

LEVELS PLAIN IRRIGATION CO. LIMITED**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS AND INTEREST GROUP**

NOTICE is hereby given that:

- a special meeting of shareholders of Levels Plain Irrigation Co. Limited (the *Company*); and
- a special meeting of the interest group comprising of shareholders of the Company who do not have any water entitlement under an existing water agreement with the Company (the *Dry Shares Interest Group*),

will be held at the Pleasant Point Rugby Football Club clubrooms at Pleasant Point Domain, State Highway 8, Pleasant Point at 1.00 pm on Wednesday, 25 June 2014 to consider (with or without modification) the following resolutions:

Resolution 1 – Special Resolution of all Shareholders– Amalgamation Proposal

That, subject to and conditional upon the other transactions, amalgamations and rearrangements set out in the Merger Proposal forming an appendix to this notice of meeting being approved by all relevant entities, the shareholders approve the amalgamation between the Company, Levels Irrigation Limited, Levels Plain Holdings Limited, SCFIS Limited, SCFIS Holdings Limited and Opuha Water Limited and the Amalgamation Proposal set out in Section 2 of the Merger Proposal which more particularly describes that amalgamation.

Resolution 2 – Special Resolution of Dry Shares Interest Group – Amalgamation Proposal

That, subject to and conditional upon the other transactions, amalgamations and rearrangements set out in the Merger Proposal forming an appendix to this notice of meeting being approved by all relevant entities, the shareholders approve the amalgamation between the Company, Levels Irrigation Limited, Levels Plain Holdings Limited, SCFIS Limited, SCFIS Holdings Limited and Opuha Water Limited and the Amalgamation Proposal set out in Section 2 of the Merger Proposal which more particularly describes that amalgamation.

Resolution 3 – Special resolution - Ancillary authorisations for Board

That the directors of the Company be, and are, authorised, empowered and appointed on behalf of the Company, while acting jointly or severally, to take and authorise the taking of any action which they may consider necessary or desirable for the purpose of, or in connection with, or incidental to, the proposed merger including in respect of finalising the terms of and implementing the relevant transactions and the documents referred to in this notice, the explanatory notes and the Merger Proposal.

NOTE ON RESOLUTIONS**Special Resolution Definition**

A special resolution is a resolution approved by a majority of 75 per cent of the votes of those shareholders entitled to vote and voting on the question.

Resolution timings

The resolutions all relate to the proposed merger of the Merging Entities (being the Opuha Group of companies) which is intended to occur and take effect on 1 July 2014 or such other date as the Merging Entities may determine (the *Implementation Date*). The Explanatory Notes and the Merger Proposal set out details on the proposed merger.

In effect, each resolution is conditional on all other resolutions being passed and implemented as applicable and as described in the Explanatory Notes and the Merger Proposal. In addition, the resolutions are also effectively conditional on the other Merging Entities passing and implementing various resolutions relating to the proposed merger. As a result, even if the shareholders of the Company pass all the resolutions set out in this notice, the matters provided for in them will not be implemented if the other Merging Entities do not also pass and implement various associated resolutions relating to the proposed merger.

Each resolution is summarised in the Explanatory Notes.

Quorum

- 1 A quorum for a meeting of shareholders is a minimum of 10 shareholders and not less than 25 per cent of the shareholding of the Company (clause 1.1(3) of part 1 of the Company's constitution (as amended by clause 2.8 of part 2 of the Company's constitution)).
- 2 A quorum for a meeting of an interest group is one or more shareholders who holds at least one half of the shares of that interest group (clause 1.1(2) of part 1 of the Company's constitution).

Proxy Forms

- 3 Proxy forms are required to be signed as follows:
 - (a) if the shareholder is a company, the proxy form must be signed by a person who has express or implied authority to sign the proxy form as a representative of the company;
 - (b) if the shareholder is an incorporated body the proxy form must be signed by the authorised signatories of that body as required by the constitution of that body;
 - (c) if the holding is held jointly (as with a husband and wife) the proxy form must be signed by both shareholders;
 - (d) if there is an individual shareholder then the proxy form should be signed by that person in his or her usual signature or by the attorney of that shareholder; and
 - (e) if a trust holds the shares then all of the trustees in whose name those shares are registered must sign the proxy form.
- 4 If the proxy form is being signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non revocation of the power of attorney must be produced to the Company with the proxy form.

5 The proxy form must be signed and:

- (a) deposited at the Registered Office of the Company, c/- One to One Group, 338 Stafford Street, Timaru 7940; or
- (b) faxed to One to One Group to (03) 684 9121; or
- (c) emailed to One to One Group to Glenn@one-to-one.co.nz,

by 4.00 pm on Tuesday the 24th day of June 2014, otherwise it will not be valid (unless it is otherwise produced before the start of the Meeting).

