

BARRHILL CHERTSEY IRRIGATION LIMITED (BCI)

INVESTMENT STATEMENT RELATING TO THE OFFER OF SHARES

IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978)

Investment decisions are very important. They often have long term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current registered Prospectus for the investment. You are entitled to a copy of that Prospectus on request.

Engaging an investment adviser¹

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including:—

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by one or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include:

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.
- An investment adviser commits an offence if he or she does not provide you with the information required.

Right to Withdraw Application

Every applicant for shares who did not receive an investment statement before applying for the shares may, within 10 working days of the date on which the investment statement is sent to the applicant, withdraw the application by written notice to BCI.

¹ These statutory obligations apply only in respect of investment advisers who are subject to New Zealand law.

BARRHILL CHERTSEY IRRIGATION LIMITED (BCI)

AFIL means Acton Farm Irrigation Limited;

applicant and *shareholders* means an existing shareholder of BCI at the *date* of this Investment Statement;

BCI and *Company* means Barrhill Chertsey Irrigation Limited;

Board means the board of directors of the Company;

Closing Date for existing shareholders means Friday 29 January 2010 (being the closing date for existing shareholders to apply for I Shares and D Shares) or such later date or dates as determined by the Board;

D Shares means the 8000 shares offered for application the proceeds from which will be used to build a water distribution system to distribute water from the Rangitata Diversion Race to shareholders for use in irrigation;

EAL means Electricity Ashburton Limited;

I Shares means the 8000 shares offered for application the proceeds from which will be used to pay the costs of the infrastructure to pump water from the Primary Canal up into the Rangitata Diversion Race including costs of making modifications to that race;

JV means a joint venture between EAL and the Company to construct and operate the Scheme;

l/s/ha means litres of water per second per hectare;

Prospectus means the prospectus dated Friday 4 December 2009 as amended by a Memorandum of Amendments dated 18 December 2009 offering up to 8000 I Shares and 8000 D Shares for application;

RDR means the Rangitata Diversion Race;

RDRML means Rangitata Diversion Race Management Limited;

Scheme means the construction of a system to distribute water from the Rakaia River by lifting it up on to the Mid Canterbury plains and distributing the water through pipes and water races to properties approved by the Board within the area set out on the attached maps.

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BARRHILL CHERTSEY IRRIGATION LIMITED (BCI) INVESTMENT STATEMENT RELATING TO THE OFFER OF SHARES

THIS INVESTMENT STATEMENT IS DATED 4 DECEMBER 2009

The Investment Statement must be read in conjunction with a Prospectus issued by BCI and dated 4 December 2009 as amended by a Memorandum of Amendments dated 18 October 2009.

What sort of investment is this?

1 Description of Securities

- 1.1 The securities being offered are two classes of shares in the capital of Barrhill Chertsey Irrigation Limited (BCI). 7,980,000 D Shares and 5,360,000 I Shares are offered for application. The D Shares are offered at \$1.00 each and the I Shares at \$1.00 each. The D Shares and I Shares create concurrent rights to a supply of water and to enter into a water supply agreement with BCI, to receive a supply of water for irrigation. Further details are set out below.
- 1.2 Holders of ordinary shares in BCI, whose properties are within the areas which BCI can supply with water under the proposed distribution system, are offered D Shares and I Shares in accordance with entitlement letters sent to those shareholders. Attached are maps showing the areas within which water can be delivered. In addition those shareholders with farms adjoining another distribution system may be able to receive water by entering into arrangements to use that distribution system.
- 1.3 All moneys will be held until applications are received for a minimum of 1,340,000 I Shares and 2,660,000 D Shares. The minimum amount which is required to be raised under this offer is \$1,200,000 which requires applications to be received for a minimum of 2,660,000 ordinary D Shares and 1,340,000 I Shares and for the first payment of 30% of the total amount payable for those shares to be paid on application.
- 1.4 No interest will be paid on those moneys. If the minimum number of shares is not applied for all moneys will be returned except the surrender value of existing ordinary shares. If cheques are held these will be returned.
- 1.5 Each applicant for shares will be required to hold sufficient I Shares and D Shares to enable a specific volume of water to be available, when reliability is maximised, to a connection point on a specified farm. The minimum volume required to be taken is 15 litres per second which requires 10,050 I Shares to be held and 19,950 D Shares to be held. The Company may agree to an applicant holding only the minimum number of I Shares if the holder will not be connecting into the distribution system of the joint venture.

Who is involved in providing it for me?

