

INFORMATION MEMORANDUM

5 October 2022

INVESTMENT MANAGER

Argyle Water Partners Pty Ltd ABN 22 652 655 340

Authorised representative of Argyle Securities Pty Ltd ABN 34 154 857 360 AFSL 420 509

Issuer of this Information Memorandum

TRUSTEE

Perpetual Corporate Trust Limited ABN 99 000 341 533 AFSL 392 673

APIR Participant Code: PTL2692AU

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IMPORTANT NOTICE

This Information Memorandum ('IM') dated 5 October 2022 relates to the offer of Units in the Argyle Water Access Fund (the 'Fund'). The issuer of this IM is Argyle Water Partners Pty Ltd (ABN 22 652 655 340, AR 001298938) ('Argyle', 'Investment Manager' or 'Issuer').

Perpetual Corporate Trust Limited (ABN 99 000 341 533, AFSL 392 673) is the trustee of the Fund (the 'Trustee'). The Trustee is the issuer of the Units in the Fund. The Trustee has appointed Argyle as the Investment Manager of the Fund. Argyle is an authorised representative of Argyle Securities Pty Ltd (ABN 34 154 857 360, AFSL 420 509). The Fund is an unlisted unregistered managed investment scheme.

Neither Argyle nor its directors, members, associates, or related entities, nor any other person related to Argyle, guarantees the performance of the Fund, the repayment of capital or any particular rate of income or capital return from, or increase in the value of, the Fund's assets. Argyle has not authorised any person to give any information in relation to the Offer which is not contained in the IM or presentations prepared by Argyle in relation to the Fund. No such information or representation may be relied upon as having been authorised by Argyle in connection with the Offer.

The regulated fundraising (Product Disclosure Statement ('PDS')) requirements of the *Corporations Act 2001* (Cth) ('Corporations Act') do not apply to this Offer.

The Offer made in this IM is available only to wholesale clients as defined in section 761G of the Corporations Act and other persons who are not required to be given PDS under the Corporations Act and only to those persons who receive this IM (electronically or otherwise) within Australia. If a copy of this IM has been obtained electronically, you need to print all of it. If you would like a paper copy of the IM, contact Argyle and a copy will be sent free of charge. This IM has not been, and will not be, lodged with the Australian Securities and Investments Commission ('ASIC').

The information contained in this IM is general information only and has been prepared without taking into account your individual objectives, financial situation or needs. You should consider the appropriateness of the information in this IM having regard to those matters and talk to your financial adviser before making an investment decision.

This IM and the Trust Deed of the Fund should be read in their entirety before making a decision to invest. Terms not defined in this IM have the meaning given to them in the Trust Deed. An investment in Units in the Fund is subject to investment risk, including possible delays in repayment and loss of income and principal invested. An investment in the Fund is not a deposit with and does not represent a liability of the Trustee, Argyle or any other person. The Trustee, Argyle or any of their respective related bodies corporate or any other person do not guarantee any particular return from the Fund, increase in value of the Fund or repayment of any amount invested in the Fund. The value of an investment in the Fund may rise or fall.

This IM has been prepared to the best of the knowledge and belief of Argyle. The IM is comprised of statements of intent and opinion, many of which may or may not be realised or be accurate. Argyle believes the information in this IM, including statements of intent and opinion, is based on reasonable assumptions. However, to the maximum extent permitted by law, none of Argyle, nor its directors, members, associates or related entities, nor any other person related to Argyle represent or warrant the accuracy or completeness of this IM, or any information contained in it, and no responsibility or liability will be accepted by Argyle, nor its directors, members, associates or related

entities, nor any other person related to Argyle for any loss or damage, howsoever arising, which results from reliance in whole or in part on such matters. The recipient agrees that it shall not sue nor hold any of Argyle, its directors, members, associates or related entities, or any other person related to Argyle liable in any respect whether in contract, negligence, equity or otherwise by reason of provision of the IM or any subsequent information and expressly releases them from such claims.

Certain information contained in this IM constitutes 'forward-looking statements', which can be identified by the use of forward-looking terminology such as 'may', 'will', 'should', 'expect', 'anticipate', 'intend', 'continue', 'believe', 'target' or other variations or comparable terminology. Due to various risks and uncertainties, including those set out in Section 7 (Key Risks) of this IM, actual events or results or the actual performance of the Fund may differ materially and adversely from those reflected or contemplated in the forward-looking statements.

This IM is not a PDS for the purposes of Part 7.9 of the Corporations Act. The level of disclosure in this IM may be different to that of a PDS, prospectus or similar document and is designed for experienced investors.

This IM does not purport to be complete, accurate or contain all information which recipients may require to make an informed assessment of whether to invest in the Fund. No obligation is imposed upon Argyle, its directors, members, associates or related entities, or any other person related to Argyle, to advise a recipient of any information of which any party becomes aware of or any change to, or error in, the information contained in this IM.

Recipients should independently verify the material contained in this IM and must rely on their own enquiries and seek professional advice as to the wisdom, or otherwise, of an investment in the Fund and as to the accuracy and completeness of this IM.

This IM does not constitute an Offer or invitation in any place where, or to any person to whom, it would be unlawful to make such an Offer or invitation. No action has been taken to register or qualify the Units or the Offer or otherwise to permit a public offering of the Units in any jurisdiction. The distribution of this IM in jurisdictions outside Australia may be restricted by the laws of those jurisdictions. A failure to comply with these restrictions may constitute a violation of the laws in those jurisdictions. Argyle, its directors, members, associates or related entities, and/or any other person related to Argyle, do not represent that this IM may be lawfully offered, in compliance with any applicable legislation or other requirements in any other jurisdiction, or pursuant to an exemption available under another jurisdiction, or assume any responsibility for facilitating any such distribution or offering. Argyle reserves the right to change the terms and conditions in this IM.

The defined terms used throughout this IM are set out in Section 11 (Glossary).

INTRODUCTION

Dear Investor

On behalf of Argyle Water Partners Pty Ltd, I invite you to invest in the long-established Argyle Water Fund alongside institutional investors via the Argyle Water Access Fund.

The Argyle Water Access Fund (the 'Fund') has been established to acquire 100% of the issued share capital of Argyle Water Access Pty Ltd ('Argyle Water Company'), which will acquire Units in the Argyle Water Fund in accordance with its constituent documents. This Information Memorandum should be read in conjunction with the Information Memorandum of the Argyle Water Fund.

The Argyle Water Fund was established in August 2012 to invest in the long-term ownership of Australian Water Entitlements (also known as water rights or water shares). It is well established and actively managed by a highly experienced team with the objective of generating non-correlated investment returns from its participation in Australia's regulated 'cap and trade' water markets. The Argyle Water Fund seeks to capitalise on the anticipated escalating demand for fresh water as a vital but increasingly scarce input to Australian agriculture, the development of more sophisticated water markets over time, and from on-going productivity gains and progressive changes in sustainable water use within Australia's irrigated agriculture sector.

The Argyle Water Fund delivers significant benefits for regional Australia. It provides an alternative source of capital to assist in the development of Australia's water markets and high value irrigated agricultural industries. As a non-land holder and regular seller of water in spot and forward markets, the Argyle Water Fund provides irrigation farmers with a new means to mitigate annual water supply risk and manage irrigation water expenses across seasons. In this way, it is entirely aligned with the National Water Initiative, which, since 2004, has been established as the enduring blueprint for the sustainable management of Australia's water resources.

Argyle's key executives and Investment Committee have decades of collective expertise in water, agribusiness and funds management. The investment team has actively managed the Argyle Water Fund through climatic extremes including periods of droughts and floods, and has built a deep network of irrigator clients across a broad range of regional water markets.

The Fund is the avenue by which Australian investors can access the Argyle Water Fund, which is otherwise closed for Australian wholesale investors.¹ An investment in the Fund offers Members the following benefits:

- a unique financial product that offers portfolio diversification benefits due to its low correlation with traditional financial markets;
- access to an existing diversified Water Entitlement portfolio at scale, which is managed to generate income from Water Allocation sales and from a range of Water Entitlement leases to top-quartile irrigator counterparties;
- access to a highly experienced team of investment professionals with decade-long experience in deploying and managing institutional capital in the Australian water market, including through several cycles of Australia's climate from floods to droughts;
- scale and sophistication in terms of Water Entitlement acquisition and portfolio management across Australian water markets;
- diversification of Water Entitlements across a number of geographies, river zones and agricultural industries;
- active and disciplined management of Water Allocation sales and Water Entitlement leases to derive annual yields; and
- potential for capital growth through the appreciation of a portfolio of scarce Water Entitlements over time.

It is important that you read this Information Memorandum carefully in its entirety, including Section 7 (Key Risks) relating to the Offer, before making your decision to invest. You should seek your own independent financial advice, if necessary.

If you require assistance regarding the Offer, please email investorservices@argylegroup.com.au or call Argyle Water Partners on +61 7 3077 7910.

Yours sincerely



Kim Morison
Chair & Chief Investment Officer

¹ The Argyle Water Fund is currently only open to Australian institutional investors and offshore investors via its Cayman and Delaware feeders.

SECTION 1: INVESTMENT OPPORTUNITY

The Argyle Water Access Fund (the 'Fund') has been established to acquire 100% of the issued share capital of Argyle Water Access Pty Ltd ('Argyle Water Company') which will acquire units in the Argyle Water Fund (the 'AWF') in accordance with its constituent documents.

Neither the Fund nor the Argyle Water Company are expected to hold any other assets (other than cash) or undertake any other material activities.

The Fund represents a globally unique opportunity to derive investment returns from Australia's established and emerging 'cap and trade' water markets.

This Information Memorandum should be read in conjunction with the Information Memorandum of the AWF.

The AWF was established in 2012 and has progressively grown in scale to currently represent one of the largest independently managed Water Entitlement investment portfolios in Australia. Given the inherently limited volume of Water Entitlements on issue in the regions in which the AWF is invested, Members of the AWF benefit from the scale of an established core Water Entitlement portfolio which is challenging to replicate. The AWF offers water supply and risk management solutions to a diversified range of leading irrigation enterprises.

The AWF's diversified portfolio of Water Entitlements are granted Water Allocations (consumptive water volumes) each year that are sold in spot and forward markets to generate income for the AWF. A proportion of Water Entitlements are leased to qualified top-quartile irrigator counterparties, generating known reliable annual revenues irrespective of the volume of water allocated to those Water Entitlements throughout each Water Year (July to June).

Australia is one of the few countries in the world with a robust legal and regulatory framework that allows investment returns to flow from the acquisition and management of Water Entitlements. With an estimated capitalisation in excess of \$50 billion as at 30 June 2022, the opportunity is meaningful for wholesale and institutional investors.

The opportunity arises from the shared commitment of the Australian Commonwealth and State Governments, embodied in the 2004 National Water Initiative ('NWI'), to build a national water market to more effectively manage the consumptive use of Australia's scarce water resources. Since that time, the various governments have encouraged the development of compatible regulatory and planning systems

capable of managing surface and groundwater resources for both rural and urban use, whilst seeking to optimise economic, social and environmental outcomes. In 2021, Australia's Productivity Commission reported on its review of the NWI recommending its continuation as a bi-partisan national water policy framework.

The most developed water markets exist in the Murray-Darling Basin ('MDB') region. The effectiveness of these markets was comprehensively reviewed by the Australian Competition and Consumer Commission ('ACCC') in 2021. The ACCC's final inquiry report² provides a clear recognition of the many benefits of water markets. It upheld the NWI and the water markets framework. The ACCC supported the role of non-land holding market participants in providing access to alternative sources of capital for irrigation farming, the creation of market liquidity, and the provision of risk management products for irrigation farmers.

The Argyle Water Fund fulfils an enduring market need consistent with the NWI, by providing an alternative source of capital and additional liquidity to Australia's water markets and helping to facilitate the movement of water to its highest economic use.

Investment returns from Australian Water Entitlements comprise a mixture of capital growth and yield.

Long-term capital growth is expected to be driven by increased demand for water due to its scarcity as an input to high value agricultural production. This is supported by growing export markets for premium Australian food, fibre and beverages. Fresh water is a non-substitutable input into food, fibre and energy production required by a growing world population with increasingly higher per capita incomes.

The supply of water for consumptive use in some areas of Australia has been reduced in recent years through the implementation of the Murray-Darling Basin Plan ('Basin Plan'), which is designed to return a greater share of the resource to environmental flows.

Investment income is generated from the sale of the water allocated to the Water Entitlements each year and by the longer-term leasing of Water Entitlements to qualified irrigator counterparties.

Climatic conditions are a primary driver of short-term returns in the water markets; therefore, investment returns from Water Entitlements are not highly correlated with other traditional investments such as property or equities.

² <https://www.accc.gov.au/focus-areas/inquiries-finalised/murray-darling-basin-water-markets-inquiry/final-report>

SECTION 2: INVESTMENT GUIDELINES

It is expected that the returns of the Fund will correlate with the returns of the AWF; however, the unit price of the Fund will diverge from the unit price of the AWF due to the tax liabilities accrued and incurred by the Argyle Water Company.

The Fund will receive post-tax distributions from the Argyle Water Company. Members should receive post-tax distributions and may receive franking credits from their investment in the Fund. However, this will depend on the franking credit balance of the Argyle Water Company each year.

Any other divergence is expected to be insignificant, as all costs related to the management of the Fund and Argyle Water Company are expected to be borne by the Investment Manager of the AWF.

INVESTMENT GUIDELINES OF THE ARGYLE WATER FUND		
TARGET RETURN³	10% – 14% per annum ⁴ (before tax and Management Costs) ⁵	
RECOMMENDED MINIMUM INVESTMENT TERM	5-7 years	
EXPECTED ALLOCATION RANGE TO EACH STATE	New South Wales / ACT	30%-80%
	Victoria	20%-60%
	Queensland	0%-20%
	South Australia	0%-20%
	Western Australia	0%-5%
	Tasmania	0%-20%
MAXIMUM EXPOSURE TO ANY ONE REGION⁶	10% of the aggregate volume of Water Entitlements (ML) in that Region	
MAXIMUM EXPOSURE TO A SINGLE SECURITY CLASS IN ANY ONE REGION⁶	20% of the Net Asset Value of the AWF	
MAXIMUM EXPOSURE TO REGIONS SERVICED BY THE MURRAY RIVER⁶	70% of the Net Asset Value of the AWF	
EXPECTED ALLOCATION RANGE TO CASH⁷	0%-20%	

- The Target Return is not intended to be a forecast. It is merely an indication of what the AWF aims to achieve. Targets are subject to risk.
- The Target Return is gross of tax and Management Costs. The Target Return is also before any Performance Fee. The AWF may not be successful in meeting its objective. Returns are not guaranteed.
- While the Fund is not taxed and operates as a ‘pass through’ trust for tax purposes, it is expected the Fund will be in receipt of post-tax distributions from the Argyle Water Company (the wholly owned holding company that will acquire units in the Fund). Members should receive post-tax distributions and may receive franking credits from their investment in the Fund. However, this will depend on the franking credit balance of the Argyle Water Company each year. Refer to Section 8 (Taxation) for more details.
Management Costs include the Management Fee and Administration Fee referred to in Section 6 (Fees and Charges), but do not include any Performance Fee referred to in Section 6 (Fees and Charges).
- The Investment Manager of the AWF may change or otherwise deviate from these guidelines from time to time.
- The Investment Manager of the AWF may change or otherwise deviate from these guidelines from time to time. Members should note that following the investment of new capital and prior to the payment of a cash withdrawal, the allocation to cash may be significantly greater than 20%. This may cause the AWF’s returns to be temporarily and adversely different to the returns from Australian water markets.

SECTION 3: FUND SUMMARY AND KEY FEATURES

The following information is a summary of the key terms of the **Argyle Water Access Fund**. Detailed terms are provided in Sections 4 and 6.

FUND SUMMARY	
TYPE OF INVESTMENT	Argyle Water Access Fund is an unlisted unregistered managed investment scheme.
TRUSTEE	Perpetual Corporate Trust Limited (ABN 99 000 341 533, AFSL 392 673)
INVESTMENT MANAGER	Argyle Water Partners Pty Ltd
ADMINISTRATOR	Argyle Capital Partners Pty Ltd
UNIT REGISTRY	One Registry Services Pty Ltd
AUDITOR	EY
INVESTMENT MANDATE	The Argyle Water Access Fund (the 'Fund') has been established to acquire 100% of the issued share capital of Argyle Water Access Pty Ltd ('Argyle Water Company') which will acquire units in the Argyle Water Fund (the 'AWF') in accordance with its constituent documents. This Information Memorandum should be read in conjunction with the Information Memorandum of the AWF.
ELIGIBLE INVESTORS	Wholesale clients within the meaning of section 761G (7) of the <i>Corporations Act 2001</i> and other qualifying investors permitted to invest otherwise than through a PDS.
MINIMUM APPLICATION AMOUNT	\$50,000 initially and \$10,000 for subsequent applications, or such lesser amount as determined by the Trustee.
APPLICATION DATES	<p>Applications can be made up until the 21st calendar day in any calendar month, or such other dates as the Trustee determines, for processing (effective) on the first business day of the next calendar month.</p> <p>The Investment Manager will require confirmation of the updated monthly unit price from the AWF before Units can be allotted in the Fund. Accordingly, confirmation of Units allotted will be provided to investors on the 10th business day of the next calendar month.</p>
WITHDRAWAL DATES	Investments are subject to a two-year lock-up period from the time of subscription. Following the expiry of that period, withdrawals can be made as of the last business day of any calendar quarter (subject to 60 business days' notice), or such other dates as the Trustee may determine.
WITHDRAWALS AND LIQUIDITY	<p>After the two-year lock-up period has expired, the Trustee will endeavour to satisfy a request to redeem Units of a Member ('Withdrawal Request') on the last business day of any calendar quarter or such other date determined by the Trustee ('Withdrawal Date').</p> <p>It is generally expected that a redemption of Units in the Fund will be funded by the Trustee from either a buy-back of ordinary shares in the Argyle Water Company or a selective capital reduction with a cancellation of ordinary shares in the company. It is generally expected that the Argyle Water Company will fund share buy-backs or selective capital redemptions via a redemption of Units held in the AWF.</p>

	<p>The Trustee may, in its sole discretion, reduce all Withdrawal Requests for a particular Withdrawal Date on a pro rata basis (including reducing those Withdrawal Requests to zero), which may arise if the AWF Trustee is unable to satisfy Withdrawal Requests in the usual timeframes.</p> <p>The Trustee will ensure Withdrawal Requests are satisfied not more than 36 months after the Withdrawal Date; however, the Trustee will endeavour to satisfy the full value of each Withdrawal Request within 24 months unless, having regard to the circumstances in Section 7 (Key Risks), the Trustee decides it is not in the interest of all Members to do so.</p> <p>Any unsatisfied portion of any Withdrawal Request will be cancelled. The Trustee will seek the submission of a new Withdrawal Request. It will be treated equally and satisfied on a pro rata basis in the subsequent quarter (provided 60 business days' notice has been given).</p> <p>The Trustee may suspend withdrawals where necessary to protect the Fund and its Members.</p>
<p>MINIMUM REDEMPTION AMOUNT</p>	<p>The lower of \$50,000 or the residual investment amount.</p> <p>Due to the 60 business days' notice requirement, Withdrawal Requests must be stipulated in number of Units to be redeemed, as the exit price will not be known until the date of redemption.</p>
<p>MINIMUM HOLDING AMOUNT</p>	<p>\$50,000, or such lesser amount as determined by the Trustee.</p>
<p>UNIT PRICE</p>	<p>The AWF offers different unit classes reflecting non-redemption periods and management fee rates for institutional investors. The Argyle Water Company will subscribe for "E" Class Units in the AWF.</p> <p>Fund unit prices are based on the Net Asset Value ("NAV") of the Fund divided by the number of units on issue in that Class and are variable. Income is rolled up into the unit price until distributed. Any tax payable is also accrued in the unit price.</p> <p>The Fund unit prices are derived by applying the same process as determining AWF unit prices; however, the unit price of the Fund will diverge from the unit price of the AWF due to the tax liabilities accrued and incurred by the Argyle Water Company. Any other divergence is expected to be insignificant as all costs related to the management of the Fund and Argyle Water Company are expected to be borne by the Investment Manager of the AWF.</p> <p>The Unit Price for the Fund will generally be available within 10 business days of month end.</p>
<p>FUND TAXATION AND DISTRIBUTIONS</p>	<p>It is intended that the Fund will be treated as a "flow-through" entity for Australian income tax purposes and classified as an Attribution Managed Investment Trust (AMIT) subject to confirming the number of investors in the Fund. Broadly, this means that under the current Australian income tax legislation, the Members (rather than the Trustee) will generally be liable for tax on the net income of the Fund on an attribution basis.</p> <p>As the Fund will hold 100% of the issued ordinary share capital of the Argyle Water Company, which will acquire the Units in the AWF, it is expected the Fund will be in receipt of post-tax distributions from the Argyle Water Company. This is because the Argyle Water Company will be subject to Australian income tax on its share of net income from the AWF that it may be presently entitled to during a particular income year (as well as any tax gain realised on disposal of its investment in the AWF).</p> <p>Where the Fund is an AMIT, it should attribute its trust components to Members each financial year on a fair and reasonable basis (including any relevant franking credits received from the Argyle Water Company). Refer to Section 8 (Taxation) for a detailed description of the Fund's taxation status.</p>

	<p>Members will need to include in their income tax return their share of the Fund’s taxable income for each financial year. To assist Members to complete their tax return, an annual tax statement or an AMIT Member Annual (AMMA) statement will be provided. This statement will provide Members with the components to be included in their tax return. The sum of these components may differ to the amount of cash distribution a Member receives.</p> <p>Where available, the Fund may distribute income by way of an annual or interim distribution. Capital distributions may also be made. Distributions will be made in proportion to the number of Units held on the relevant distribution date. A Member may elect to re-invest all or a portion of their income distribution.</p>
YEAR END	30 June
FEES	<p>Fees will be borne indirectly by the Fund in respect of its investment in the AWF (through the Argyle Water Company). This may include certain fees (the GST exclusive amount) being recharged to the Investment Manager. Refer to the following summary of the Fund’s key terms. The Fund and the Argyle Water Company may also incur their own operating costs which are not expected to be significant.</p> <p>Refer to the AWF Information Memorandum for a detailed outline of the fees and charges payable by the AWF.</p>
ALLOTMENT DATE	The allotment of Units is effective on the first business day of the relevant calendar month, or such other time as the Trustee determines.

SECTION 4: DETAILS OF THE OFFER

OFFER

Pursuant to this Offer, investors may acquire Units in the Argyle Water Access Fund.

