EASTBOURNE DAIRY FARM LIMITED - SUPPORT BLOCK

2017 VALUATION

Eastbourne Dairy Farm Limited – Support Block
488 Thornbury Waimatuku Road
Thornbury
Southland

Desk Top Market Valuation prepared for:

Roger Dickie Limited

As at 31 May 2017

LOGANSTONE
PROPERTY ▪ SOLUTIONS ▪ VALUATION

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APPENDICES

1.0 INTRODUCTION

1.0.1 Further to instructions from Kate Murdoch we have undertaken a 'Desk Top' market valuation appraisal on the above property in order to assess the market value for financial reporting purposes. As per instructions we have been advised not to re-inspect the property and have therefore relied on an inspection undertaken on 4 May 2015 and described in our previous full report dated 12 June 2015. We have been advised there have been no substantial changes to the property since this date and base our assessment on the property being in similar physical condition.

1.0.2 Due to not re-inspecting the property and not providing a full report this report does not comply with international valuation standards.

1.0.3 The report complies with NZ IAS 16 and can be relied upon by Silks Audit for financial reporting purposes.

1.0.4 Your instructions, as per our scope of work agreement, require us to make the following valuation assessments;

- Market Value as at 31 May 2017.

2.0 PROPERTY CONCLUSIONS

2.0.1 A 71.2442 hectare pastoral unit currently utilised for dairy support. Situated in the Thornbury district of Central Southland which from a pastoral perspective location is regarded as good. Climate is suited for current land use. The land is of flat to undulating contour with deep heavy soils. Cover comprises predominantly pasture or winter feed crops found in good heart. Overall layout is good being subdivided into 22 paddocks with internal stock lane. Reticulated water supply. Two hay barns. Stock facilities include cattle yards. Overall a good quality dairy support block in a long established dairy locality. Estimated carrying capacity under average efficient management is 1250 stock units (17.5 su / ha). Highest and best use under current market sentiments is as a dairy support block.

3.0 VALUATION CONCLUSIONS

3.0.1 When assessing the market value of the subject property we have considered the property features and compared the sales of other properties that have transacted recently and have adjusted those sales to reflect the location, standard of improvements, plantings, and productive capacities compared to the subject property.

3.0.2 The subject property is located in a long recognized dairy district. As such there are a number of close proximity dairy platforms which would be interested in the block as a cut and carry and grazing unit. Given the heavy soils and flat contour the block would create good interest if offered to the market.

3.0.3 The subject property was purchased in an agreement dated October 2013 for $2,100,000 plus GST.

3.0.4 Dairy farm incomes have improved for the 2016/17 season and with the outlook for 2017/18 season also being better. Dairy support land sale prices, especially for well-located smaller parcels, have softened from levels achieved over the preceding 18 months. Albeit a lower volume of sales have been transacted. Dairy support properties have been selling in the vicinity of $21,000 to $33,000 per hectare land value $1,100 - $2,000 per stock unit equivalent.

3.0.5 Location, climate and productive ability have the main impact on value. Properties that are small scale tend to sell at higher per stock unit and per hectare values as competition for these properties is more intense due to the smaller capital requirement required.

3.0.6 The appropriate valuation approaches for estimating the market value of a pastoral unit are the market approach and income approach.

3.0.7 Under the market approach umbrella we use two main methodologies;

i) A summation approach on a per hectare basis. In this approach we determine the relevant classes of land at a land value level and add the added value of improvements, and chattels and plant as appropriate. This is then compared at a market value per hectare level.

ii) A summation approach on a per kilogram of milk solids based on estimated average efficient production.

3.0.8 We have not adopted an income approach.

3.0.9 The above approaches are supported by analysed benchmark levels from sales deemed most comparable in the market.

3.0.10 Our opinion of the quality of market evidence available is outlined in the below table:

Factor	Quality
Number of comparable sales	Fair
Recent time frame	Fair
Direct Comparability	Fair

3.0.11 Below is a summary of our market analysis and market value estimates under each approach:

Valuation Approach	Market Value Estimate
Per Hectare	$2,100,000
Per Stock Unit. Average Efficient	$2,125,000

3.0.12 Our preferred valuation approach is the summated valuation approach based on establishing the land value and summating the added value of improvements and associated chattels and plant as outlined as we consider this a more accurate approach to factor all the attributes of the subject property.

3.0.13 In assessing the value of the property we have undertaken an analysis of the property in the market particularly looking at the strengths and weaknesses specific to this property and how this relates to the wider market and economic conditions prevailing at date of the valuation and over the short term that may influence the demand and value levels.

Strengths & Opportunities	Weaknesses & Threats
• Location and proximity to dairy platforms • Flat to undulating deep soils • Popular size	• Wetness of soils during winter • Poor dairy farm incomes • Uncertainty of boundary by 2nd hay barn

4.0 MARKET VALUATION

4.0.1 After examining all factors and subject to the overriding conditions we conclude the market value of the property as at 31 May 2017 is:

TWO MILLION ONE HUNDRED THOUSAND DOLLARS
($2,100,000)

Apportioned as follows:		
Value of Improvements		
– Residential Improvements	$0	
– Productive Buildings	$7,000	
– Other Improvements	$98,000	
		$105,000
Land Value		$1,995,000
Market Value		$2,100,000

The above valuation assessment is plus Goods and Services Tax (if any).

