

Supplementary Document

Issued by: Amuri Irrigation Company Limited
Dated: 10 November 2020

1. Section 72 of the Financial Markets Conduct Act 2013

- 1.1 This is a supplementary document dated 10 November 2020 that has been prepared in accordance with section 72 of the Financial Markets Conduct Act 2013 (**Act**).
- 1.2 It supplements the Product Disclosure Statement issued by Amuri Irrigation Company Limited (**Amuri**) for A Shares in Amuri that was lodged on 7 November 2019 (OFR12762) (**PDS**).
- 1.3 This supplementary document is to be read in conjunction with the PDS. No other supplementary documents have been lodged in relation to the PDS/OFR12762 by Amuri.

2. Supplementary Information – Key Information Summary

- 2.1 Section 46(b) of the Financial Markets Conduct Regulations 2014 prevents a supplementary document from being lodged if that document purports to supplement any part of the "key information summary" section of the PDS (unless the document covers the whole "key information summary" section of the PDS). Accordingly, the following section replaces the entire "key information summary" section of the PDS.

Key Information Summary

What is this?

This is an offer of A Shares in Amuri Irrigation Company Limited (**Amuri**). The A Shares give you a stake in the ownership of Amuri. You may receive a return if Amuri increases in value and you are able to sell your A Shares at a higher price than you paid for them. If Amuri runs into financial difficulties and is wound up, you will be paid only after creditors have been paid. You may lose some or all of your investment.

About Amuri

Amuri is a community based irrigation scheme in the Amuri Basin in North Canterbury and is owned and governed by its farmer shareholders.

The principal activity of Amuri is the supply of water to its shareholders. Amuri sets its Water Charges at the level required to service Amuri's debt and operate and maintain the Scheme. Prudent financial management and asset management (Amuri manages existing assets carefully and schedules regular maintenance) keeps Water Charges at a reasonable amount.

Purpose of this offer

This offer of A Shares is being made to partially fund the development of a new irrigation scheme, referred to as the Hurunui Scheme, which will provide pressurised water to shareholders within the Hurunui Scheme Area.

The proceeds of this offer will be used to:

- partially fund the design and construction of the Hurunui Scheme; and
- pay costs to be incurred or already incurred associated with the development of the Hurunui Scheme, including, without limitation, land access, consultancy, governance, professional and administration costs which are approved by Amuri.

See Section 3 (entitled "**Purpose of the Offer**") for further information. See Section 2 (entitled "**Amuri and What it Does**") for information about Amuri and the Hurunui Scheme.

Key terms of the offer

Conditional Offer	<p>This offer is conditional on each of the following conditions (Conditions) being satisfied or waived by Amuri at its absolute discretion:</p> <ul style="list-style-type: none">• Condition 1: Amuri receiving a credit approved proposal from a Bank offering to finance the Hurunui Scheme on terms satisfactory to the Board of Amuri;• Condition 2: the Board of Amuri being satisfied that the construction costs are sufficiently certain, and the Construction Contracts are sufficiently advanced, for the construction of the Hurunui Scheme;• Condition 3: the issue of the Additional Consents being sufficiently progressed to the satisfaction of Amuri;• Condition 4: the Board of Amuri being satisfied that sufficient land access arrangements are in place for the development and construction of the Hurunui Scheme; and• Condition 5: the Board of Amuri being satisfied that the Hurunui Scheme will be economically viable and affordable (particularly by reference to the Water Charges payable). <p>If all of the Conditions have not been satisfied or waived by Amuri by 5pm on 31 March 2021 or other such date as may be determined by the Board of Amuri in its sole discretion (Condition Date), the offer will be withdrawn and applicants will be refunded any amounts paid to Amuri under this offer.</p>
Brief description of the A Shares	<p>The Shares being offered are A Shares in Amuri, which are the same class of shares held by existing shareholders. However, the Water Supply Agreement for the Hurunui Scheme will provide for a different amount of Water Charges payable per share (due to the funding arrangements for the Hurunui Scheme) and a different application rate per share.</p> <p>The Water Supply Agreement for the Hurunui Scheme shall entitle shareholders to irrigate one hectare with water at the rate of 0.45 litres of water per second for every A Share held. The maximum rate and volume of water each shareholder takes during each Irrigation Season is therefore dictated by the number of A Shares held.</p> <p>The terms of issue and the rights and obligations attaching to the A Shares are more specifically set out in clause 3.2 of the Constitution and in Section 6 (entitled "Key Features of A Shares").</p>
Price of the A Shares and Payment for the A Shares	<p>Fixed at \$6,900 per A Share payable in three instalments:</p> <ul style="list-style-type: none">• \$900 per A Share on application;• \$3,000 per A Share following the offer becoming unconditional and prior to the Issue Date; and• \$3,000 per A Share on the Call Date*. <p>Payment of the second instalment must be made within 5 working days of Amuri giving notice to applicants confirming the offer has become unconditional. Payment of the third instalment must be made by the 20th day of the month immediately following the Call Date.</p>
Fees	<p>An Application Fee of \$100 per A Share will be payable to Amuri's bank account on the same day that the Application Form is submitted. The Application Fee will only be refundable to an applicant if their</p>

