charge Encumbrance must be registered over the title of the land to be supplied. The Encumbrance is the scheme's security over the land. It secures the purchaser's performance under the scheme's Water Supply Agreement. The minimum land area required is 1 hectare for each share purchased. This will require the consent of the purchaser's mortgagee, if there is one, and the purchaser should allow time for the documentation and financier consent process.
    iii. A fully completed Share Transfer Form signed by the vendor and purchaser must be provided to Anderson Lloyd following settlement.
    iv. Other documentation may also be required, depending on the property and scheme. This may include an Encumbrancee Consent to matters affecting the title to the land and/or a Deed of Accession to transfer obligations under a Grant of Option to Take Easements.
    v. The new shareholder must complete a Direct Debit Authority for automatic payment of monthly charges and a New Shareholder Information Sheet and provide both to Anderson Lloyd on or before settlement.

Stage 3: Board approval and registration

10. Anderson Lloyd will present a resolution approving share transfers to the scheme's board for approval and signature. Anderson Lloyd is required to certify to the directors that there are sufficient encumbered hectares to secure the shares being purchased.

11. The board of directors will approve the share transfer by resolution.

12. After approval is given, all scheme conditions have been met, and the purchaser has provided Anderson Lloyd with the fully completed and signed Share Transfer Form, Anderson Lloyd will arrange for the Company's registered office to update the share register and notify the Companies Office of the share transfer.

13. The purchaser is not a shareholder until the Share Transfer Form is complete and the share transfer is registered. Until registration is complete, the vendor remains liable for all shareholder obligations.

Stage 4: Costs, payment timing and final checks

14. The costs of the share transfer process are generally payable by the purchaser unless otherwise agreed between the vendor and the purchaser. This includes the scheme's costs of processing the share transfer and putting a registered Water Supply Agreement in place. The vendor and purchaser will need to make their own arrangements for any other expenses involved.

15. Aqus recommends that no payment be made or received for the sale and purchase of scheme shares until directors' approval of the share transfer has been confirmed. This reduces the risk of payment being made before an issue is identified that may delay or prevent approval.

Purchaser's solicitor checklist

- Confirm water can be supplied.
- Liaise with the scheme's solicitor.
- Arrange the Water Supply Agreement and Encumbrance documents.
- Obtain any mortgagee consent.
- Provide the completed Share Transfer Form.
- Provide the required payment and purchaser information.

Aqus is happy to discuss any issues you may have with proposed share transfers and water availability. Please contact the office either via telephone on (03) 433 1201 or via email to office@aqus.co.nz

Parties to a sale and purchase and their advisers are encouraged to contact the Company's solicitors to discuss any queries:

Reuben Adams-Cook – Senior Associate, Anderson Lloyd
reuben.adams-cook@al.nz
DDI 03 335 1263

Version – 260804