2 Names and Addresses

The name and address of the issuer is:
Barrhill Chertsey Irrigation Limited (BCI and the 'Company')

John Wright
Barrhill Chertsey Irrigation Limited
C/- Croys Limited
Chartered Accountants

Level 2, 161 Burnett Street, P O Box 582, Ashburton

3 Activities

3.1 Construction of Infrastructure

BCI intends to use the proceeds of this issue to construct a distribution infrastructure for water, to distribute water to shareholders, in the Mid Canterbury area as shown on the attached maps. This will involve taking water from the Rakaia River, lifting this water up into the Rangitata Diversion Race under an agreement with TrustPower Limited and then taking water from the RDR and distributing that water for irrigation within the area shown on the attached maps. The Board of BCI may extend or amend the area to be supplied with irrigation water but will only do so if surplus water is available and it is economical to provide a distribution system to the extended area.

3.2 Right to Water

BCI has rights to take 17 cumecs from the Rakaia River under resource consents held by BCI.

3.3 Joint Venture with EAL

An equal joint venture has been entered into between EAL and the Company to construct, own and operate the Scheme. That JV will borrow moneys and will also be entitled to payments from AFIL for the purchase of 3 cumecs of water available under the resource consents obtained by the Company and held for the JV.

3.4 Relationship of Shares to Water

Every shareholder who wishes to receive water from the Company or a person selected and approved by the Board must apply for six hundred and seventy (670) I Shares and one thousand three hundred and thirty (1330) D Shares for each one (1) litre per second of water required at 100% operating capacity for the Scheme provided that shareholders who do not require connection to the distribution system may apply for I Shares only with the prior approval of the Board.

- 3.5 This issue is to raise a minimum of \$4 million and up to \$13 million to pay costs relating to altering the RDR and construction of separate distribution systems as shown on the attached maps. The funding will be as set out below:

A	Equity contribution to Joint Venture by EAL	\$	10,000,000
B	Expected capital raising under this Prospectus	\$	4,800,000
C	Bank funding	\$	7,000,000
D	Licence fee for water from Acton Main farmers [Note 1]	\$	3,200,000
			<hr/>
		\$	25,000,000

Note 1: This may be funded temporarily from bank funding

3.6 Sensitivity of Shares to Water

The above proposal relates shares to water volumes to be delivered. This differs from the previous issue of shares where applications were made based on the area of land to be irrigated. The different approach is required because different soil types, methods of farming or rainfall areas require differing volumes of water.

3.7 Maximum Use of all Water for irrigation

The maximum amount of water that any shareholder may take will be determined as follows:

- (a) where the Scheme is the only supply of water the maximum amount of water that can be delivered to, or used on, any property is 0.6 l/s/ha [5.2mm/day].
- (b) Where the shareholder has an alternative source of water such as a well or another water scheme supply the maximum aggregate amount that can be delivered to, or used on, any property is 0.6 l/s/ha

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[5.2mm per day] and if this is exceeded BCI will have the right to reduce or terminate the supply of water to a shareholder.

The regulatory authority will determine how much water can be taken and how this is regulated in respect of irrigation and other water sources.

3.8 Credit Available from Existing Shares

A shareholder holding existing shares (but not preference shares) may use those shares to obtain a credit at \$1.00 for each ordinary share as part of the payment which a shareholder must make in applying for I Shares and D Shares to obtain water from BCI. This requires these shares to be surrendered with the nominal amount being credited to the shares applied for if this offer proceeds to allotment. The right to do this is set out in each Shareholders entitlement letter. For instance if 5000 ordinary shares are held \$5,000 can be credited towards the payment for I Shares and D Shares to be issued. This is set out in the application form for shares attached to the Prospectus.

The ordinary shares can only be used on a proportionate basis as a credit towards I Shares and D Shares. If ordinary shares are held giving the right to irrigate, for example, 200 hectares, and shares are applied for under this Investment Statement, to irrigate 100 hectares only 50% of the ordinary shares held can be applied, at \$1.00 per ordinary share, against the amount payable for the I Shares and D Shares.

3.9 Transfer of Shares

The shares of this issue will be entitled to water and will be transferable together with the water rights attached to those shares. The seller and buyer of the shares will need to satisfy themselves that BCI will have the ability to deliver water under the Scheme to the farm of the holder of those shares. After the Scheme is in place where a farm, that has the benefit of water supplied by BCI, is sold, to transfer the rights to the water allocated to that farm, the purchaser of that farm, must also purchase the shares in BCI held by the vendor of that farm and agree to enter into a new water supply agreement with BCI.

