

Dated 27 November

2007

LOAN AGREEMENT

Borrower
CENTRAL PLAINS WATER LIMITED

the Lender
DAIRY HOLDINGS LIMITED

Trust
CENTRAL PLAINS WATER TRUST

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LOAN AGREEMENT

DATED 27 November

2007

- (1) CENTRAL PLAINS WATER LIMITED (the "Borrower")
- (2) DAIRY HOLDINGS LIMITED (the "Lender")
- (3) CENTRAL PLAINS WATER TRUST (the "Trust")

BACKGROUND

- A The Borrower wishes to facilitate and implement irrigation of approximately 60,000 hectares of the Upper Central Canterbury Plains by an irrigation scheme drawing water from the Rakaia River and the Waimakariri River and distributing this water to the Central Canterbury Plains (the "Scheme").
- B The resource consents for which the Borrower has applied include resource consents to take and use water from the Rakaia River (the "Resource Consents") in the name of the Trust and, if granted, the Trust will grant the Borrower an exclusive licence to use the Resource Consents for the purposes of developing, constructing and operating the Scheme (the "Head-Licence").
- C The Borrower's application for the Resource Consents has been funded to date by subscriptions for shares in the Borrower under its prospectus dated 11 November 2004.
- D The Borrower has identified a likely shortfall between the funds raised under its prospectus and the sum necessary to progress the Resource Consents and other resource consents necessary for the implementation of the Scheme through to the conclusion of the initial hearings and any appeal thereof and wishes to borrow funds to cover that shortfall. Further funds may also be necessary to cover the Borrower's costs of progressing the Scheme up until the date on which the construction of the Scheme commences (the "Construction Commencement Date").
- E The Lender has a number of subsidiaries which are or will be owners of land in or near the area serviced by the Scheme and is investigating irrigation options for the irrigation of such land.
- F The Lender wishes to lend funds to the Borrower on the terms and conditions set out in this Agreement.

AGREEMENT

1. INTERPRETATION

1.1 In this Agreement, unless inconsistent with the context:

- (a) "Approved Lender" means an existing shareholder in the Borrower whose actual entitlement to use the unutilised water under the Resource Consents and the other resource consents necessary for the implementation of the Scheme is not or will not at any time be

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- more than that person's entitlement to take water, as determined by the proportion that that person's current shareholding in the Borrower bears to the total number of shares on issue in the Borrower;
- (b) **"Business Day"** means a day (other than a Saturday or a Sunday) on which registered banks are open for normal banking business in Christchurch;
- (c) **"Consent Date"** means the date on which the Resource Consents are granted and all rights of appeal have expired;
- (d) **"Construction Commencement Date"** means the date on which construction of the Scheme begins;
- (e) **"Expiry Date"** means the date 10 years after the Consent Date;
- (f) **"Head-Licence"** means the licence granted by the Trust to the Borrower to use the Resource Consents for the purposes of developing, constructing and operating the Scheme, the terms of which are contained in clauses 2.4, 3.1(c), 4.1, 7.1(g), 7.1(h), 7.1(i), 7.1(k), 7.1(l), 7.1(m), 7.2, 12, 14, 15, 17, 20, 21, 22.2, 22.3, 22.4, 22.5, 22.6 and 22.7 of the Memorandum of Agreement;
- (g) **"Intellectual Property"** means all rights belonging to or arising from the applications for the resource consents made by the Borrower in respect of the Scheme and all data, maps, plans, drawings, specifications, reports (including expert reports) and other information of whatever kind relating to:
- (i) the application by, in the name of or on behalf of the Trust for the Resource Consents and the subsequent implementation of such Resource Consents; and
 - (ii) the application by, in the name of or on behalf of the Trust for all resource consents in respect of the balance of the Scheme and the subsequent implementation of such resource consents;
- (h) **"Interest Rate"** means the interest rate agreed between the parties in writing, or failing agreement, the interest rate payable by the Lender to its financier in respect of the loan that is to be obtained by the Lender for the sole purpose of enabling it to advance the Principal Sum to the Borrower, until the third anniversary of the date of the first drawdown of the Principal Sum and thereafter fixed in accordance with clause 4.4;
- (i) **"Lender's Land"** means the land owned or operated now or in the future by the Lender or subsidiaries of the Lender in or near the area to be serviced by the Scheme;
- (j) **"Memorandum of Agreement"** means the memorandum of agreement between the Borrower and the Trust dated 5 November 2004;
- (k) **"Operational Date"** means the date on which the Borrower requires all the water take permitted by the Resource Consents which would otherwise be licensed to the Lender pursuant to clauses 5 or 7.4 for the operation of the Scheme;