4.0.2 Unit analysis

Area	71.2442 ha	(71ha effective pasture)
Ave Efficient Production	1250 stock units	(17.5 kg ms / effective ha)
Land Value	$28,002/ha	$1,596 /su
Market Value (*net of shares*)	$29,476 ha	$1,680 /su

4.1 Certification

Experience

4.1.1 'The principal signatory has a minimum of five years' experience in valuing the subject class of asset, has all appropriate qualifications and registrations enabling them to practice as a Valuer and has not been subject at any stage to disciplinary action by the relevant professional governing body to prevent them acting as a Registered Valuer.'

Independence

4.1.2 The signatories have no direct or indirect pecuniary or other interests in the property being valued and are not aware of any other potential conflicts of interest.

Professional Indemnity Cover

4.1.3 We certify that Logan Stone Limited hold professional indemnity insurance for an amount of up to $5 million and note this may be less than the requirement for insurance cover as set by the lender.

5.0 OVERRIDING CONDITIONS

- Our valuation is subject to the attached Statement of General Valuation Policies.
- This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become of aware of any factors that have any effect on the valuation. Unless otherwise stated our assessments are made in New Zealand Dollar currency.

6.0 DISCLAIMER

6.0.1 Logan Stone Ltd prohibits the publication of this report in whole or in part, or any reference thereto, or to the valuation figures contained therein, or to the names and professional affiliations of the valuer, without the written approval of the valuer as to the form and context in which it is to appear.

6.0.2 Our valuation has been completed in compliance with International Valuation Standard framework. International Valuation Standards IVS 101 – *Scope of Work,* International Valuation Standard IVS 102 – *Implementation*, International Valuation Standard IVS 103 – *Reporting*. We confirm that:

- The statements of fact presented in the report are correct to the best of the Valuer's knowledge;
- The analysis and conclusions are limited only by the reported assumptions and conditions;
- The Valuer has no interest in the subject property;
- The Valuer's fee is not contingent upon any aspect of this report;
- The valuation was performed in accordance with an ethical code and performance standards;
- The Valuer has satisfied professional educational requirements;
- The Valuer has experience in the location and category of the property being valued;
- The Valuer has made a personal inspection of the property; But not re-inspected for the purpose of this report.
- The Valuer holds an Annual Practicing Certificate; and
- No one except those specified in the report, has provide professional assistance in preparing the report.

6.0.3 Should you require any further advice, do not hesitate to contact us.

Yours faithfully
LOGAN STONE LTD

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7.0 VALUATION METHODOLOGY

7.0.1 The valuation has been completed in accordance with (excluding the property has not been re-inspected and a full report is not provided);

International Valuation Standards (IVS)

- International Valuation Standards IVS 101 – *Scope of Work*
- International Valuation Standards IVS 102 – *Implementation*
- International Valuation Standards IVS 103 – *Reporting*
- International Valuation Standards IVS 230 – *Real Property Interests*

API & PINZ Valuation Guidance Notes (ANZVGN)

- Property Institute of New Zealand ANZVGN10 – *Valuation of Agricultural Properties*

PINZ Valuation Guidance Notes (NZVGN)

- Property Institute of New Zealand NZVGN1 – Valuations for use in New Zealand Financial Reports

API & PINZ Real Property Guidance Notes (ANZRPGN)

- Property Institute of New Zealand ANZRPGN1 – Disclaimer Clauses & Qualification Statements

IFRS (NZIAS Accounting Standards)

- IFRS 13 – Fair Value Measurement
- IFRS 16 – Property, Plant and Equipment

Highest and Best Use

7.0.2 Highest and Best Use for the land is that use that is practically feasible, legally permissible and supported by market demand. It is that particular property use that indicates the highest likely competitive price for the real estate at a particular time. Determination of the property's current highest and best use is a necessary precursor of market value assessment.

7.0.3 We determine the highest and best use of the subject property to be as a dairy support pastoral unit.

Market value is defined as:

7.0.4 "*Market Value is the estimated amount for which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion.*"

7.0.5 In considering the willing buyer/willing seller definition we have determined that the marketing period in the present market conditions would be three to four months. This time period considers the wider economic and more specific market drivers that are occurring in this and the wider primary sectors at date of the valuation report.

7.1 Plant and Equipment

7.1.1 The valuation of the property excludes all items of plant and equipment unless specifically stated otherwise within this report.

8.0 EMISSION TRADING SCHEME

8.0.1 Our valuation is made on the following basis in relation to ETS obligations based on information supplied:

- There are no pre 1990 forests associated with the property which will attract deforestation liabilities
- The property is not registered as a participant under the Climate Change Response Act 2002
- If, on the provision of further information, confirming areas, status or liabilities are different from our above assessments, Logan Stone reserves the right to alter the valuation assessment accordingly.