MINIMUM INVESTMENT

The Minimum Application Amount is \$50,000 initially, or such lesser amount as determined by the Trustee, and \$10,000 for subsequent applications, or such lesser amount as determined by the Trustee.

APPLICATIONS FOR UNITS

If the Trustee receives the Application Form and cleared Application Monies by the 21st calendar day in a calendar month, Units will, in general, be issued effective on the first business day of the following calendar month at the Application Price determined by the Administrator on behalf of the Trustee (refer to Section headed Unit Price on page 11).

Application Forms and cleared Application Monies received after the 21st calendar day in a calendar month will be processed on the first business day of the month following the month after the month in which the application is received.

The acceptance of any application for Units will be at the absolute discretion of the Trustee. The Trustee may reject an Application (in whole or in part), in which case, the Trustee will refund the Application Monies. Any interest accrued on Application Monies will accrue to the benefit of the Fund.

WITHDRAWALS

Withdrawal Requests will be processed on each Withdrawal Date. There is an initial two-year lock-up period.

Following the expiration of the lock-up period, Withdrawal Requests are subject to 60 business days' notice, or such other notice period determined by the Trustee.

It is generally expected that a redemption of Units in the Fund will be funded by the Trustee from either a buy-back of ordinary shares in the Argyle Water Company or a selective capital reduction with a cancellation of ordinary shares in the company. It is generally expected that the Argyle Water Company will fund share buy-backs or selective capital redemptions via a redemption of Units held in the AWF.

The Trustee will endeavour to satisfy Withdrawal Requests at each Withdrawal Date. Nonetheless, the Trustee in its sole discretion may reduce all Withdrawal Requests for a particular Withdrawal Date on a pro rata basis (which may arise if the Trustee of the AWF is unable to satisfy Withdrawal Requests in the AWF in the usual timeframes).

The AWF Trust Deed requires Withdrawal Requests to be satisfied not more than 36 months after the Withdrawal Date; however, the Trustee of the AWF will endeavour to satisfy the full value of each Withdrawal Request within 24 months

unless, having regard to the circumstances, the Trustee of the AWF decides it is not in the interest of all Members to do so.

Any unsatisfied portion of any Withdrawal Request will be cancelled. The Trustee will seek the submission of a new Withdrawal Request. It will be treated equally and satisfied pro rata in the subsequent quarter (provided 60 business days' notice has been given).

In addition, the Trustee may determine to postpone or suspend Withdrawal Requests and payments in certain extraordinary circumstances as set out below.

All Withdrawal Requests for each Withdrawal Date will be treated equally and satisfied on a pro rata basis.

Monies will be remitted once the Withdrawal Price for the relevant Withdrawal Date has been approved, within a reasonable time following the Withdrawal Date in the absence of exceptional circumstances (otherwise the Trust Deed allows for up to 36 months).

The Trustee may make a determination to postpone or suspend:

- (i) payments to Members in respect of Withdrawal Requests; and/or
- (ii) the calculation of the NAV of Units; and/or
- (iii) the issue of Units; and/or
- (iv) the redemption of Units in certain circumstances, including where Argyle Water Company is unable to redeem its units in AWF because trading on relevant markets is closed or restricted, or during an emergency or a state of affairs as a result of which it is not reasonably practicable for AWF to acquire or dispose of assets or to determine Unit Prices fairly (including any moratorium declared by a government), or any other circumstances as provided for in the Trust Deed, or where the Trustee otherwise considers it to be in the interests of Members.

The Fund may also suspend payment of Withdrawal Requests if the Trustee deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Fund, Argyle or any of the Fund's service providers.

The Trustee may, in its sole discretion, compulsorily redeem all or any portion of a Member's Units at any time for any reason or no reason.

Following a Withdrawal of Units, the Trustee will issue a transaction advice that details the Withdrawal Date, transaction date, transaction amount, Withdrawal Price, number of Units redeemed and the current Unit balance.

UNIT PRICE

The Administrator generally calculates Unit Prices monthly, although it may do so more or less often than this. The Unit Price for the Fund will generally be available within 10 business days of month end. Assets are valued at market value using a method determined by the Administrator and permitted by the Trust Deed. A different method of valuation may be applied in some circumstances, particularly where that method is required to reflect more fairly the value of the relevant investment.

Units are issued at the Application Price and withdrawn at the Withdrawal Price, with both prices calculated relative to Fund pricing. Both the Application Price and the Withdrawal Price of a Unit are calculated based on the NAV of the Fund divided by the number of Units in the Fund on issue on a pricing day.

Calculation of Application Prices and Withdrawal Prices are subject to a buy/sell spread being collected at Fund level, and passed onto the AWF, which is used to cover certain costs incurred in managing the AWF's investments, such as legal, brokerage, bank charges, and government duties. The buy/sell spread is currently 0.5% of the Fund unit price and may vary from time to time. Where significant costs are incurred in realising Water Entitlements to meet Withdrawal Requests, an exit levy of 2% of the Fund Unit Price may be charged in addition to the sell spread by the AWF.

ISSUE OF UNITS

The Trustee may, from time-to-time, issue Units to new or existing Members.

PAYMENT OF DISTRIBUTIONS

The Fund will normally distribute income annually, after the period ending 30 June. The Trustee may make other or additional distributions at any time in accordance with the Trust Deed.

A Member may elect to re-invest all or a portion of their income distributions. A distribution statement will be issued following the payment of a distribution.

CALCULATION OF DISTRIBUTIONS

The Fund can earn income from its indirect investment in the AWF. It may also earn net realised capital gains from the redemption of shares in the Argyle Water Company. Any capital gains realised by the AWF or the Argyle Water Company should be distributed as dividends to the Fund and this tax classification will be retained when distributed by the Fund to the Members.

The amount to be distributed is calculated by deducting all expenses and fees incurred in respect of the Fund from the income and realised gains of the Fund, less any tax payable by the Fund and / or distributed net capital gains to fund a withdrawal. It may include a return of capital in the distribution.

The distribution amount for the Fund is divided by the number of Units in the Fund on issue on the last day of the Distribution Period to provide the cents per Unit distribution amount.

The amount Members will receive is calculated by multiplying the cents per Unit distribution amount by the number of Units they hold in the Fund at the end of the last day of the Distribution Period. Each Unit receives the same distribution amount regardless of how long it has been held.

The distribution amount will vary at each distribution. Distributions are not guaranteed. Unit Prices normally fall immediately after a distribution has been declared because the net assets of the Fund have been reduced by the amount of the distribution.

REINVESTMENT

A Member may elect to re-invest their income distributions. If a Member elects to re-invest all or a portion of their income distributions, the Trustee will apply on each Member's behalf for additional Units in the Fund at the end of each Distribution Period (the 'Additional Units'). The Additional Units will be issued on the first day after the end of the Distribution Period. The price at which the Additional Units will be issued will be the ex-price quoted for the last business day of the Distribution Period to which that distribution relates plus the buy spread. Members will receive details of the number and issue price of Additional Units issued in this way. The Trustee can withdraw or modify this facility at any time.

TRANSFERS

The Trustee may in its absolute discretion refuse to register any transfer.

SECTION 5: STRUCTURE AND KEY AGREEMENTS

Argyle Water Access Fund

Subject to the number and profile of Members, it is the Investment Manager’s intention that the Fund will be established and managed in a manner that will allow it to be eligible to qualify as an AMIT for Australian income tax purposes. Where the Fund qualifies as an AMIT, the Trustee intends to make an irrevocable choice to apply the AMIT regime (prior to the Fund making its first distribution to Members). The Fund’s eligibility for AMIT status will depend on the profile and spread of its Members, which can impact its ability to satisfy the widely held and closely held requirements for AMIT qualification.

Investments by Australian wholesale investors into the Argyle Water Fund will be made via the Argyle Water Access Fund. The Argyle Water Access Fund will hold shares in the Argyle Water Access Pty Ltd, which will invest entirely in the Argyle Water Fund, as illustrated below.

Perpetual Corporate Trust Limited (ABN 99 000 341 533, AFSL 392 673) is Trustee and issuer of Units and is responsible for the operation of the Fund and has the power to delegate certain duties.

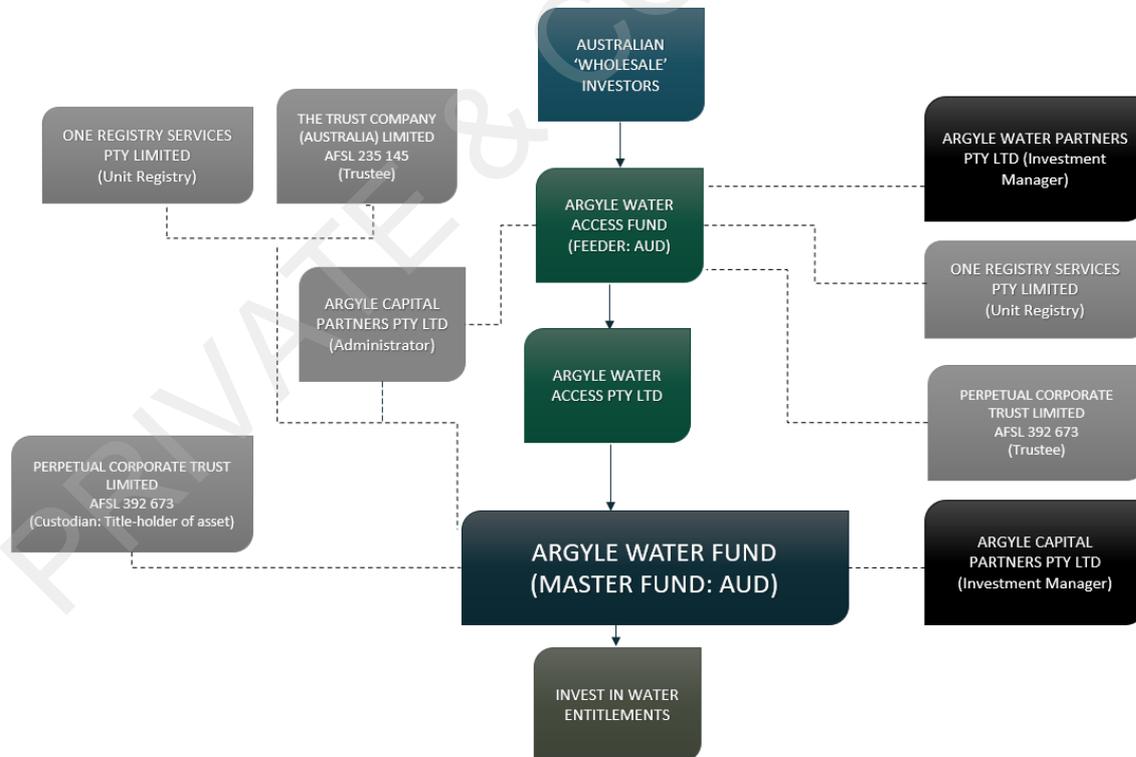
The Trustee is a wholly owned subsidiary of Perpetual Limited, which has been in operation for over 130 years. Perpetual Limited is an Australian public company that has been listed on the ASX for over 50 years. The Trustee holds AFSL 392 673 issued by ASIC, which authorises it to provide financial services associated with operating the Fund and the AWF.

The Trustee has appointed Argyle Water Partners Pty Ltd as the Investment Manager of the Fund.

Argyle Water Partners Pty Ltd makes investment decisions as to the allotment and redemption of shares in the Argyle Water Company, and in turn, Units in the Argyle Water Fund.

Argyle Capital Partners Pty Ltd (‘ACP’) acts as the Administrator of the Fund. The Administrator is responsible for the day-to-day administration of the Fund.

ACP also acts as Investment Manager of the AWF. Refer to the Information Memorandum of the AWF for further details about the Investment Manager of the AWF.



SECTION 6: FEES AND CHARGES

Fees will be borne indirectly by the Fund in respect of its investment in the Fund (through the Argyle Water Company).

No fees will be charged directly to the Fund, but the Fund and the Argyle Water Company may also incur their own operating costs which are not expected to be significant.

It is anticipated that any such fees and expenses will be paid by the Investment Manager of the AWF from its Administration Fee and will not be recovered from the Fund or Fund assets. However, the Trustee is entitled to recover such fees and expenses from the Fund assets if not paid by Argyle.

Refer to the AWF Information Memorandum for a detailed outline of the fees and charges payable by the AWF.

PRIVATE & CONFIDENTIAL

SECTION 7: KEY RISKS

Investors should carefully consider the risks detailed below before making an application to invest in the Fund. The following list of risk factors is not exhaustive.

As a result of these risks, no guarantee is, or can be, given by Argyle or the Trustee or by any person involved with the proposed investment that returns will be similar to those discussed in this IM.

All investments are subject to risks and generally go down as well as up in value. Adverse changes in value can be significant and can happen quickly. Different types of investments perform differently at different times and have different risk characteristics and volatility.

The Fund is also exposed (indirectly) to risks applicable to the AWF. Refer to the Information Memorandum for AWF for a detailed outline of the risk factors applicable to the AWF.

MARKET RISK

Negative movements that affect the price of all assets within a particular market may cause losses to the Fund. For example, movements in interest rates, exchange rates, inflation and commodities prices can affect the value of assets in the AWF. The prices of individual Water Entitlements and Water Allocations can be volatile, and there may be periods of prolonged poor returns in AWF, resulting in poor returns in the Fund.

LEGAL, TAX AND REGULATORY RISKS

Legal, tax and regulatory changes could materially and adversely affect the Fund, the Argyle Water Company, the AWF, and their operations. Regulation of investment vehicles such as the Fund is always evolving and therefore subject to change. The effect of any future legal or regulatory change on the Fund is impossible to predict but could be substantial and adverse.

LIQUIDITY RISK

Due to variable levels of liquidity in the Australian water markets in which the AWF invests, there may be times when it is difficult for ACP to dispose of AWF assets at a fair value and in a timely manner. This may affect a Member's ability to withdraw their investment from the Fund and may reduce the Fund's value.

Timing of the disposal of assets in AWF is critical to realising an optimal return on the Fund's investments. There can be no assurance that there will be a market for the AWF's holdings when the AWF Investment Manager is required to dispose of them in order for the AWF Trustee to meet Withdrawal Requests in the AWF, to satisfy the Withdrawal Requests of the Fund.

An investment in the Fund provides limited liquidity, however liquidity of the Fund's assets and of an investment in the Fund cannot be guaranteed. An application for Units should only be considered by investors who are financially able to maintain their investments and who can afford to lose all or a substantial part of their investment. Investors should be prepared to remain in the Fund for an extended period.

FUND RISK

Risks particular to the Fund include that the Fund could terminate, and the fees and expenses of the Fund could change. The fees charged in aggregate will likely exceed the fees that an investor would typically incur by investing directly in the underlying assets. There is also a risk that investing in the Fund may give different results than investing directly in the underlying assets due to differences in tax status because of income or capital gains accrued in the Fund and the consequences of transactions by other investors.

COUNTERPARTY AND SETTLEMENT RISK

The counterparty to a transaction in the Fund may default in the discharge of its obligations due to a lack of funds, or the contravention of regulations (whether inadvertent or deliberate).

DEPENDENCE ON THE AWF INVESTMENT MANAGER

The success of the Fund depends on the ability of the Investment Manager to develop and implement strategies that achieve the Fund's investment objectives. For example, subjective decisions made by the Investment Manager could cause the Fund to incur losses or miss profit opportunities and the investment team of Argyle could change.

INCIDENTAL EXPENSES

Government taxes (to the extent applicable) and charges levied by an investor's financial institution (for example, cheque dishonour fees and electronic transfer fees) will be deducted from Application Monies or investment proceeds (as appropriate).

ADVISER COMMISSIONS

Argyle or the Trustee may pay brokerage or commission to those who are engaged to promote the Fund.

SECTION 7: KEY RISKS

DETERMINATION OF NET ASSET VALUE

The determination of the NAV of the Fund is reliant on the Unit Price of the AWF. Whilst markets exist for Water Entitlements and Water Allocations, providing a mechanism for the regular valuation of water assets, these valuations are not always perfect. This is particularly due to time lags between a transaction and the reporting of that transaction, in markets that are thinly traded and where the values reported for a transaction are inaccurate. An Independent Valuer has been appointed by AWF to value its portfolio on a monthly basis by appraisal, however, the value assigned may be somewhat arbitrary. There is a risk that a higher value is placed on the AWF's assets (and therefore a higher Management Fee is paid) than might otherwise have occurred had a more reliable market price been obtainable.

PRIVATE & CONFIDENTIAL

SECTION 8: TAXATION

OVERVIEW

The information provided below is a summary of the Australian income tax and GST implications for Australian resident individuals, companies (other than life insurance companies), trusts or complying superannuation funds for income tax purposes who hold their Units in the Fund on capital account.

The information does not consider the Australian income tax and GST implications for Members who:

- are not Australian residents;
- are exempt from Australian income tax;
- hold their Units in the Fund as trading stock or otherwise on revenue account; or
- are subject to the Australian Taxation of Financial Arrangement rules under Division 230 of the Income Tax Assessment Act 1997 (Cth) ("ITAA 1997").

The information is based on established judicial and administrative interpretations of the ITAA 1997, Income Tax Assessment Act 1936 (Cth) ("ITAA 1936"), Taxation Administration Act 1953 (Cth) ("TAA 1953") and A New Tax System (Goods & Services Tax) Act 1999 (Cth) ("GST Act") (collectively referred to as the "taxation law") as at the date of this IM. This summary does not take into account or anticipate changes in the taxation law or future judicial and administrative interpretations of the taxation law.

As the Australian taxation laws are complex and each Member's tax liabilities depend on their individual circumstances, Members should seek their own independent professional tax advice before investing in, or dealing with, their investments in the Fund.

FLOW-THROUGH OR PUBLIC TRADING TRUST TREATMENT

Where a unit trust is a "public trading trust" under Division 6C of the ITAA 1936 for an income year, the unit trust will be treated as a corporate entity for certain purposes of the taxation law. The consequence of the Fund being classified as a "public trading trust" is that the Trustee may be liable to pay tax on the trust's net income at the corporate tax rate and certain distributions by the trust may be frankable.

In order to be a public trading trust, the trust must satisfy both of the following requirements:

- public unit trust; and
- trading trust.

Broadly, whether a unit trust is a public unit trust in relation to a year of income depends on the types of investors holding an interest in the trust. The public unit trust assessment must be considered in relation to each income year. As a result, the classification of the Fund as a public unit trust ultimately depends on the nature and spread of investors, which could change from time to time.

A trading trust is a trust that carries on a trading business or controls the affairs or operations of another person (including a trust) who carries on a trading business. Therefore, in determining whether the Fund is a trading trust, it is necessary to consider whether it carries on a trading business or controls another entity which carries on a trading business. The Fund will not carry on a trading business where its business consists wholly of "eligible investment business" (subject to certain safe harbour rules for ancillary or incidental assets and activities).

INCOME TAX STATUS OF THE FUND

It is the Investment Manager's intention that the Fund will be established and operated in a manner that will allow it to be treated as a flow-through trust and be eligible to qualify as an AMIT for Australian tax purposes.

In order for the Fund to be treated as a flow-through trust, it must not carry on a trading business or have "control" of a trading business, including the business being carried on by the Fund. The Fund is not intended to control the AWF through its indirect ownership (via the Argyle Water Access Pty Ltd) based on its minority ownership of the units in the AWF and the nature of its rights over the AWF. This will ultimately be a question of fact that will depend on the rights exercised by the Investment Manager of the Fund.

Ultimately, the Fund's eligibility for accessing the AMIT regime will depend on the profile and spread of its Members (impacting its ability to satisfy the widely held and closely held requirements for AMIT qualification).

Broadly, this means that the Trustee will not be liable to pay tax on the Fund's taxable income. Instead, the Members will be liable for tax on their respective share of the AMIT's trust components each income year on an attribution basis. The Trustee will notify the Members of the correct tax treatment and trust components distributed each year.

INCOME TAX STATUS OF THE ARGYLE WATER ACCESS PTY LTD

The Fund will hold its investment in the AWF indirectly through the Argyle Water Access Pty Ltd. The Argyle Water Access Pty Ltd will be an Australian resident company subject to

SECTION 8: TAXATION

corporate income tax at the 30% rate, unless the company qualifies as a base rate entity (BRE).

Where the company qualifies as a BRE, it will be eligible for taxation at the lower corporate tax rate, currently 25%. The BRE status of the Argyle Water Access Pty Ltd must be determined each income year, and will ultimately be subject to the company's 'base rate entity passive income' (BREPI) and aggregated turnover during that income year. The Argyle Water Access Pty Ltd is not expected to qualify as a BRE and therefore likely to be subject to corporate income tax at the 30% rate.

TAXATION OF MEMBERS AND THE FUND

Net income of the Fund

The Fund's net income for tax purposes will be its total assessable income (including realised net capital gains) calculated as if the Trustee were a resident taxpayer less all allowable deductions.

As an AMIT, the Fund will be required to determine its 'determined trust components' each income year, which broadly reflects the taxable income of the Fund split into various classes of income for tax purposes. These components are then 'attributed' to the Members.

The Trustee of the Fund is not subject to tax in respect of the income and gains it derives provided the Trustee attributes (in full) the 'determined trust components' to Members within three months after the end of each income year and the Trustee limits the Fund's activities to undertaking, or controlling entities that undertake, 'eligible investment business' for Australian tax purposes.

The Fund will provide each Member with an AMMA statement after 30 June each year summarising the amounts and character of the Fund's income that is attributable to their membership interests. The AMMA statement will also set out the tax-exempted, tax-free and tax-deferred components (if any) of income distributions paid and the amount of any net capital gains arising from the dealings in the Fund's investments.

The member components in the AMMA statement should be included in the tax return of each Australian resident Member and subject to Australian income tax at their marginal tax rate.

Dividends received by the Fund

The Argyle Water Access Pty Ltd will be subject to Australian income tax on its share of net income from the AWF that it is made presently entitled to during a particular income year, including any capital gains realised by the AWF or the Argyle Water Access Pty Ltd. The Argyle Water Access Pty Ltd should

distribute its profits as dividends to the Fund, which holds all of the issued share capital of the Argyle Water Access Pty Ltd. As a result, the Fund is expected to be in receipt of post-tax distributions from the Argyle Water Access Pty Ltd.

Where the Fund receives fully or partially franked dividends from the Argyle Water Access Pty Ltd, Members may receive franking credits as part of their distributions from the Fund. However, the Argyle Water Access Pty Ltd may also distribute unfranked dividends to the Fund, such that no franking credits would be distributed from the Fund to Members. The degree of franking credits attached to distributions will ultimately depend on the franking account balance of the Argyle Water Access Pty Ltd and its management practices to maintain a credit balance in the franking account at the end of each income year.