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- (l) **"Outstanding Sum"** means all monies owed by the Borrower to the Lender under this Agreement from time to time including the Principal Sum together all interest accrued thereon;
- (m) **"Penalty Rate"** means the Interest Rate plus a margin of 4%;
- (n) **"Permitted Borrowings"** means:
- (i) all existing indebtedness of the Borrower as at the date of this Agreement together with any interest and costs payable in respect of such indebtedness; and
 - (ii) further borrowings from an Approved Lender or a person approved by the Lender pursuant to clause 8.2(c) which, together with the Principal Sum, does not exceed an aggregate of \$4,800,000 together with interest and costs payable in respect of such borrowings;
- (o) **"Principal Sum"** means the sum of \$1,700,000.00;
- (p) **"Resource Consents"** mean the resource consents to take and use water from the Rakaia River for the operation of the Scheme which are to be obtained by the Borrower in the name of the Trust (whether alone or jointly) and subject to the Head Licence but, for the avoidance of doubt, do not include any resource consents to take and use water from the Waimakariri River;
- (q) **"Scheme"** means the Central Plains Water Scheme more particularly described in recital A;
- (r) **"Security"** means the security to be provided by the Borrower for the loan as set out in clause 8.1;
- (s) **"Security Agent"** means the Lender;
- (t) **"Security Property"** means all present and after acquired property of the Borrower but does not include:
- (i) any interest the Borrower has or may in the future have in the Resource Consents under the Head Licence or otherwise; and
 - (ii) any interest the Borrower has or may in the future have in any resource consents other than the Resource Consents;
- (u) **"Security Sharing Deed"** means the security sharing deed entered into between the Borrower, the Lender and the Security Agent on or about the date of this Agreement; and
- (v) **"Trust"** means the Central Plains Water Trust and any successor trust to or on which the Trust Property is transferred resettled or applied including any successive transfers, resettlements or applications;
- (w) **"Trust Property"** means the Trust Fund as that term is defined in clause 1.1 of the Declaration of Trust dated 4 April 2003 establishing the Trust and includes all Intellectual Property;

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- (x) "Volume Cap" means the maximum total volume of water permitted to be taken by the Lender pursuant to the sub-licence referred to in clause 5 in any given period calculated in accordance with the following formula:

$$VC = (TV - BW) \times PS/PB$$

Where:

VC = Volume Cap

BW = the water to be taken by the Borrower for the relevant given period

TV = the total volume of water permitted to be taken under the Resource Consents for the relevant given period

PB = the total borrowings of the Borrower from an Approved Lender or a person approved by DHL pursuant to clause 8.2(c), which, together with the Principal Sum, does not exceed an aggregate of \$4,800,000

PS = the Principal Sum.

1.2 In this Agreement, unless the context requires otherwise:

- (a) references to **clauses** and **schedules** are clauses of and schedules to this Agreement;
- (b) **derivatives** of any defined word or term shall have a corresponding meaning;
- (c) the **headings** to clauses shall be ignored in construing this Agreement;
- (d) the word **including** and other similar words do not imply any limitation;
- (e) any **party** to this Agreement or any other agreement includes its successors and permitted assignees and transferees; and
- (f) the **plural** includes the singular and vice versa.

