Independent Adviser's Report

The Harvard Group Limited and its Associates

Prepared Pursuant to Rule 22 of the New Zealand Takeovers Code in Relation to a Full Takeover Offer for Just Water International Limited

November 2014

Purpose of the Report

- This report is not a report on the merits of the offer.
- This report has been obtained by the offeror.
- The purpose of this report is solely to compare the consideration and terms offered for the different classes of securities, and to certify as to the fairness and reasonableness of that consideration and terms as between the different classes.
- A separate independent adviser's report on the merits of the offer, commissioned by the directors of Just Water International Limited, must accompany Just Water International Limited's target company statement.
- The offer should be read in conjunction with this report and the separate independent adviser's report on the merits of the offer.

Statement of Independence

Northington Partners Limited confirms that it:

- Has no conflict of interest that could affect its ability to provide an unbiased report; and
- Has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Northington Partners Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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Abbreviations and Definitions

Code	The Takeovers Code
ESOP	Employee Share Option Plan
Exercise Price	The exercise price for a particular Tranche of Options
JWI or Company	Just Water International Limited
Northington Partners	Northington Partners Limited
NZ$	New Zealand dollars
Offer	The full takeover offer that Harvard JV intends to make for all of the voting and non-voting securities on issue in JWI not already held by members of Harvard JV
Harvard JV	An unincorporated joint venture comprised of The Harvard Group Limited and certain family trusts and charitable trusts associated with Tony Falkenstein (the founder and a director of JWI), the members of which together hold 70.79% of the shares in JWI
Option Offer Price	The cash payment offered by Harvard JV for each Tranche of Options
Options	The 600,000 options issued by JWI and currently outstanding under the terms of its ESOP
Ordinary Shares	The 89,477,174 ordinary shares of JWI on issue and which are tradable on the NZX Alternative Market
Share Offer Price	A cash payment of NZ$0.15 per Ordinary Share of JWI offered by Harvard JV
Tranche	Each, or any of, the various tranches of Options issued by JWI, as the context requires

1.0 Introduction and Summary of Our Assessment

1.1 Introduction

An unincorporated joint venture comprised of The Harvard Group Limited and certain family trusts and charitable trusts associated with Tony Falkenstein (together, "**Harvard JV**") issued a Takeover Notice to Just Water International Limited ("**JWI**" or "**Company**") on 28 October 2014 indicating its intention to make a full takeover offer ("**Offer**") for all the equity securities on issue in JWI not already held by the members of Harvard JV.

Under New Zealand company law, JWI currently has the following two categories of equity securities outstanding:

- 89,477,174 issued ordinary shares ("**Ordinary Shares**") which are traded on the NZX Alternative Market; and
- 600,000 options ("**Options**") which (as summarised in Table 1 below) have been issued in various tranches (each a "**Tranche**") pursuant to an employee share option plan ("**ESOP**") for key executives of the Company.

The Ordinary Shares are voting securities and the Options are non-voting securities. Each Tranche of Options constitutes a separate class of non-voting securities for the purposes of the Takeovers Code ("**Code**").

Table 1: Summary of Options as at 13 October 2014

Tranche	Exercise Period	Options Outstanding	Exercise Price per Share (NZ$)
1	30/9/2014 - 30/11/2014	250,000	$0.12
2	30/9/2015 - 30/11/2015	100,000	$0.15
3	30/9/2015 - 30/11/2015 30/9/2016 - 30/11/2016	125,000	$0.14
4	30/9/2016 - 30/11/2016	125,000	$0.14
Total		**600,000**	

Source: JWI

Key terms and conditions of the Offer are as follows:

- **Offer Price for Ordinary Shares:** A cash payment of $0.15 per Ordinary Share ("**Share Offer Price**");
- **Offer Price for Options:** The cash payment offered per Option varies across each Tranche of Options remaining on issue, as set out in Table 2 below ("**Option Offer Price**").

Table 2: Offer Price for Options

Tranche	Option Offer Price (NZ$)
1	$0.030
2	$0.021
3	$0.033
4	$0.033

Source: Harvard JV Takeover Notice

- **Minimum Acceptance Condition:** The Offer is conditional upon Harvard JV receiving acceptances that would confer on it 90% or more of the voting rights in JWI.
- **Other Conditions:** The Offer is also conditional on a number of other matters that are standard for an offer of this type.