How much do I pay?

4 Moneys payable by Subscribers

- 4.1 Each applicant is required to pay \$1.00 for each I Share and \$1.00 for each D Share.
- 4.2 All shares must be paid for by an initial payment of 30% and then a further payment of 40% on 15 February 2010 and a final payment of 30% on 15 March 2010.
- 4.3 If you hold existing ordinary shares then you may apply to have those shares surrendered as part of your application for I Shares and D Shares as set out in clause 3.7. If applications are received for a minimum of 1,340,000 I Shares and 2,660,000 D Shares, and the initial 30% payment of \$1,200,000 is received in respect of those shares on application then your ordinary shares will be surrendered for \$1.00 each and those moneys applied in payment for your I Shares and D Shares.
- 4.4 The closing date to apply for shares is 5.00 pm on Friday day 29 January 2010.. If the date is extended post dated cheques will be held and not cashed until the minimum amount is met.

4.5 Relevant Dates/Closing Dates

The offer under the prospectus to existing shareholders will close at 5.00 pm on Friday 29 January 2010 . The Board shall have the right to place any shortfall of I shares and D shares not taken up by shareholders either with shareholders who have applied for additional shares,

and have not been able to purchase those shares, or with institutional holders on such terms and conditions as determined by the board.

What are the charges?

5 Types of Charges

- 5.1 Associated with the I Shares there will be further annual charges payable under the Water Agreement for the delivery by pumping water to the RDR, and delivery to the buffer ponds. These charges are expected to be, for the first four years after commencement of the Scheme, \$1025 per litre per second (\$460 per hectare) with a CPI adjustment. After the first 4 years an additional fee will be payable for the following 16 years for access rights to the RDR. This is likely to be approximately \$17 per hectare CPI adjusted (or \$37 per litre of water).
- 5.2 Associated with the D Shares there will be further annual charges payable under the Water Agreement for delivery of water under pressure from the buffer ponds to the property, and the cost of servicing debt associated with the distribution network. These charges are expected to be, for the first four years after commencement of the scheme, \$400 per litre per second (\$180 per hectare) with a CPI adjustment.
- 5.3 Set out below is a chart showing the expected annual charges:

	Capital per litre/second	Capital per hectare (at 0.45 l/s/ha)	Annual charge per litre/second	Annual charge per hectare (at 0.45 l/s/ha)
Infrastructure Shares	\$670	\$300	\$1025	\$460
Distribution Shares	\$1330	\$600	\$400	\$180
Total	\$2000	\$900	\$1425	\$640

What returns will I get?

6 Returns

- 6.1 BCI seeks to control charges for the supply of water to shareholders while at the same time retaining sufficient funds to ensure reliability of the irrigation network and expansion of services. As a result of this supply efficiency rather than maximisation of profit and distributing surplus moneys is a key issue for BCI.
- 6.2 The only returns that are likely from the ordinary shares of this issue are:
 - the right to receive water for irrigation;
 - the right to an increased volume of water if this becomes available.
- 6.3 BCI has no intention to pay rebates or make distributions on the shares of this issue.
- 6.4 BCI is the entity legally liable to pay dividends and rebates. BCI is entitled, under its constitution, to withhold from rebates and dividends such amounts as are necessary to pay unpaid calls on any shares held by shareholders and also to meet any other liabilities which may be payable by shareholders.
- 6.5 Rebates, dividends or other distributions can be payable to BCI to set off amounts owing to BCI under a water supply agreement or on shares.

What are my risks?

7 Risks

The risks associated with holding shares in BCI are set out below:

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7.1 Equity Take Up Risk

Farmers may not subscribe the level of capital required to enable the Company to proceed to build the Scheme or a shortfall of capital arises that has to be covered by bank loans so increasing the cost of operating the Scheme.

7.2 Economic Risk

There is a risk that farming will not maintain current levels of profitability which results in the annual charges for water users not being paid on time to the Company so resulting in the Company defaulting on its obligations to Rangitata Diversion Race Management Limited or TrustPower Limited. This could result in any of those agreements, which are fundamental to the operation of the Scheme, being terminated so leading to water not being available to shareholders.

Prices available for milk, grain, lambs or other farm production could materially reduce, so affecting the ability of water users to pay charges due to the Company.