2. CONDITION PRECEDENT

2.1 This Agreement is conditional upon the Christchurch City Council, the Selwyn District Council and CEDF Trustee Limited consenting to the security arrangements contemplated by this Agreement and the Security Sharing Deed on or before the date 15 Business Days after the date of this Agreement.

3. LOAN

3.1 The Lender agrees to advance the Principal Sum to the Borrower on the terms and subject to the conditions contained in this Agreement on or before 19 October 2007 provided that the Lender has received the Security signed by the Borrower and a certificate of a director of the Borrower substantially in the form set out in Schedule A.

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4. INTEREST

- 4.1 Subject to clause 4.5, interest at the Interest Rate will accrue on the Principal Sum on a daily basis for the period from the first drawdown of the Principal Sum until the date on which the Outstanding Sum is repaid to the Lender.
- 4.2 From the date of first drawdown of the Principal Sum to the sixth anniversary of such date, accrued interest shall be capitalised and form part of the Outstanding Sum but shall not form part of the Principal Sum for the purposes of calculating interest.
- 4.3 On the sixth anniversary of the date of first drawdown of the Principal Sum all accrued interest shall be added to the Principal Sum and shall thereafter be compounded on a quarterly basis.
- 4.4 On the third anniversary of the first drawdown of the Principal Sum the Lender shall, in consultation with the Borrower, adjust the Interest Rate to the then current interest rate payable by the Lender borrowing a sum equivalent to the Outstanding Sum on its normal terms and conditions of borrowing provided that if the Borrower can reasonably demonstrate that the Lender can borrow the same sum elsewhere on the same terms at a lesser rate of interest, such lesser rate shall be the Interest Rate.
- 4.5 If the Borrower fails to make any payment due pursuant to this Agreement or to comply with any covenant contained in this Agreement interest shall be payable on the Principal Sum at the Penalty Interest Rate, from the date of non-compliance until the date on which the default ceases.

5. SUB-LICENCE

- 5.1 In consideration of the Lender entering into this Agreement, the Borrower hereby grants the Lender a sub-licence at no charge, to use the Resource Consents to the extent reasonably necessary to allow the Lender to irrigate the Lender's Land on the following terms and conditions:
- (a) the volume of water taken pursuant to the sub-licence shall not exceed the Volume Cap for any given period;
 - (b) the term of the sub-licence shall commence on the Consent Date and terminate on the earlier of the Operational Date or the Expiry Date but may be renewed in accordance with clause 7.4;
 - (c) The Lender shall bear all of the costs associated with its use of the Resource Consents to irrigate the Lender's Land, including but not limited to the costs of:
 - (i) all physical works required to take and divert water; and
 - (ii) the cost of obtaining any additional rights, consents or licences required to use the Resource Consents;
 - (d) subject to clause 5.2, the terms and conditions of the Head-Licence shall be incorporated in the sub-licence and the Lender shall observe all such terms and conditions and not do or omit to do any act or thing which may result in the Borrower being in breach of the Head-Licence; and

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- (e) all other terms of the sub-licence shall be normal commercial terms as negotiated between the parties in good faith and failing agreement, as determined in accordance with clause 12 of this Agreement.

5.2 Notwithstanding clause 5.1(d):

- (a) the terms and conditions of the Head-Licence contained in clauses 4.1(g), 7.1(h)(ii), 7.1(h)(iii), 7.1(k) and 7.1(l) of the Memorandum of Agreement shall not be incorporated into the sub-licence; and
- (b) nothing in clause 12.1(c) of the Memorandum of Agreement shall require the Lender to indemnify CPWL in respect of:
 - (i) non-compliance with the terms and conditions of the Resource Consent or with any relevant statute, regulation or code of practice or bylaw; or
 - (ii) any act, error or omission,unless such non-compliance, act, error or omission is a non-compliance, act, error or omission of the Lender or any other party enjoying the benefit of the sub-licence.