Attendance and Voting Rights

6 All shareholders or that shareholder's proxy or representative, are entitled to attend the meeting and vote on Resolutions 1 and 3, and in respect to shareholders that comprise part of the Dry Shares Interest Group, Resolution 2 also. On a show of hands each shareholder has one vote and on a poll one vote for each share held.

7 If the shareholder is a company or an incorporated body which wishes to be represented at that meeting by an individual that shareholder will need to pass a resolution appointing that person as a representative. A copy of that resolution must be brought to the meeting.

Each director of the Board supports the proposed merger and the directors that control any shares in the Company have advised that they will vote their shares in favour of each Resolution that their shares are entitled to vote on.

Dated this 28th day of May 2014

By order of the Board

EXPLANATORY NOTES

- 1 The Board of the Company has called a special meeting of shareholders to pass the certain resolutions relating to the proposed merger of the Merging Entities. The Merging Entities are:
 - a. Opuha Water Limited (*Opuha*);
 - b. SCFIS Limited (previously South Canterbury Farmers Irrigation Society Limited) (*SCFIS*) and its wholly owned subsidiary, SCFIS Holdings Limited (*SCFIS Holdings*);
 - c. Levels Plain Irrigation Co. Limited (*Levels Plain*) and its wholly owned subsidiaries, Levels Irrigation Limited (*Levels Irrigation*) and Levels Plain Holdings Limited (*Levels Holdings*);
 - d. Totara Valley Irrigation Limited (*Totara*); and
 - e. Kakahu Irrigation Limited (*Kakahu*).

- 2 The Merger Proposal that forms an appendix to this notice of meeting provides further details and background on the proposed merger. In short the Merger Proposal involves:
 - a. the assets and liabilities of Kakahu and Totara being sold and transferred to SCFIS in exchange for issues of shares; and
 - b. the other companies amalgamating into SCFIS and all shares in those companies being cancelled and new shares issued to the shareholders of Levels Plain (see paragraph 4 below for further information).

What does the merger mean for me?

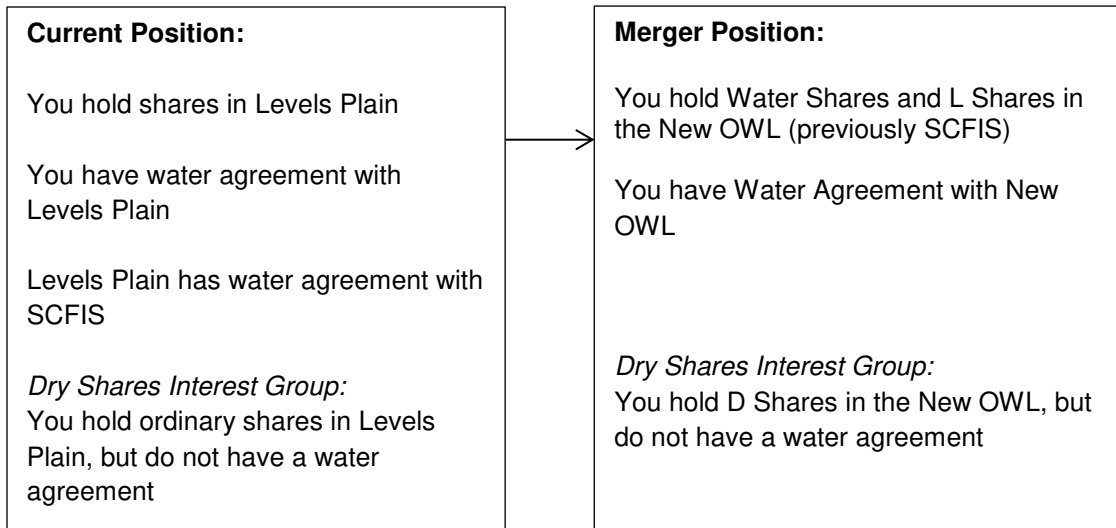
- 3 If you have existing entitlements to water under a water agreement with Levels Plain:
 - a. it is not anticipated that the merger will in itself result in any greater water charges than those currently payable by you were the existing structure to continue;
 - b. the merger will result in you holding a specified number of Water Shares and L Shares in SCFIS (which is to be renamed “Opuha Water Limited” upon the merger (the *New OWL*));
 - c. you will maintain your existing rights; and
 - d. the merger will result in you entering into a new Water Agreement with the New OWL.