	<p>application is rejected in full, but the Hurunui Scheme still proceeds.</p> <p>An additional working fee of up to \$150 per A Share may also be payable in the event that additional costs arise in connection with the satisfaction of the Conditions (such as the applications for the Additional Consents being publicly notified by ECan). Amuri will notify applicants if the additional working fee becomes payable and will provide not less than 20 days' notice of the date for payment. The additional working fee will be refundable to an applicant if their application is rejected in full, but the Hurunui Scheme still proceeds.</p>
Key Dates	<p>See Section 4 (entitled "Key Dates and Offer Process") for information about the key dates of the offer.</p> <p>Offer of A Shares opens (Opening Date): 14 November 2019*</p> <p>Offer of A Shares closes (Closing Date): 28 November 2019*</p> <p>Date of issue of A Shares (Issue Date): Within 2 weeks after the date all of the Conditions have been satisfied or waived, or such other date as the Board may determine*. The issue of A Shares to applicants is subject to Amuri receiving payment of the second instalment of the A Share Purchase Price.</p>
Shares being offered	<p>The minimum number of A Shares being offered to each Shareholder is 20 A Shares**.</p> <p>The total number of A Shares being offered to all applicants is 3,000 (with the ability to accept over-subscriptions)**.</p> <p>There is no minimum number of A Shares that must be applied for by all applicants in order for this offer to proceed.</p> <p>Assuming 3,000 A Shares are sold under this offer, this will represent 9.63% of all A Shares in Amuri immediately after issue.</p>
Applications	<p>Each applicant must fully complete, execute and return the Application Form and Approval Forms to Amuri no later than 5pm on the Closing Date. Amuri will only accept applications for A Shares if it is satisfied that the applicant is within the Scheme Area and can be supplied with water economically. In addition, any application in respect of land that will be irrigated that is located within the Waipara River catchment will be subject to the applicant holding a land use consent under the Canterbury Land and Water Regional Plan in respect of the portion of the farm that is located in the Waipara River catchment.</p> <p>Amuri may, in its sole discretion, accept late applications and reject any application without providing any reason for such rejection.</p>
Water Supply Agreement	<p>By signing and completing the Application Form, each applicant is irrevocably agreeing to be bound by the Water Supply Agreement and is deemed to have contemporaneously entered into this agreement with their application. A summary of the terms of the Water Supply Agreement is set out at Section 16 and a full copy of the Water Supply Agreement is available on the Offer Register.</p>
Water Charges	<p>Under the Water Supply Agreement, shareholders are required to pay Water Charges based on the number of A Shares they hold (whether or not they take their allocation of water). Amuri's initial estimate of the Water Charges payable by shareholders supplied by the Hurunui Scheme is \$461 – \$527 per A Share.</p>
Access	<p>This offer is conditional on the Board of Amuri being satisfied that sufficient access arrangements are in place for the development and construction of the Hurunui Scheme. The Water Supply Agreement (and Constitution) provide that the shareholder grants Amuri access to their land for (amongst other things) the purpose of attending to maintenance, operations and the construction of the Hurunui Scheme.</p>
Easement	<p>By signing and completing the Application Form, each applicant (if applicable) irrevocably agrees to be bound by the terms of the Easement. The Easement only relates to those shareholders who own land which the Hurunui Scheme Infrastructure will enter or pass through. A summary of the terms of the Easement is set out at Section 16 and a full copy of the Easement is available on the Offer Register. The terms of the Easement are subject to reasonable changes (as determined in Amuri's sole discretion).</p>

