

Irrigator Cost over-run repayment scenarios.

2 June 2021



The following tables outline the estimated cost increases associated with the funding options for WIL's \$24.8M share of the capital cost overruns.

The tables do not include expected increases to the Water Charge that are funded by mechanisms already covered by the existing Project Documentation and will be incurred by WIL shareholders regardless of which of funding options below is ultimately adopted.

These expected increases are:

- 1) An increase to the finance part of the Water Charge related to the first \$3.0M of the capital cost overrun. Under lending documentation, WIL's \$1.5M share of this is funded by CIIL Facility C in all scenarios. This is expected to increase Water Charge per share by \$17 in Year 1, \$22 in Year 5 and \$23 in Year 10.
- 2) An increase to the operating part of the Water Charge related to WWL higher operating costs than initially budgeted (WIL's is responsible for 49% of the excess). This is expected to increase Water Charge per share by \$197 for Years 1 and 2 and \$162 thereafter (not accounting for inflation).

For avoidance of doubt, WIL Shareholders would also incur the base Water Charge expected at the time of project establishment, which is expected to be \$720 in Year 1, \$798 in Year 5 and \$934 in Year 10.

Independent of the funding solution of the irrigator share, it is also expected that TDC will charge rates to partly recover their share of overall cost overrun. These are outlined in Table 2 below.

Property	Land Area (Ha)	Land Value \$	Capital Value \$	# Shares	'Irrigator Share' (\$24.8 M)			'Irrigator Share' (\$24.8 M)			'Irrigator Share' (\$24.8 M)		
					LTP Option A Year 1	LTP Option A Year 5	LTP Option A Year 10	LTP Option D Year 1	LTP Option D Year 5	LTP Option D Year 10	'Revised option A' Water Charge Year 1	'Revised option A' Water Charge Year 5	"Revised option A Water Charge Year 10
Property 1	4.680 H	475,000	1,220,000	1	164	803	800	226	986	986	29	29	107
Property 2	5.508 H	900,000	1,445,000	3	311	1,521	1,515	429	1,869	1,869	88	88	322
Property 3	6.345 H	1,000,000	1,720,000	2	346	1,690	1,684	477	2,077	2,077	59	59	215
Property 4	2.2498 H	600,000	1,630,000	1	207	1,014	1,010	286	1,246	1,246	29	29	107
Property 5	15.9021 H	2,250,000	3,380,000	15	778	3,803	3,789	1,072	4,672	4,672	441	441	1,610
Property 6	8.4750 H	1,350,000	1,840,000	1	467	2,282	2,273	643	2,803	2,803	29	29	107
Property 7	27.7057 H	3,560,000	5,950,000	27	1,230	6,017	5,994	1,696	7,393	7,393	794	794	2,897
Property 8	3.8406 H	730,000	2,370,000	4	252	1,234	1,229	348	1,516	1,516	118	118	429
Property 9	1.5920 H	550,000	1,580,000	6	190	930	926	262	1,142	1,142	176	176	644
Property 10	4.2133 H	790,000	2,550,000	2	273	1,335	1,330	376	1,640	1,640	59	59	215
Property 11	8.5156 H	1,190,000	2,340,000	3	411	2,011	2,004	567	2,471	2,471	88	88	322
Property 12	32.5853 H	8,280,000	29,150,000	10	2,862	13,995	13,942	3,946	17,194	17,194	294	294	1,073

Table 1 - Comparison of LTP Option A, LTP Option D, and 'Revised option A' to cover the 'Irrigator Share' of the Project cost overrun

	Include?	Year 1	Year 5	Year 6	Year 10	Year 11
Original Water Charge		\$720	\$798	\$814	\$934	\$952
Impact of Use of Facility C (first \$3m of project overrun)	No	\$17	\$22	\$22	\$23	\$23
Impact of Funding Structure (for remaining overrun)	Yes	\$29	\$29	\$107	\$107	\$134
Impact of Higher Operating Costs	No	\$197	\$162	\$162	\$162	\$162
Est. Total Water Charge		\$964	\$1,010	\$1,104	\$1,226	\$1,272
Charge per Share Adopted		\$29	\$29		\$107	

Assumptions for Irrigator Share \$24.8m - LTP Option A

- The \$24.8m is split into two components both are which are shown in the figures above
- \$14.6m is collected across the new irrigator rate - targeted to affiliated consent holders
- The remaining balance is collected via General Rate across all ratepayers in the District for the first 5 years.