Rule 8(4) of the Code requires that if non-voting securities are included in a full offer, the consideration and terms offered for non-voting securities must be fair and reasonable in comparison with the consideration and terms offered for voting securities and as between classes of non-voting securities. In this particular case, the Code therefore requires that:

- The consideration and terms offered for the Options must be fair and reasonable compared to the consideration and terms offered for the Ordinary Shares; and
- The consideration and terms offered for each Tranche of Options must be fair and reasonable as between all of the Tranches.

This report has been prepared based on information provided to us by Harvard JV's advisers and JWI.

1.2 Summary of Our Assessment

A Rule 22 report is not required to consider the merits of the Offer for the Ordinary Shares, and we offer no opinion on whether the Share Offer Price of $0.15 is fair and reasonable. Rather, our role is to determine whether the Option Offer Price (offered for each Tranche of Options) is fair and reasonable in comparison to the amount offered for the Ordinary Shares and as between each Tranche.

Our assessment is based on the following framework:

- The consideration of $0.15 per share for the Ordinary Shares provides the benchmark for our assessment. Although we make no attempt to determine whether the Share Offer Price is itself fair and reasonable, the Share Offer Price is the starting point from which we determine the relative fairness of the Offer for each Tranche of Options.
- That is, we need to determine the underlying fair value of the Options issued under each Tranche, assuming an initial fair value for the Ordinary Shares of $0.15. Our assessment also takes into account the current rules that govern the Options.
- The assessment then rests on a comparison of the consideration offered for the Options in each Tranche to the underlying fair value of the Options.

Our estimate of the current fair value range of the Options in each Tranche is set out in Table 3 below.

Table 3: Estimated Fair Value Range for Options

Tranche	Options Outstanding	Low Value per Option (NZ$)	High Value per Option (NZ$)	Mid-Point Value per Option (NZ$)	Total Tranche Value (NZ$)[1]
1	250,000	$0.023	$0.023	$0.023	$5,786
2	100,000	$0.017	$0.021	$0.019	$1,891
3	125,000	$0.027	$0.033	$0.030	$3,778
4	125,000	$0.027	$0.033	$0.030	$3,778
Total	**600,000**				**$15,233**

1. Calculated as Options Outstanding x Mid-Point Value per Option (subject to rounding).
Source: Northington Partners Analysis

The Option Offer Price (as set out in Table 2) for Tranche 1 exceeds the top end of the range of assessed values (as set out in Table 3), and the Option Offer Prices for Tranches 2-4 are equal to the top end of the assessed value ranges for each Tranche. On this basis, we conclude that the Option Offer Price for each Tranche of Options is fair compared to the Share Offer Price.

We also note that:

- Both the holders of the Ordinary Shares and the Options will be paid cash if they are capable of accepting and accept the Offer, and the Offer to each group is effectively conditional on the same set of general conditions. On this basis, we conclude that the terms of the Offer for the Ordinary Shares and each Tranche of the Options are equivalent.
- The Option Offer Price for each Tranche has been determined using the same general valuation framework, with adjustments principally to account for differences in the expiry dates for each Tranche.

We therefore certify that in our opinion the consideration and terms offered for non-voting securities (being the Options) is fair and reasonable in comparison with the terms offered for the voting securities (being the Ordinary Shares). We also conclude that the terms offered for each Tranche of Options are fair and reasonable as between all of the Tranches.

2.0 Scope of this Report

2.1 Background

Harvard JV issued a Takeover Notice to JWI on 28 October 2014 indicating its intention to make a full takeover offer for all of the equity securities on issue in JWI not already held by members of Harvard JV.

Under New Zealand company law, JWI has two categories of equity securities. As at 13 October 2014 there were 89,477,174 Ordinary Shares on issue (which can be traded on the NZX Alternative Market), and 600,000 Options that comprised those issued under the terms of the Company's ESOP. The Ordinary Shares are considered voting securities and the Options are considered non-voting securities for the purposes of the Code.

The Options were issued to key Company executives in four Tranches. When issued, the Option holder had the right to convert each Option into one Ordinary Share upon payment of an exercise price ("**Exercise Price**"). The Exercise Prices for the Options range from NZ$0.12 to NZ$0.15. Each Tranche of Options for a particular Option holder has a different Option exercise period and therefore represents a separate class of non-voting securities.

