

Policy - Transfer of shares to a different parcel of land

1. Policy Background

MHV's Terms of Water Supply provide for the right, under certain circumstances, of shareholders to lease or sell shares to another property. This trading and leasing of water between farmers within the zone is encouraged, to facilitate more efficient use of the resource. Shareholders who are not fully shared or who can demonstrate an environmentally and economically efficient use for extra water are encouraged to make use of the opportunity.

2. Purpose

The purpose of this policy is to define the Company's requirements relating to the trading of surplus water between shareholders.

3. Scope

This policy applies to shareholders wishing to trade or lease their shares in MHV, and to the management of MHV when deciding whether to approve or deny an application to do so. Specifically, it is relevant in the following two scenarios:

- a) Sale/lease of shares to a new parcel of land that is previously unshared (dryland)
- b) Sale/lease of shares to an existing shareholder wishing to top up their allocation to increase reliability

4. Policy Details

4.1 Contractual

1. All share trading and leasing is subject to prior approval by MHV.
2. The Scheme shall co-ordinate lease transactions. An approved MHV Lease Agreement will be executed by all parties and the Scheme Office will keep a record of leases.
3. Any financial arrangements around the leasing of shares shall be the responsibility of the lessor and lessee to determine and enforce.
4. The lessor of leased shares shall remain responsible for all water charges and obligations under the water supply agreement and will retain ownership and voting rights. Should the lessee default on any compliance matter the responsibility for compliance will remain with the shareholder/lessor.

4.2 Environmental

1. The net impact of any movement of water or change in delivery location must not result in a net increase in nutrient loss for the scheme.
2. Compliance with the Environmental Management Strategy for MHV Water will be required

- Environmental sign off is required prior to any sale or lease arrangement being approved. In any situation where there will be an increase in nutrient discharge, a FAVA will be required.

3.1 Operational

- The Scheme Operators must be able to manage the re-directed flows both in the open race and in piped infrastructure. Should water delivery capacity be unable to cope, any modification will be at the shareholders' expense, to be determined between the two parties.
- For piped systems, the Scheme Operators will require an approved flow model to demonstrate that proposed water movements will not negatively impact other shareholders.
- Minimum leasing term shall be mutually agreed between MHV and the leasing parties.
- Lease allocation may only be taken when it has been demonstrated that the total depth applied on the area being irrigated does not exceed the Regional Authority daily and seasonal limits. This includes the simultaneous application of scheme, on farm stored and groundwater water sources.
- For all share transfers M or MG Shares must remain within the Mayfield Hinds zone, and any V Shares must remain within the Valetta zone.

5. Review and Sign Off

| Revision No. | Status | Date | Prepared by | Checked | Approved |
|--------------|--------|----------|-------------|---------|---------------|
| 00 | Draft | May 2018 | FM | SA, MB | Board June 18 |
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6. Related Documents

- MHV Share Lease Agreement
- MHV Share Transfer Checklist