5.3 The Borrower covenants to comply with the terms of the Head Licence during the term of this Agreement.

6. CONDUCT OF APPLICATION FOR RESOURCE CONSENTS

6.1 If, at any time before the Consent Date:

- (a) the Borrower elects not to proceed or is unable to proceed for a continuous period of 6 months or more with the application for the Resource Consents; and
- (b) the Outstanding Sum has not been repaid in accordance with clause 7,

the Borrower shall assign all of its rights in respect of the conduct of the application for the Resource Consents to the Lender in accordance with clause 6.2.

6.2 If the Borrower is required by clause 6.1 to assign its rights in respect of the conduct of the application for the Resource Consents to the Lender, the Lender shall have:

- (a) the same rights as the Borrower had to conduct the application for the Resource Consents in the name of the Trust on the same terms and conditions in respect of conduct of the application and subsequent use of the Resource Consents which currently apply as between the Borrower and the Trust as set out in the Memorandum of Agreement; or
- (b) if the Trust and the Lender agree that it is not possible for the Lender to conduct the application for the Resource Consents in the name of the Trust, the right to conduct the application for the Resource Consents in its own name,

but so that the Lender shall only be entitled to take water pursuant to the Resource Consents up to but not exceeding the Volume Cap.

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- 6.3 If, pursuant to this clause 6, the Lender has the right to conduct the application for the Resource Consents in the name of the Trust or its own name, any such application shall proceed on the following terms and conditions:
- (a) the Trust shall, for no charge, allow the Lender to use the Intellectual Property to conduct the application;
 - (b) the Trust shall, and shall procure any other party which the Trust may license to undertake any such application on its behalf to, in each case, for no charge, take all steps reasonably necessary to assist the Lender to proceed with the application for the Resource Consents, such assistance to include (but not to be limited to):
 - (i) the lodging of a submission in support of such application if requested by the Lender;
 - (ii) the supply of any Intellectual Property reasonably required to conduct the application;
 - (c) the Lender shall, for no charge, take reasonable steps to assist the Trust to proceed with the application for the resource consents for the balance of the Scheme, such assistance to include (but not be limited to):
 - (i) the lodging of a submission in support of such application if requested by the Trust; and
 - (ii) the supply of intellectual property gathered by the Lender in relation to any application for the Resource Consents; and
 - (d) the Lender may in its discretion make changes to the Resource Consent application provided that the Lender has first obtained the prior written approval of the Trust to any such changes (which approval will not be unreasonably withheld or delayed) but provided always that no such approval will be required where the proposed change to the Resource Consent application relates solely to a change in the location of take points to allow the Lender to take water from its existing take points.
- 6.4 If the Trust and the Lender do not agree on whether it is possible for the Lender to conduct the application in the name of the Trust the matter shall be a dispute for the purposes of clause 12.

7. REPAYMENT OF PRINCIPAL SUM

7.1 The Outstanding Sum shall be repayable in full within 3 months of the Operational Date provided that the Borrower may, at any time and at Borrower's option, apply all or part of the Principal Sum in payment of part or all of:

- (a) the Lender's portion; or
- (b) the portion attributable to any subsidiaries of the Lender,

of any call for capital contributions from shareholders of the Borrower.

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- 7.2 The Borrower may prepay the Principal Sum (or any part thereof) in multiples of \$50,000.00 at any time and interest on any such sum shall cease to be payable from the date on which the Borrower makes such prepayment.
- 7.3 If the Operational Date has not occurred by 31 December 2016, the Lender may call up and compel payment of the Outstanding Sum and, if such monies are not paid within 15 Business Days of such call, exercise any security it may have over the Borrower.
- 7.4 If on the Expiry Date the Borrower has been successful in obtaining the Resource Consents but the Operational Date has not occurred and the Outstanding Sum has not been repaid in full, the Lender may require the Borrower to grant a renewal of the term of the sub-licence granted pursuant to clause 5 so that the renewed term expires on the earlier of:
- (a) the Operational Date;
 - (b) the expiry of the Resource Consents; or
 - (c) the date on which the Outstanding Sum has been repaid in full.