Further details of the terms and conditions of the Options are included in Section 3.2.

2.2 Requirements of Takeovers Code

JWI is a publicly listed company on the NZX Alternative Market and is a "Code Company" as defined by Rule 3 of the Code. The takeover process initiated by Harvard JV must therefore comply with the provisions set out in the Code relating to the Offer procedure.

Pursuant to Rule 8(2) of the Code, a full offer must include offers in respect of all the securities in each class of equity securities of the target company (other than those that are already held by the offeror). Furthermore, Rule 8(4) of the Code requires that if non-voting securities are included in a full offer, the consideration and terms offered for non-voting securities must be fair and reasonable in comparison with the consideration and terms offered for voting securities and as between classes of non-voting securities. In this particular case, the Code therefore requires that:

- The consideration and terms offered for the Options must be fair and reasonable compared to the consideration and terms offered for the Ordinary Shares; and
- The consideration and terms offered for each Tranche of Options must be fair and reasonable as between all of the Tranches.

For the purposes of the Code, JWI's Ordinary Shares are regarded as one class of equity security and each Tranche of the Options is regarded as a separate class of equity security given the different features of each Tranche. As the offeror, Harvard JV must obtain a report pursuant to Rule 22 of the Code from an independent adviser which certifies that, in the adviser's opinion, the offer complies with Rule 8(4).

This report has been prepared to meet the requirements of Rule 22 of the Code. The appointment of Northington Partners Limited ("**Northington Partners**") to prepare the Rule 22 report was approved by the Takeovers Panel on 1 October 2014.

2.3 Assessment Approach

Rule 22 of the Code requires that the independent adviser's report certifies that the consideration and terms are fair and reasonable in comparison with the consideration and terms offered for voting securities and as between the classes of non-voting securities. The exact meaning of the words "*fair*" and "*reasonable*" is not prescribed in the Code and there is no well accepted, authoritative New Zealand reference that clearly establishes what should be considered for an assessment of this nature.

Statutory requirements within the Australian market are defined in somewhat more detail. The Australian Securities and Investments Commission has issued a policy statement regarding "Independent Expert Reports to Shareholders", which sets out some fundamental requirements for a report that is completed in similar circumstances to those relating to this Offer.

According to the policy statement, an offer is "fair" if the value of the consideration to be paid under the offer is equal to or greater than the value of the securities that are subject to the offer. An offer is deemed to be "reasonable" if it is fair. An offer may also be reasonable if it is unfair but where other significant factors mean that the shareholders should accept the offer in the absence of any higher bid before the close of the offer.

We believe that these definitions provide a useful starting point for assessing the fairness and reasonableness of the consideration offered for each class of equity securities under the Offer. Fairness is determined largely from the results of a comparative valuation exercise, while the reasonableness of the Offer is related to a general assessment of a range of other non-price terms that may be relevant in this case.

For this particular assessment, we have adopted the following framework to determine whether the consideration offered for each Tranche of Options is fair and reasonable in comparison to the offer price per share for the Ordinary Shares, and as between the Tranches of Options:

- Comparison of the gross consideration offered for all of the voting and non-voting securities is examined on a before investor tax basis.
- The Share Offer Price of NZ$0.15 provides the benchmark for our assessment in relation to the Options. Although we make no attempt to determine whether this Share Offer Price is itself fair and reasonable, the Share Offer Price is the starting point from which we determine the relative fairness of the Offer for each class (i.e. Tranche) of Options.
- That is, we need to determine the underlying fair value of each Tranche of Options, assuming an initial fair value for the Ordinary Shares of NZ$0.15. Our assessment also takes into account the current rules that govern the Options.
- The assessment then rests on a comparison of the net consideration offered for each Tranche of Options to the underlying fair value of each Tranche of Options.

We believe that the assessment of the Offer terms relating to the Ordinary Shares in comparison to the Offer terms relating to each Tranche of Options is inconsequential in this case. Both the holders of the Ordinary Shares and the holders of the Options will receive cash consideration if they are capable of accepting and accept the Offer, and the Offer to each group of stakeholders is effectively contingent on the same set of conditions. On this basis, we conclude that the terms of the Offer are equivalent as between the voting and non-voting securities.