7.3 Resource Consent Risk

The resource consent expires 28 January 2035. There is risk this consent may not be renewed or the terms of renewal may be onerous. The Company, or water users, could act in a way that creates a breach of the terms of resource consents held by the Company. This could lead to a cancellation or suspension of the resource consents including the right to take water by the Company for delivery to water users. Additional consents required for the full implementation of the Scheme, including delivery of water in the Acton Main and other areas and the granting of the use consents in the extended Scheme area, may not be given or may be given on conditions that make delivery of water impractical or uneconomic.

7.4 Statutory Intervention

The Government or other regulatory bodies could introduce new legislation, regulations or by-laws that affect the ability of the Company to continue to deliver water or substantially affect the ability of the Company to deliver water effectively and/or economically.

7.5 Design Risks

There are risks in ensuring the designs for the irrigation scheme can deliver water at the expected volumes and water pressures to enable the benefits to be available to water users to irrigate farms. If any of the designs do not meet their expected performance criteria this would be detrimental to the effectiveness and/or economics of the irrigation Scheme.

7.6 RDR Canal Risk

The delivery of water is dependent on using the RDR Canal to deliver water into a distribution system. The agreement with Rangitata Diversion Race Management Limited (RDRML) is subject to the shareholders of RDRML approving the agreement and not being detrimentally affected by the user of the RDR by the Company. If the right to use the RDR was terminated, or suspended, the Company could not deliver water to water users.

7.7 No Guarantee on Water Supply

The Company gives no assurance that water will be available to a particular property. Any applicant must ensure that the property to which the applicant requires water to be delivered is within the water distribution scheme area as disclosed by the Company, and as indicated on the entitlement letter. If there is a lack of applications for shares from a particular area, so affecting the economics of supplying that area, the Company may decline the application and return the applicant's funds.

7.8 Regulatory Position on Water Supply

The provision of water will be subject to a regulatory regime or a policy statement that may be required by Environment Canterbury relating to the use of water in the proposed Scheme area. Full details of the above are not known and those who apply for shares should be aware of the changing regulatory environment for the use of water in Canterbury.

7.9 Priority Position

Those farmers applying for shares in this issue will be making the further capital contribution indicated when taking up their original shares in the company under an earlier Prospectus. The further capital contribution will enable the shareholder to exercise the priority rights attached to the ordinary shares issued by the Company to receive water. Entitlements to water of 1 litre per second will be provided to every six hundred and seventy (670) I Shares and one thousand three hundred and thirty (1330) D Shares held as set out in the entitlement form.

7.10 Bank Funding

To complete the Scheme BCI must borrow up to \$10.2 million from banks. Although satisfactory proposals have been received from banks there is no certainty that bank funding will be available.

7.11 Acton Agreement

An agreement has been reached Acton Farm Irrigation Limited (AFIL), in which company the shares are held by farmers in the Acton area, to be granted a licence right for up to 3 cumecs of water. That water has a priority after 8 cumecs of water from the BCI take consent are used. AFIL must pay \$2 million for each cumec licensed for the Acton area and the minimum uptake is 1.6 cumecs for an amount of \$3.2million. If AFIL cannot pay that amount on or before 15 September 2010 the Company will provide funding for the balance amount due for the period to 15 September 2011 at the cost of borrowing and thereafter at 12% per annum. The balance due is payable, at the latest, on 15 September 2015. An initial 5% deposit is payable on the amount due. It is expected that AFIL will wish to take the full 3 cumecs of water and the Company will receive a total of \$6million for that water over a period of time but the timing of the receipt of those moneys is not certain.

8 Consequences of Insolvency

If BCI becomes insolvent, or is placed in liquidation, the benefits each shareholder receives from the delivery of water may be stopped. All creditors of BCI will be repaid and if any balance remains this will be distributed to all shareholders in proportion to the number of shares held. There may be no moneys available to shareholders. Shareholders will not be required to pay any moneys to BCI except charges due and payable under a water supply agreement and unpaid amounts due on the shares.

Can the investment be altered?

9 Alteration of Securities

9.1 After the shares have been issued there is no right to increase the amount payable by the applicant for the shares.

9.2 The rights attached to the shares can only be changed by a special resolution of the holders of the shares passed at a meeting called for that purpose. In order to be passed, a special resolution requires a majority of 75% of the votes cast at the meeting either in person or by proxy to be in favour of the resolution.

9.3 The Board can determine that shareholders must hold a certain number of shares to be entitled to a certain volume of water and/or to qualify for a rebate or

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discount. If the shareholder is required to hold more shares, then these may be paid up from dividends, rebates or other distributions otherwise payable to that shareholder.

How do I cash in my investment?