- 4 The merger will result in you ceasing to be a shareholder in Levels Plain (with Levels Plain being amalgamated into SCFIS) and becoming a shareholder in the New OWL. If you have existing entitlements to water under a water agreement with Levels Plain, you will hold two classes of shares called:
 - a. “Water Shares”, which give you the right:
 - i. to receive water during the irrigation season up to a maximum level and subject to the terms of the New OWL’s constitution and the new Water Agreement that you will be required to enter into with the New OWL (see further below under the heading “Water Agreements”);

- ii. to vote on a poll at a meeting of the New OWL; and
 - iii. to an equal share in the distribution of any surplus assets of the New OWL (but subject to the rights of holders of infrastructure shares and D Shares); and
- b. "L Shares", a class of infrastructure shares, which:
- i. give you the right to use the Levels Plain infrastructure;
 - ii. do not provide for any voting rights, except if and when there is a separate class meeting of the holders of L Shares; and
 - iii. give you the right as between all holders of L Shares and D Shares an equal share in the distribution of any surplus assets relating to the Levels Plain infrastructure in accordance with a certain formula.
- 5 The number of each type of shares that you receive will reflect your current shareholding in Levels Plain. Each Levels Plain shareholder will receive 1 Water Share and 1 L Share in SCFIS for every 4 ordinary shares it holds in Levels Plain. This ratio reflects that at present Levels Plain shareholders hold 4 shares for each hectare and the Water Shares will be issued on the basis of 1 share per hectare.
- 6 If you are part of the Dry Shares Interest Group (a shareholder who does not have existing entitlements to water under a water agreement with Levels Plain) you will instead hold a class of shares called "D Shares". You will receive 1 D Share for each ordinary share you hold in Levels Plain, which:
- a. for every 4 D Shares held by you gives you the right to 1 vote on a poll at a meeting of the New OWL. If you hold 3 or less D Shares you do not have the right to vote (except at a separate class meeting of the holders of D Shares);
 - b. do not give you the right to receive water nor to use the Levels Plain infrastructure;
 - c. is subject to the New OWL reserving the right to implement an annual charge of \$1.00 per share on account of covering services;
 - d. give you the right as between all holders of L Shares and D Shares an equal share in the distribution of any surplus assets relating to the Levels Plain infrastructure in accordance with a certain formula;
 - e. may be redeemed within one year after the Implementation Date for the price of \$50.00 per share;
 - f. may be converted into L Shares within one year after the Implementation Date (at a conversion rate of 4 D Shares to 1 L Share) provided that the holder complies with the terms of holding L Shares;
 - g. may be:
 - i. surrendered by the holder or the Company; or
 - ii. redeemed by the Company,

after the date that is one year after the Implementation Date for the greater of fair value and a nominal value per share of \$1.00;

- 7 The shareholders of the other Merger Entities will also own Water Shares and be party to a Water Agreement. Depending on the company they were originally a shareholder of, they may also hold a class of infrastructure shares.
- 8 For further information on the offer of these shares, please see the SCFIS Limited Investment Statement and Prospectus for Merger Proposal, a copy of which is attached.



SUMMARY OF RESOLUTIONS

- 9 All of the resolutions:
 - a. take effect in the order that they are set out in the notice of meeting; and
 - b. are subject to all other resolutions set out in this notice of meeting being passed, as well as being subject to the Board being satisfied that the other entities within the Opuha Group have passed all other resolutions and taken all required actions to give effect to the proposed merger.
- 10 Subject to the passing of all necessary resolutions, it is proposed that the merger will occur on the Implementation Date being 1 July 2014 or such other date as the Merging Entities may determine.

Resolution 1
- 11 Resolution 1 is a special resolution to approve the amalgamation more particularly described in the Amalgamation Proposal, a copy of which is included in Section 2 of the Merger Proposal. In short, the Amalgamation Proposal proposes that Levels Plain, Levels Irrigation, Levels Holdings and SCFIS Holdings amalgamate with SCFIS to become one company. SCFIS will be the continuing entity and be renamed "Ophua Water Limited".
- 12 This particular part of the merger relates to step 4 of the merger steps set out in Section 1 of the Merger Proposal under the heading "Merger Steps" (the *Merger Steps*).

Resolution 2

- 13 Resolution 2 is a special resolution identical to Resolution 1 to be passed by the Dry Shares Interest Group. Due to the Dry Shares Interest Group constituting an “interest group” under the Companies Act 1993, this group of shareholders need to approve the amalgamation for the amalgamation to take effect.

Resolution 3

- 14 Resolution 3 is a special resolution to generally authorise the Board to undertake all matters and do all things they consider reasonably necessary to give effect to the Resolutions above and the proposed merger, including all ancillary matters that will need to be undertaken by the Board of SCFIS to complete the proposed merger.