*The above dates are indicative only and may be changed by Amuri. Amuri may also withdraw the offer of A Shares at any time before the allocation of the A Shares or accept late applications (either generally or in individual cases).

**The above numbers are subject to change at the Board's sole discretion.

How you can get your money out

Amuri does not intend to quote these A Shares on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your A Shares. The right to transfer or sell A Shares, whether through the sale of land or separately is set out in the Constitution and the Water Supply Agreement and is described in more detail at Section 6 (entitled "Key Features of A Shares").

Key drivers of returns

It is not Amuri's intention to provide shareholders with a financial return in the form of dividends or other such payment from Amuri. The return that a shareholder will receive from the A Shares is the entitlement to be supplied water by Amuri (subject always to the terms of the Constitution and the Water Supply Agreement). The shareholder may receive a return (if any) from the increased value and productivity of the shareholder's land from irrigation.

The following current and future aspects of Amuri's business are likely to have the most impact on the level of benefits enjoyed by shareholders and on the Water Charges:

Construction	Amuri's intention is to construct the Hurunui Scheme as efficiently as possible. Amuri has obtained professional advice to measure estimated costs and timeframes while allowing for the appropriate contingencies. Amuri intends to run a tender process to ensure that the successful contractor(s) is competitive on price and has the necessary experience. The timeliness and cost of the Hurunui Scheme will be monitored throughout the process.
Water Consents	Water will be provided to shareholders in accordance with the Hurunui Consents. See Section 2 (entitled " Amuri and What it Does ") for information about the Hurunui Consents, as well as Amuri's other Consents.
Water Reliability	The Hurunui Scheme is expected to have a water reliability of 91% in terms of Average Demand Supply-Ratio. Amuri is focused on developing further water storage opportunities to improve and maintain reliability of supply to all shareholders. If Amuri is able to execute these opportunities as currently envisaged, it expects to be able to provide shareholders supplied by the Hurunui Scheme with the opportunity to increase reliability. The execution of these opportunities may require additional funding from shareholders in the future. The amount of additional funding cannot be estimated with any accuracy at this time, but will be discussed with shareholders when further information is available.
Nitrogen	Amuri holds a land use consent for nitrogen losses of up to 1,251 tonnes per year within the Hurunui Scheme Area. Shares will only be issued if there is sufficient allocation under Amuri's land use consent for the applicant's proposed land use. Based on the results of Amuri's initial survey of landowners in the Hurunui Scheme Area, Amuri has been advised that this will be the case.
Finance	The Hurunui Scheme will be funded by the proceeds raised under this offer and by debt funding.

Further information can be found in Section 2 (entitled "**Amuri and What it Does**").