10 Early Termination

10.1 Under the Co-operative Companies Act 1996 shares can be surrendered at their nominal value being the issue price for each of the I Shares and D Shares each. This right can only be exercised where the shareholder ceases to be a transacting shareholder with BCI. This can only be implemented where BCI can meet the solvency test.

10.2 Right to Sell Securities

There is no right to transfer shares in BCI except if a transfer is permitted by the Board.

Shares are normally transferable with the farm land to which they relate as they are issued to persons who will purchase a property that is connected to the distribution system and when a shareholder sells a farm the shares are transferred at the same time to the purchaser.

Transfers can also arise when an existing farm which at the time has the right to take supply from the distribution system is transferred to another member of the same family or a new owner or where the shares are transferred by a shareholder to a trust or company and at the same time the shares in BCI are transferred.

Who do I contact with enquiries about my investment?

11 Enquiries about Securities

The name of the agent of BCI to whom enquiries about the shares can be made, and the address and business telephone number of that person is:

John Wright
Barrhill Chertsey Irrigation Limited
C/- Croys Limited
Chartered Accountants
Level 2, 161 Burnett Street, P O Box 582, Ashburton
Phone: (03) 302 8111 / Cell Ph: 0274 362 358

Is there anyone to whom I can complain if I have problems with the investment?

12 Complaints about Securities

The name of the employee of BCI to whom complaints about the shares can be made, and the address and business telephone number of that person is:

John Wright
Barrhill Chertsey Irrigation Limited
C/- Croys Limited
Chartered Accountants
Level 2, 161 Burnett Street, P O Box 582, Ashburton
Phone: (03) 302 8111 / Cell Ph: 0274 362 358

Complaints about the shares cannot be made to an ombudsman.

What other information can I obtain about this investment?

13 Prospectus and Financial Statements

Other information about the shares and BCI is contained or referred to in a Prospectus issued by BCI and in the most recent financial statements of BCI. The Prospectus is dated 4 December 2009 and was amended by a Memorandum of Amendments dated 18 December 2009.

BCI has entered into a number of material contracts to enable the Scheme to proceed. A copy of each material contract is on the website of BCI. Further details are set out in the Prospectus.

A copy of the Prospectus and of the most recent financial statements of BCI can be obtained, free of charge, from:

Barrhill Chertsey Irrigation Limited
C/- Croys Limited
Chartered Accountants
Level 2, 161 Burnett Street
P O Box 582, Ashburton
Phone: (03) 302 8111 / Cell Ph: 0274 362 358

or can be accessed (as can this Investment Statement) on the website of BCI at www.bci.co.nz.

The Prospectus, financial statements and other documents of, or relating to, BCI are filed on a public register at the Companies Office of the Ministry of Commerce and copies are available from the Companies Office website www.companies.govt.nz.

14 Annual Information

In each year every shareholder of BCI is sent a copy of the Annual Report of BCI. This Annual Report includes the financial statements of BCI for the relevant financial year.

15 On Request Information

The information that is available on request from BCI is a copy of the Prospectus and the latest Annual Report of BCI. Any request for such information should be made to BCI at Level 2, 161 Burnett Street, P O Box 582, Ashburton, or by telephoning (03) 302 8111 /Cell Ph: 0274 362 358. No charge will be made for the information provided to each applicant.

In addition, a shareholder is entitled to request information from a company in accordance with section 178 of the Companies Act 1993. A company is permitted to charge a reasonable amount for supplying that information in accordance with section 178.

16 Directors Statement

16.1 All material matters relating to the offer of Shares in this Investment Statement are correct and there are no other material matters that are not set out herein or in the Prospectus or latest financial statements issued by the Company.

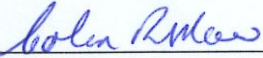
16.2 In the period from 1 April 2009 to the date of this Investment Statement there have not, in their opinion, arisen any circumstances that materially adversely affect:

- (a) the trading or profitability of the Company; or
- (b) the value of the assets of the Company; or
- (c) the ability of the Company to pay its liabilities due within the next twelve months.