If the taxable component of the Fund distribution includes a fully or partially franked dividend, Members should be entitled to a tax offset equal to the amount of the associated franking credit, provided certain requirements are met by the Fund and the Member, including the relevant franking credit integrity measures, such as the 45-day holding period rule. Where an unfranked dividend is involved in the Fund distribution, no franking credit offset will be available to Members.

Depending on the Members individual circumstances, franking credits may be available as a franking credit tax offset to their respective income tax liability.

Capital gains realised by the Fund

Where the Fund derives net capital gains to which a Member becomes entitled, the Member may need to include these amounts in their assessable income.

However, given the Fund will invest in the Argyle Water Access Pty Ltd (as its wholly owned subsidiary), its income will generally be limited to dividends received from the company, which will not be treated as a net capital gain.

The Fund may realise a net capital gain from the redemption of shares it holds in the Argyle Water Access Pty Ltd, which may occur in limited circumstances.

Where the Fund realises a net capital gain, the Australian resident Member should be regarded as having derived a capital gain equal to the Member's attributed share of a net capital gain. Where the attributed capital gain includes a discount capital gain component, the Member is required to 'gross up' the amount of the capital gain included in their assessable income by the discount applied by the Fund (i.e., 50%). The Member can then apply any of their available capital losses against the grossed-up capital gain and then apply their own CGT discount factor, if applicable.

SECTION 8: TAXATION

In the case of a Member that is an individual or a trust, the CGT discount is 50%. In the case of a complying superannuation entity, the CGT discount is 33.33%. Companies are not entitled to a CGT discount on capital gains.

For completeness, it is noted that the Australian Government has proposed that AMITs will no longer be able to apply the CGT discount method at the trust level. If the proposed change is legislated, the Fund should still identify any CGT gains eligible for discount, so that Members can calculate their CGT discount on any discountable capital gains attributed to them by the Fund. The change will apply from the income year commencing on or after three months following the date of Royal Assent of the enabling legislation. While it is not certain when this change will come into effect, the Australian Government has indicated it is committed to legislating this measure. However, it is noted that this is a technical amendment only and it is not expected the amendments would affect the overall tax position of Members.

Non-assessable distributions by the Fund

The Fund may make partial returns of capital, not representing a redemption of Units, over its life. Provided the returns of capital are not paid out of profits derived by the Argyle Water Access Pty Ltd, a return of capital should not be treated as an assessable net income distribution to the Members of the Fund. Instead, the amount should be treated as a non-assessable distribution to the Members for income tax purposes.

In broad terms, the non-assessable component (i.e., tax deferred component) represents the excess of the income distributed by the Fund over the taxable component and capital gain component of that distribution. Non-assessable amounts received by an Australian resident Member will generally not be included in that Member's assessable income.

Distributions by the Fund – Member's CGT cost base adjustments

The cost base a Member has in their units may increase or decrease annually depending on whether, very broadly, the AMIT distributions are more or less than the amount attributed to the Member under the AMMA statement.

That is, the CGT cost base of a Member's units in the Fund will be increased by the amount of the taxable component and capital gain component (grossed up to reflect the capital gains tax discount concession) and reduced by the gross amount distributed to the Member and the Member's share of any tax offsets (including franking credits).

If the cost base of a unit is reduced to nil, any subsequent amount distributed to a Member in excess of the taxable

component and CGT gain component will be assessable income for the Member as a capital gain.

Eligible Australian resident Members who are individuals, trustees or complying superannuation entities may be entitled to apply the applicable CGT discount factor to reduce any such capital gain (after the application of any capital losses) if the units in the Fund have been held for at least 12 months from the date of acquisition.

Where the Fund is an AMIT, the AMMA statement Members receive will state the amounts that the Trustee reasonably estimates to be the 'AMIT cost base net amount – excess' and the 'AMIT cost base net amount – shortfall'.

Tax losses made by the Fund

Any tax losses realised by the Fund cannot be allocated to Members. However, prior year or current year tax losses can be offset against assessable income of the Fund in a future income year provided that certain trust loss integrity tests are satisfied. The tests that need to be satisfied differ depending upon whether the Fund is a 'fixed trust' or a 'non-fixed trust' for Australian income tax purposes.

AMITs are deemed to be fixed trusts and therefore, would need to satisfy the '50% stake test' and the 'income injection test' for tax losses to be deductible. Broadly, the '50% stake test' requires that greater than 50% of the income and capital entitlements in the Fund are held by the same individuals from the beginning of the income year in which the loss was incurred until the end of the income year in which the loss is recouped and at all relevant times during the intervening period.

The income injection test requires that assessable income is not derived by the Fund under a scheme wholly or partly, but not merely incidentally, because the deduction for the tax loss was available.

Capital losses made by the Fund

Any capital losses made by the Fund cannot be allocated to Members. However, prior year and current year capital losses can be offset against capital gains derived by the Fund in a future income year, prior to the application of the CGT discount. The ability to offset capital losses against capital gains is not subject to satisfaction of any specific tests.

Units treated as equity for income tax purposes

The income tax treatment of distributions made by the Fund to Members will depend on whether the Units are classified as debt or equity interests for income tax purposes.

SECTION 8: TAXATION

It is considered that the Units should be classified as equity interests for income tax purposes. Consequently, distributions on the Units should not be deductible, in whole or part, to the Fund.

Disposal of units in the Fund

The disposal of Units in the Fund will constitute a CGT event for a Member (assuming the Member holds their units in the Fund on capital account).

A Member should make a capital gain in respect of the disposal of Units to the extent that the capital proceeds attributable to the disposal exceed the Member's cost base. Alternatively, a Member should make a capital loss in respect of the disposal of Units to the extent that the capital proceeds attributable to the disposal of the investment are less than the cost base in that investment.

In determining the cost base or reduced cost base of a Member's Units in the Fund, consideration will need to be given to any CGT cost base adjustments under the AMIT regime that had the effect of increasing or decreasing the cost base of Units as noted above.

Redemption of units in the Fund

Similarly, the redemption of Units in the Fund will constitute a CGT event for a Member (assuming the Member holds their units in the Fund on capital account).

It is generally expected that a redemption of Units in the Fund will be funded by the Trustee from either a buy-back of ordinary shares in the Argyle Water Access Pty Ltd or a selective capital reduction with a cancellation of ordinary shares in the company.

The buy-back of ordinary shares in the Argyle Water Access Pty Ltd will be split into capital and dividend components received by the Fund. The capital portion could result in a capital gain or loss for the Fund on the buy-back of the shares. The dividend component will be assessable income to the Fund and the Members may be eligible for a franking credit tax offset in respect of any franking credits attached to the dividend component of the distribution by the Argyle Water Access Pty Ltd.

If the Fund is subject to the AMIT regime, the Trustee can allocate taxable income on a "fair and reasonable" basis. This should include the allocation of any capital gains, franked dividends and franking credits realised on the buy back of Argyle Water Access Pty Ltd's shares to the exiting Member that caused the sale of shares to fund the unit redemption.

If the Fund's Units are redeemed for an amount more than the cost base of the Units, any excess amount that is attributable

to a profit (as outlined above) should, on redemption, be treated as an assessable distribution. The amount treated as an assessable distribution should not then be considered in calculating any capital gain or loss for the Member in their hands.

A capital gain made by an individual, trust or complying superannuation fund Member from the redemption or disposal of the Units may be eligible for the CGT discount treatment, subject to the comments above. A Member that is a company is not eligible for the CGT discount.

GST

No GST should be payable by:

- Members on the acquisition, transfer, or redemption of Units; and
- the Fund on the issue of Units or distributions of income or capital to Members.

It is likely that the Fund and Australian resident Members will be unable to fully recover as input tax credits, GST incurred as part of costs associated with the issue, acquisition, transfer, or redemption of Units. The extent of restriction on recovery of input tax credits will depend upon the circumstances of each party, and specific advice should be obtained.

QUOTATION OF TAX FILE NUMBER (TFN) OR AUSTRALIAN BUSINESS NUMBER (ABN)

It is not compulsory for a Member to quote their TFN or ABN. However, if a Member does not provide a TFN or ABN or claim an exemption, the Fund would be required to withhold tax at the highest marginal rate, including Medicare Levy (currently 47%) from payments to the Member.

A Member may quote an ABN rather than a TFN if the investment is made while carrying on a business or enterprise.

SECTION 9: TRUST DEED

The Fund was constituted by the Trust Deed dated 8 September 2022 and is legally enforceable between the Members and the Trustee.

The terms of this IM and the Trust Deed determine the relationship between the Trustee and the Members and set out the legal rights, duties and obligations of the Trustee and the Members.

They include:

- the rights, interests and liabilities of Members;
- the duties and obligations of the Trustee as the trustee of the Fund;
- the Trustee's powers to delegate its authority as Trustee;
- investment, valuation and borrowing powers, and fees and recoverable expenses;
- Unit issue and redemption procedures;
- convening and conduct of Members' meetings;
- the duration and termination of the Fund;
- rights to distributions; and
- transferring Units to another party.

This IM must be read in conjunction with the Trust Deed. A copy of the Trust Deed is available free of charge on request from Argyle or the Trustee.

The Trust Deed may only be varied if approved by special resolution of the Members or by the Trustee where the variation or amendment does not adversely affect the rights of the Members.

RIGHTS ATTACHING TO UNITS

As a Member, your rights include, amongst other things, the right:

- to receive any distributions (in proportion to the number of Units which you hold);
- upon termination of the Fund, to receive a distribution of the net proceeds of sale of the Fund's assets (in proportion to the number of Units which you hold at termination);
- to transfer Units to another person in accordance with the Trust Deed and subject to the Trustee's right to refuse to register a transfer;
- (for individuals, on death) for Units to pass to a surviving joint holder, or otherwise to your estate;
- to call a meeting of Members in accordance with the Trust Deed; and
- to receive (following request and once available) an annual statement of the Fund's accounts for the financial year.

SECTION 10: OTHER INFORMATION

FINANCIAL POSITION OF THE FUND

The annual financial statements of the Fund will be made available free of charge upon request.

DISCLOSURE REGARDING NET ASSET VALUE

The Unit Price is calculated at fair value in accordance with the calculation methodology set out in the Trust Deed.

As outlined above, the Fund will prepare its statutory accounts based on Australian Accounting Standards. Differences may arise between the NAV for Unit pricing purposes and the NAV for statutory accounting purposes.

The Trustee will include in the financial report a reconciliation of the NAV for Unit pricing purposes and the NAV for accounting purposes.

COMPLAINTS RESOLUTION

The Trustee has established procedures for dealing with complaints. If a Member has a complaint, they can contact the Trustee directly by telephone or in writing with details of the complaint and all relevant personal details (including your name and address). The Trustee will use reasonable endeavours to deal with and resolve the complaint within a reasonable time.

AUTOMATIC EXCHANGE OF INFORMATION

FATCA

The United States of America ('US') passed the Foreign Account Tax Compliance Act ('FATCA') which is designed to assist the US in collecting tax revenues from US residents. The Australian Government has entered into an intergovernmental agreement ('IGA') with the US government in relation to the application of FATCA to Australian institutions which include the Trustee in its capacity as trustee of the Fund.

If requested by the Trustee the Investor agrees, and it is a condition of the issue of the Units, to provide certain information required by it or the Trustee/ Custodian to comply with any applicable law, including the US FATCA.

The Trustee will comply with obligations under FATCA, the IGA and any other local laws designed to give effect to FATCA and the IGA (collectively 'FATCA obligations').

If the Trustee fails to comply with its FATCA obligations, then it could result in withholding tax being deducted from the Fund at a rate of 30% on some distributions from the Fund. However, if all relevant information is provided in accordance with the FATCA obligations, then this withholding should not apply.

If a Member fails to provide the Trustee with all necessary information and withholding tax is payable as a result, then the

Trustee may seek to recover any tax withheld from the relevant Member.

CRS

The Common Reporting Standard ('CRS') is a tax reporting regime developed by the Organisation for Economic Co-operation and Development ('OECD'). Australia signed the Multilateral Competent Authority Agreement with the OECD and implemented the CRS by passing appropriate supporting legislation enabling tax information to be exchanged between tax authorities.

The CRS requires financial institutions to identify and report foreign resident account holder information to their local tax authority, which will, in turn, exchange the information with the tax authorities of participating foreign jurisdictions. The Trustee complies with the CRS requirements.

MEMBER OBLIGATIONS

As a Member of the Fund you agree to assist the Trustee in meeting its FATCA obligations and CRS obligations by doing the following:

- agreeing to provide any relevant information the Trustee requests from time to time;
- agreeing to notify the Trustee of any changes in information previously provided;
- consenting to the disclosure of information by the Trustee where your Units are held by a person or entity to which the FATCA obligations or CRS obligations relate. This may include the Trustee providing such information to the Australian Taxation Office ('ATO') who may, in turn, provide the information to the US Internal Revenue Service or other foreign tax authority; and
- waive the provisions of any domestic law that would otherwise prevent the disclosure by the Trustee in complying with its FATCA obligations or CRS obligations.

If requested by the Trustee, the Member agrees, and it is a condition of the issue of the Units, to provide certain information required by it or the Trustee/ Custodian to comply with any applicable law, including FATCA.

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING ACT 2006

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) ('AML Act') regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is administered by the Australian Transaction Reports and Analysis Centre ('AUSTRAC').

SECTION 10: OTHER INFORMATION

Under the AML Act, the Trustee is required to verify an investor's identity before providing services to the investor, re-identify the investor if they consider it necessary to do so and keep certain documents and records relating to the investor and transactions for prescribed periods.

The Trustee has implemented several measures and controls to ensure they comply with their obligations under the law, including carefully identifying investors and monitoring transactions. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where the Trustee has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country. This may result in loss of income or principal invested;
- where transactions are delayed, blocked, frozen or refused, the Trustee is not liable for any loss suffered by Members (including consequential loss) because of the Trustee's compliance with the AML Act as it applies to the Fund or with any other law or sanctions of Australia or any other country; and
- the Trustee may, from time to time, require additional information from investors to assist it in this process and transactions may be delayed, blocked, frozen or refused if the information is not provided.

The Trustee has certain reporting obligations under the AML Act, which may include disclosure of an investor's personal information, and is prevented from informing investors that any such reporting has taken place. Where required by law, the Trustee may disclose information gathered to regulatory or law enforcement agencies, including AUSTRAC.

PRIVACY NOTIFICATION

The *Privacy Act 1988* (Cth) and the *Privacy Amendment (Enhancing Privacy Protection) Act 2012* (Cth) regulates, among other matters, the way organisations collect, use, keep secure and give people access to their personal information.

By completing the Application Form attached to this IM, Members are providing personal information to the Trustee for the primary purpose of this Offer. The Trustee may collect additional personal information in the future. The Trustee may use the personal information for purposes related to the primary purpose of collection, such as administration and providing services to Members in relation to the investment in the Fund. Administration includes monitoring, auditing, evaluating, modelling data, dealing with complaints and answering queries.

If a Member does not provide the Trustee with contact details and other information, the Trustee may not be able to process the application or administer and manage the Member's

investment. The information that a Member provides to the Trustee may be disclosed to third parties, such as:

- the ATO and other government or regulatory bodies;
- a Members' adviser or dealer group, their service providers and any joint holder of an investment;
- third party service providers engaged by the Trustee to perform administrative or management services such as distribution, administration, custody, investment management, registry or auditing; and
- those where the Member has consented to such disclosure, or as required or authorised by law. However, it is unlikely the Trustee will disclose a Member's personal information to an overseas recipient.

As well as reporting to you about your investment in the Fund, the Trustee may use Members' contact details to let you know about other investment opportunities. If you would prefer not to receive these communications, then please advise the Trustee.

Members may request access to personal information held by the Trustee or by contacting the Investor Services team at Argyle.

Phone: +61 7 3077 7910

Email: investorservices@argylegroup.com.au

Address: GPO Box 2954, Brisbane QLD 4001; or
Level 13, 241 Adelaide Street, Brisbane QLD 4000

The Trustee's Privacy Policy and details on how you may access or update your personal information can be viewed on the Trustee's website: www.perpetual.com.au/privacy-policy

ELECTRONIC FORMAT

For investors receiving this IM electronically, a paper copy (including the Application Form) can be provided free of charge by contacting Argyle.

OFFERS LIMITED TO AUSTRALIA

This IM can only be used by investors receiving it (electronically or otherwise) in Australia.

UPDATED INFORMATION

This IM may be updated or replaced from time to time. A copy of the current IM is available from Argyle on request at any time, free of charge.

Information contained in this IM may change from time to time. Unless the changed information is materially adverse to investors, Argyle may not always update or replace this IM to reflect the changed information. To find out about any up-to-date information not contained in this IM, contact Argyle (contact details are at the end of this IM) for a copy.

SECTION 10: OTHER INFORMATION

CONSENTS

The following parties have given, and not withdrawn as at the date of this IM, their written consent to be named in this IM in the form and context in which it appears: One Registry Services Pty Ltd, EY, Perpetual Corporate Trust Limited, Argyle Securities Pty Ltd, Argyle Capital Partners Pty Ltd and Talbot Sayer.

Perpetual Corporate Trust Limited has not withdrawn its consent to be named in this IM as Trustee of the Fund in the form and context in which it is named. Perpetual Corporate Trust Limited does not make, or purport to make, any statement that is included in this IM and there is no statement in this IM which is based on any statement by Perpetual Corporate Trust Limited.

To the maximum extent permitted by law, Perpetual Corporate Trust Limited expressly disclaims and takes no responsibility for any part of this IM other than the references to its name. Perpetual Corporate Trust Limited does not guarantee the repayment of capital or any rate of capital or income return.

RELATED PARTIES AND SERVICE PROVIDERS

Argyle and the Trustee may from time to time use the services of related parties and pay commercial rates for those services. Such services may include legal, placement, broking, and investment administration.

CONFLICTS

Argyle, the Trustee, or their respective principals, employees or affiliates may do any of the following:

- have and continue to have investments in their own name;
- engage in investment advisory activities for others; and
- serve as an officer, director, stockholder, or partner of one or more investment funds.

It may not always be possible or in the best interests of the various persons or funds to whom Argyle gives investment advice or of which Argyle or any of its principals, employees or affiliates serve as an officer, director, stockholder, or partner to take or liquidate the same investment positions at the same time. Argyle has in place conflicts management procedures, details of which are available to investors on request.

SECTION 11: GLOSSARY

ADMINISTRATOR

The administrator of the Fund at the date of this IM is Argyle Capital Partners Pty Ltd (ACN 634 933 029)

APPLICANT

A person or entity who submits an Application Form

APPLICATION FORM

The Application Form attached to or accompanying this IM

APPLICATION MONIES

Money received from an Applicant accompanying an Application Form

ASIC

Australian Securities and Investments Commission

ARGYLE

Argyle Water Partners Pty Ltd
(ABN 22 652 655 340, AR 001298938)

ARGYLE WATER COMPANY

Argyle Water Access Pty Ltd (ACN 662 248 204)

ARGYLE WATER FUND INVESTMENT MANAGER

Argyle Capital Partners Pty Ltd (ABN 36 634 933 029, AR 1277504)

ARGYLE WATER FUND TRUSTEE

The Trust Company (Australia) Limited

CGT

Capital Gains Tax

CLASS

A Class of Units in the Fund

CORPORATIONS ACT

Corporations Act 2001 (Cth)

FUND

Argyle Water Access Fund

GST

Goods and Services Tax

IM

This Information Memorandum

INVESTMENT MANAGER

Argyle Water Partners Pty Ltd
(ABN 22 652 655 340, AR 001298938)

MANAGEMENT COSTS

The Management Fee and Administration Fee referred to in Section 6 (Fees and Charges), but do not include any Performance Fee referred to in Section 6 (Fees and Charges)

MEMBER

A person or entity that holds Units

NAV

The Net Asset Value of the Fund

OFFER

The Offer of Units under this IM

SECTION

A Section of this IM

TRUST DEED

The Trust Deed for the Fund dated 8 September 2022, as may be modified, amended, varied or replaced from time to time

TRUSTEE

Perpetual Corporate Trust Limited (ACN 000 341 533, AFSL 392 673)

UNIT

A Unit in the Fund

PRIVATE & CONFIDENTIAL

PRIVATE & CONFIDENTIAL

CORPORATE DIRECTORY

TRUSTEE

PERPETUAL CORPORATE TRUST LIMITED

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Web: perpetual.com.au

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www.argylegroup.com.au

ARGYLE WATER FUND

INFORMATION MEMORANDUM

5 October 2022

ISSUER AND INVESTMENT MANAGER

Argyle Capital Partners Pty Ltd ABN 36 634 933 029

Authorised representative of Argyle Securities Pty Ltd ABN 34 154 857 360 AFSL 420 509

TRUSTEE

The Trust Company (Australia) Limited ACN 000 000 993 AFSL 235 145

APIR Participant Code BSP0005AU

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IMPORTANT NOTICE

This Information Memorandum ('IM') dated 4 October 2022 relates to the offer of Units in the Argyle Water Fund (the 'Fund'). The issuer of this IM is Argyle Capital Partners Pty Ltd (ABN 36 634 933 029, AR 1277504) ('Argyle' or 'Investment Manager'). This IM only relates to subscriptions for D Class Units made after this date.

The Trust Company (Australia) Limited (ACN 000 000 993, AFSL 235 145) is the trustee of the Fund (the 'Trustee'). The Trustee is also the issuer of the Units in the Fund. The Trustee has appointed Argyle as the Investment Manager of the Fund. Argyle is an authorised representative of Argyle Securities Pty Ltd (ABN 34 154 857 360, AFSL 420 509). The Fund is an unlisted unregistered managed investment scheme.

Neither Argyle, nor its directors, members, associates, or related entities, nor any other person related to Argyle, guarantees the performance of the Fund, the repayment of capital or any particular rate of income or capital return from, or increase in the value of, the Fund's assets. Argyle has not authorised any person to give any information in relation to the Offer which is not contained in the IM or presentations prepared by Argyle in relation to the Fund. No such information or representation may be relied upon as having been authorised by Argyle in connection with the Offer.

The regulated fundraising (Product Disclosure Statement ('PDS')) requirements of the Corporations Act do not apply to this Offer.

The Offer made in this IM is available only to wholesale clients as defined in section 761G of the *Corporations Act 2001* (Cth) ('Corporations Act') and other persons who are not required to be given PDS under the Corporations Act and only to those persons who receive this IM (electronically or otherwise) within Australia. If a copy of this IM has been obtained electronically, you need to print all of it. If you would like a paper copy of the IM, contact Argyle and a copy will be sent free of charge. This IM has not been, and will not be, lodged with the Australian Securities and Investments Commission ('ASIC').