Key risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about Amuri's future performance and returns is suitable for you. The price of these A Shares should reflect the potential returns and the particular risks of these A Shares. Amuri considers that the most significant risk factors that could affect the value of the A Shares are:

Debt Funding	<p>Amuri has not yet secured the additional finance required to develop and construct the Hurunui Scheme. Amuri received an indicative proposal from its current Bank to provide funding up to \$30 million for a 7,000 hectare scheme, which was subject to the Bank's credit approval and other conditions. Amuri is in discussions with its current Bank regarding funding of a smaller 3,000 hectare scheme and there is a risk that the terms of the indicative proposal are different to those set out in any credit approved offer. This could lead to an increase in the Water Charges payable by shareholders supplied by the Hurunui Scheme or Amuri determining that the Hurunui Scheme is not economically viable. If Amuri is unable to obtain a credit approved proposal on terms satisfactory to the Board (including the impact on Water Charges), the Hurunui Scheme will not proceed.</p> <p>Shareholders supplied by the Hurunui Scheme will service the additional debt required for the Hurunui Scheme, while existing shareholders will service Amuri's existing debt. As the additional debt required for the Hurunui Scheme will be consolidated with Amuri's existing debt, all of Amuri's current and future assets will be used as security for the additional debt, even though the additional debt will only be serviced by those shareholders supplied by the Hurunui Scheme.</p>
Obtaining and varying consents	<p>Amuri does not yet have all of the consents required to construct and operate the Hurunui Scheme. While Amuri is confident that it will be able to obtain these consents, this offer is conditional on issue of the Additional Consents being progressed to the satisfaction of Amuri. If the Additional Consents are publicly notified, this will delay and increase the costs of the scheme.</p> <p>In addition, Amuri wishes to vary a number of conditions to the Hurunui Consents. If Amuri is unable to do so, this may increase the costs of the Hurunui Scheme and lead to an increase in the Water Charges.</p>
Cost Escalation	There is a risk that the constructions costs, operating and maintenance costs, and financing costs applicable to the Hurunui Scheme increase. If costs increase significantly, Amuri may need to increase the Water Charges payable by those shareholders supplied by the Hurunui Scheme.
Construction and Engineering Risks	There are a number of risks associated with the construction of the Hurunui Scheme that could delay or increase the costs of the scheme or result in Amuri not being able to proceed with the scheme. These include time/delay risk in completing the works in accordance with the proposed work programme, cost