8. SECURITY

- 8.1 The Borrower shall grant the Security Agent a first ranking security interest (as that term is defined in the Personal Property Securities Act 1999) over the Security Property such security interest to be:
- (a) recorded in a general security agreement in a form agreed between the parties and entered into on or before the drawdown of the Principal Sum;
 - (b) subject to the terms of the Security Sharing Deed; and
 - (c) extinguished on:
 - (i) the repayment of the Outstanding Sum in accordance with clause 7; or
 - (ii) the application of the Principal Sum to payment of a call for capital contribution from the Lender or its subsidiaries as shareholders of the Borrower in accordance with the proviso to clause 7.1 (provided all accrued interest has also been repaid).
- 8.2 The Lender acknowledges that any further advances to the Borrower up to the maximum level specified in clause 1.1(n)(ii), will be made on the basis that the parties making such advances share pari passu in point of charge with the Lender in:
- (a) the security interest granted pursuant to clause 8.1; and
 - (b) the rights granted by the Borrower to the Lender under this agreement,
- as more particularly recorded in clause 4 of the Security Sharing Deed provided that this clause shall only apply if the parties making such advances to the Borrower:
- (c) are either:

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- (i) Approved Lenders; or
- (ii) approved by the Lender in writing (such approval to be given or withheld at the Lender's discretion); and
- (d) agree in writing in favour of the Lender that their security interest is subject to the sub-licence of the Resource Consents granted to the Lender under this Agreement.

8.3 The Borrower covenants with the Lender that (except with the prior written consent of the Lender) it will not at any time prior to the Construction Commencement Date:

- (a) create or permit to subsist any security over the whole or any part of its assets unless:
 - (i) such security was in existence as at the date of this Agreement; or
 - (ii) such security is governed by the terms of the Security Sharing Deed; or
- (b) borrow any further funds from any person in excess of the Permitted Borrowings.

9. THE BORROWER'S REPORTING COVENANTS

9.1 The Borrower undertakes to the Lender that while any moneys remain outstanding under this Agreement:

- (a) it will provide to the Lender for each six month period during the term of this Agreement (with the first six month period commencing on the date that the loan is drawn down and six monthly thereafter), a certificate from a director of the Borrower substantially in the form set out in Schedule B, within 10 days of the end of the relevant 6 month period; and
- (b) it will promptly upon request supply to the Lender such information regarding its financial condition, and the Scheme as the Lender may reasonably request.

10. LENDER'S RIGHT TO CALL UP

10.1 If:

- (a) the Borrower fails to make any payment under this Agreement or the Security Sharing Deed when it is due and does not remedy such failure within 10 Business Days of written notice of the same;
- (b) the Borrower fails to comply with any other provision of this Agreement or the Security Sharing Deed and does not remedy such breach within 10 Business Days of written notice of the same;
- (c) any indebtedness of the Borrower for Permitted Borrowings is, or is capable of being declared due and payable before it would otherwise have been due;
- (d) the Borrower becomes insolvent; or

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- (e) in respect of the Borrower, there is a resolution passed or order made for liquidation or a receiver, liquidator, provisional liquidator or a statutory manager is appointed,

then notwithstanding anything to the contrary contained in this Agreement:

- (f) the Lender may by notice in writing to the Borrower do all or any of the following:
- (i) declare its obligations in respect of this Agreement to be at an end;
 - (ii) declare the Principal Sum and all other moneys for the time being owing under this Agreement due and payable by the Borrower 10 Business Days after the date of service on the Borrower of notice making demand for payment of the same; and/or
 - (iii) exercise any of its rights under the Security;
- (g) the Lender's rights under this clause shall not be affected by any delay in exercising them (whether or not the Lender knew that they have become exercisable); and
- (h) the Lender shall be held to have acquiesced in or waived any matter in relation to this clause only if and to the extent that the acquiescence or waiver is express and in writing.