Our overall assessment therefore concentrates on a comparison of the consideration that will be offered for each class of security, based on an examination of the following factors:

- The consideration offered for the Ordinary Shares and each Tranche of Options;
- The differential between the Exercise Price for each Tranche of Options and the Offer price for the Ordinary Shares;
- The current rights of the holders of the Options, specifically with regard to transferability and the circumstances and timing of the conversion into Ordinary Shares; and
- The circumstances under which an Option holder's rights to the Options are relinquished.

We again note that we have not attempted to assess the underlying value of the Ordinary Shares, but have used the Share Offer Price as the benchmark for our assessment of the relativities between the offers for the different classes of securities.

2.4 Primary Sources of Information

The sources of information that we have relied on in preparing this report are set out in Appendix I.

2.5 Limitations and Reliance on Information

This report is subject to all of the limitations and restrictions set out in Section 5.0. In particular, in preparing this report, Northington Partners has relied on information supplied by Harvard JV (or its advisers) and JWI and has assumed the honesty and accuracy of this information. Northington Partners accepts no responsibility for inaccurate information supplied by Harvard JV or JWI, or for any failure by Harvard JV or JWI to provide relevant information.

Our assessment is reliant on a number of key assumptions that have been outlined in this report. Should any of these assumptions not be accurate, then the valuation assessment and our conclusions could be materially affected.

Subject to this limitation, we have obtained all of the information that we consider is necessary for preparing the report.

3.0 Just Water International Equity Securities

3.1 Background to Offer Participants

Harvard JV is comprised of the Harvard Group Limited and certain family trusts and charitable trusts associated with Tony Falkenstein, who founded JWI in 1989 and currently serves as an Executive Director of the Company. Mr Falkenstein is a substantial security holder in the Company, and holds or controls approximately 70.79% of JWI's shares.

JWI is an Auckland headquartered company, listed on the NZX Alternative Market. JWI operates in New Zealand and Australia in the supply of water coolers, drinking water and filters for the home and office market.

3.2 Key Terms of JWI Equity Securities

3.2.1 Ordinary Shares

There are currently 89,477,174 Ordinary Shares on issue in JWI. Each Ordinary Share confers:

- The right on a poll at a meeting of shareholders to one vote on each resolution;
- The right to an equal share in dividends authorised by the Board; and
- The right to an equal share in the distribution of the surplus assets of the Company.

3.2.2 Options

The Options issued by JWI comprise those issued under the terms of the ESOP. Since their issue, a number of ESOP Options have either lapsed or been exercised under the rules of the ESOP. As summarised in Table 4 below, a total of 600,000 Options remain outstanding as at 13 October 2014.

Table 4: Summary of Options as at 13 October 2014

Tranche	Exercise Period	Options Outstanding	Exercise Price per Share (NZ$)
1	30/9/2014 - 30/11/2014	250,000	$0.12
2	30/9/2015 - 30/11/2015	100,000	$0.15
3	30/9/2015 - 30/11/2015 30/9/2016 - 30/11/2016	125,000	$0.14
4	30/9/2016 - 30/11/2016	125,000	$0.14
Total		**600,000**	

Source: JWI

3.2.3 Summary of the Material Terms of the Options

The terms and conditions of the Options are substantially similar except for the Exercise Price and the period during which the Options can be exercised ("**Exercise Period**"). A summary of the material terms of the Options are set out in Table 5 below.

Table 5: Summary of Material Terms of the Options

Material Term	Commentary
Vesting	Vested 100% in the Option holder on the date of issue of the Options.
Exercise Price	Range from NZ$0.12 to NZ$0.15.
Exercise Period	All of the Options have been issued with a life of approximately 2 or 3 years from the date of issue.
Payment Terms	No consideration has been paid for the Options.
Exercise Requirements	A notice of exercise must be made in writing during the relevant Exercise Period and be accompanied by payment of the relevant Exercise Price per Option exercised.
Minimum Number	The minimum number of Options that may be exercised by an Option holder on any one occasion is 10,000 Options.
Transferability	The Options can only be transferred with the prior written consent of JWI's Board and only (i) to a family trust of which the Option holder is the principal beneficiary, (ii) to administrators, executors or trustees upon the death of the Option holder, or (iii) to a personal representative or trustees upon the Option holder becoming permanently incapacitated.
Dividend	The Options attract no dividend rights.
Voting	The Options carry no voting rights.
Variations of Capital	In the event of a variation to the Company's capital (e.g. bonus issues, rights issues, returns of capital), provision is made (as the case may be) for either an adjustment to the number of Ordinary Shares issued for each Option upon exercise or an adjustment to the Exercise Price.
Lapse of Options	All unexercised Options lapse: ▪ On the expiry of the relevant Exercise Period; or ▪ If the Option holder ceases to be engaged full time in the business of the Company or its subsidiaries (except in circumstances of death or permanent incapacity, in which case the Options can be transferred as noted above).

