



NOIC NEWSLETTER

MAY 2019

Welcome

In this month's newsletter we farewell Robyn and welcome the new CEO Andrew Rodwell. We cover water use and charges for the season so far; give you an update on operations; and a thanks on sending in your meter readings for March on time

Final Words

On this the day of my final board meeting as the CEO of NOIC I want to express my gratitude to you all for the opportunity I was given to be a part of the North Otago Irrigation Scheme over the last 8 ¾ years. It has been a privilege; I have learned a lot and have made many friends and discovered new colleagues. I am pleased to turn over the business to a person as capable as Andrew and also very proud of the great team: Ben, Stephen, Kathy, Jodi, Colin, Greg, Shane, Will and Barry that we have in place. I wish them, and you all the very best for the future. North Otago will always have a very special place in my heart.

CEO Update



The Board have appointed a new CEO, Andrew Rodwell. Andrew comes to NOIC with a strong background in leadership roles across a range of industries. At one time New Zealand's Trade Commissioner in Los Angeles (with a focus on food and agritech), Andrew then went on to form and lead a US-based subsidiary for Telecom NZ. On returning to New

Zealand, he spent 7 years as CEO of Arborgen, NZ's largest forestry biotech and seedling production company, undertaking GE research, clonal propagation and operating seven nursery sites across NZ and Australia. Subsequent CEO roles in high-tech engineering and manufacturing companies have led him to NOIC. In Andrew's words "back to the primary sector, which is really where my natural interest lies". With a BSc (Canterbury), a Diploma in Business (Finance) from Auckland University's Graduate School of Business and an extensive commercial career both in NZ and overseas, Andrew brings energy and experience to NOIC. Andrew says "The value of water cannot be underestimated. It has the capacity to transform farming, lifting productivity and reliability. This provides farmers

with land use options not otherwise possible and leads to regional economic growth, through investment in primary and, ultimately, added-margin secondary processing. For the community, this means new jobs and new opportunities. However, there is a fine balance between economics and the social license that comes with access to the nation's water. It is my goal to achieve and maintain that balance for this company, ensuring the efficient delivery of water to our farms while meeting, indeed exceeding, the environmental and social obligations inherent in our consent. I will strive to see NOIC regarded as a leader in regional farm irrigation schemes, by optimising the scheme, investing in

technology to maximise efficiency, while mitigating any resultant environmental impact. I'm looking forward to working with the NOIC team, our shareholders and stakeholders to achieve this. Success will benefit our shareholders, our community and NZ generally." Andrew and his wife, Maree, will be moving to Oamaru from Christchurch in May. They have three grown children. Andrew's interests include tennis, golf, skiing and cycling and, while a life-long Crusaders supporter, declares the Highlanders are definitely his next favourite team.

Operations Update

We have been experiencing an unusually late run on irrigation demand this season and acknowledge that a couple of the scheduled maintenance works (hydrotest and Transpower outage) will impact this in the next couple of weeks.

Updates relating to these pending outages have been sent out by email, summarised in the following:

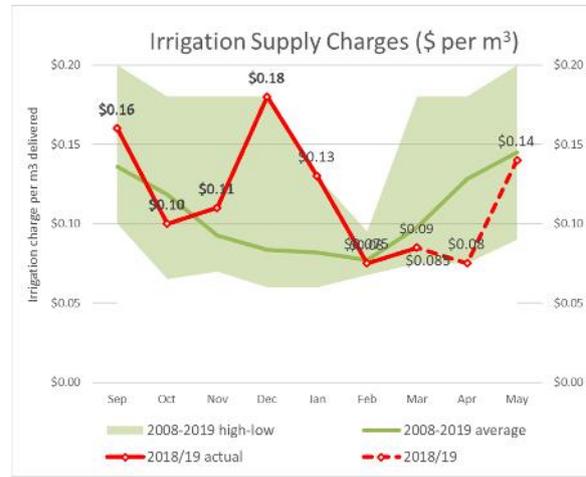
Hydrotest – 30 April – 2 May

-) Affects expansion shareholders only
-) Gravity oftakes to the PRV off on Tuesday 30th April
-) PRV and pump stations isolated on Wednesday 1st May
-) Hydrotest completed on Wednesday 1st May
-) Supply progressively returned through to Thursday 2nd May

Transpower – 6-10 May

-) Affects all shareholders

-) We will be turning power off to Duntroon PS and PS2 on Sunday night to prevent systems failure when Transpower pull the plug on Monday morning
-) No irrigation supply available, please shut off all hydrants and the offtake discharge valve
-) NOIC will have in place a temporary stock water supply to the head pond (generators and alternative water)
-) Where possible please initiate alternative stock water supplies to reduce demand on the scheme during the outage



Commercial Update

Meter Readings

Wow what a month March was for meter readings – they were 95% in by the 2nd of April and invoicing was completed in record time on the 4th. Thanks to everyone for your great response. Let’s try to keep this going for next season.

Water Use and Supply Charges

This season has been among the most unusual in NOIC’s history due to the wet December and unprecedented low demand in what normally is a month of high demand.

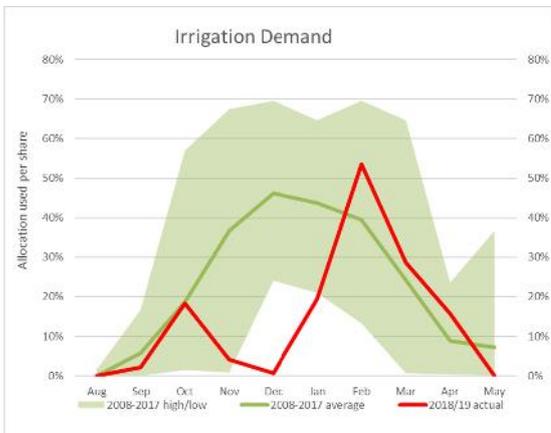
From the end of January irrigator demand increased. As you can see in the following graph, February March and April all saw above-average water use.

With kind regards from the NOIC team

Shares Available
Up to 80 NOIC Shares available for sale and/or lease
Contact: Derek Chalmers
027 496 7177

Shares to Lease:
Brenda McLeod 100-130 shares please call 027 513 1100

22 NOIC shares for sale
Contact: Doug Rodgers 027 609 9071



This season’s supply charges per m³ of water have also been unusual especially in December when rates were very high. Since then rates have fallen on the back of increased irrigation demand.

With the strong demand in April we are estimating a supply charge of no more than \$0.08 per m³ for the month.