The information contained in this IM is general information only and has been prepared without taking into account your individual objectives, financial situation or needs. You should consider the appropriateness of the information in this IM having regard to those matters and talk to your financial adviser before making an investment decision.

This IM and the Trust Deed of the Fund should be read in their entirety before making a decision to invest. Terms not defined in this IM have the meaning given to them in the Trust Deed. An investment in Units in the Fund is subject to investment risk, including possible delays in repayment and loss of income and principal invested. An investment in the Fund is not a deposit with, and does not represent a liability of, the Trustee, Argyle or any other person. The Trustee, Argyle or any of their respective related bodies corporate or any other person do not guarantee any particular return from the Fund, increase in value of the Fund or repayment of any amount invested in the Fund. The value of an investment in the Fund may rise or fall.

This IM has been prepared to the best of the knowledge and belief of Argyle. The IM is comprised of statements of intent and opinion, many of which may or may not be realised or be accurate. Argyle believes the information in this IM, including statements of intent and opinion, is based on reasonable assumptions. However, to the maximum extent permitted by law, none of Argyle, nor its directors, members, associates or related entities, nor any other person related to Argyle represent or warrant the accuracy or completeness of this IM, or any information contained in it, and no responsibility or liability will be accepted by Argyle, nor its directors, members, associates or related

entities, nor any other person related to Argyle for any loss or damage, howsoever arising, which results from reliance in whole or in part on such matters. The recipient agrees that it shall not sue nor hold any of Argyle, its directors, members, associates or related entities, or any other person related to Argyle liable in any respect whether in contract, negligence, equity or otherwise by reason of provision of the IM or any subsequent information and expressly releases them from such claims.

Certain information contained in this IM constitutes 'forward-looking statements', which can be identified by the use of forward-looking terminology such as 'may', 'will', 'should', 'expect', 'anticipate', 'intend', 'continue', 'believe', 'target' or other variations or comparable terminology. Due to various risks and uncertainties, including those set out in Section 11 (Key Risks) of this IM, actual events or results or the actual performance of the Fund may differ materially and adversely from those reflected or contemplated in the forward-looking statements.

This IM is not a PDS for the purposes of Part 7.9 of the Corporations Act. The level of disclosure in this IM may be different to that of a PDS, prospectus or similar document and is designed for experienced investors.

This IM does not purport to be complete, accurate or contain all information which recipients may require to make an informed assessment of whether to invest in the Fund. No obligation is imposed upon Argyle, its directors, members, associates or related entities, or any other person related to Argyle, to advise a recipient of any information of which any party becomes aware of or any change to, or error in, the information contained in this IM.

Recipients should independently verify the material contained in this IM and must rely on their own enquiries and seek professional advice as to the wisdom, or otherwise, of an investment in the Fund and as to the accuracy and completeness of this IM.

This IM does not constitute an Offer or invitation in any place where, or to any person to whom, it would be unlawful to make such an Offer or invitation. No action has been taken to register or qualify the Units or the Offer or otherwise to permit a public offering of the Units in any jurisdiction. The distribution of this IM in jurisdictions outside Australia may be restricted by the laws of those jurisdictions. A failure to comply with these restrictions may constitute a violation of the laws in those jurisdictions. Argyle, its directors, members, associates or related entities, and/or any other person related to Argyle, do not represent that this IM may be lawfully offered, in compliance with any applicable legislation or other requirements in any other jurisdiction, or pursuant to an exemption available under another jurisdiction, or assume any responsibility for facilitating any such distribution or offering. Argyle reserves the right to change the terms and conditions in this IM.

The defined terms used throughout this IM are set out in Section 15 (Glossary).

INTRODUCTION

Dear Investor

On behalf of Argyle Capital Partners Pty Ltd, it is my pleasure to invite you to participate in this unique investment opportunity offered by the Argyle Water Fund, a direct and actively managed investment in Australia's precious water rights. Applications under this IM will be subscriptions for D Class Units in the Fund.

The Argyle Water Fund (the 'Fund') was established in August 2012 to invest in the long-term ownership of Australian Water Entitlements (also known as water rights or water shares). The Fund seeks to generate non-correlated investment returns from the sale of water allocated to the Water Entitlements held by the Fund, by leasing to qualified irrigators and from capital growth of those Water Entitlements over time. The Fund seeks to capitalise on the anticipated escalating demand for fresh water as a vital but increasingly scarce input to Australian agriculture, mining and urban populations, the development of more sophisticated water markets over time, and from on-going productivity gains, as well as changes in water use, within Australia's irrigated agriculture sector.

The Fund delivers significant benefits for regional Australia. It provides an alternative source of capital to assist in the development of Australia's water markets and high value irrigated agricultural industries. The Fund's water market activity encourages scarce consumptive water to be appropriately valued and traded to its highest economic use. As a non-land holder and regular seller of water in spot and forward markets, the Fund provides irrigation farmers with a new means to mitigate annual water supply risk and manage water expenses across seasons. In this way, the Fund is entirely aligned with the National Water Initiative, which, since 2004, has been established as the enduring blueprint for the sustainable management of Australia's water resources.

Argyle's key executives and Investment Committee have decades of collective expertise in water and agribusiness. The investment team has actively managed the Fund through climatic extremes, including periods of droughts and floods, and built a deep network of irrigator clients across a range of different regional water markets.

An investment in the Fund offers Members the following benefits:

- a unique financial product that offers portfolio diversification benefits due to its low correlation with traditional financial markets;
- access to an existing diversified Water Entitlement portfolio at scale, which is managed to generate income from Water Allocation sales and from a range of Water Entitlement leases to top-quartile irrigator counterparties;
- access to a highly experienced team of investment professionals with decade-long experience in deploying and managing institutional capital in the Australian water market, including through several cycles of Australia's climate from floods to droughts;
- scale and sophistication in terms of Water Entitlement acquisition and portfolio management across Australian water markets;
- diversification of Water Entitlements across a number of geographies, river zones and agricultural industries;
- active and disciplined management of Water Allocation sales and Water Entitlement leases to derive annual yields; and,
- potential for capital growth through the appreciation of a portfolio of scarce Water Entitlements over time.

It is important that you read this Information Memorandum carefully in its entirety, including Section 11 on Key Risks relating to the Offer, before making your decision to invest. You should seek your own independent financial advice, if necessary.

If you require assistance regarding the Offer, please email investorservices@argylegroup.com.au or call Argyle Capital Partners on +61 7 3077 7910.

Yours sincerely



Kim Morison
Chairman & Chief Investment Officer

SECTION 1: INVESTMENT OPPORTUNITY

The Argyle Water Fund (the 'Fund') represents a globally unique opportunity to derive investment returns from Australia's established and emerging 'cap and trade' water markets.

The Fund was established in 2012 and has progressively grown in scale to currently represent one of the largest independently managed Water Entitlement investment portfolios in Australia. Given the inherently limited volume of Water Entitlements on issue in the regions in which the Fund is invested, Members of the Fund benefit from the scale of an established core Water Entitlement portfolio which is challenging to replicate. The Fund offers water supply and risk management solutions to a diversified range of leading irrigation enterprises.

The Fund's diversified portfolio of Water Entitlements are granted Water Allocations (consumptive water volumes) each year that are sold in spot and forward markets to generate income for the Fund. A proportion of Water Entitlements are leased to qualified top-quartile irrigator counterparties, generating known reliable annual revenues irrespective of the volume of water allocated to those Water Entitlements throughout each Water Year (July to June).

Australia is one of the few countries in the world with a robust legal and regulatory framework that allows investment returns to flow from the acquisition and management of Water Entitlements. With an estimated capitalisation in excess of \$50 billion as at 30 June 2022, the opportunity is meaningful for wholesale and institutional investors.

The opportunity arises from the shared commitment of the Australian Commonwealth and State Governments, embodied in the 2004 National Water Initiative ('NWI'), to build a national water market to more effectively manage the consumptive use of Australia's scarce water resources. Since that time, the various governments have encouraged the development of compatible regulatory and planning systems capable of managing surface and groundwater resources for both rural and urban use, whilst seeking to optimise economic, social and environmental outcomes. In 2021, Australia's Productivity Commission reported on its review of the NWI, recommending its continuation as a bi-partisan national water policy framework.

The most developed water markets exist in the Murray-Darling Basin ('MDB') region. The effectiveness of these markets was comprehensively reviewed by the Australian Competition and Consumer Commission ('ACCC') in 2021. ACCC's final inquiry report¹ provides a clear recognition of the many benefits of water markets. It upheld the NWI and the water markets

framework. The ACCC supported the role of non-land holding market participants in providing access to alternative sources of capital for irrigation farming, the creation of market liquidity, and the provision of risk management products for irrigation farmers.

Members of the Fund fulfil an enduring market need consistent with the NWI, by providing an alternative source of capital and additional liquidity to Australia's water markets and facilitating the progressive movement of scarce fresh water to its highest economic use.

Investment returns from Australian Water Entitlements comprise a mixture of capital growth and yield.

Long-term capital growth is expected to be driven by increased demand for water due to its scarcity as an input to high value agricultural production. This is supported by growing export markets for premium Australian food, fibre and beverages. Fresh water is a non-substitutable input into food, fibre and energy production required by a growing world population with increasingly higher per capita incomes.

The supply of water for consumptive use in some areas of Australia has been reduced in recent years through the implementation of the Murray-Darling Basin Plan ('Basin Plan'), which is designed to return a greater share of the resource to environmental flows.

Investment income is generated from the sale of the volume of water allocated to the Water Entitlements each year and by the longer-term leasing of Water Entitlements to qualified irrigator counterparties.

Climatic conditions are a primary driver of short-term returns in the water markets; therefore, investment returns from Water Entitlements are not highly correlated with other traditional investments such as property or equities.

¹ <https://www.accc.gov.au/focus-areas/inquiries-finalised/murray-darling-basin-water-markets-inquiry/final-report>

SECTION 2: WATER IN AUSTRALIA

Australia is acknowledged as one of the driest 'inhabited' continents on earth with a highly variable climate; indeed, a land of drought and flooding rains. In many parts of the country, particularly in agricultural regions, our water resources are generally relatively scarce. Our urban markets and agricultural industries continue to adapt to manage water scarcity. Many of our irrigated agricultural industries (such as cotton, sugarcane, and rice) lead the world in terms of per hectare and per megalitre yields. Yet we face continued future challenges to ensure our water resources are managed profitably and sustainably.

In a broad thematic context, to feed a growing population with increasingly higher per capita income and more sophisticated diets, global irrigated farming will be required to continue to increase its productive output significantly in years to come. The world will require more food per hectare from a reducing pool of available arable farmland. The ability to irrigate efficiently and on demand is key to deriving higher per hectare food production. The volumes of fresh water required to achieve this growth, in locations which are capable of efficient food production, are increasingly more difficult and costly to access. Australia's irrigation regions are exposed to this opportunity and challenge.

To safeguard environments, stimulate investment, and encourage scarce consumptive water to be valued and traded to its highest economic use, Australia's State and Commonwealth Governments have reformed water resources management throughout the past 40 years. The primary components of these reforms involved:

- a clear recognition that fresh water is scarce and consumptive water resources must be sustainably managed to prevent over-use;
- a commitment to address historical over-extraction of consumptive water resources and provide adequate flows to sustain the natural environment;
- the development of water sharing plans to provide a framework for the determination of the proportion of water that can be sustainably made available annually for consumptive use (Water Allocations);
- the implementation of a 'cap and trade' approach to regulate and constrain access to consumptive water and facilitate a market between competing users based on their economic capacity to pay for water over time; and
- the separation of water titles from land titles to provide the opportunity for that constrained consumptive water to transition to highest and best use more efficiently within specific resource locations.

These reforms have resulted in a paradigm shift in water resources management with a focus on gaining greater water efficiencies, a 'user pays' system, and the development of market-based instruments to facilitate the movement of water from lower to higher economic uses (online portals, a wide broker network, public registers of Water Entitlement and Water Allocation transactions).

The regulation of Australia's water resources is expressed clearly in the 2004 NWI. The NWI has proved an enduring policy framework through successive changes in governments across state and Commonwealth jurisdictions. The NWI was recently reviewed by Australia's Productivity Commission². Based on its success to date as a central policy program, the Australian Government has sought a process to extend and renew the NWI in partnership with State and Territory Governments. Reforms to water regulations are expected to continue in future, however, the following central principles of the NWI policy framework are expected to remain consistent:

- ensure sustainable environmental flows in river systems;
- safeguard sustainable use of aquifers; and
- allow efficient markets to operate to direct that 'capped' proportion of consumptive water to trade to its highest and best use.

Argyle's team has witnessed and participated in a succession of water reviews, commissions, inquiries, reports and reforms since the 1990s, and most recently with the ACCC review of the MDB water markets. Each has continued to promote the effectiveness of water markets to allocate this scarce resource amongst competing users. We continue to expect this will be the case into the future.

Consequently, we believe investments in Water Entitlements (rather than irrigated farmland alone) will continue to present a significant commercial opportunity in Australia's agricultural sector.

² <https://www.pc.gov.au/inquiries/completed/water-reform-2020#report>

AUSTRALIAN WATER ASSETS - DEFINITIONS AND FEATURES

A Water Entitlement is a perpetual or ongoing legal entitlement to access a defined share of water from a consumptive pool of a specified water resource (such as a river or aquifer). Water Entitlements are recorded in publicly accessible Government-controlled registers. They are exclusive, separate from land and legally enforceable. Water Entitlements can be bought, sold, and leased.

A Water Allocation is the annual volume of water made available under a Water Entitlement. Water Allocations are prescribed by the relevant water authority depending on the volume of water within that defined resource. Water Allocations are typically expressed as a percentage of the Water Entitlement volume. These can be bought and sold.

The terminology associated with Water Entitlements and Water Allocations varies from state to state. In this IM, the term Water Entitlements includes Water Access Entitlements (ACT and SA), Water Licences (WA, NT and TAS), Water Access Licences (NSW), Water Shares (VIC) and Water Allocations (QLD), and the term Water Allocations includes Water Allocations (ACT, SA, WA, NT, TAS, NSW and VIC) and Seasonal Water Allocation (QLD).

Water Entitlements and Water Allocations have the following features:

TRANSFERABLE

Water Entitlements and annual Water Allocations can be bought and sold within defined geographic regions. Water Entitlements can be transferred via private treaty, brokers and exchanges.

VALUED AT MARKET

Markets exist for Water Entitlements and Water Allocations. Valuations of traded Water Entitlements and Water Allocations can be regularly determined using publicly available information from relevant water authorities.

DIVISIBLE

Water Entitlements can be subdivided or amalgamated within their specified consumptive pool.

FUNGIBLE

Water Entitlements are freely interchangeable within a specified consumptive pool.

CLASSIFIED BY SECURITY

Water Entitlements are assigned different levels of security or reliability. Security is defined as the frequency with which water allocated under a Water Entitlement can be supplied in full. For example, a high security Water Entitlement may receive a 100% Water Allocation during all but the most severe droughts.

As at 30 June 2021, the total volume of Water Entitlements on issue in Australia was 39,739 gigalitres (GL).³

Argyle’s valuation of the entire Australian market is approximately \$50 billion as at 30 June 2022 with average annual turnover of Water Entitlements valued approximately \$2 billion.

Total water market turnover in 2020-21 was estimated at \$6 billion.⁴

DEMAND SIDE VALUE DRIVERS	SUPPLY SIDE VALUE DRIVERS
Allocation of water to its highest value economic use. A shift in use and a higher capacity to pay as water moves from lower to higher economic uses.	Climate change impacting temperatures, evaporation, rainfall, runoff and the sustainable yields of rivers and aquifer systems.
Increased transparency, deregulation and promotion of water trading by Governments.	Investment in infrastructure to increase efficiency for both on-farm and off-farm irrigation.
Escalating global demand for food, fibre and renewable energy requiring increased access to water as a key production input.	Buy-back of Water Entitlements in the MDB has reduced the volume of consumptive water available for irrigation relative to environmental flows.
Improvements in crop yields and farm profitability through the adoption of better technology, genetically modified crop varieties, increased farm scale and access to developing markets competitively serviced from Australia.	Water trading mechanisms and contract standardisation continue to evolve. Forward water sales, Water Entitlement leases and contracts to effect the carryover of water from one season to the next are evidence of the emergence of more sophisticated market behaviour.

³ Bureau of Meteorology Australian Water Markets Report 2020-21
⁴ Bureau of Meteorology Australian Water Markets Report 2020-21

INVESTMENT CHARACTERISTICS OF THE AUSTRALIAN WATER MARKET

The market for Australian Water Entitlements has the following investment characteristics:

CAPITAL GROWTH

According to Argyle's analysis of a range of regions, Australian Water Entitlements have generally delivered historic capital growth in the range of 5% – 12% per annum over the past two decades. Over shorter periods, performance has varied considerably, and not all Australian Water Entitlements have experienced similar growth ranges. According to Aither's Entitlement Index,⁵ the capital value of a portfolio of southern Murray-Darling Basin water entitlements has appreciated 8% per annum since its inception in 2008-09. Despite strong price appreciation, Argyle expects that the dynamics of increasing demand for water as a key input, shifts in existing water use by crop type, and water use productivity gains ('more crop per drop'), will continue to place strong and sustained upward pressure on the price of water as a key input, and, in turn, the value of the Water Entitlements to access that water annually in specific regions into the future.

YIELD

Based on Argyle's analysis over the past decade, Australian Water Entitlements have generated a historic gross yield of 4% – 6% per annum. This yield is derived from the sale of annual Water Allocations or by leasing Water Entitlements to irrigators for multiple-year terms.

HISTORICALLY UNCORRELATED TO TRADITIONAL ASSETS

The volume of water allocated to a Water Entitlement in any year is mostly determined by climatic conditions impacting annual rainfall, runoff and evaporation within that specific resource or region. Water Entitlements therefore provide a return profile that is historically uncorrelated to traditional assets.

REGULATORY FRAMEWORK OF THE AUSTRALIAN WATER MARKET

Until the 2000s, Australian Water Entitlements were attached to land titles. Surface Water Entitlements were issued to land holders adjacent to river systems which supplied water from various Government constructed catchment dams. Progressive reforms since the 1990s gave Water Entitlements their own legal title, generating a separate value to that of land. These reforms were undertaken to allow Water Entitlements to be traded without the land, and thereby facilitate the movement of water so that it could be applied to enterprises where it would derive its highest economic value.

At least since the NWI in 2004, State and Commonwealth Governments worked to ensure that property rights to water are clearly defined and specified in terms of ownership, volume and tenure to facilitate increased water trading. The Governments' consistent philosophy over many years has been to allow the market to determine a value for water and allow it to be traded to its highest economic use.

Markets are now established which allow for the trade of annual Water Allocations and Water Entitlements. Water Allocations are bought and sold in the 'temporary market'. Water Entitlements are transferred between buyer and seller in the 'permanent market'.

THE EFFECTIVENESS OF MDB WATER MARKETS

Commencing in August 2019, the ACCC conducted a detailed inquiry into the MDB water markets. Its draft report was released in July 2020, with a final report released in March 2021.⁶

Argyle actively participated in the inquiry, particularly to emphasize the role it plays in providing new sources of capital for irrigated agriculture, new water supply risk management tools (leases, forward sales, carryover products) that were otherwise not available to the same extent in the past, and to encourage the development of higher value uses for scarce water.

ACCC did not find any evidence of investors manipulating the water markets, or any misconduct by investors.

ACCC made a range of recommendations to improve market transparency, efficiency and the education of market participants. Argyle supports many of the ACCC's recommendations, provided they can be applied without excessive additional expense or inefficiencies for market participants, which inevitably will be borne by irrigation farmers.

ACCC recommends several improvements that can be made in the governance of the various water markets and its intermediaries. Given the MDB markets are governed by four different state governments, each with their own water legislation, Argyle is familiar with operating in a framework of inconsistencies and incompatibility in some cases.

Overall, the ACCC finds clear recognition of the many benefits of water markets. It upholds the NWI and bi-partisan policy approach to water and the water markets framework.

It supports the role of non-land holding market participants in providing access to alternative sources of capital for irrigation farming, the creation of market liquidity, and the provision of risk management products for irrigation farmers. It examines

⁵ Australian Water Markets Report: 2021-22 Review and 2022-23 Outlook, Aither Pty Ltd.

⁶ <https://www.accc.gov.au/focus-areas/inquiries-finalised/murray-darling-basin-water-markets-inquiry/final-report>

a range of shortcomings in relation to the governance framework of the water markets and recommends some options designed to increase transparency and market efficiency.

As a long-time participant, since its 2007 foundation, Argyle has been at the forefront of the responsible development of more sophisticated water markets for the benefit of irrigation farmers, their regional economies and Australia's agricultural sector. Argyle is proud of the role it plays in providing capital for that endeavour.

THE MURRAY-DARLING BASIN PLAN

The Murray-Darling Basin Authority ('MDBA') is an independent agency, established under Commonwealth legislation and charged with co-ordinating the management of the water resources of the entire MDB. The MDBA completed the formulation of a comprehensive Basin Plan in 2012.⁷ The Basin Plan was approved by the Australian Parliament in November 2012 by an overwhelming bi-partisan majority and became law from that time.

The Basin Plan establishes a Basin-wide sustainable limit on diversions of water for consumptive use ('Sustainable Diversion Limit' or 'SDL'). Prior to the Basin Plan of about 30,000 GL annual average inflows, about 13,600 GL of water was extracted from the MDB's rivers annually (on a long-term average basis) for consumptive use by irrigation farming, mining, and supply to urban populations.

The SDL determined under the Basin Plan will reduce annual extractions by 2,750 GL per year on average (with provision for another 450 GL recovery conditional on certain criteria). The Commonwealth Government committed to achieving that volume by a range of measures including buying-back Water Entitlements from willing sellers over time and investing in on-farm and off-farm infrastructure upgrades to reduce the amount of transmission and evaporative loss throughout the system. The 2,750GL target was subsequently adjusted to 2,075GL of consumptive water reduction, with the balance achieved by Sustainable Diversion Limit Adjustment Mechanism projects involving certain works and water management activities.

As of 30 June 2022, only 2% more volume was required to achieve the adjusted 2,075 GL surface water recovery target set out in the Basin Plan ; the bulk of the surface water recovery has been already achieved. However, an additional 448 GL was still required to be recovered under various 'efficiency measures' targeting changes in water use practices to achieve the incremental 450 GL water use savings that will also be applied to increased environmental flows.