Source: Northington Partners Analysis

4.0 Valuation of the Options

4.1 Introduction to the Valuation Framework

Each of the Options on issue effectively provides the Option holder with the right to purchase an Ordinary Share at some time in the future at a fixed price. Because the Option holder is not obligated to eventually make the purchase unless it is in their best interest to do so, the Options can be viewed as a variant of a standard call option[1]. An Option holder will rationally only choose to convert Options of a particular Tranche into Ordinary Shares if the market price of the Ordinary Shares exceeds the Exercise Price of that Tranche. If the market price is lower than the Exercise Price at the expiry of the relevant exercise period, the Option holder will obviously choose to let the Options expire by taking no further action.

Because the rights attached to the Options will only have value in the future if the JWI Ordinary Share price exceeds the Exercise Price before the relevant expiry date, current value is related to an assessment of the likelihood that the Ordinary Share price will exceed the relevant Exercise Price before the expiry date of a particular Tranche. There are a number of mathematical models with which to determine the probability that the Options will have a positive payoff in the future, and which 'translate' that probability into an Option value today. We use some standard models as the basis for our assessment, on the assumption that the underlying JWI shares will continue to trade on the NZX Alternative Market (or another NZX market) for the remaining life of the Options.

Unfortunately, although the analogy between the rights attached to the Options and a standard call option is reasonably strong, the terms and conditions attached to the Options include some features that are commonly attached to more complex employee share option schemes. These features include the following:

- The Options can be exercised during a specified window which covers the last two months before the final expiry date for each Tranche;
- The rights attached to the Options are not able to be traded; and
- Generally, the rights attached to the Options lapse if the Option holder ceases to be employed by JWI.

Option features of this type are more difficult to value than standard equity options for a number of reasons, and mean that the well known Black-Scholes valuation formula is inappropriate. The Black-Scholes model was derived for simple European-style[2] options on a non-dividend paying share, assuming that the option instrument trades in a liquid market and has a relatively short time to maturity (6 – 9 months). Because some of these conditions do not hold for the rights attached to the Options, values derived from the Black-Scholes model are likely to be inaccurate and, in this case, will overstate the underlying fair value.

From a valuation perspective, the key complications relate to the fact that the Options are non-tradeable and are effectively cancelled if the Option holder leaves the Company prior to the relevant expiry date of the Options. This type of option is therefore either exercised earlier than is optimal for standard options (if early exercise is possible) or lapses before exercise is possible. In both cases, the payoff that could have

[1] A call option provides the holder with the right, but not the obligation, to purchase an asset at a fixed price either during, or at the termination of, a specified future period.

[2] European-style options can only be exercised on the expiration date, while American-style options can be exercised at any time prior to maturity. The rights attached to the Options are analogous to what is known as a Bermudan option, allowing exercise during a specified period prior to the final exercise date for each Tranche.

been received had the option been retained for the full term is reduced. Expected dividend payments during the life of the option also reduce the value because of the corresponding decrease in the value of the underlying share.

Although there are a range of alternative models available that attempt to incorporate the impact of the features of employee share options, implementation is difficult because all alternative models require an extra set of parameters. Unfortunately, appropriate values for the additional parameters cannot be directly observed and there is usually no useful data that can be used to estimate the values.

The usual approach to deal with these issues is to use a standard option pricing model to estimate some benchmark values, initially ignoring the value impacts of the Option features. Appropriate value discounts to reflect factors such as non-tradability and the potential for forfeiture can then be derived from available empirical studies.