11. COSTS

11.1 Each party shall bear its own costs in connection with the preparation and execution of this Agreement.

11.2 The Borrower will pay to the Lender upon demand the Lender's solicitor's costs (as between solicitor and client) for legal services arising from or relating to any default under this Agreement or the enforcement or exercise or attempted enforcement or exercise of any of the Lender's rights and remedies under this Agreement.

12. DISPUTES

12.1 Any dispute arising out of or in connection with the sub-licence granted to the Lender under clause 5 and/or clause 7.4 of this Agreement, shall be dealt with as follows:

- (a) first the parties shall attempt to resolve the dispute through negotiations in good faith (with the assistance of a mediator if the parties agree);
- (b) if within fifteen (15) working days of the dispute arising the parties have not been able to resolve the dispute by negotiation then it shall be referred to arbitration in accordance with paragraphs (c) and (d) below;
- (c) arbitration shall commence upon provision of written notice by one party to the other outlining the issue in dispute and requesting resolution through arbitration;
- (d) if the parties are unable to agree upon the appointment of a single arbitrator within 5 working days of the receipt of the written notification in paragraph (c) above, or if any arbitrator agreed upon refuses or fails to act within 10 working days of his or her appointment then either party may request the President for the time being of the Canterbury District Law

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CJH

Society to appoint an arbitrator and the arbitration shall be carried out in accordance with the Arbitration Act 1996; and

- (e) in this clause time shall be of the essence and the parties hereto agree to be bound by any decision, determination or award given pursuant to the provisions hereof.

13. TRUST CONSENT

13.1 The Trust irrevocably consents to the arrangements set out in this Agreement including without limitation:

- (a) the sublicensing of the Resource Consents contemplated by clauses 5 and 7.4 of this Agreement;
- (b) the Borrower entering into the security arrangements contemplated by this Agreement and the Security Sharing Deed; and
- (c) the ability of the Lender to conduct the applications for the Resource Consents in the name of the Trust contemplated by clause 6,

and in each case, the Trust shall take all steps necessary to give effect to this provision.

13.2 The Trust agrees for the benefit of the Lender that in the event that the Borrower becomes insolvent or breaches any term of this Agreement, the Trust will honour the terms of the sub-licence granted to the Lender under this Agreement and allow the Lender its full and unrestricted rights under the sublicense.

13.3 The Lender acknowledges that the consents given pursuant to this clause 13 extend to the Principal Sum only and that any further loan or other advance by the Lender or any other lender of Permitted Borrowings to the Borrower shall be subject to the Lender or any other lender of Permitted Borrowings obtaining a further consent or consents for each and every such new loan or advance.

14. ASSIGNMENT

14.1 Neither the Borrower nor the Lender may assign or transfer all or any of its rights, interests or obligations under this Agreement without the other parties' prior written consent such approval not to be unreasonably withheld or delayed. For the avoidance of doubt, it shall be unreasonable to withhold such consent if assignment or transfer is requested for the purposes of a genuine and solvent restructuring of the proposing assignor or transferor.

15. ACKNOWLEDGEMENT BY BORROWER AND THE LENDER

15.1 The Borrower and the Lender acknowledge that all property, rights and title in and to the Intellectual Property is vested in and belongs to the Trust.