	<p>risk in ensuring the scheme is completed within budget amounts, and risks relating to the performance and design of the Hurunui Scheme Infrastructure (both during construction and post-construction). There is also a risk to shareholders that the water supplied by Amuri could be delayed and a reduced level of service experienced if the Hurunui Scheme is not completed in accordance with the proposed work programme or there are performance/design issues with the Hurunui Scheme Infrastructure.</p>
Resource Consents and Availability of Water	<p>Amuri is dependent on the availability of water under its consents. Amuri's ability to take water is subject to the conditions (including the minimum flow conditions) under its consents, as well as seasonal water flows and river conditions. If there are significant issues in the ability to access water, or low river flows, Amuri may not be able to supply water to shareholders at the volumes expected.</p> <p>The NPS will result in changes to the Regional Plan and may result in Amuri's water consents being reviewed, which could impact on Amuri's ability to access water.</p>
Non-Payment of Water Charges	<p>If a shareholder fails to comply with the terms of the Water Supply Agreement and does not make payment to Amuri of the Water Charges this poses a risk to Amuri as Amuri is funded by the income received through the Water Charges. If a shareholder defaults on payment due, this may result in an increase to the Water Charges for remaining shareholders.</p>
Uptake of A Shares	<p>If the amount of A Shares subscribed for is lower than 3,000, this may increase Water Charges. If Water Charges increase above the estimate range, it is likely that Condition 5 will not be satisfied and the scheme will not proceed.</p>
Water Reliability	<p>The Hurunui Scheme is expected to have a water reliability of 91% in terms of Average Demand Supply-Ratio, which means that there may be times where water may not be available for irrigation. If Amuri is able to execute potential storage opportunities to improve water reliability, there is a risk that Water Charges will need to increase to fund the construction of these storage opportunities. Amuri will, however, discuss this with shareholders before doing so.</p> <p>If Amuri is unable to execute these storage opportunities, there is a risk that reliability does not improve, which will not result in a consequential increase in Water Charges. Depending on each shareholder's individual circumstances, this outcome may be acceptable.</p>
Nutrient Management	<p>The proposed land uses within the Hurunui Scheme Area may not exceed the maximum nitrogen loads specified in Amuri's land use consent, which also contains strict phosphorous limits. Shares will only be issued to applicants if there is sufficient allocation under Amuri's land use consent for the applicant's proposed land use. Each shareholder in the Hurunui Scheme Area will have a Farm Environment Plan (FEP), which will specify the management practices that each shareholder will be required to adopt in order to meet Good Management Practice and will focus on mitigating nitrogen and phosphorous losses. Each shareholder's FEP will be audited. .</p>
New Freshwater Environmental Standards and Policy Statement	<p>The NPS and NES will result in changes to the Regional Plan and may result in Amuri's land use consent and/or water consents being reviewed, which may require shareholders to change management practices on their farms.</p> <p>Amuri's existing land use consents may not be able to be relied on for the purposes of the NES, which means that some applicants may need to obtain their own consents in order to carry out the activities that would have otherwise been authorised by these existing consents. The practical application of the NES is still uncertain and Amuri has been advocating that its existing consents can be relied on for some of the current and proposed activities of its shareholders. There is, however, no guarantee that Amuri's view will be accepted. If it is not accepted, then applicants will either need to obtain their own consents or ensure that their farming practices comply with the requirements of the NES, which include (but are not limited to) those requirements set out in Section 8 (entitled "Risks to Amuri's Business and Plans").</p> <p>For any activities that are not authorised by Amuri's land use consents (including those on land in the Waipara River catchment), applicants will either need to obtain their own consents or ensure that their farming practices comply with the requirements of the NES.</p>

This summary does not cover all of the risks in investing in the A Shares. You should also read Section 8 of this PDS (entitled "**Risks to Amuri's Business and Plans**").

Where you can find Amuri's Financial Information

The financial position and performance of Amuri are essential to the assessment of this offer. You should also read Section 7 of this PDS (entitled "**Amuri's Financial Information**").

3. Supplementary Information – Additional Amendments

3.1 Section 14 of the PDS (entitled "**Glossary**") is amended to include the following new definitions:

NES means the Resource Management (National Environmental Standards for Freshwater) Regulations 2020.

NPS means the National Policy Statement for Freshwater Management 2020.

3.2 Section 8 of the PDS (entitled "**Risks to Amuri's Business and Plans**") is amended as follows:

Consents	
Risk	Mitigation strategies
Water Consents	
<p>Amuri is dependent on the availability of water under its consents. Amuri's ability to take water is subject to the conditions (including the minimum flow conditions) under its consents, as well as seasonal water flows and river conditions. If there are significant issues in the ability to access water, or low river flows, Amuri may not be able to supply water to shareholders at the volumes expected.</p> <p>The NPS will result in changes to the Regional Plan and may result in Amuri's water consents being reviewed, which could impact on Amuri's ability to access water.</p>	<p>The Hurunui Consents currently provide a reliability of approximately 91% on an Average Supply-Demand Ratio and Amuri has engaged appropriate experts to assist with modelling this reliability. Amuri is currently focused on developing water storage opportunities to improve reliability.</p>