4.2 Assessed Valuation Range

Table 6 presents the most important parameters for the benchmark valuation model, along with the selected values.

Table 6: Key Parameters for Benchmark Valuation Model

Parameter	Discussion	Chosen Value
Initial Share Value	Set equal to the Share Offer Price of NZ$0.15.	NZ$0.15
Exercise Prices	Range from NZ$0.12 to NZ$0.15.	Actual Exercise Price by Tranche
Volatility	This parameter determines the likelihood that the Ordinary Share price will exceed the Exercise Price of the relevant Tranche of Options prior to their expiry date. The higher the volatility, the greater the probability that the Option will finish in-the-money, and the greater the current Option value. This parameter cannot be directly observed, and we have based our range on the recent market volatility of JWI share prices. The raw JWI volatility estimates have also been benchmarked against a broad range of estimates for similar listed New Zealand companies. Given JWI's very limited trading volume and low share price, validation against a broader sample is important to ensure that the JWI estimates are not overly sensitive to the selected data sample.	30% - 40%
Expected Dividends	No dividends have been paid by JWI since FY2009 and the Company has indicated that no dividend will again be paid in the current year. We therefore assume that future dividends (for valuation purposes) are set to zero.	Nil
Expiry Dates and Exercise Feature	The Options have a maturity structure analogous to what is known as a Bermudan option, allowing exercise during a two-month "window" prior to the final exercise date for each Tranche. However, because it can be shown that it is not optimal to force the early exercise of an Option on a non-dividend paying share, an accurate representation of the maturity structure of this Option scheme will have no impact on the estimated benchmark value of the Options. We can therefore assume that the Options are only exercisable at the relevant final expiry date for each Tranche.	Equal to the Expiry Date for each Tranche

Source: Northington Partners Analysis

Given the assumptions made in relation to the effective exercise date and future dividend stream, the theoretical values for the Options can in this case be appropriately determined using the standard Black-Scholes model. These starting values, prior to any allowance for factors such as lack of marketability and the inability to transfer the rights attached to the Options, are set out in Table 7. Prior to making the appropriate adjustments, the presented values represent an absolute upper limit for the actual fair value of each Tranche of Options.

Table 7: Upper Limit for Value of Options

Tranche	Benchmark Value Per Option (NZD$) Low (Volatility 30%)	Benchmark Value Per Option (NZD$) High (Volatility 40%)
1	$0.031	$0.031
2	$0.022	$0.028
3	$0.037	$0.044
4	$0.037	$0.044

Source: Northington Partners Analysis

Market evidence in relation to valuation discounts for the employee option features of the Options is relatively limited. While there are a number of model adjustments that can be implemented to estimate the impact of vesting requirements, forfeiture provisions, and non-transferability, it is usually not possible to test the validity of the additional assumptions needed to parameterise the models simply because traded prices for this type of option are not available.

Because most of these factors will usually lead the Option holders to exercise their rights to take up the Ordinary Shares earlier than appears to be optimal, the simplest adjustment to the standard pricing model involves a reduction in the assumed time to maturity. A reduction in the assumed life of the Option leads to a decrease in the assessed current value of the Option. While this approach is intuitively appealing, there is again no market data from which to determine what the most appropriate reduction in the option term may be in any particular case.

The appropriate valuation discount to apply to the theoretical model prices therefore remains largely a matter of judgement. Although market rules of thumb suggest discounts between 20% and 50% from the values derived from the most appropriate variant of the Black-Scholes model, our analysis suggests that the appropriate discount in this case should be in the range of 20% to 30%, with a mid-point discount of 25%. The value range for each Tranche of Options is presented in Table 8 below after making an allowance for the assumed discount.

Table 8: Estimated Fair Value Range for Options

Tranche	Options Outstanding	Low Value per Option (NZ$)	High Value per Option (NZ$)	Mid-Point Value per Option (NZ$)	Total Tranche Value (NZ$)[1]
1	250,000	$0.023	$0.023	$0.023	$5,786
2	100,000	$0.017	$0.021	$0.019	$1,891
3	125,000	$0.027	$0.033	$0.030	$3,778
4	125,000	$0.027	$0.033	$0.030	$3,778
Total	**600,000**				**$15,233**

1. Calculated as Options Outstanding x Mid Point Value Per Option. Note subject to rounding.

Source: Northington Partners Analysis

5.0 Qualifications, Declarations and Consents

5.1 Declarations

This report is dated 6 November 2014 and has been prepared by Northington Partners at the request of Harvard JV to fulfil the reporting requirements pursuant to Rule 22 of the Code. This report, or any part of it, should not be reproduced or used for any other purpose. Northington Partners specifically disclaims any obligation or liability to any party whatsoever in the event that this report is supplied or applied for any purpose other than that for which it is intended.