Under the Basin Plan, access to water for consumptive use will become more scarce. Additional volumes of Water Entitlements in the MDB will not be issued. As a result, Argyle anticipates that values for remaining consumptive Water Entitlements will grow as present farm, mining, and urban users compete for less available water.

The Fund's investment portfolio is expected to remain concentrated on the rivers of the MDB. This region already represents the majority of water trading in Australia, reflecting its scale and agricultural diversity, as well as the relative scarcity of water within the MDB relative to its competing consumptive use.

An understanding of water trading rules and regulations across the MDB is critical to identifying opportunities for transacting water. There are a number of trading zones within the MDB which allow the trading and movement of water across boundaries. Argyle has managed the Fund since August 2012 and previously managed investments in Water Entitlements since 2008. It is familiar with the operating rules and regulations which govern the water market across the major river zones of the MDB and has experienced water trading in both extreme drought and flood conditions.

The map on the following page outlines the MDB system and its various river catchments.⁸

The MDB is Australia's largest irrigation region made up of 22 major river catchments representing:

- 77,000 kilometres of rivers;
- 14% of Australia's land mass;
- Catchment of 1 million km²;
- Population of 2.6 million people;
- Total farmland in MDB of 87.3 million ha;
- Total irrigated in MDB of 1.2 million ha;
- Only 1.4% of the total farmland in this region is irrigated;
- 4,000 to 7,000 GL of irrigation water applied annually;
- >\$20 billion annual agricultural output;
- ~40% of Australia's agricultural output; and
- 60% of Australia's irrigated farmland.

⁷ <https://www.mdba.gov.au/basin-plan/plan-murray-darling-basin>

⁸ Source: MDBA <https://www.mdba.gov.au/water-management/catchments>

In 2020, Commonwealth Scientific and Industrial Research Organisation ('CSIRO') published several research papers projecting long-term average annual rainfalls in the MDB catchment to decline 10% compared to the historical record, and for that to be amplified to 20% to 30% reductions in annual surface inflows into MDB storage dams.⁹



⁹ <https://www.csiro.au/en/research/natural-environment/water/murray-darling-basin>

SECTION 3: INVESTMENT STRATEGY

ARGYLE'S INVESTMENT STRATEGY

Argyle believes that Australian Water Entitlements are likely to experience long-term capital growth driven by:

- increased scarcity of consumptive water relative to demand by irrigated agriculture;
- progressive increases in the value of produce derived from limited consumptive water use, such that irrigators will be prepared to pay a higher price for this limited input over time;
- a transition of water use across a range of irrigated crop enterprises, such that scarce consumptive water is progressively directed to its highest economic use (whether by crop type or the most water efficient and productive farmers); and
- a growing number of market participants, increased market sophistication, an evolution of water price risk management products, and improvements in water trading.

Argyle believes there is a significant opportunity for long-term investors to achieve compelling risk-adjusted returns from the acquisition and active management of a portfolio of Australian Water Entitlements generating a return profile (comprising capital growth and yield) that is historically uncorrelated to financial markets.

The construction and maintenance of the Fund is centred on:

- maximising the potential for highest long-term gains;
- delivering the most reliable yield outcomes;
- the construction of a diversified portfolio across state jurisdictions, regional locations, entitlement types and security classes;
- a long-term buy and hold approach with the judicious purchase and sale of assets over time seeking to ensure the portfolio remains well positioned for growth;
- alignment with the liquidity preferences of investors; and
- Argyle believes investment returns will be optimised by prudent asset selection, a focus on annual yields and the aggregation of assets to capture market premiums associated with the ability to deliver larger volumes of water to a range of diverse end users.

ARGYLE'S INVESTMENT PROCESS

Water investment requires deciphering the complex interaction between Commonwealth and State legislation and regulations, idiosyncrasies of regional markets, demand for agricultural and urban water use, supply of available water in storages and the impact of weather events and possible climate change over time.

Argyle employs a primarily top-down, disciplined investment process to identify opportunities that meet its investment criteria and to construct, implement and manage a target portfolio.

PORTFOLIO CONSTRUCTION

Argyle starts by conducting an inventory of the entire Australian Water Entitlement market, classifying Water Entitlements by state jurisdiction, regional location, entitlement type and security class. It defines its investable universe based on an assessment of the scarcity of, demand for, transferability of, trading volumes of, and quality of water in each location. From this investable universe, Argyle assesses the relative attractiveness of individual Water Entitlements based on the following factors: structural attractiveness of the regional market and entitlement type; expected normalised yield; water reliability; and the regional market's capacity to pay for Water Allocations through a range of water availability conditions. From this assessment, Argyle constructs a target portfolio by setting volumetric acquisition targets designed to achieve an optimum expected yield amongst the most attractive market opportunities, subject to liquidity and diversification constraints.

The Fund's portfolio is regularly reviewed against Argyle's target portfolio to identify opportunities to reposition the Fund with the aim of optimising investment returns.

The portfolio may invest in shares or memberships (or equivalent registered equity interest) of irrigation infrastructure operator companies/co-operatives ('Irrigation Infrastructure Operator' or 'IIO') that hold statutory Water Entitlements on behalf of shareholders/members where those shares/memberships represent the underlying beneficial interest in Water Entitlements registered to the company/co-operative, but are able to be transformed at any time to an underlying Water Entitlement held beneficially for the Fund.

The Fund may wish to avail itself of the ability to invest in shares of IIOs, but the contractual arrangements may require those investments to be held in a name other than the Custodian. Where this is the case, the Trustee will enter into the IIO's standard contract held beneficially on behalf of the Fund. Investment holdings of this nature will be limited to no more than 10% of the net asset value of the Fund before being transformed to underlying Water Entitlements held beneficially in the Custodian's name on behalf of the Fund.

PORTFOLIO IMPLEMENTATION

Portfolio implementation involves the successful execution of Water Entitlement acquisitions and divestments, with particular emphasis on ensuring:

- adherence to portfolio targets, diversification and liquidity constraints;
- price targets and disciplines are followed;
- transaction costs are minimised;
- due diligence is promptly completed and approved (with identified risks mitigated);
- Water Entitlement acquisition and divestment processes are seamless and completed within defined time frames;
- regulatory authority liaison is undertaken and queries addressed; and
- execution and transaction risk is minimised.

WATER ALLOCATION SALES STRATEGY

The Fund generates annual income by selling its Water Allocations or by leasing entitlements out to irrigator counterparties.

Selling Water Allocations requires very active portfolio management throughout each Water Year (July to June).

The most important participants in the market for annual Water Allocations include farmers/ irrigators, irrigation co-operatives, local industry, and State Water Authorities on behalf of urban user requirements.

Water Allocations can be sold in spot and forward markets. As a non-irrigator holder of Water Entitlements, Argyle has been a pioneer of forward sales of Water Allocations. This aids irrigators to manage their forward water supply risks year on year. Argyle's forward Water Allocation sales program benefits irrigation farmers such that they are able to secure their future water supply requirements and, in turn, have greater confidence to forward sell their expected produce when commodity prices are profitable.

Argyle follows a disciplined sales process based on the Fund's current Water Allocation position and an assessment of regional Water Allocation markets to define its Water Allocation sales program for each region and each Water Year. The sales strategy specifies trading volumes, price targets and discretion limits.

Argyle considers the following factors in setting the Water Allocation trading strategy and sales program for each region:

- actual and forecast annual Water Allocation announcements;
- storage volumes and anticipated storage volumes;
- regional demand drivers;
- seasonal climate outlooks;

- commodity price outlooks which may determine the extent of water demand by annual irrigated crop production (as opposed to permanent crop water demand which may be relatively more static year on year);
- regional trading volumes;
- seasonality and timing of peak irrigation demand; and
- risk management, including carryover flexibility.

Argyle adheres to robust operational processes to ensure the efficient execution of its Water Allocation sales strategy and to thoroughly mitigate counterparty and settlement risks.

WATER ENTITLEMENT LEASING

Argyle also engages in leasing a portion of the Fund's Water Entitlements to qualified irrigator counterparties.

This benefits the Fund by achieving fixed annual rental income irrespective of the volume of water allocated to the underlying Water Entitlement.

The lease income is more predictable than the yield that can be generated year on year holding Water Entitlements and engaging in sales of Water Allocations granted to those Water Entitlements across each Water Year.

The extent of Water Entitlement leasing conducted for the Fund is limited to ensure the Fund maintains sufficient liquidity to meet investor redemption requirements as they may arise across any annual period. A Water Entitlement that is leased will be considered encumbered by that lease agreement and may not be readily saleable until the expiration of the lease term.

Leasing of Water Entitlements benefits irrigation farmers by permitting them to access annual water supplies (Water Allocations) for their crops without necessarily having to have large amounts of capital tied up in the ownership of those Water Entitlements. It is Argyle's experience that those irrigation farmers anticipate greater benefit in expending their capital on their farm business operations and the scale and productivity of their permanent crop enterprises.

SECTION 4: RESPONSIBLE INVESTMENT

ARGYLE'S PURPOSE

Argyle's purpose is to serve the development needs of regional Australia by managing investment capital in farmland, agribusiness and water rights in partnership with qualified and experienced asset operators.

RESPONSIBLE WATER INVESTMENT

Argyle provides access to alternative sources of capital for irrigation farming, creates water market liquidity and provides water risk management products for irrigation farmers. Since its establishment in 2007, Argyle has been at the forefront of the responsible development of more sophisticated water markets for the benefit of irrigation farmers, their regional economies and Australia's agricultural sector.

Argyle supports the water governance frameworks outlined in the 2004 National Water Initiative, the 2007 Water Act and the 2012 Basin Plan. Argyle supports the Basin Plan's goal to manage the MDB as a connected system and to bring the MDB back to a healthier and sustainable level, while supporting farming and other industries for the benefit of rural communities and the Australian community overall. Argyle fundamentally recognises the need to ensure sustainable environmental management of rivers and aquifers.

The March 2021 report of the ACCC's inquiry into the MDB water markets supported the benefits of water markets in providing capital, liquidity and risk management products. The ACCC recommended improvements to water market governance, market transparency, efficiency and the education of market participants; Argyle supports these recommendations.

Argyle partners with our investors and stakeholders in water markets to improve water market governance and the education of all market participants. Argyle engages with its operating partners, other irrigated agriculture farmers and water brokers to improve transparency and education across the water market throughout due diligence and investment in water rights.

Argyle is a member of the National Irrigators Council ('NIC') and works with water regulators, local, state and federal governments, suppliers, industry groups and local communities. Argyle supports the work of the 2020 Independent Panel for the Assessment of Social and Economic Conditions in the MDB¹⁰ and continues to adjust its approach to engagement with rural and regional communities in line with its recommendations.

APPROACH TO ESG

Through its various investments in Australian water and agriculture, Argyle actively manages a broad range of environmental, social and governance ('ESG') factors, such as water, climate variability, soil and plant health, energy, chemicals, waste, biosecurity, labour force, workplace health and safety ('WHS'), local community engagement, and food safety and quality. These factors are all critical to agricultural investment performance. They also represent opportunities for Argyle to actively identify and address sustainability challenges facing the irrigated agricultural industry that we may influence through our investments. Argyle actively considers ESG factors in determining irrigator counterparties for Water Entitlement leases and forward Water Allocation sales from the Fund.

Argyle's direct corporate ESG risks and opportunities for its investment management business are actively managed by the Board and executive team. Argyle has a 5-year ESG and Responsible Investment Strategy focusing on the following areas:

- Proprietary ESG Investment Framework
- Climate Change
- Modern Slavery
- Workplace Health and Safety

Argyle has dedicated policies pertaining to ESG, WHS, Climate Change and Safe and Ethical Work Practices. Each are reviewed and updated as part of an annual policy review process. Compliance with these policies is monitored on a quarterly basis by Argyle's Audit and Risk Committee.

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT

Argyle is a signatory to the United Nations Principles for Responsible Investment ('PRI'). Argyle incorporates consideration of ESG risks and opportunities into its investment and due diligence processes and engages with third parties to encourage them to consider ESG risks and opportunities in their business activities.

REVIEW AND IMPROVEMENT

Argyle is aware that our role, and the role of business more broadly, in sustainable development, ESG factors and responsible investment is evolving. Argyle acknowledges that the expectations of our investors and other stakeholders is also evolving. Argyle is committed to continuous review and improvement.

¹⁰ <https://www.agriculture.gov.au/water/mdb/policy/independent-assessment-social-economic-conditions-basin>

SECTION 5: INVESTMENT GUIDELINES

INVESTMENT GUIDELINES OF THE FUND													
TARGET RETURN¹⁰	10% – 14% per annum ¹¹ (before tax and management costs) ¹²												
RECOMMENDED MINIMUM INVESTMENT TERM	5-7 years												
EXPECTED ALLOCATION RANGE TO EACH STATE	<table border="0"> <tr> <td>New South Wales / ACT</td> <td>30%-80%</td> </tr> <tr> <td>Victoria</td> <td>20%-60%</td> </tr> <tr> <td>Queensland</td> <td>0%-20%</td> </tr> <tr> <td>South Australia</td> <td>0%-20%</td> </tr> <tr> <td>Western Australia</td> <td>0%-5%</td> </tr> <tr> <td>Tasmania</td> <td>0%-20%</td> </tr> </table>	New South Wales / ACT	30%-80%	Victoria	20%-60%	Queensland	0%-20%	South Australia	0%-20%	Western Australia	0%-5%	Tasmania	0%-20%
New South Wales / ACT	30%-80%												
Victoria	20%-60%												
Queensland	0%-20%												
South Australia	0%-20%												
Western Australia	0%-5%												
Tasmania	0%-20%												
MAXIMUM EXPOSURE TO ANY ONE REGION¹³	10% of the aggregate volume of Water Entitlements (ML) in that Region												
MAXIMUM EXPOSURE TO A SINGLE SECURITY CLASS IN ANY ONE REGION¹⁴	20% of the net asset value of the Fund												
MAXIMUM EXPOSURE TO REGIONS SERVICED BY THE MURRAY RIVER¹⁵	70% of the net asset value of the Fund												
EXPECTED ALLOCATION RANGE TO CASH¹⁶	0%-20%												

10. The Target Return is not intended to be a forecast. It is merely an indication of what the Fund aims to achieve. Targets are subject to risk.
11. The Target Return is gross of tax and Management Costs. The Target Return is also before any Performance Fee. The Fund may not be successful in meeting its objective. Returns are not guaranteed.
12. Currently, the Fund is not taxed and operates as a 'pass through' trust for tax purposes. Refer to Section 12 (Taxation) for more details. Management Costs include the Management Fee and Administration Fee referred to in Section 10 (Fees and Charges), but do not include any Performance Fee referred to in Section 10 (Fees and Charges).
13. The Investment Manager may change or otherwise deviate from these guidelines from time to time.
14. The Investment Manager may change or otherwise deviate from these guidelines from time to time.
15. The Investment Manager may change or otherwise deviate from these guidelines from time to time.
16. The Investment Manager may change or otherwise deviate from these guidelines from time to time. Members should note that following the investment of new capital and prior to the payment of a cash withdrawal, the allocation to cash may be significantly greater than 20%. This may cause the Fund's returns to be temporarily and adversely different to the returns from Australian water markets.

SECTION 6: FUND SUMMARY AND KEY FEATURES

FUND SUMMARY	
TYPE OF INVESTMENT	Argyle Water Fund is an unlisted unregistered managed investment scheme.
TRUSTEE	The Trust Company (Australia) Limited
INVESTMENT MANAGER	Argyle Capital Partners Pty Ltd
ADMINISTRATOR	Argyle Capital Partners Pty Ltd
UNIT REGISTRY	One Registry Services Pty Limited
UNIT TYPE BEING SUBSCRIBED FOR UNDER THIS IM	D Class Units
AUDITOR	EY
CUSTODIAN	Perpetual Corporate Trust Limited
INDEPENDENT VALUER	Independent Valuer chosen from time to time from a panel of reputable valuers.
INVESTMENT MANDATE	<p>It is intended that the Fund will invest primarily in Australian Water Entitlements, but it may also hold cash and cash-like instruments from time to time.</p> <p>The Trustee may, from time to time to preserve Member returns, close the Fund to new investments if it does not consider additional funds can be readily deployed by Argyle in the Australian Water Entitlements market.</p>
ELIGIBLE INVESTORS FOR D CLASS UNITS	Wholesale clients within the meaning of section 761G (7) of the <i>Corporations Act 2001</i> and other qualifying investors permitted to invest otherwise than through a PDS.
MINIMUM APPLICATION AMOUNT FOR D CLASS UNITS	\$5,000,000 initially and \$100,000 for subsequent applications, or such lesser amount as determined by the Trustee. These minimum application amounts disregard previous investments made in the Fund by an investor.
APPLICATION DATES FOR D CLASS UNITS	Applications can be made up until the last business day in any calendar month, or such other dates as the Trustee determines, for processing on the first business day of the next calendar month.
MINIMUM REDEMPTION AMOUNT FOR D CLASS UNITS	The lower of \$100,000 or the residual investment amount.
WITHDRAWAL DATES FOR D CLASS UNITS	Investments are subject to a two-year lock-up period from the time of subscription. Following the expiry of that period, withdrawals can be made as of the last business day of any calendar quarter (subject to 60 business days' notice), or such other dates as the Trustee may determine.

<p>WITHDRAWALS AND LIQUIDITY FOR D CLASS UNITS</p>	<p>After the two-year lock-up period has expired, the Trustee will endeavour to satisfy a request to redeem Units of a Member ('Withdrawal Request') on the last business day of any calendar quarter or such other date determined by the Trustee ('Withdrawal Date').</p> <p>The Trustee may, in its sole discretion, reduce all Withdrawal Requests for a particular Withdrawal Date on a pro rata basis. The Trust Deed requires Withdrawal Requests to be satisfied not more than 36 months after the Withdrawal Date; however, the Trustee will endeavour to satisfy the full value of each Withdrawal Request within 24 months unless, having regard to the circumstances in Section 11 (Key Risks) – 'Other Clients of the Investment Manager' and other circumstances, the Trustee decides it is not in the interest of all Members to do so.</p> <p>Any unsatisfied portion of any Withdrawal Request will be cancelled. The Trustee will seek the submission of a new Withdrawal Request. It will be treated equally and satisfied on a pro rata basis in the subsequent quarter (provided 60 business days' notice has been given).</p> <p>The Trustee may suspend withdrawals where necessary to protect the Fund and its Members.</p>
<p>BUY/ SELL SPREAD FOR D CLASS UNITS</p>	<ul style="list-style-type: none"> • Buy Spread 0.5% • Sell Spread 0.5% • Exit Levy 2.0% <p>As an open-ended or 'evergreen' Fund, these levies are payable to the Fund as an equity measure to compensate existing investors who remain in the open-ended Fund for any costs incurred by the Fund resulting from new investors entering the Fund or existing investors exiting the Fund. The buy/sell spread and exit levy (if charged) are not paid to the Investment Manager.</p>
<p>MINIMUM HOLDING AMOUNT FOR D CLASS UNITS</p>	<p>\$500,000 or such lesser amount as determined by the Trustee.</p>
<p>LEVERAGE AND SHORT-TERM BORROWING</p>	<p>The Trustee may borrow funds provided they do not exceed 25% of the gross asset value of the Fund at the time the funds are borrowed.</p> <p>The Fund does not intend to regularly use leverage or borrowings other than to meet short-term funding and redemption requirements ahead of receipt of new investment subscriptions or the orderly sale of underlying Water Entitlement assets.</p>
<p>VALUATION</p>	<p>An independent portfolio valuation will be undertaken on a monthly basis by the Independent Valuer.</p> <p>The Unit Price for the Fund will generally be available within 15 days of month end.</p>
<p>UNIT PRICE</p>	<p>The Fund offers different unit classes reflecting non-redemption periods and management fee rates for institutional investors. Applications under this IM will be subscribed "D" Class Units in the Fund.</p> <p>Unit Prices are based on the net asset value of a class divided by the number of Units on issue in that class and are variable. Income is rolled up into the Unit Price until distributed. Any tax payable is also accrued in the Unit Price. The buy spread is added to the Unit Price to determine the Application Price of Units and the sell spread (plus, in some circumstances, the exit levy) is deducted from the Unit Price to determine the Withdrawal Price of Units. Refer to Section 7 (Details of the Offer) for further details.</p>

<p>FUND TAXATION AND DISTRIBUTIONS</p>	<p>Currently, the Fund is treated as a flow-through trust for Australian income tax purposes as 75% or more interests in the Fund are held by the top 20 Members (calculated after tracing through any direct interests held by trust estate vehicles). This means the Fund is not classified as a public trading trust, despite having more than 50 members, as it satisfies the ‘closely held test’ each income year. Broadly, where the Fund is not a public trading trust, the Trustee will not be liable to pay tax on the Fund’s net income. Rather, the investors will be liable for tax on their respective share of the Fund’s net income.</p> <p>If the Fund is not ‘closely held’ in a future income year and it becomes a public trading trust, the Trustee will be liable to pay tax on the Fund’s net income at the corporate tax rate and certain distributions by the Fund may be franked. The Trustee will notify the Members of the correct tax treatment each year.</p> <p>Where available, the Fund may distribute income by way of an annual or interim distribution. Capital distributions may also be made. Distributions will be made in proportion to the number of Units held on the relevant distribution date. A Member may elect to re-invest all or a portion of their income distribution.</p>
<p>YEAR END</p>	<p>30 June</p>
<p>MANAGEMENT FEE FOR D CLASS UNITS</p>	<p>1.435% per annum (inclusive of an adjustment to the Fund from reduced input tax credit claims) of the gross asset value of the Fund¹¹ payable monthly in arrears to Argyle.</p>
<p>ADMINISTRATION FEE FOR D CLASS UNITS</p>	<p>An Administration Fee of 0.297% per annum (inclusive of an adjustment to the Fund from reduced input tax credit claims) of the gross asset value of the Fund is payable to the Investment Manager.</p> <p>The Administration Fee is levied to reimburse the Investment Manager to the extent of third-party expenses payable to the Administrator, the Auditor, the Trustee, the Custodian, the Independent Valuer and other fees that the Investment Manager determines are of an administrative nature.</p> <p>To the extent that such amounts exceed the Administration Fee, the excess will be borne by the Investment Manager. To the extent that such amounts are less than the Administration Fee, the balance will be retained by the Investment Manager.</p> <p>For the avoidance of doubt, the Administration Fee does not apply or relate to any fees or costs incurred in the direct ownership and holding of Water Entitlements such as annual storage fees and other water entitlement fees which are paid by the Fund.</p>
<p>PERFORMANCE FEE FOR D CLASS UNITS</p>	<p>17.9375% per annum (inclusive of an adjustment to the Fund from reduced input tax credit claims) of any total performance (income and capital return, net of management costs), greater than a performance hurdle return of 8% per annum (before tax), subject to a high-water mark (detailed in Section 10 (Fees and Charges)). Accrued monthly and payable annually based on final valuations.</p>
<p>ALLOTMENT DATE FOR D CLASS UNITS</p>	<p>The allotment of Units is effective on the first business day of the relevant calendar month, or such other time as the Trustee determines.</p>

¹¹ Adjusted lower to the extent of leverage.