Water and Nutrient Management	
Risk	Mitigation strategies
Water quality	
<p>The Hurunui Consents have strict conditions regarding water quality management. Increased irrigation may lead to increased nutrient concentrations in the groundwater and Waitohi and Waikari Rivers, being the key tributary streams to the Hurunui River within the Scheme Area (and subject to conditions under the Hurunui Consents). If it is determined that the Hurunui Scheme has resulted in a decline in water quality, the volume of water available for irrigation purposes may be reduced or further restrictions on nutrient management may be put in place.</p>	<p>Shareholders are required to adhere to Good Management Practice and comply with a FEP regulating land use to minimise nutrient loss, which is subject to regular audits by Amuri. Amuri is advancing a much smaller scheme than is provided for under the conditions of the Hurunui Consents, which will reduce the risk of declining water quality. Amuri is also likely to seek to amend the conditions to reflect the reduced scale of the scheme.</p>
NES	
<p>The NPS and NES will result in changes to the Regional Plan and may result in Amuri's land use consent and/or water consents being reviewed, which may require shareholders to change management practices on their farms.</p> <p>Amuri's existing land use consents may not be able to be relied on for the purposes of the NES, which means that some applicants may need to obtain their own consents in order to carry out the activities that would have otherwise been authorised by these existing consents.</p> <p>For any activities that are not authorised by Amuri's land use consents (including those on land in the Waipara River catchment), applicants will either need to obtain their own consents or ensure that their farming practices comply with the requirements of the NES.</p> <p>Compliance with the NES includes (without limitation):</p> <p>Winter grazing intensification restrictions:</p> <ul style="list-style-type: none"> the area used for intensive winter grazing must not 	<p>The practical application of the NES is still uncertain and Amuri has been advocating that its existing consents can be relied on for some of the current and proposed activities of its shareholders. There is, however, no guarantee that Amuri's view will be accepted. If it is not accepted, then applicants will either need to obtain their own consents or ensure that their farming practices comply with the requirements of the NES.</p>

Water and Nutrient Management	
Risk	Mitigation strategies
<p>exceed 50ha or 10% of the farm (whichever is greater) (increases in area used for winter grazing are also restricted, see below);</p> <ul style="list-style-type: none"> the mean slope of a paddock used for intensive winter grazing must be 10 degrees or less; pugging on any paddock used for intensive winter grazing must not cover more than 50% of the paddock and must not be deeper than 20cm (except in an area that is within 10m of an entrance gate or fixed water trough); livestock must be kept at least 5m away from the bed of any river, lake, wetland, or drain; the land that is used for intensive winter grazing must be replanted as soon as practicable after livestock have grazed the land's annual forage crop (but no later than 1 October of the same year); <p>Nitrogen restriction:</p> <ul style="list-style-type: none"> the application of artificial nitrogen to pastoral land within a contiguous landholding must not exceed 190 kg per ha per year without consent; <p>Land use intensification restrictions: Consent is required for the following activities:</p> <ul style="list-style-type: none"> converting land on a farm to dairy farm land if the area of the farm that is dairy farm land increases by more than 10ha from the area that was dairy farm land at the close of 2 September 2020; increasing dairy platform irrigated areas by more than 10ha above the maximum area of a farm's dairy farm land that was irrigated in the 12 month period before 2 September 2020; conversion of land used for plantation forestry to pastoral land use if the area of the farm that is in pastoral land use increases by more than 10ha from the area that was in pastoral land use at the close of 2 September 2020; dairy support: if the area of the farm that is used as dairy support land exceeds the maximum area of the farm that was used as dairy support land between 1 July 2014 and 30 June 2019; winter grazing: if the area of the farm that is used for winter grazing exceeds the maximum area of the farm that was used for winter grazing between 1 July 2014 and 30 June 2019. 	

- 3.3 References throughout the PDS to 31 July 2020 being the date by which the Conditions to the offer are due to be satisfied or waived (and defined as the "Condition Date") are amended to 31 March 2021 to reflect the Board's previous decision to defer this date (which has been communicated to applicants separately).

4. Amendment to Register Entry

- 4.1 The "Amuri Irrigation Company Limited Nitrogen Management: "Nutrient" Policy (May 2019)" is replaced with the attached copy of Amuri's "Nitrogen Management "Nutrient" Policy (June 2020)".