Prior drafts of this report were provided to Harvard JV for review and discussion. Although minor factual changes to the report were made after the release of the first draft, there were no changes to our methodology, analysis, or conclusions.

This report is provided for the benefit of all of the security holders of JWI that are subject to the Offer, and Northington Partners consents to the distribution of this report to those people. The engagement terms did not contain any term which materially restricted the scope of our work.

5.2 Qualifications

Northington Partners provides an independent corporate advisory service to companies operating throughout New Zealand. The company specialises in mergers and acquisitions, capital raising support, expert opinions, financial instrument valuations, and business and share valuations. Northington Partners is retained by a mix of publicly listed companies, substantial privately held companies, and state owned enterprises.

The individuals responsible for preparing this report are Greg Anderson B.Com, M.Com (Hons), Ph.D and Steven Grant B.Com, LLB (Hons). Each individual has a wealth of experience in providing independent advice to clients relating to the value of business assets and equity instruments, as well as the choice of appropriate financial structures and governance issues. Greg Anderson also has a high level of expertise and extensive experience in valuing complex financial instruments including options, swaps, and hybrid debt and equity securities.

Northington Partners has been responsible for the preparation of numerous Independent Reports in relation to takeovers, mergers, and a range of other transactions subject to the Code and NZX Listing Rules.

5.3 Independence

Northington Partners has not been previously engaged on any matter by Harvard JV or JWI or (to the best of our knowledge) by any other party to the proposed transaction. None of the Directors or employees of Northington Partners have any other relationship with any of the Directors or substantial security holders of the parties involved in the proposed Offer.

The preparation of this Rule 22 report will be Northington Partners' only involvement in relation to the proposed transaction. Northington Partners will be paid a fixed fee for its services which is in no way contingent on the outcome of our analysis or the content of our report.

Northington Partners does not have any conflict of interest that could affect its ability to provide an unbiased report.

5.4 Disclaimer and Restrictions on the Scope of Our Work

In preparing this report, Northington Partners has relied on information provided by Harvard JV and JWI. Northington Partners has not performed anything in the nature of an audit of that information, and does not express any opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

Northington Partners has used the provided information on the basis that it is true and accurate in material respects and not misleading by reason of omission or otherwise. Accordingly, neither Northington Partners nor its Directors, employees or agents, accept any responsibility or liability for any such information being inaccurate, incomplete, unreliable or not soundly based or for any errors in the analysis, statements and opinions provided in this report resulting directly or indirectly from any such circumstances or from any assumptions upon which this report is based proving unjustified.

We reserve the right, but will be under no obligation, to review or amend our report if any additional information which was in existence on the date of this report was not brought to our attention, or subsequently comes to light.

5.5 Indemnity

Harvard JV has agreed to indemnify Northington Partners (to the maximum extent permitted by law) for all claims, proceedings, damages, losses (including consequential losses), fines, penalties, costs, charges and expenses (including legal fees and disbursements) suffered or incurred by Northington Partners in relation to the preparation of this report; except to the extent resulting from any act or omission of Northington Partners finally determined by a New Zealand Court of competent jurisdiction to constitute negligence or bad faith by Northington Partners.

Harvard JV has also agreed to promptly fund Northington Partners for its reasonable costs and expenses (including legal fees and expenses) in dealing with such claims or proceedings upon presentation by Northington Partners of the relevant invoices.

Northington Partners Limited

Greg Anderson
Managing Director
www.northington.co.nz

Appendix I: Sources of Information Used in This Report

Other than the information sources referenced directly in the body of the report, this assessment is also reliant on the following sources of information:

- Copies of the Executive Share Option Deeds in relation to each Tranche of Options;
- JWI's Annual Report for 2014; and
- A copy of the draft Takeover Notice, with the latest version provided on 13 October 2014.

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