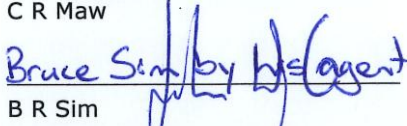
BARRHILL CHERTSEY IRRIGATION LIMITED



C J Bell




C R Maw



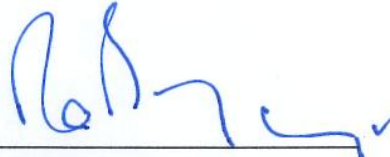
Bruce Sim by his agent



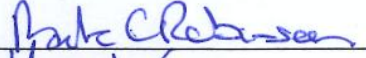
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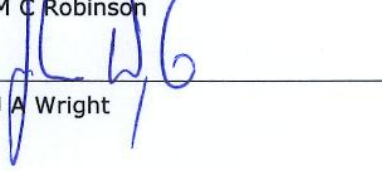
R T Mason



R A Bonifant



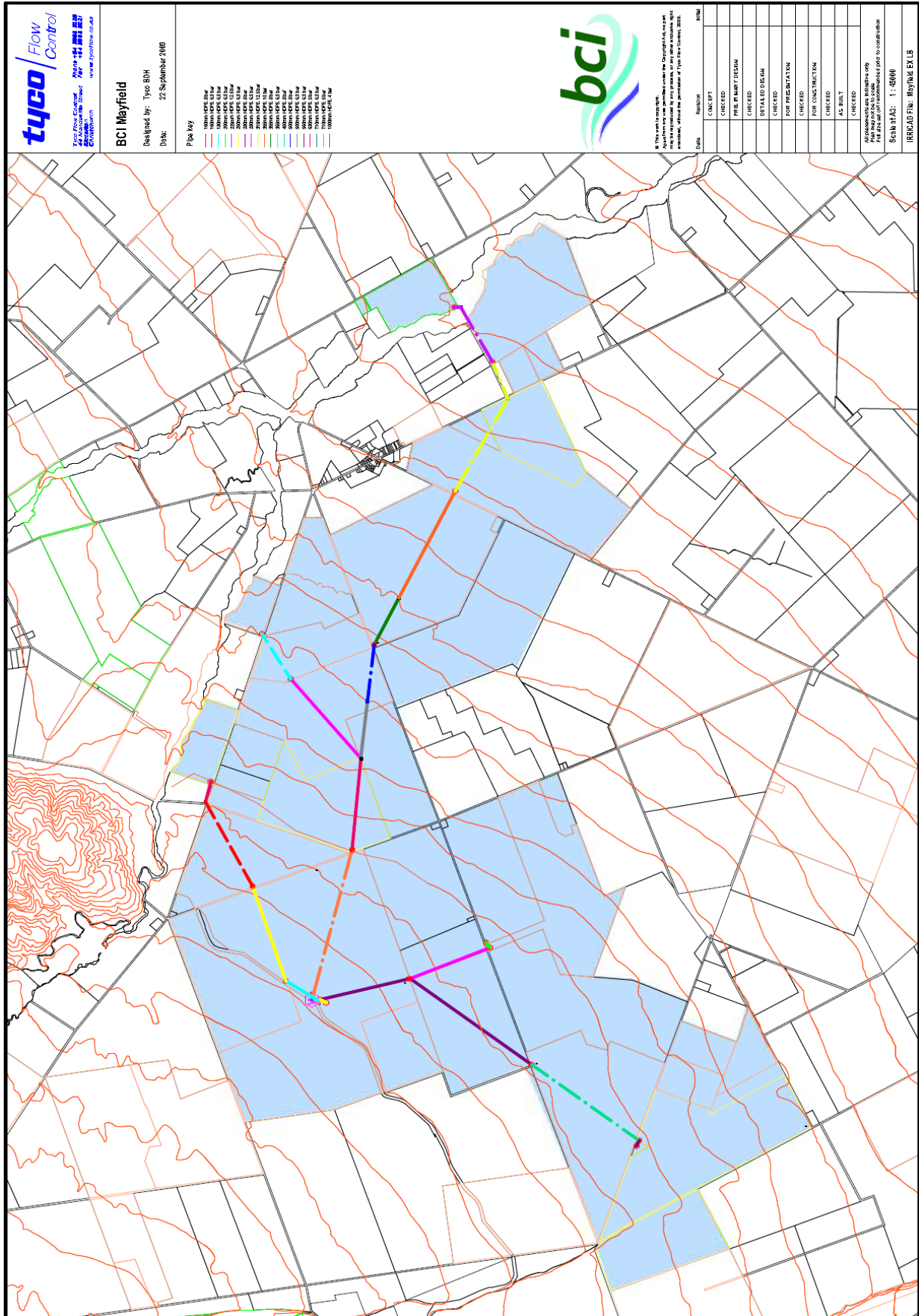
M C Robinson



J A Wright

AREA MAPS:

BCI - MAYFIELD



BARRHILL CHERTSEY IRRIGATION LIMITED

BCI - METHVEN AND Highbank