Assumptions for Irrigator Share \$24.8M - LTP 'Option D'

- The \$24.8M is collected across the new irrigator rate - targeted to affiliated consent holders

Assumptions for Irrigator Share \$24.8 M - increase in water charge (over the base water charge)

- The increase in Water Charge is an estimate based on a range of assumptions, and the ultimate figure may be affected by changes in:
 - Interest rate for the LGFA loan that is locked in, compared to the 1.56% interest rate assumed
 - Timing around repayment of the CIIL interest-free loan that would be subsequently be refinanced by interest bearing loans
 - Any differences in timing of drawdowns of relevant facilities
- A stepped increase in Water Charge is expected at Years 6, 11, 16 and 21, as these are the expecting timings for the CIIL Loan to be repaid and refinanced by an interest-bearing loan.

Property	Land Area (Ha)	Land Value \$	Capital Value \$	'TDC Share' (\$25.9 M)		
				Year 1	Year 5	Year 10
Property 1	4.680 H	475,000	1,220,000	62.85	133.89	135.20
Property 2	5.508 H	900,000	1,445,000	69.60	148.29	149.78
Property 3	6.345 H	1,000,000	1,720,000	77.85	165.89	167.60
Property 4	2.2498 H	600,000	1,630,000	75.15	160.13	161.76
Property 5	15.9021 H	2,250,000	3,380,000	127.65	272.13	275.16
Property 6	8.4750 H	1,350,000	1,840,000	81.45	173.57	175.37
Property 7	27.7057 H	3,560,000	5,950,000	204.75	436.61	441.70
Property 8	3.8406 H	730,000	2,370,000	97.35	207.49	209.72
Property 9	1.5920 H	550,000	1,580,000	73.65	156.93	158.52
Property 10	4.2133 H	790,000	2,550,000	102.75	219.01	221.38
Property 11	8.5156 H	1,190,000	2,340,000	96.45	205.57	207.77
Property 12	32.5853 H	8,280,000	29,150,000	900.75	1,921.41	1,945.06
Table 2 - Rate to cover 'TDC share' of project cost over-run						

Assumptions - TDC Rates

- This is a combination of Zone of Benefit and Districtwide rate
- The figures represent the total cost of rates for TDC's share of the whole \$159M, not just the project cost over-run.
- A property may also pay a rate associated with the Urban Water Club - as these rates are volumetric based they are not included in the above figures.

Example of total expected payments under LTP Option A vs Revised Option A for Property 1 (1 share)

	Year 1		Year 5		Year 10	
	LTP Option A	Revised Option A	LTP Option A	Revised Option A	LTP Option A	Revised Option A
Base Water Charge	\$720	\$720	\$798	\$798	\$934	\$934
Facility C Impact of funding first \$3.0M of overrun	\$17	\$17	\$22	\$22	\$23	\$23
Impact of higher operating expenses	\$197	\$197	\$162	\$162	\$162	\$162
Impact of adopted funding solution	\$164	\$29	\$803	\$29	\$800	\$107
Total expected WIL Water Charge	\$1,099	\$964	\$1,784	\$1,010	\$1,918	\$1,226
Rate charged to cover "TDC Share" of overrun	\$63	\$63	\$134	\$134	\$135	\$135
Total expected Charges	\$1,161	\$1,027	\$1,918	\$1,144	\$2,053	\$1,361

Example of total expected payments under LTP Option D vs Revised Option A for Property 1 (1 share)

	Year 1		Year 5		Year 10	
	LTP Option D	Revised Option A	LTP Option D	Revised Option A	LTP Option D	Revised Option A
Base Water Charge	\$720	\$720	\$798	\$798	\$934	\$934
Facility C Impact of funding first \$3.0M of overrun	\$17	\$17	\$22	\$22	\$23	\$23
Impact of higher operating expenses	\$197	\$197	\$162	\$162	\$162	\$162
Impact of adopted funding solution	\$226	\$29	\$986	\$29	\$986	\$107
Total expected WIL Water Charge	\$1,161	\$964	\$1,967	\$1,010	\$2,105	\$1,226
Rate charged to cover "TDC Share" of overrun	\$63	\$63	\$134	\$134	\$135	\$135
Total expected Charges	\$1,224	\$1,027	\$2,101	\$1,144	\$2,240	\$1,361

-ENDS-