

POLICY – NON SHARED PIPELINE

Bank Security over shares in, and water delivery contracts with, CPC

1. Query

Lenders to growers and others in the Langhorne Creek and Currency Creek regions have queried whether CPC maintains a register of, or otherwise notes, any security of lenders over a borrower's shares in, and water delivery contract with, CPC.

2. CPC's Policy

CPC does not and will not maintain a register of, or otherwise note, any such security.

3. Appendices

The appendices to this Policy document are:

- Appendix A – the Constitution of CPC
- Appendix B – standard form 'Water Delivery Contract (Non-Shared Pipeline)' (**WDC**)
- Appendix C – pro forma 'Deed of Assignment (non-shared pipeline)' (**Deed of Assignment**)

4. WDC and Constitution

4.1 A customer's shares in CPC and a customer's WDC with CPC, are "stapled".

- (a) CPC's obligation to deliver water under a WDC is subject to the customer being registered as the holder of at least 5,000 fully paid ordinary shares (**Shares**) in CPC (refer to clause 3.1(a) of the WDC). The customer is entitled to have delivered to it annually during the peak period of 150 days commencing on or about 1 November of a year, a quantity of water calculated on the basis of 1 megalitre of water per 1,000 Shares which are held by the customer (refer to the definition of 'Peak Delivery Entitlement' in clause 1.1 of the WDC).
- (b) Only an 'Eligible Person' (i.e. a customer under a WDC – refer to clause 6.1 of the constitution) may hold Shares (refer to clause 8.2 of the Constitution).

If a person ceases to be an Eligible Person that person must dispose of that person's Shares within the next 90 days (refer to clause 8.3(a) of the Constitution), failing which CPC may:

- (a) itself sell the Shares (refer to clauses 8.3(b)(i) and 8.4 of the Constitution), or
- (b) buy-back the Shares (refer to clauses 8.3(b)(ii) and 8.5 of the Constitution).

5. CPC's Requirements

5.1 To give effect to a transfer of a customer's Shares and assignment of a customer's WDC:

(a) CPC will initially require:

- (i) an executed original of the duly completed Deed of Assignment or a certified (by the solicitor for the Assignor or Assignee) copy of the executed Deed of Assignment, and confirmation of the name of the person who is attending to the stamping thereof;
- (ii) written confirmation by or on behalf of each of the Assignor and the Assignee of the 'Effective Date' (as that expression is defined in clause 1.1 of the Deed of Assignment);
- (iii) a certified (by the solicitor for the Assignor or Assignee) copy of the duly executed transfer of the Shares, and confirmation of the name of the person who is attending to the stamping thereof;
- (iv) the original of the relevant share certificate for the Shares, and
- (v) CPC must otherwise be satisfied in terms of clause 10.1 of the WDC, and

(b) CPC will subsequently require:

- (i) a stamped executed original of the Deed of Assignment; and
- (ii) the stamped transfer of the Shares so that CPC can then attend to registration of the transfer.

5.2 The number allocated by CPC to each Share when issued, will remain the same. In conjunction with the registration of the share transfer, the share certificate in the name of the transferor will be cancelled by CPC and a new certificate (with a new certificate number) will be issued by CPC in the name of the transferee.