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16. MISCELLANEOUS

- 16.1 The Borrower confirms to the Lender that it holds a valid certificate of exemption from the Inland Revenue Department from payment of resident withholding tax and covenants with the Lender to hold a valid certificate of exemption throughout the term of this Agreement.
- 16.2 All demands, consents and notices authorised or required to be made under this Agreement shall be in writing and may be given to, or served upon a recipient by:
- (a) being left at the recipient's registered office or as notified pursuant to clause 16.4 ("notified address");
 - (b) being posted in a prepaid, certified or registered letter addressed to the recipient Party at its registered office or notified address; and
 - (c) in the case of any notice served on the Borrower by the Lender, sending a copy to the Trust at its registered office or notified address.
- 16.3 Any such demand, or notice shall be deemed duly served in the case of a facsimile on the same day if sent before 5.00pm on any Business Day in the place of receipt, and if sent after 5.00pm on any such Business Day or on a day other than such a Business Day, and so confirmed, then on the first Business Day in the place of receipt following the day of transmission and in the case of post at the expiration of five Business Days after the time of posting.
- 16.4 A party may change its notified address for service by appropriate notice to the Parties.
- 16.5 All amounts payable by the Borrower shall be paid in such manner including automatic bank transfer, as the Lender from time to time directs.
- 16.6 All amounts payable by any party under this Agreement shall be paid:
- (a) free and clear of any restriction or conditions, other than as set out in this Agreement; and
 - (b) without any deduction or withholding on account of any amount, including without limitation by way of set off, counter claim or otherwise except as provided in this Agreement.
- 16.7 If the Lender obtains judgment against the Borrower for any sum payable under this Agreement, the Borrower shall pay to the Lender interest on that sum from the date of judgment until the date such sum is paid. Such interest shall be calculated at the Penalty Interest Rate.
- 16.8 No waiver or acquiescence by the Lender in relation to any default by the Borrower or in relation to any other event or circumstance shall prejudice the Lender's rights in respect of any other or future default, event or circumstance, whether of a similar nature or not.
- 16.9 The illegality, invalidity or unenforceability of any provision of this Agreement will not affect the legality, validity or enforceability of any other provision of this Agreement.

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EXECUTION

**SIGNED for and on behalf of
CENTRAL PLAINS WATER LIMITED
in the presence of**

[Signature]
Witness signature

W. J. M. CROMBIE
Full Name

CHRISTCHURCH
Address

CIVIL ENGINEER
Occupation

[Signature]
Director

[Signature]
Director

**SIGNED for and on behalf of
DAIRY HOLDINGS LIMITED
in the presence of**

Witness signature

Full Name

Address

Occupation

[Signature]
Director

[Signature]
Director

Colin Charles Armer

**SIGNED for and on behalf of
CENTRAL PLAINS WATER TRUST
in the presence of**

[Signature]
Witness signature

ALLAN CRAIG WATSON
Full Name

15 HORSBOW AVE
CHRISTCHURCH
Address

CIVIL ENGINEER
Occupation

[Signature]
Trustee

[Signature]
Trustee

SCHEDULE A
FORM OF DIRECTOR'S CERTIFICATE

To: **DAIRY HOLDINGS LIMITED**

I, _____ a director of **Central Plains Water Limited** (the "**Company**") certify as follows:

1. AUTHORISATION

1.1 The board of directors of the Company has, by all necessary resolutions duly passed:

- (a) approved the transactions (the "**Transactions**") contemplated by the documents listed in the schedule below (the "**Documents**"), and the Documents themselves;
- (b) authorised execution of the Documents by the Company; and
- (c) authorised the persons specified in paragraph 11 to give any notices and other communications and take any other action required under or in connection with the Documents on behalf of the Company.

1.2 The board resolutions were passed by way of resolutions in writing signed by all of the directors of the Company entitled to receive notice of a meeting of the board of directors.

OR

The board resolutions were duly passed at a meeting of the board of directors properly convened at which a quorum of directors was present throughout and after all necessary disclosures of interest were made to the meeting.

1.3 The board resolutions remain in full force and effect.

2. DIRECTORS' SELF-INTERESTED TRANSACTIONS

2.1 To the best of my knowledge and belief and having made due enquiry of all other of the Company's directors, none of the directors of the Company (as defined in section 126 of the Companies Act 1993) has an interest (as that term is defined in section 139 of the Companies Act 1993) in one or more of the Transactions.