SECTION 7: DETAILS OF THE OFFER

OFFER

Pursuant to this Offer, investors may acquire D Class Units in the Fund.

MINIMUM INVESTMENT

The Minimum Application Amount is \$5,000,000 initially, or such lesser amount as determined by the Trustee, and \$100,000 for subsequent applications, or such lesser amount as determined by the Trustee. These minimum application amounts disregard previous investments made in the Fund by an investor.

APPLICATIONS FOR UNITS

If the Trustee receives the Application Form and cleared Application Monies by the last business day in a calendar month, Units will, in general, be issued effective on the first business day of the following calendar month at the Application Price determined by the Administrator on behalf of the Trustee (refer to Section headed Unit Price on page 19).

Application Forms and cleared Application Monies received after the last business day in a calendar month will be processed on the first business day of the month following the month after the month in which the application is received.

The acceptance of any application for Units will be at the absolute discretion of the Trustee. The Trustee may reject an application (in whole or in part), in which case, the Trustee will refund the Application Monies. Any interest accrued on Application Monies will accrue to the benefit of the Fund.

WITHDRAWALS

Withdrawal Requests will be processed on each Withdrawal Date.

D Class Units are subject to an initial lock-up period in which Withdrawal Requests will not be eligible until a 24 month holding period has elapsed.

Withdrawal Requests are subject to 60 business days' notice, or such other notice period determined by the Trustee.

The Trustee will endeavour to satisfy Withdrawal Requests at each Withdrawal Date. Nonetheless, the Trustee in its sole discretion may reduce all Withdrawal Requests for a particular Withdrawal Date on a pro rata basis. The Trust Deed requires Withdrawal Requests to be satisfied not more than 36 months after the Withdrawal Date; however, the Trustee will endeavour to satisfy the full value of each Withdrawal Request within 24 months unless, having regard to the circumstances in Section 11 (Key Risks) – 'Other Clients of the Investment Manager' and other circumstances, the Trustee decides it is not in the interest of all Members to do so.

Any unsatisfied portion of any Withdrawal Request will be cancelled. The Trustee will seek the submission of a new Withdrawal Request. It will be treated equally and satisfied pro rata in the subsequent quarter (provided 60 business days' notice has been given). In addition, the Trustee may determine to postpone or suspend Withdrawal Requests and payments in certain extraordinary circumstances as set out below.

All Withdrawal Requests for each Withdrawal Date will be treated equally and satisfied on a pro rata basis.

Funds will be remitted once the Withdrawal Price for the relevant Withdrawal Date has been approved, within a reasonable time following the Withdrawal Date in the absence of exceptional circumstances (otherwise the Trust Deed allows for up to 36 months).

The Trustee may make a determination to postpone or suspend:

- (i) payments to Members in respect of Withdrawal Requests; and/or
- (ii) the calculation of the net asset value of Units of any one or more Classes; and/or
- (iii) the issue of Units of any one or more Classes; and/or
- (iv) the redemption of Units of any one or more Classes in certain circumstances including where trading on relevant markets is closed or restricted, or during an emergency or a state of affairs as a result of which it is not reasonably practicable to acquire or dispose of assets in the Fund or to determine Unit Prices fairly (including any moratorium declared by a government), or any other circumstances as provided for in the Trust Deed, or where the Trustee otherwise considers it to be in the interests of Members.

The Fund may also suspend payment of Withdrawal Requests if the Trustee deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Fund, Argyle or any of the Fund's service providers.

The Trustee may, in its sole discretion, compulsorily redeem all or any portion of a Member's Units at any time for any reason or no reason.

Following a Withdrawal of Units, the Trustee will issue a transaction advice that details the Withdrawal Date, transaction date, transaction amount, Withdrawal Price, number of Units redeemed and the current Unit balance.

UNIT PRICE

The Administrator generally calculates Unit Prices monthly, although it may do so more or less often than this. The Unit Price for the Fund will generally be available within 15 days of month end. Assets are valued at market value using a method determined by the Administrator and permitted by the Trust Deed. A different method of valuation may be applied in some circumstances, particularly where that method is required to reflect more fairly the value of the relevant investment.

Units are issued at the Application Price and withdrawn at the Withdrawal Price. Both the Application Price and the Withdrawal Price of a Unit are calculated based on the net asset value of a Class divided by the number of Units in that Class on issue on a pricing day. In calculating Application Prices and Withdrawal Prices, a buy/sell spread is applied which is used to cover certain costs incurred in managing the Fund's investments, such as legal, brokerage, bank charges, and government duties. The buy/sell spread is currently 0.5% of the Unit Price and may vary from time to time. Where significant costs are incurred in realising Water Entitlements to meet Withdrawal Requests, an exit levy of 2% of the Unit Price may be charged in addition to the sell spread.

UNIT CLASSES

The Trustee may, from time-to-time, issue Units (including in separate Classes) to new or existing Members. The rights, liabilities, obligations, and restrictions attached to different Classes of Units may vary.

PAYMENT OF DISTRIBUTIONS

The Fund will normally distribute income annually, after the period ending 30 June. The Trustee may make other or additional distributions at any time in accordance with the Trust Deed.

A Member may elect to re-invest all or a portion of their income distributions. A distribution statement will be issued following the payment of a distribution.

CALCULATION OF DISTRIBUTIONS

The Fund can earn income from its investments. It may also earn net realised capital gains. The amount to be distributed is calculated by deducting all expenses and fees incurred in respect of the Fund from the income and realised gains of the Fund, less any distributed net capital gains to fund a withdrawal. It may include a return of capital in the distribution (i.e., the tax deferred component).

The distribution amount of a Class is divided by the number of Units in that Class on issue on the last day of the Distribution Period to provide the cents per Unit distribution amount.

The amount Members will receive is calculated by multiplying the cents per Unit distribution amount by the number of Units they hold in that Class at the end of the last day of the Distribution Period. Each Unit in a Class receives the same distribution amount regardless of how long it has been held.

The distribution amount will vary at each distribution. Distributions are not guaranteed. Unit Prices normally fall immediately after a distribution has been declared because the net assets of the Fund have been reduced by the amount of the distribution.

REINVESTMENT

A Member may elect to re-invest their income distributions. If a Member elects to re-invest all or a portion of their income distributions, the Trustee will apply on each Member's behalf for additional Units in the same Class of the Fund at the end of each Distribution Period (the 'Additional Units'). The Additional Units will be issued on the first day after the end of the Distribution Period. The price at which the Additional Units will be issued will be the ex-price quoted for the last business day of the Distribution Period to which that distribution relates plus the buy spread. Members will receive details of the number and issue price of Additional Units issued in this way. The Trustee can withdraw or modify this facility at any time.

TRANSFERS

The Trustee may in its absolute discretion refuse to register any transfer.

SECTION 8: STRUCTURE AND KEY AGREEMENTS

Currently, the Fund is treated as a flow-through trust for Australian income tax purposes as 75% or more interests in the Fund are held by the top 20 Members (calculated after tracing through any direct interests held by trust estate vehicles). This means the Fund is not classified as a public trading trust and, broadly, the Trustee will not be liable to pay tax on the Fund's net income. Rather, the investors will be liable for tax on their respective share of the Fund's net income.

If the Fund becomes a public trading trust in a future income year, the Trustee will be liable to pay tax on the Fund's net income at the corporate tax rate and certain distributions by the Fund may be franked. The Trustee will notify the Members of the correct tax treatment each year.

The Trust Company (Australia) Limited ACN 000 000 993, AFSL 235 145 is Trustee and issuer of Units and is responsible for the operation of the Fund.

The Trustee is a wholly owned subsidiary of Perpetual Limited which has been in operation for over 130 years. Perpetual Limited is an Australian public company that has been listed on the ASX for over 50 years. The Trustee holds AFSL 235 145 issued by ASIC, which authorises it to provide financial services associated with operating the Fund.

The Trustee is responsible for the operation of the Fund and has power to delegate certain duties.

The Trustee has appointed Argyle Capital Partners Pty Ltd as the Investment Manager of the Fund.

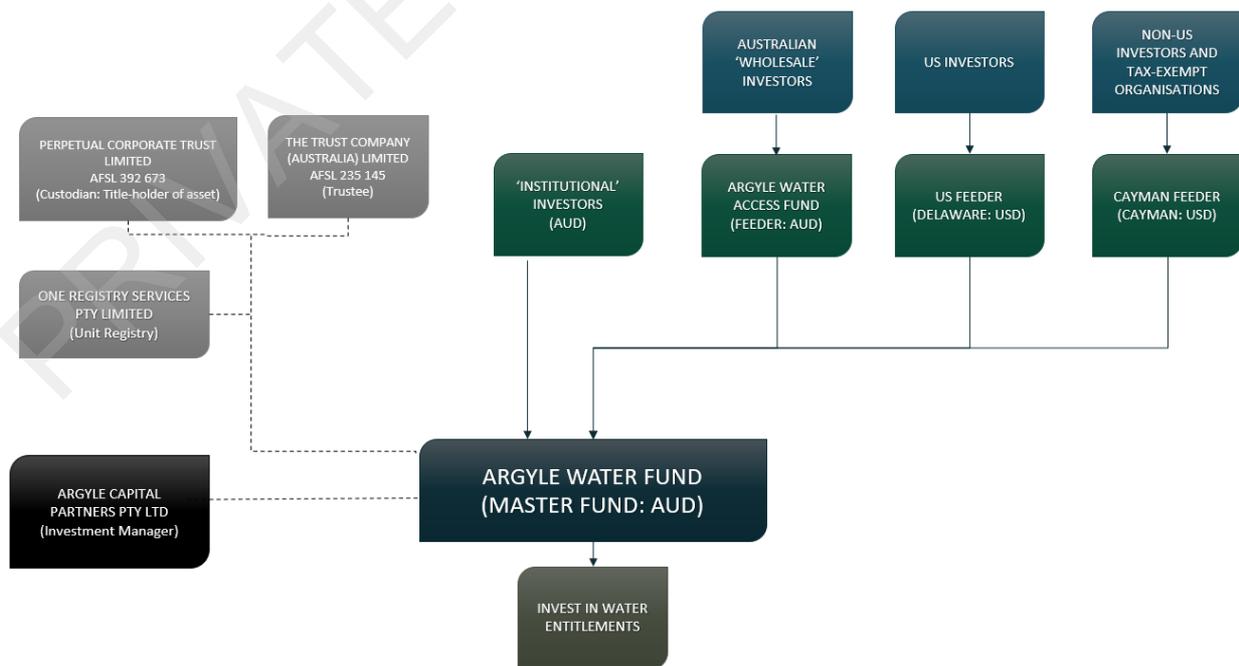
Argyle Capital Partners makes investment decisions as to the allocation of capital to the acquisition of Water Entitlements and generation of income from either trading Water Allocations attributed to those Water Entitlements or leasing those Water Entitlements.

Argyle Capital Partners Pty Ltd acts as the Administrator of the Fund. The Administrator is responsible for the day-to-day administration of the Fund.

The Trustee has appointed Perpetual Corporate Trust Limited as the Custodian of the Fund. The Custodian will hold the assets of the Fund on behalf of the Trustee.

A Delaware limited partnership and a Cayman Islands exempted company incorporated with limited liability have been established to invest substantially all of their assets through 'master-feeder' structures as Members of the Fund. The Fund will be treated as a partnership for U.S. tax purposes.

Argyle Water Access Fund has been established to invest all of its assets in the shares of Argyle Water Access Pty Limited, which invests solely in the Argyle Water Fund. This vehicle is offered for sophisticated Australian investors.



SECTION 9: ABOUT ARGYLE

THE INVESTMENT MANAGER

Argyle Capital Partners Pty Ltd has been appointed as the Investment Manager of the Fund by the Trustee pursuant to an investment management agreement dated 29 April 2011 (the 'Investment Management Agreement').

Argyle Capital Partners Pty Ltd ACN 634 933 029 ('Argyle') is an authorised representative of Argyle Securities Pty Ltd (ABN 34 154 857 360, AFSL 420 509).

Argyle Capital Partners is an independent investment management business specialising in water rights and farmland investments. First established in 2007, Argyle is owned by its key management personnel who are meaningfully invested in its assets under management.

Argyle is one of Australia's most experienced water investors. The key management personnel have collective experience in agricultural investment management, irrigated agricultural industries, water investment and trading, commodity risk management, agribusiness finance, and agricultural export trade.

The Argyle team is currently managing investments including:

- Strategic Australian Agriculture Fund: An institutional fund invested since June 2017 in Australian farmland ventures, agricultural supply-chain infrastructure, and water rights via the Argyle Water Fund.
- Institutional investment mandates: Argyle manages a number of Australian institutional investment mandates focused on water and agricultural assets. As a part of these mandates, Argyle manages a portfolio of Water Entitlements separately to the Argyle Water Fund.

Argyle's Chairman and Chief Investment Officer is Kim Morison. Emily Santucci is Chief Executive Officer. Louise Kerber is Investment Director, Water. The Investment Committee comprises Kim Morison, Louise Kerber, Hugh Esler, Tony Tremlett, and Emily Santucci.

INVESTMENT MANAGEMENT

In accordance with the Investment Management Agreement, Argyle is required to:

- undertake the management and day-to-day control of investments of the Fund and the performance of all things reasonably required for the efficient and economic undertaking of the Fund;
- develop and execute appropriate investment strategies for the Fund;
- acquire Water Entitlements and manage Water Allocations for the Fund; and

- undertake the co-ordination and management of external service providers to the Fund.

Argyle will be paid the Management Fee and Administration Fee disclosed in Section 10 (Fees and Charges), or such lesser amount as agreed between the Trustee and Argyle. Argyle will also receive the Performance Fee disclosed in Section 10 (Fees and Charges).

The Investment Management Agreement may be terminated immediately by the Trustee if Argyle suffers an insolvency event, the Fund is terminated in accordance with the terms of the Trust Deed, or a special resolution of Members is passed to terminate the appointment of the Investment Manager. Argyle may terminate the Investment Management Agreement upon six months' notice to the Trustee if the Trustee suffers an insolvency event or ceases to be Trustee.

TRACK RECORD

Argyle has a demonstrated track record of managing a portfolio of Water Entitlements via the Argyle Water Fund since 2012. Argyle's experience extends across a range of seasonal outcomes from floods to drought conditions. Argyle endeavours to mitigate the volatility of investment returns from the Fund's Water Entitlement portfolio via active management across each Water Year using a range of pricing tools and risk management disciplines.

RELATED PARTY DISCLOSURES

Entities associated with the directors and key staff of Argyle and of other related entities may own shares or other economic interests in these entities and interests in schemes that they manage, including the Fund.

Argyle's directors and key staff will benefit from the Management Fee, Administration Fee and Performance Fee outlined in Section 10 (Fees and Charges) to be paid to Argyle.

MULTIPLE ACCOUNTS POLICY

Argyle anticipates it may offer a limited number of separately managed accounts with institutional investors to invest in Water Entitlements.

Argyle will equitably manage each current and future 'Multiple Account' and provide transparency in relation to capital deployment, deal allocation, co-investments, and any dealings or transactions that may involve Multiple Accounts as counterparts.

Where any overlap in investment strategy and investment appetite exists between Multiple Accounts, Argyle will endeavour to allocate deal opportunities efficiently and equitably where it is possible to do so.

KEY MANAGEMENT PERSONNEL:**KIM MORISON**

CHAIRMAN, CHIEF INVESTMENT OFFICER

As Managing Director of Argyle Group and its predecessor, Blue Sky Water Partners, he has led the development of Argyle's investment management business specialising in Water Entitlements and irrigated farmland since 2010. Under his management, the business has progressively grown from less than \$50 million to over \$900 million of funds under management, comprising institutional and wholesale capital sourced from Australian and global investors.

Kim is principally responsible for Argyle's Water Entitlement investments including capital raising, investment strategy, portfolio construction, deployment, annual water sales strategy and risk management.

Kim grew up on a wheatbelt farm and pursued a career in agribusiness focused on the irrigated agricultural sector. His experience in the sector derives from several export focused commodity trading roles including General Manager (Marketing) at CSR Sugar; joint head of the international cotton business at Macquarie Group; General Manager of Colly Cotton Marketing, a division of what was then Australia's largest cotton growing company and Australia's largest owner of Water Entitlements (Twynam Agricultural Group). He was also previously Senior Commercial Manager at Colly Cotton Limited engaged in investment analysis of irrigated farmland and supply chain infrastructure opportunities.

Kim is a Graduate of the Australian Institute of Company Directors and holds Graduate Diplomas in Applied Finance and Agricultural Economics and a Bachelor of Commerce.

LOUISE KERBER

INVESTMENT DIRECTOR AND INVESTMENT COMMITTEE MEMBER

As a foundation employee, Louise joined Argyle in 2008 and has built a detailed knowledge of the operations of Australia's water markets, their regulations, and the requirements for executing and settling transactions.

Louise is highly proficient and experienced in dealing with all aspects of Water Entitlement and Water Allocation trading. She has developed deep broker relationships across South Australia, Victoria, and New South Wales jurisdictions in all aspects of water trading, leasing and title registration. This is coupled with her extensive investment operations experience with external custodians, administrators, auditors and valuers.

Louise is responsible for the investment operations activities of the business, including deal execution and transaction

management reporting of water assets, transactional settlements, service providers, regulatory bodies, and brokers.

Prior to Argyle, Louise was Domestic Operations Manager, Business Development Manager & Grower Services Manager with Seed Technology & Marketing from 2003 to 2008.

Louise holds a Bachelor of Management from the University of South Australia.

HUGH ESLER

INVESTMENT DIRECTOR, AGRICULTURE AND INVESTMENT COMMITTEE MEMBER

Hugh is jointly responsible for the management of Argyle's agricultural investments, with a particular focus on irrigated farmland investments. He has over a decade of corporate and transactional experience across the agriculture, food and beverage, property, and finance sectors.

Prior to joining Argyle in 2018, Hugh developed extensive transactional experience as a senior lawyer at a global law firm focusing on domestic and cross-border mergers and acquisitions, corporate advisory and governance, commercial agreements, and general contract law.

Hugh holds a Bachelor of Commerce from the University of Queensland, a Juris Doctor from Bond University, is admitted to the Supreme Court of Queensland and is a member of the Australian Institute of Company Directors.

TONY TREMLETT

INVESTMENT DIRECTOR, AGRICULTURE AND INVESTMENT COMMITTEE MEMBER

Tony is jointly responsible for the management of Argyle's agricultural investments, with a particular focus on irrigated farmland investments. Tony brings to Argyle a wealth of experience in personnel management, strategic analysis, risk management, and project delivery from his 20-year military career. Tony's diverse experience includes leading complex high-risk operations, strategic analysis for Australia's Special Forces, and leading project scope and cost analysis for a portfolio of Defence projects worth over \$6 billion.

Tony applies his skill set to focus on our farmland operating partnerships and 'life of investment' risk management aimed at providing high assurance in the acquisition and management of Argyle investments.

EMILY SANTUCCI

CHIEF EXECUTIVE OFFICER

Emily manages a team responsible for the financial and operational administration of Argyle Group, providing high level strategic and operational oversight of infrastructure frameworks to support Argyle's funds management enterprise. This includes legal, compliance, fund administration, company accounting, audit, marketing and distribution, and investor relations services.

She has twenty years of experience gained across public practice, and the funds management, superannuation, and software sectors, with a focus on driving strategic, operational, and financial initiatives to create value for investors. Prior to joining Argyle, Emily worked at QSuper, Console Group, Opus Capital, and PwC.

Emily is a Graduate Member of the Australian Institute of Company Directors, a Chartered Accountant (CA) and Member of Chartered Accountants Australia and New Zealand (CA ANZ)

TODD OAKLEY

INVESTMENT MANAGER, WATER

Todd Oakley joined Argyle in 2021. He is responsible for day-to-day execution of water transactions and liaison with irrigators, water brokers, irrigation infrastructure operators and state government water agencies. Todd is also responsible for water market analysis and identifying water transaction opportunities. Todd has gained many years' experience as a water broker. He was previously manager of Ruralco's on-line water exchange portal. Todd has developed a strong network of water market participants, and an understanding of the factors that influence their decisions within the market.

In his former role as General Manager for Waterexchange (Australia's largest online water trading platform), Todd built a unique understanding of intervalley trade and developed strategies to help capitalise on the opportunities these presented.

Todd's family are engaged in irrigated agribusiness in South Australia. The main property at McLaren Vale has been in the family for over 100 years, spanning four generations.

SECTION 10: FEES AND CHARGES

MANAGEMENT COSTS

The following fees and charges relating to the costs of managing, investing, and administering the Fund and its assets are charged to the Fund. The Management Costs are deducted from the earnings of the Fund and are reflected in the Unit Price. The Management Costs are based on information at the date of publication and are subject to change. The Management Costs include the Management Fee and Administration Fee but do not include the Performance Fee, buy/sell spread or exit levy referred to below.

All descriptions of fees below relate to D Class Units in the Fund. Other classes of Units may be subject to other fee structures

The Management Costs include the following:

MANAGEMENT FEE

There is a Management Fee of 1.435% per annum (inclusive of an adjustment to the Fund from reduced input tax credit claims). It is calculated and paid monthly in arrears, based on the gross asset value of the Fund at the end of the month (adjusted lower to the extent of leverage, if any). The Management Fee is reflected in the Unit Price of the Fund. Pursuant to the Investment Management Agreement, Argyle is entitled to receive the Management Fee.

ADMINISTRATION FEE

An Administration Fee of 0.297% per annum (inclusive of an adjustment to the Fund from reduced input tax credit claims) of the gross asset value¹² of the Fund is payable to the Investment Manager. The Administration Fee is levied to reimburse the Investment Manager to the extent of fees and expenses payable to the Administrator, the Auditor, the Trustee (see Trustee Fee and Expenses below), the Independent Valuer, and other fees that the Investment Manager determines are of an administrative nature. To the extent that such amounts exceed the Administration Fee, the excess will be borne by the Investment Manager. To the extent that such amounts are less than the Administration Fee, the balance will be retained by the Investment Manager. For the avoidance of doubt, the Administration Fee does not apply or relate to any fees or costs incurred in the direct ownership and holding of Water Entitlements such as annual storage fees and other water entitlement fees which are paid by the Fund.