**PROXY FORM
LEVELS PLAIN IRRIGATION CO. LIMITED**

VOTING BY PROXY

All shareholders entitled to attend and vote at the meeting are entitled to appoint a proxy to attend and vote on their behalf by completing, signing and:

- (a) lodging the proxy form enclosed, at the offices of One to One Group, 338 Stafford Street, Timaru, 7940; or
- (b) faxing the proxy form enclosed to One to One Group to (03) 684 9121; or
- (c) emailing the proxy form enclosed to One to One Group to Glenn@one-to-one.co.nz,

no later than 4.00 pm on Tuesday the 24th day of June 2014 (or otherwise producing it before the start of the Meeting). The Chairman of the Meeting is available to act as proxy if required.

**PROXY FORM (FOR USE IF YOU ARE UNABLE TO ATTEND THE SPECIAL MEETING
OR WISH TO VOTE AHEAD OF THE SPECIAL MEETING)**

I/We _____ (FULL NAME IN BLOCK LETTERS)

of _____ (FULL ADDRESS IN BLOCK LETTERS)

being a shareholder of the Company **HEREBY**

APPOINT _____

(FULL NAME OF PROXY IN BLOCK LETTERS - INSERT THE WORDS "CHAIRMAN" IF THE CHAIRMAN IS TO BE PROXY)

of _____

(FULL ADDRESS IN BLOCK LETTERS – INSERT THE WORDS "THE COMPANY" IF THE CHAIRMAN IS TO BE THE PROXY)

or failing him or her, **APPOINT** _____

(FULL NAME OF PROXY IN BLOCK LETTERS - INSERT THE WORDS "CHAIRMAN" IF THE CHAIRMAN IS TO BE PROXY)

of _____

(FULL ADDRESS IN BLOCK LETTERS – INSERT THE WORDS "THE COMPANY" IF THE CHAIRMAN IS TO BE THE PROXY)

as my/our proxy to vote for me/us on my/our behalf at the special meeting of shareholders to be held on Wednesday the 25th day of June 2014 at 1.00 pm and at any adjournment of the meeting thereof.

This form is to be used in the following resolutions in the following way (please indicate with a (✓) in the appropriate boxes below):

	In Favour	Against
1. Special Resolution – all shareholders That the amalgamation and the amalgamation proposal be approved.	<input type="checkbox"/>	<input type="checkbox"/>
2. Special Resolution – Dry Shares Interest Group only That the amalgamation and the amalgamation proposal be approved.	<input type="checkbox"/>	<input type="checkbox"/>
3. Special Resolution – all shareholders Ancillary authorisations for Board.	<input type="checkbox"/>	<input type="checkbox"/>

Unless otherwise instructed, the proxy will vote as he or she thinks fit.

Signed this day of 2014

Usual signature(s): _____

Notes

- (1) **Entitlement to appoint proxy:** A shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her.
- (2) **Proxy not a shareholder:** A proxy need not be a shareholder of the Company. The Chairman may be appointed as proxy.
- (3) **Name of proxy:** You must indicate the name of your proxy. Failure to do so will invalidate your vote. If you appoint the Chairman as proxy, please name your proxy as "Chairman of the Company".
- (4) **Indication of vote:** Please indicate in the appropriate boxes how your vote is to be cast. If you do not, your proxy will have the ability to cast your vote as he or she sees fit (which will be the Chairman if you have appointed the Chairman as proxy).
- (5) **Signing of proxy form**
 - (a) **Individual holder:** In the case of an individual holder, the proxy form should be signed by that person in his or her usual signature or by the attorney of that holder.
 - (b) **Joint holders:** If the holding is jointly held (as with a husband and wife) the proxy form must be signed by both holders.
 - (c) **Trust:** if a trust holds the shares then all of the trustees in whose name those shares are registered must sign the proxy form.
 - (d) **Company or other body:** If a shareholder is a company then this proxy form must signed by a person who has express or implied authority to sign the proxy form as a representative of the company. If the shareholder is another type of incorporated body the proxy form must be signed by the authorised signatories of that body as required by the constitution of that body or by a person who has express or implied authority to sign the proxy as a representative of that body.

- (e) **Power of Attorney:** If this form has been signed under Power of Attorney a copy of the Power of Attorney (unless already deposited with the Company) and a signed certificate of non-revocation of Power of Attorney must be produced with the proxy form.
- (6) **Deposit of proxies:** Instruments appointing a proxy must be deposited at, faxed or emailed to One to One Group no later than 4.00 pm, Tuesday, 24 June 2014 (or be otherwise produced before the start of the Meeting).

Please forward to:

Levels Plain Irrigation Co. Limited
c/- One to One Group
338 Stafford Street, Timaru, 7940
Timaru, 7940

Facsimile: (03) 684 9121

Email: Glenn@one-to-one.co.nz

Appendix: Merger Proposal