OR

After making due enquiry, it has been determined that one or more of the Company's directors (as defined in section 126 of the Companies Act 1993) is, or may be, interested (as that term is defined in section 139 of the Companies Act 1993) in one or more of the Transactions. The Transactions have been disclosed to all shareholders of the Company. All of the Company's entitled persons have agreed in writing (pursuant to section 107(3) of the Companies Act 1993) to the Company's entry into and performance of the Documents and the Transactions (and that accordingly nothing in sections 140 and 141 of the Companies Act 1993 shall apply to the Transactions).

Handwritten signatures and initials:
CWA
GJ
A. H. ^{CAK}
H. J. Q.

2.2 In approving the Documents and the Transactions, the board of directors considers that the Company is receiving fair value under them.

3. SHAREHOLDER RESOLUTIONS

3.1 It has been determined that the Transactions (and any one or more of them) do not constitute a "Major Transaction" for the purpose of section 129 of the Companies Act 1993.

OR

It has been determined that one or more of the Transactions are a "Major Transaction" for the purposes of section 129 of the Companies Act 1993. Accordingly all of the shareholders of the Company have by special resolution:

- (a) approved those Transactions and the relevant Documents; and
- (b) confirmed, approved and ratified the board resolutions referred to above.

4. CORPORATE BENEFIT

4.1 In approving the Documents and the Transactions, the board of the directors of the Company has resolved (after taking into account all relevant factors) that the execution, delivery and performance of the Documents and the Transactions is to the bona fide benefit of, and in the best interests of, the Company.

5. EXECUTION

5.1 Each of the Documents has been properly executed in accordance with the Company's Constitution and/or the Companies Act 1993 and the resolutions referred to in paragraphs 1 [and 3] above.

6. PURPOSE AND EFFECT

6.1 The transactions contemplated by the Documents will not:

- (a) involve the giving by the Company, directly or indirectly, of a loan to any director of the Company or its holding company;
- (b) involve any illegal transaction or a transaction with an illegal or improper purpose; or
- (c) cause or allow the business of the Company to be carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors.

7. SOLVENCY

7.1 The Company is solvent (as defined in section 4 of the Companies Act 1993), as at the date of this Certificate, and will be solvent immediately after the incurring of the obligations under the Documents. I am not aware as at the date of this Certificate of any dissolution or liquidation proceedings which have been commenced or are intended to be commenced by any person against the Company.

Handwritten signatures of the directors, including initials 'CH', 'SF', 'W', 'G', and 'P.W.C.', along with the number '274'.

7.2 Having taken into account all relevant factors the board of directors is of the view that the value of the consideration or benefit received by the Company under the Transactions is not less than the value of the consideration provided (or to be provided) by the Company under the Transactions.

7.3 After making due enquiry (and having obtained legal advice) the board of directors of the Company is of the view that the Company:

- (a) is able to pay its due debts;
- (b) is not engaged or about to engage in business for which its financial resources are unreasonably small;
- (c) will be able to perform its obligations under the Documents and the Transactions when required to do so; and
- (d) will not become unable to pay its due debts as a result of the Documents and the Transactions.

8. FINANCIAL ASSISTANCE

8.1 The purpose and creation of the Documents and the Transactions does not consist of or include any provision by the Company (directly or indirectly) of financial assistance in connection with the purchase of any shares issued or to be issued by the Company or its holding company.

9. AUTHORISED SIGNATURES

9.1 The following are the true signatures of the persons who have been authorised (*any one of them acting alone/any two of them acting together*) to give any notices and other communications, and to take any other action required, under or in connection with the Documents on behalf of the Company.

Name	Position	Signature
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JOHN WILLIAM DONNELLY	DIRECTOR	
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Given by a  Director of Central Plains Water Limited this _____ day of _____ 2007

Director

SCHEDULE

DOCUMENTS

Loan Agreement between Central Plains Water Limited as Borrower, Dairy Holdings Limited as Lender and Central Plains Water Trust dated [].

General Security Agreement

Security Sharing Deed