TRUSTEE FEE AND EXPENSES

The Trustee is entitled to receive a fee as trustee of the Fund equal to 0.02% per annum of the gross asset value of the Fund, and subject to a minimum annual fee of \$40,000. The Trustee's

fee is calculated and payable monthly in arrears. The Trustee's fee may be adjusted annually in line with changes to the CPI.

Argyle pays the Trustee's fee from its Administration Fee and, consequently, the Trustee's fee will not be payable from the Fund assets in addition to the Administration Fee. However, the Trustee is entitled to recover its fee from the Fund assets if not received from Argyle.

The Trustee is also entitled to be reimbursed for expenses incurred in performing its duties and obligations as trustee of the Fund and to be paid time in attendance fees for additional activities performed outside the normal day-to-day scope of its activities. It is anticipated that any such fees and expenses will be paid to the Trustee by Argyle from its Administration Fee (or Argyle's other resources) and will not be recovered from the Fund assets. However, the Trustee is entitled to recover such fees and expenses from the Fund assets if not paid by Argyle.

PERFORMANCE FEE

The Fund is also charged the Performance Fee where the performance of the Fund exceeds its performance hurdle and subject to a high-water mark. The performance hurdle is 8% per annum (before tax) (the 'Performance Hurdle'). The Performance Fee of 17.9375% per annum (inclusive of an adjustment to the Fund from reduced input tax credit claims) of any total performance (income and capital return, net of management costs), greater than a performance hurdle return of 8% per annum (before tax), subject to a high-water mark (detailed in Section 10 (Fees and Charges)).

The high-water mark operates so that once the Performance Fee has been accrued, no further performance fee can accrue unless the Unit Price increases above its previous high, after adjusting for distributions. The Performance Fee is calculated and accrued monthly and paid annually on the accrued amount payable for the financial year ended 30 June based on final valuations.

The calculation is designed to be fair and reasonable over time, and to avoid circumstances that might result in certain groups of Members paying too much or too little in Performance Fees.

¹² Adjusted lower to the extent of leverage.

BUY/SELL SPREAD AND EXIT LEVY

Certain costs are incurred in managing the Fund's investments, such as legal, brokerage, bank charges and government duties. These costs are paid directly from the Fund and are therefore reflected in the Unit Price. However, some of these costs are recovered by charging a buy/sell spread to Members when they apply for or withdraw Units and an exit levy when they withdraw Units.

The fees are charged because an application or redemption may involve the purchase or sale of Fund assets, thereby incurring costs. These fees are an estimate of these costs. The imposition of these fees aims to ensure that existing Members do not pay any costs associated with other Members entering or exiting the Fund. These fees are reflected in the application and redemption Unit Prices.

As at the date of this IM the buy/sell spread is 0.5% and the exit levy is 2% of the Unit Price. The exit levy may be charged in addition to the sell spread where the Fund incurs significant costs in realising Water Entitlements to fund the satisfaction of Withdrawal Requests. The buy/sell spread, and the exit levy, may change from time to time to reflect changes in the costs incurred by the Fund.

The buy/sell spread and the exit levy are additional costs to transacting Members (incurred when investing or redeeming an investment) and are retained by the Fund to meet the expenses associated with Members entering and exiting the Fund. The buy/sell spread and the exit levy are not paid to either the Trustee or Argyle.

GOODS AND SERVICES TAX ('GST')

Unless otherwise stated, all fees in this IM are exclusive of the net effect of GST and any associated reduced input tax credits.

DIFFERENTIAL FEES

Units may be issued to certain Members with reduced Management Costs or Performance Fees by way of rebate from Argyle, or the issue of a separate Class of Units. Such arrangements would be subject to the discretion of the Trustee, in consultation with Argyle, and subject to individual negotiation, compliance with legal requirements and applicable law.

THIRD PARTY FEES PAYABLE TO TRUSTEE OR CUSTODIAN

The Trustee and Custodian (collectively, 'Perpetual') have strong relationships with the major Australian banks. As a result of these relationships, the banks have offered Perpetual higher interest rates on bank accounts set up for schemes operated by Perpetual or its related bodies corporate or for schemes for which Perpetual or its related bodies corporate provides custodial services. The interest rate differs between the banks but is generally superior to rates the banks would offer to a client who does not use Perpetual or who negotiates the rates directly with the bank.

On top of, and separate to, the interest offered and paid on such accounts for the benefit of such schemes, the banks have offered to pay a small fee to Perpetual when a new scheme trust bank account is set up with that bank. This fee is paid directly to Perpetual by the bank and does not form part of the scheme. It will not be required to be included in the financial accounts or trust bank account records of the scheme. Details of the actual fee paid to Perpetual by the bank (if any) can be obtained from the Trustee upon request.

SECTION 11: KEY RISKS

Investors should carefully consider the risks detailed below before making an application to invest in the Fund. The following list of risk factors is not exhaustive.

As a result of these risks, no guarantee is, or can be, given by Argyle or the Trustee or by any person involved with the proposed investment that returns will be similar to those discussed in this IM.

All investments are subject to risks and generally go down as well as up in value. Adverse changes in value can be significant and can happen quickly. Different types of investments perform differently at different times and have different risk characteristics and volatility.

The significant risks for the Fund include:

MARKET RISK

Negative movements that affect the price of all assets within a particular market may cause losses to the Fund. For example, movements in interest rates, exchange rates, inflation and commodities prices can affect the value of assets. The prices of individual Water Entitlements and Water Allocations can be volatile, and there may be periods of prolonged poor returns.

LEGAL, TAX AND REGULATORY RISKS

Legal, tax and regulatory changes could materially and adversely affect the Fund and its operations. Regulation of investment vehicles such as the Fund is always evolving and therefore subject to change. The effect of any future legal or regulatory change on the Fund is impossible to predict but could be substantial and adverse.

Furthermore, legislative, and regulatory change by the Commonwealth and State Governments may impact the liquidity, transferability and value of Water Entitlements. Over the past 20 years, Government policies have consistently sought to foster the development of the water market, however the regulations are expected to continue to evolve. Water Resource Plans (Water Sharing Plans, Resource Operating Plans) which govern the amount of water which can be made available for consumptive use in each river system or underground aquifer are subject to regular State Government reviews, typically on a 10-year rolling basis. State Governments seek input from stakeholders prior to determining changes to Water Resource Plans and typically provide transitional periods to allow the market to adjust to new regulations.

LIQUIDITY RISK

Due to variable levels of liquidity in the Australian water markets in which the Fund invests, there may be times when it is difficult for Argyle to dispose of Fund assets at a fair value and in a timely manner. This may affect a Member's ability to

withdraw their investment from the Fund and may reduce the Fund's value.

Timing of the disposal of assets is critical to realising an optimal return on the Fund's investments. There can be no assurance that there will be a market for the Fund's holdings when the Investment Manager is required to dispose of them in order for the Trustee to meet Withdrawal Requests.

An investment in the Fund provides limited liquidity, however, liquidity of the Fund's assets and of an investment in the Fund cannot be guaranteed. An application for Units should only be considered by investors who are financially able to maintain their investments and who can afford to lose all or a substantial part of their investment. Investors should be prepared to remain in the Fund for an extended period.

FUND RISK

Risks particular to the Fund include that the Fund could terminate, and the fees and expenses of the Fund could change. The fees charged in aggregate will likely exceed the fees that an investor would typically incur by investing directly in the underlying assets. There is also a risk that investing in the Fund may give different results than investing directly in the underlying assets due to differences in tax status because of income or capital gains accrued in the Fund and the consequences of transactions by other investors.

COUNTERPARTY AND SETTLEMENT RISK

The counterparty to a transaction may default in the discharge of its obligations due to a lack of funds, lack of water or the contravention of regulations (whether inadvertent or deliberate). There is also a risk that a Water Allocation or Water Entitlement transaction may not reach settlement for some other reason.

DEPENDENCE ON THE INVESTMENT MANAGER

The success of the Fund depends on the ability of the Investment Manager to develop and implement strategies that achieve the Fund's investment objectives. For example, subjective decisions made by the Investment Manager could cause the Fund to incur losses or miss profit opportunities and the investment team of Argyle could change.

INCIDENTAL EXPENSES

Government taxes (to the extent applicable) and charges levied by an investor's financial institution (for example, cheque dishonour fees and electronic transfer fees) will be deducted from Application Monies or investment proceeds (as appropriate).

ADVISER COMMISSIONS

Argyle or the Trustee may pay brokerage or commission to those who are engaged to promote the Fund.

OTHER CLIENTS OF THE INVESTMENT MANAGER

Argyle and its Key Management Personnel ('KMP') currently, and may in the future, advise other clients with respect to an Australian Water Entitlements portfolio. The Investment Manager's oversight of multiple client accounts may subject the Investment Manager to various conflicts of interest. In addition, Argyle, its affiliates, and its principals may have investments in other funds or interests in the performance of other client accounts which pose conflicts of interest.

As at the date of this IM, Argyle manages several portfolios of Water Entitlements including the Argyle Water Fund. Argyle operates a Multiple Account Deal Allocation Policy, which is regularly scrutinised by Argyle's institutional clients. Argyle must adhere to this policy at all times to ensure that any deals it enters into in relation to the acquisition or divestment of Water Entitlements or Water Allocations are enacted in accordance with the policy and the relevant Investment Management Agreements in place at the time.

At all times, the Investment Manager will endeavour to resolve conflicts with respect to investment opportunities in a manner that it deems equitable to the extent possible under the prevailing facts and circumstances and in accordance with applicable law.

Water Entitlement investments will generally be allocated proportionately across multiple client accounts, including the Fund. Water Entitlements are divisible and therefore newly purchased entitlements can readily be proportionally divided to be allocated amongst portfolios. At any time, client portfolios may differ as a result of applications and withdrawals being made at different times and in different amounts, as well as due to different investment strategies, investment profiles, deployment scale and timing, and/or different tax and regulatory considerations.

From the standpoint of the Fund, simultaneous identical portfolio transactions for multiple client accounts may decrease the prices received, and increase the prices paid by the Fund for its portfolio sales and purchases.

To treat all clients (including the Fund) in a fair and equitable manner, Argyle intends to effect withdrawals made around the same time on a pro rata basis across multiple client accounts. Should a large number of clients decide to withdraw investments in Water Entitlements at a similar time, Argyle may be forced to liquidate assets prematurely, causing losses to clients (including the Fund). To mitigate this risk, Argyle may resolve to only meet a proportion of the Withdrawal Requests

made by each client at a particular time. In this case, any unsatisfied portion of any Withdrawal Request will be cancelled, and a Withdrawal Request will need to be re-submitted.

To further minimise the potential risk of such losses, the Fund intends to satisfy each Withdrawal Request in accordance with this IM and within a maximum period of 36 months. However, there can be no guarantee that this will eliminate the potential for such losses in these circumstances.

DETERMINATION OF NET ASSET VALUE BY APPRAISAL

Whilst markets exist for Water Entitlements and Water Allocations, providing a mechanism for the regular valuation of water assets, these valuations are not always perfect. This is particularly due to time lags between a transaction and the reporting of that transaction in markets that are thinly traded and where the values reported for a transaction are inaccurate. An Independent Valuer has been appointed to value the portfolio on a monthly basis by appraisal, however, the value assigned may be somewhat arbitrary. There is a risk that a higher value is placed on the Fund's assets (and therefore a higher Management Fee is paid) than might otherwise have occurred had a more reliable market price been obtainable.

THINLY TRADED ASSETS

Where markets are thinly traded, it is difficult for the Investment Manager to test the reliability of the valuations assigned to the Fund's assets that are traded in those markets. Prospective investors should be aware that the disposal of assets which have been valued incorrectly could affect the Fund's net asset value. Argyle seeks to limit the extent of the Fund's capital invested in relatively more thinly traded water markets via its diversification methodology.

LACK OF DIVERSIFICATION AND CONCENTRATION RISK

Argyle will seek, in a manner consistent with the Fund's investment strategy and restrictions, to diversify the Fund's portfolio across state jurisdictions, regional locations, entitlement types and security classes.

However, at certain times, the portfolio may be more concentrated in particular types of assets. This is specifically the case following the investment of new capital and prior to the payment of a cash Withdrawal. Concentration in a particular type of asset may have an adverse impact on the net asset value of the Fund where that type of asset underperforms the broader Australian Water Market. For example, large holdings of cash may reduce the Fund's performance during periods where returns from the Australian Water market are greater than cash.

LEVERAGE

Argyle has the discretion to use leverage up to 25% of the value of the Fund for short-term purposes. Although the use of leverage is restricted, it can potentially magnify losses in the portfolio.

SEASONAL WEATHER RISK

Individual weather events and seasonal weather conditions, such as high rainfall, floods, high temperatures and evaporation or prolonged drought, may impact the supply of and demand for water in particular regions and consequently the price of Water Allocations, both positively and negatively. Depending on the weather event, price impacts may be short-term or sustained.

The Fund is diversified across a range of river systems, Water Entitlement classes and geographies to mitigate the impact of individual weather events on portfolio returns.

CLIMATE CHANGE

In the long-term, it is likely that climate change will impact the demand, supply, and quality of water available for consumptive use in different ways from region to region. CSIRO has modelled the impact of climate change on the MDB rivers extensively, most recently publishing its findings in 2020. Its median modelled outcome suggests the southern MDB will experience 11% less run off and water availability by 2030 than its long-term average. Results for the northern MDB were not as conclusive.

GOVERNMENT BUY-BACKS

The Commonwealth Government has previously conducted a 10-year, \$12 billion program to address the sustainability of the MDB. This included a \$3.1 billion buy-back program whereby it purchased Water Entitlements from willing sellers to direct that water to environmental flows, and a \$5.8 billion program to improve water infrastructure to reduce transmission and evaporation losses. As at 30 June 2022, the Commonwealth Environmental Water Office had acquired 2,877 GL of Water Entitlements of various types. Between 2008 and 2011, this program represented as much as 25% of market turnover in Water Entitlements. However, the direct purchase program was largely completed by mid-2013. The program has since increasingly focused on investments in infrastructure improvements, with less impact on the turnover and valuation of Water Entitlements. From time to time, the participation of the Commonwealth Government in the market may temporarily distort market fundamentals and may reduce opportunities for the Fund to acquire Water Entitlements at reasonable valuations. The buy-backs resulted in less Water Entitlements available for consumptive water

use. If the program is conducted again in future, it may result in a lesser share of water available for consumptive use and may increase the relative scarcity of the Water Entitlement assets invested by the Fund.

TECHNOLOGY RISK

Technological advances (e.g. desalination plants, water transfer infrastructure) may generate additional or substitute water supply for agricultural, industrial, mining, and urban use, placing downward pressure on the price of water. However, the cost of transporting desalinated water beyond immediately adjacent urban markets generally prohibits its use in agricultural markets.

ALLOCATION RISK

In any given region, and for any given security class, the annual Water Allocation may be negligible or zero. Argyle seeks to diversify the Fund's portfolio across a range of Water Entitlement classes, including the highest security classes, to mitigate the risk of zero allocation even in the most severe drought conditions.

LOSS OF CARRYOVER

Depending on jurisdiction and Water Entitlement class, Water Allocations may be carried over from one Water Year to the next to be sold (or used) in the subsequent year. Argyle may elect to use this strategy when Water Allocation prices are depressed in a particular Water Year due to excessive over-supply (i.e. in times of excessive flooding). There is a risk that any carryover Water Allocation volume may be cancelled with no income to the Fund if the water storage associated with that Water Entitlement or river system spills over due to flooding.

OVERSELLING ALLOCATION RISK

In any given Water Year, the Fund may sell more Water Allocations than it is entitled to. Argyle monitors its Water Allocation policy very closely to prevent this occurring. In the unlikely event that this does occur, the Fund will purchase Water Allocations in the market to balance its water accounts.

COMPETITION RISK

An increase in the number of competing non-water users in a particular market may place downward pressure on Water Allocation prices.

CYCLICAL RISK

As an essential input to agricultural, industrial, and mining operations, demand for water is influenced by economic and commodities cycles. During cyclical lows there may be downward pressure on the price of Water Allocations.

COMMONWEALTH ENVIRONMENTAL WATER HOLDER

As a result of its buy-back program, the Commonwealth Government has acquired a portfolio of Water Entitlements across the rivers of the MDB. Control and management of this portfolio rests with the Commonwealth Environmental Water Holder ('CEWH'). CEWH is the single largest holder of Water Entitlements in the MDB. Water Entitlements held by CEWH will retain their existing characteristics and be subject to the rules that govern all other Water Entitlements of the same class. CEWH's role is to manage its holdings of Water Entitlements to protect or restore environmental assets of the MDB. Water that is held by CEWH must be managed in accordance with an environmental watering plan developed by the MDBA. CEWH is only permitted to sell water to the market in limited circumstances. CEWH may sell annual Water Allocations and permanent Water Entitlements if they are not required to meet environmental objectives and if the water cannot be carried over to the next Water Year. Annual Water Allocations and permanent Water Entitlements may also be sold if the proceeds are used to acquire other water that will improve the capacity to protect and restore the environment. As a result of these legislative requirements, Argyle anticipates CEWH's role as a seller in the water market will be relatively limited, particularly in times of drought reduced water supply.

STRUCTURAL RISK

Higher water prices and an uncertain water supply are prompting irrigators to become more water efficient. This includes switching to less water-intensive crops, dry-land farming and adopting new technology (e.g. sub-surface drip, lateral moves, improved irrigation infrastructure etc.). Reduced demand by irrigators may place downward pressure on prices.

MARKET SIZE

The market size for Australian Water Entitlements is relatively small, at approximately \$2 billion average annual turnover across five Water Years to June 2022. This small market size poses liquidity risks for the Fund and may also create pricing and capacity considerations as the Fund, and the aggregate assets managed by Argyle across multiple client accounts, grows in size.

FIRB REGULATION RISK

Should Water Entitlements be included in future Foreign Investment Review Board ('FIRB') reforms associated with the framework for strengthening of the national interest, then any purchases or sales from or to foreign purchasers may possibly need to be assessed as part of the FIRB screening process and rigour currently applied to Agricultural land, being three months of advertising and approval from FIRB to transact – effectively making purchases less timely and efficient and the sale of Water Entitlements (currently a very liquid market) relatively illiquid.

All Water Entitlements currently held by non-residents must be reported and included on the Australian Taxation Office register on an annual basis. Treasury, in its foreign investment reforms paper of June 2020, has, however, indicated that any future provisions will also include amendments to streamline investment in non-sensitive areas, particularly where no foreign government investor has influence or control over investment or operational decisions of an entity, as well as measures to reduce the regulatory burden for certain investments that do not pose a national security risk.

SECTION 12: TAXATION

OVERVIEW

The information provided below is a summary of the Australian income tax and GST implications for Australian resident individuals, companies (other than life insurance companies), trusts or complying superannuation funds for income tax purposes who hold their Units in the Fund on capital account.

The information does not consider the Australian income tax and GST implications for Members who:

- are not Australian residents;
- are exempt from Australian income tax;
- hold their Units in the Fund as trading stock or otherwise on revenue account; or
- are subject to the Australian Taxation of Financial Arrangement rules under Division 230 of the Income Tax Assessment Act 1997 (Cth) ("ITAA 1997").

The information is based on established judicial and administrative interpretations of the ITAA 1997, Income Tax Assessment Act 1936 (Cth) ("ITAA 1936"), Taxation Administration Act 1953 (Cth) ("TAA 1953") and A New Tax System (Goods & Services Tax) Act 1999 (Cth) ("GST Act") (collectively referred to as the "taxation law") as at the date of this IM. This summary does not take into account or anticipate changes in the taxation law or future judicial and administrative interpretations of the taxation law.

As the Australian taxation laws are complex and each Member's tax liabilities depend on their individual circumstances, Members should seek their own independent professional tax advice before investing in, or dealing with, their investments in the Fund.

FLOW-THROUGH OR PUBLIC TRADING TRUST TREATMENT

Where a unit trust is a "public trading trust" under Division 6C of the ITAA 1936 for an income year, the unit trust will be treated as a corporate entity for certain purposes of the taxation law. The consequence of the Fund being classified as a "public trading trust" is that the trustees may be liable to pay tax on the trusts' net income at the corporate tax rate and certain distributions by the trusts may be frankable.

In order to be a public trading trust, the trust must satisfy both of the following requirements:

- public unit trust; and
- trading trust.

Broadly, whether a unit trust is a public unit trust in relation to a year of income depends on the types of investors holding an

interest in the trust. The public unit trust assessment must be considered in relation to each income year. As a result, the classification of the Fund as a public unit trust ultimately depends on the nature and spread of investors, which could change from time to time.

A trading trust is a trust that carries on a trading business or controls the affairs or operations of another person (including a trust) who carries on a trading business. Therefore, in determining whether the Fund is a trading trust, it is necessary to consider whether it carries on a trading business or controls another entity which carries on a trading business. The Fund will not carry on a trading business where its business consists wholly of "eligible investment business" (subject to certain safe harbour rules for ancillary or incidental assets and activities).

INCOME TAX STATUS OF THE FUND

Currently, the Fund is treated as a flow-through trust for Australian income tax purposes as 75% or more interests in the Fund are held by the top 20 Members (calculated after tracing through any direct interests held by trust estate vehicles). This means the Fund is not classified as a public trading trust despite having more than 50 members as it satisfies the 'closely held test'.

Broadly, where the Fund is not a public trading trust, the Trustee will not be liable to pay tax on the Fund's net income. Rather, the investors will be liable for tax on their respective shares of the Fund's net income where the investors are presently entitled to the income of the Fund each income year.

If the Fund is not 'closely held' in respect of an income year and therefore becomes a public trading trust, the Trustee will be liable to pay tax on the Fund's net income at the corporate tax rate and certain distributions by the Fund may be franked. The Trustee will notify the Members of the correct tax treatment each year.

NET INCOME OF THE FUND

The Fund's net income for tax purposes will be its total assessable income (including realised net capital gains) calculated as if the Trustee were a resident taxpayer less all allowable deductions.

The intention of the Fund is to invest in Water Entitlements for long-term capital growth and an annual yield derived from the sale of Water Allocations and the leasing of Water Entitlements. The proceeds from the sale of Water Allocations and the leasing of Water Entitlements will be included in the assessable income of the Fund in the year in which the entitlement to receive them arises.

As the Fund does not qualify as a Managed Investment Trust, it will not be able to apply the deemed capital account treatment on the sale of its Water Entitlements. Accordingly, whether gains or losses on Water Entitlements are on capital or revenue account will depend on the Fund's circumstances and the taxation law applicable at the time of the sale. The Fund will need to rely on ordinary principles for treating gains on capital account.

The Fund has assessed that its current Water Entitlements are held on capital account, which will mean that gains or losses on the Water Entitlement sale will be determined in accordance with the capital gains tax ('CGT') provisions. If the sales of Water Entitlements are taken to be on capital account, the assessable income of the Fund will include any net capital gains that arise for a given year. A net capital gain will be made in a year if the amount of capital gains made by the Fund exceeds the amount of capital losses made by the Fund in that year or carried forward from prior years. If the Fund has held a Water Entitlement for at least 12 months before its sale (excluding the dates of acquisition and disposal), then the Fund may be entitled to apply the CGT discount to reduce the amount of a capital gain (remaining after the application of capital losses) by 50%.

TAXABLE DISTRIBUTIONS BY THE FUND

The net income of the Fund, as calculated above, is taxed in the hands of the Members (or the Trustee on their behalf) on their proportionate share of the trust's income (regardless of when or whether the income is actually paid to them).

A Member is presently entitled to trust income for an income year where they have, by the end of that year, a present or immediate right to demand payment from the Trustee. The entitlement will depend on the Trust Deed and any discretion that the Trustee has under the deed to allocate income between beneficiaries.

Where the Fund realises a net capital gain, the Member should be regarded as having derived a capital gain equal to the Member's share of the net capital gain. Where the capital gain includes a discount capital gain component, the Member is required to 'gross up' the amount of the capital gain included in their assessable income by the discount applied by the Fund (i.e. 50%). Depending on a Member's circumstances, the Member may then be able to apply any of their available capital losses against the grossed-up capital gain and then apply their own CGT discount factor, if applicable. In the case of a Member that is an individual or a trust, the CGT discount is 50% and in the case of a complying superannuation entity, the CGT discount is 33.33%. Companies are not entitled to a CGT discount on capital gains.

The Trustee will provide each beneficiary with details of their share of the net income, so that the Members can include this amount in their tax returns.

It should be noted that the Trustee pays tax on behalf of non-resident Members and those who are minors, based on their share of the trust's net income. These Members may need to declare their share of the trust's net income in their own income tax returns and can claim a credit for the tax paid on their behalf by the Trustee.

NON-ASSESSABLE DISTRIBUTIONS BY THE FUND

The Fund may make partial returns of capital in its distribution to Members, not representing a redemption of Units, over its life (i.e., the tax deferred component).

For Members that hold their Units in the Fund on capital account, a return of capital should not be treated as an assessable net income distribution to the Members. Instead, the amount should be treated as a non-assessable distribution to the Members for income tax purposes. In broad terms, the non-assessable component (i.e., tax deferred component) represents the excess of the income distributed by the Fund over the taxable component and capital gain component of that distribution.

Non-assessable amounts received by an Australian resident Member that holds their investment on capital account will generally not be included in that Member's assessable income. Rather, the amount that is not assessable may result in CGT Event E4 arising for the Member. Under CGT Event E4, the CGT cost base of the Member's Units would be reduced by the amount of capital returned. To the extent the return of capital exceeds the CGT cost base of a Member's Units, the Member may derive a capital gain equal to that excess amount.

Members that are individuals, trusts or complying superannuation funds may be eligible for a CGT discount treatment in relation to a capital gain resulting from a return of capital, where they have held their respective Units for at least 12 months prior to the return of capital (excluding the dates of acquisition and payment). If the CGT discount is available, then the capital gain remaining after the application of any capital losses would be reduced by 50% for Members that are individuals or trusts and by 33.33% for Members that are complying superannuation funds. Members that are companies are not eligible for the CGT discount.

TAX LOSSES MADE BY THE FUND

Any tax losses made by the Fund cannot be allocated to Members. However, prior year or current year tax losses can be offset against assessable income of the Fund in a future income year provided that certain trust loss integrity tests are

satisfied. The tests that need to be satisfied differ depending upon whether the Fund is a 'fixed trust' or a 'non-fixed trust' for Australian income tax purposes.

It is generally industry practice for most public offer unit trusts to consider themselves to be 'fixed trusts', albeit that this generally relies on the Commissioner exercising his discretion to treat them as such.

If the Fund is a 'fixed trust' it would need to satisfy the '50% stake test' and the 'income injection test' for tax losses to be deductible. The Fund is currently considered a fixed trust. Broadly, the '50% stake test' requires that greater than 50% of the income and capital entitlements in the Fund are held by the same individuals from the beginning of the income year in which the loss was incurred until the end of the income year in which the loss is recouped and at all relevant times during the intervening period.

The income injection test requires that assessable income is not derived by the Fund under a scheme wholly or partly, but not merely incidentally, because the deduction for the tax loss was available.

If the Fund is not considered to be a 'fixed trust', in addition to satisfying the '50% stake test' and the 'income injection test', the Fund would also need to satisfy the 'pattern of distributions test' and 'control test'. The 'pattern of distributions' test will be satisfied where the Fund has distributed directly or indirectly, more than 50% of all 'test year' distributions of income and capital to the same individuals respectively. The 'control test' will be satisfied where no person and his or her associate(s) begins to control the trust, directly or indirectly, during the relevant test years.

CAPITAL LOSSES MADE BY THE FUND

Any capital losses made by the Fund cannot be allocated to Members. However, prior year and current year capital losses can be offset against capital gains, prior to the application of the CGT discount, derived by the Fund in a later income year. The ability to offset capital losses against capital gains is not subject to satisfaction of any specific tests. This applies for both the flow-through and public trading trust.

UNITS TREATED AS EQUITY FOR INCOME TAX PURPOSES

The income tax treatment of distributions made by the Fund to investors will depend on whether the Units are classified as debt or equity interests for income tax purposes.

It is considered that the Units should be classified as equity interests for income tax purposes. Consequently, distributions on the Units should not be deductible, in whole or part, to the Fund.

DISPOSAL OR REDEMPTION OF UNITS IN THE FUND

The disposal or redemption of Units in the Fund will constitute a CGT event (assuming the Member holds their Units in the Fund on capital account).

A Member should make a capital gain if the proceeds from the disposal or redemption of the Units exceed the cost base of those Units. A Member should make a capital loss if the reduced cost base of the Units exceeds the proceeds from the disposal or redemption of the Units.

In determining the cost base or reduced cost base of a Member's Units in the Fund, consideration will need to be given to whether it may have been previously reduced because of returns of capital made by the Fund.

If Units are redeemed for an amount more than the cost base of the Units, any excess amount that is attributable to a profit of the Fund may, on redemption, be treated as an assessable distribution. The amount treated as an assessable distribution should not then be considered in calculating any capital gain or loss for the Member in their hands.

A capital gain made by an individual, trust or complying superannuation fund investor from the disposal or redemption of the Units may be eligible for the CGT discount treatment, subject to the comments above. A Member that is a company is not eligible for the CGT discount.

GST

No GST should be payable by:

- Members on the acquisition, transfer, or redemption of Units; and
- the Fund on the issue of Units or distributions of income or capital to Members.

It is likely that the Fund and Australian resident Members will be unable to fully recover as input tax credits, GST incurred as part of costs associated with the issue, acquisition, transfer, or redemption of Units. The extent of restriction on recovery of input tax credits will depend upon the circumstances of each party, and specific advice should be obtained.

QUOTATION OF TAX FILE NUMBER (TFN) OR AUSTRALIAN BUSINESS NUMBER (ABN)

It is not compulsory for a Member to quote their TFN or ABN. However, if a Member does not provide a TFN or ABN or claim an exemption, the Fund would be required to withhold tax at the highest marginal rate, including Medicare Levy (currently 47%) from payments to the Member. A Member may quote an ABN rather than a TFN if the investment is made while carrying on a business or enterprise.

SECTION 13: TRUST DEED

The Fund was constituted by the Trust Deed dated 29 April 2011 and is legally enforceable between the Members and the Trustee.

The terms of this IM and the Trust Deed determine the relationship between the Trustee and the Members and set out the legal rights, duties and obligations of the Trustee and the Members.

They include:

- the rights, interests and liabilities of Members;
- the duties and obligations of the Trustee as the trustee of the Fund;
- the Trustee's powers to delegate its authority as Trustee;
- investment, valuation and borrowing powers, and fees and recoverable expenses;
- Unit issue and redemption procedures;
- convening and conduct of Members' meetings;
- the duration and termination of the Fund;
- rights to distributions; and
- transferring Units to another party.

This IM must be read in conjunction with the Trust Deed. A copy of the Trust Deed is available free of charge on request from Argyle or the Trustee.

The Trust Deed may only be varied if approved by special resolution of the Members or by the Trustee where the variation or amendment does not adversely affect the rights of the Members.

RIGHTS ATTACHING TO UNITS

As a Member, your rights include, amongst other things, the right:

- to receive any distributions (in proportion to the number of Units which you hold);
- upon termination of the Fund, to receive a distribution of the net proceeds of sale of the Fund's assets (in proportion to the number of Units which you hold at termination);
- to transfer Units to another person in accordance with the Trust Deed and subject to the Trustee's right to refuse to register a transfer;
- (for individuals, on death) for Units to pass to a surviving joint holder, or otherwise to your estate;
- to call a meeting of Members in accordance with the Trust Deed; and
- to receive (following request and once available) an annual statement of the Fund's accounts for the financial year.

SECTION 14: ADDITIONAL INFORMATION

FINANCIAL POSITION OF THE FUND

The annual financial statements of the Fund will be made available free of charge upon request.

STATUTORY ACCOUNTING TREATMENT OF WATER ENTITLEMENTS – AASB 138 INTANGIBLE ASSETS

The statutory accounts of the Fund will be prepared in accordance with Australian Accounting Standards. Under AASB 138, Water Entitlements are classified as Intangible Assets. AASB 138 stipulates that an entity can choose (on a once off basis) to recognise the value of intangible assets using either the 'Cost Model' or the 'Revaluation Model'.

Under the 'Revaluation Model', intangible assets are initially recognised at cost. After initial recognition, these may be carried at the revalued amount on the balance sheet (less any subsequent accumulated amortisation and any subsequent impairment losses). Revaluation is permitted under Australian Accounting Standards by reference to an 'Active Market'. The definition of an 'Active Market' in Australian Accounting Standards is a market in which all of the following conditions are satisfied:

- the items traded in the market are homogenous;
- willing buyers and sellers can normally be found at any time; and
- prices are available to the public.

Although Argyle believes that an active market exists with respect to the specific Water Entitlements and the water markets which it intends to target for the Fund from a commercial, economic and investment perspective, satisfying all the criteria of an active market under the Australian Accounting Standards for all Water Entitlements may not be always possible. Accordingly, the Trustee has adopted the Cost Model when accounting for the assets of the Fund in the financial statements.

DISCLOSURE REGARDING NET ASSET VALUE

The Unit Price is calculated at fair value in accordance with the calculation methodology set out in the Trust Deed.

As outlined above, the Fund will prepare its statutory accounts based on Australian Accounting Standards. Differences may arise between the Net Asset Value ('NAV') for Unit pricing purposes and the NAV for statutory accounting purposes.

The Trustee will include in the financial report a reconciliation of the NAV for Unit pricing purposes and the NAV for accounting purposes.

COMPLAINTS RESOLUTION

The Trustee has established procedures for dealing with complaints. If a Member has a complaint, they can contact the Trustee directly by telephone or in writing with details of the complaint and all relevant personal details (including your name and address). The Trustee will use reasonable endeavours to deal with and resolve the complaint within a reasonable time.

AUTOMATIC EXCHANGE OF INFORMATION

FATCA

The United States of America ('US') passed the Foreign Account Tax Compliance Act ('FATCA') which is designed to assist the US in collecting tax revenues from US residents. The Australian Government has entered into an intergovernmental agreement ('IGA') with the US government in relation to the application of FATCA to Australian institutions which include the Trustee in its capacity as trustee of the Fund.

If requested by the Trustee, the Investor agrees, and it is a condition of the issue of the Units, to provide certain information required by it or the Trustee/ Custodian to comply with any applicable law, including the US FATCA.

The Trustee will comply with obligations under FATCA, the IGA and any other local laws designed to give effect to FATCA and the IGA (collectively 'FATCA obligations').

If the Trustee fails to comply with its FATCA obligations, then it could result in withholding tax being deducted from the Fund at a rate of 30% on some distributions from the Fund. However, if all relevant information is provided in accordance with the FATCA obligations, then this withholding should not apply.

If a Member fails to provide the Trustee with all necessary information and withholding tax is payable as a result, then the Trustee may seek to recover any tax withheld from the relevant Member.

CRS

The Common Reporting Standard ('CRS') is a tax reporting regime developed by the Organisation for Economic Co-operation and Development ('OECD'). Australia signed the Multilateral Competent Authority Agreement with the OECD and implemented the CRS by passing appropriate supporting legislation enabling tax information to be exchanged between tax authorities.

The CRS requires financial institutions to identify and report foreign resident account holder information to their local tax authority, which will, in turn, exchange the information with the tax authorities of participating foreign jurisdictions. The Trustee complies with the CRS requirements.

MEMBER OBLIGATIONS

As a Member of the Fund you agree to assist the Trustee in meeting its FATCA obligations and CRS obligations by doing the following:

- agreeing to provide any relevant information the Trustee requests from time to time;
- agreeing to notify the Trustee of any changes in information previously provided;
- consenting to the disclosure of information by the Trustee where your Units are held by a person or entity to which the FATCA obligations or CRS obligations relate. This may include the Trustee providing such information to the Australian Taxation Office ('ATO') who may, in turn, provide the information to the US Internal Revenue Service or other foreign tax authority; and
- waive the provisions of any domestic law that would otherwise prevent the disclosure by the Trustee in complying with its FATCA obligations or CRS obligations.

If requested by the Trustee, the Member agrees, and it is a condition of the issue of the Units, to provide certain information required by it or the Trustee/ Custodian to comply with any applicable law, including FATCA.

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING ACT 2006

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) ('AML Act') regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is administered by the Australian Transaction Reports and Analysis Centre ('AUSTRAC').

Under the AML Act, the Trustee is required to verify an investor's identity before providing services to the investor, re-identify the investor if they consider it necessary to do so and keep certain documents and records relating to the investor and transactions for prescribed periods.

The Trustee has implemented several measures and controls to ensure they comply with their obligations under the law, including carefully identifying investors and monitoring transactions. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where the Trustee has reasonable grounds to believe that the transaction breaches the law or sanctions of

Australia or any other country. This may result in loss of income or principal invested;

- where transactions are delayed, blocked, frozen or refused the Trustee is not liable for any loss suffered by Members (including consequential loss) because of the Trustee's compliance with the AML Act as it applies to the Fund or with any other law or sanctions of Australia or any other country; and
- the Trustee may from time to time require additional information from investors to assist it in this process and transactions may be delayed, blocked, frozen or refused if the information is not provided.

The Trustee has certain reporting obligations under the AML Act, which may include disclosure of an investor's personal information, and is prevented from informing investors that any such reporting has taken place. Where required by law, the Trustee may disclose information gathered to regulatory or law enforcement agencies, including AUSTRAC.

PRIVACY NOTIFICATION

The *Privacy Act 1988* (Cth) and the *Privacy Amendment (Enhancing Privacy Protection) Act 2012* (Cth) regulates, among other matters, the way organisations collect, use, keep secure and give people access to their personal information.

By completing the Application Form attached to this IM, Members are providing personal information to the Trustee for the primary purpose of this Offer. The Trustee may collect additional personal information in the future. The Trustee may use the personal information for purposes related to the primary purpose of collection such as administration and providing services to Members in relation to the investment in the Fund. Administration includes monitoring, auditing, evaluating, modelling data, dealing with complaints and answering queries.

If a Member does not provide the Trustee with contact details and other information, the Trustee may not be able to process the application or administer and manage the Member's investment. The information that a Member provides to the Trustee may be disclosed to third parties, such as:

- the ATO and other government or regulatory bodies;
- a Members' adviser or dealer group, their service providers and any joint holder of an investment;
- third party service providers engaged by the Trustee to perform administrative or management services such as distribution, administration, custody, investment management, registry or auditing; and
- those where the Member has consented to such disclosure, or as required or authorised by law. However, it is unlikely the Trustee will disclose a Member's personal information to an overseas recipient.

As well as reporting to you about your investment in the Fund, the Trustee may use Members' contact details to let you know about other investment opportunities. If you would prefer not to receive these communications, then please advise the Trustee.

Members may request access to personal information held by the Trustee or by contacting the Investor Services team at Argyle.

Phone: +61 7 3077 7910

Email: investorservices@argylegroup.com.au

Address: GPO Box 2954, Brisbane QLD 4001; or
Level 13, 241 Adelaide Street, Brisbane QLD 4000

The Trustee's Privacy Policy and details on how you may access or update your personal information can be viewed on the Trustee's website: www.perpetual.com.au/privacy-policy

Perpetual Corporate Trust Limited (the 'Custodian') may collect your personal information primarily for the purpose of providing custodial services to the Trustee and for ancillary purposes detailed in the Privacy Policy. The Custodian may disclose your personal information, such as your name and contact details, along with your account information, to its related bodies corporate, the Trustee, professional advisers, the land titles office and/or as otherwise instructed by the Trustee.

The Custodian is also permitted to collect and disclose your personal information when required or authorised to do so by law. The Custodian is not likely to disclose your personal information to overseas recipients.

Your personal information will be used in accordance with the Custodian's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by the Custodian and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Custodian's Privacy Policy at www.perpetual.com.au/privacy-policy.

ELECTRONIC FORMAT

For investors receiving this IM electronically, a paper copy (including the Application Form) can be provided free of charge by contacting Argyle.

OFFERS LIMITED TO AUSTRALIA

This IM can only be used by investors receiving it (electronically or otherwise) in Australia.

UPDATED INFORMATION

This IM may be updated or replaced from time to time. A copy of the current IM is available from Argyle on request at any time, free of charge.

Information contained in this IM may change from time to time. Unless the changed information is materially adverse to investors, Argyle may not always update or replace this IM to reflect the changed information. To find out about any up-to-date information not contained in this IM, contact Argyle (contact details are at the end of this IM) for a copy.

CONSENTS

The following parties have given, and not withdrawn as at the date of this IM, their written consent to be named in this IM in the form and context in which it appears: each of the directors of Argyle and those key personnel mentioned in Section 9 (About Argyle), Argyle Capital Partners Pty Ltd, One Registry Services Pty Limited, The Trust Company (Australia) Limited, Perpetual Corporate Trust Limited, Argyle Securities Pty Ltd, Talbot Sayer, and McCullough Robertson Lawyers.

The Trust Company (Australia) Limited has not withdrawn its consent to be named in this IM as trustee of the Fund in the form and context in which it is named. The Trust Company (Australia) Limited does not make, or purport to make, any statement that is included in this IM and there is no statement in this IM which is based on any statement by The Trust Company (Australia) Limited.

To the maximum extent permitted by law, The Trust Company (Australia) Limited expressly disclaims and takes no responsibility for any part of this IM other than the references to its name. The Trust Company (Australia) Limited does not guarantee the repayment of capital or any rate of capital or income return.

Perpetual Corporate Trust Limited has not withdrawn its consent to be named in this IM as Custodian of the Fund in the form and context in which it is named. Perpetual Corporate Trust Limited does not make, or purport to make, any statement that is included in this IM and there is no statement in this IM which is based on any statement by Perpetual Corporate Trust Limited. To the maximum extent permitted by law, Perpetual Corporate Trust Limited expressly disclaims and takes no responsibility for any part of this IM other than the references to its name. Perpetual Corporate Trust Limited does not guarantee the repayment of capital or any rate of capital or income return.

RELATED PARTIES AND SERVICE PROVIDERS

Argyle and the Trustee may from time to time use the services of related parties and pay commercial rates for those services. Such services may include legal, placement, broking, and investment administration.

CONFLICTS

Argyle, the Trustee, or their respective principals, employees or affiliates may do any of the following:

- have and continue to have investments in their own name;
- engage in investment advisory activities for others; and
- serve as an officer, Director, stockholder, or partner of one or more investment funds.

It may not always be possible or in the best interests of the various persons or funds to whom Argyle gives investment advice or of which Argyle or any of its principals, employees or affiliates serve as an officer, director, stockholder, or partner to take or liquidate the same investment positions at the same time. Argyle has in place conflicts management procedures, details of which are available to investors on request.

SECTION 15: GLOSSARY

ADMINISTRATOR

The administrator of the Fund at the date of this IM is Argyle Capital Partners Pty Ltd (ACN 634 933 029)

APPLICANT

A person or entity who submits an Application Form

APPLICATION FORM

The Application Form attached to or accompanying this IM

APPLICATION MONIES

Money received from an Applicant accompanying an Application Form

ASIC

Australian Securities and Investments Commission

ARGYLE

Argyle Capital Partners Pty Ltd
(ABN 36 634 933 029, AR 1277504)

CGT

Capital Gains Tax

CLASS

A class of Units in the Fund

CORPORATIONS ACT

Corporations Act 2001 (Cth)

CUSTODIAN

The custodian of the Fund which is Perpetual Corporate Trust Limited (ACN 000 341 533, AFSL 392 673)

FUND

Argyle Water Fund including, where appropriate, its wholly owned entities

GST

Goods and Services Tax

IM

This Information Memorandum

INVESTMENT MANAGER

Argyle Capital Partners Pty Ltd (ABN 36 634 933 029, AR 1277504)

MANAGEMENT COSTS

The Management Fee and Administration Fee referred to in Section 10 (Fees and Charges), but do not include any Performance Fee referred to in Section 10 (Fees and Charges)

MEMBER

A person or entity that holds Units

NAV

The Net Asset Value of the Fund

OFFER

The offer of Units under this IM

SECTION

A section of this IM

TRUST DEED

The Trust Deed for the Fund dated 29 April 2011, as may be modified, amended, varied or replaced from time to time

TRUSTEE

The Trust Company (Australia) Limited (ACN 000 000 993, AFSL 235 145)

UNIT

A unit in the Fund

WATER ALLOCATION

Has the meaning given to that term on page 7 of this IM

WATER ENTITLEMENT

Has the meaning given to that term on page 7 of this IM

CORPORATE DIRECTORY

TRUSTEE

THE TRUST COMPANY (AUSTRALIA) LIMITED

Angel Place, Level 18, 123 Pitt Street, Sydney NSW 2000

Phone: +61 2 9229 9000

Web: perpetual.com.au

INVESTMENT MANAGER

ARGYLE CAPITAL PARTNERS PTY LTD

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