9.0 MARKET COMMENTARY

9.0.1 The pastoral sector, i.e. sheep and beef and dairy support and grazing, property market in Southland has been relatively steady in recent times but with the number of sales decreasing over those experienced during preceding years as dairy incomes have dropped significantly as have sheep returns.

9.0.2 The rural property market continues to be largely dominated and driven by the dairy sector and associated land uses in the Southland and South Otago regions. There has been considerable expansion of dairy units throughout Otago and Southland (The effective hectares in dairy production in Southland have risen from 100,658 ha in 2002 to 185,592 ha in 2012 and in the Otago from 51,853 ha to 77,099 ha over the same period (Source: LIC)). There is a 'rule of thumb' that for each hectare that goes into a dairy milking platform a further hectare is required for dairy support and grazing. This demand places pressure on properties suitable for dairy grazing and as a consequence properties of lesser desirability and stronger contour were pushed up in price as the availability of quality flat free draining grazing properties diminished. There was also a flow on effect with sheep farmers selling out at higher levels for dairy conversion etc. which released considerable capital and these sellers became strong purchasers of larger sheep units in more outlying areas also pushing prices up.

9.0.3 Dairy land use continues to dominate the Southland rural land market especially for dairy support and grazing blocks in close proximity to recognized dairy locations. While there has been some land transacted for vegetable growing at high per hectare levels the locality for this activity is reasonably specific and does not include the Thornbury area.

9.0.4 At the time of writing forecast farm gate returns especially for pastoral properties appear to be improving by recent historical levels. Interest rates are at favourable low levels and rural lending institutions are back competing for new lending opportunities. Overall a reasonably sound outlook for the rural sector long term but with some short term pessimism and volatility.

9.0.5 Climate risk, changing Regional Council regulations and farm inputs inflation will impact on purchasers' decision making and ability to borrow when looking to invest in the rural sector.

9.1 Market Evidence

9.1.1 The valuation has been determined by comparison to known sales of similar properties initially in this locality but also further afield if required. These sales have been fully analysed into the various components that they contain with adjustments then made for size, floor areas, age and condition of improvements, location and date of sale.

9.1.2 Our observation is the current pastoral property market for Southland is driven by dairy land use with per hectare and per stock unit values diminishing depending on the highest and best use as outlined in the below table.

9.1.3 It is our opinion the subject property highest and best land use currently lies in the dairy support land use with a bias towards the dairy support cut and carry range due to location, soils and contour. We therefore look to recent sales with similar land use, size, contour and location.

9.1.4 From the available market evidence, the following transactions are considered to be the most relevant to the subject property. The following information is information that is publicly available. Further information is likely to be held by Logan Stone on the analysed property. This information is often collected from inspections and valuations have been provided to us on a confidential basis and is not deemed to be public and therefore cannot be reproduced within this document. The Sale Price includes land and improvements and household and farm chattels if any, the Sale Price per hectare is the Sale Price divided by the title area, while the Land Value per hectare is the productive land value exclusive of the lifestyle component, if any, over the total area. The production is our estimate of carrying capacity under average efficient management.

9.2 Comparable Sales

9.2.1 The below table is a comparable sales summary which are recent sales that we have relied on in establishing the market value of the subject property. We have made comment as to the relationship between the sale property and the subject property. The subject property was purchased in an agreement dated October 2013 for $2,100,000 plus GST.

District	Address	Property Type	Sale Date	Area (ha)	Stock Units	SU/ha	Sale Price	SP/ha	SP / SU	LV/ha	LV/ SU	Comments	Relationship to subject property
Drummond	292 Drummond Heddon Bush Hwy	Gra	2.17	65.7	1100	16.7	$2,100,000	$31,963	$1,909	$31,963	$1,909	Well set up for dairy grazing. Modern cottage, cattle yards and central lane.	Better
Mabel Bush	140 Goldsmith Rd	Gra	3.17	46	600	13.0	$1,030,000	$22,391	$1,717	$21,522	$1,650	40 ha effective. Deer fenced with deer shed. 6 ha woodlots. Water supply from pond	Inferior
Motu Rimu	975 Motu Rimu Road	Gra	2.17	57.8	850	14.7	$1,589,965	$27,508	$1,871	$26,989	$1,835	Bare land undulating. Part of larger dairy unit.	Inferior
Waimatuku	219 Bickley Road	Gra	1.17	81.4	1450	17.8	$2,750,000	$33,784	$1,897	$28,133	$1,579	Good quality land. Three bedroom, 2 bathroom dwelling plus cottage. 2 stand woolshed and large modern 9 bay shed.	Similar
Kapuka	136 Kapuka North Road	Gra	12.16	174.4	2800	16.1	$5,150,000	$29,530	$1,839	$26,806	$1,670	Undulating soils. Large dwelling and full range farm buildings. Central lane with 52 ha deer fenced.	Inferior
Taramoa	625 Ferry Rd	Fat	9.16	41.3	600	14.5	$1,042,000	$25,230	$1,737	$24,746	$1,703	Bare land. Part of a larger property. Flat developed sandy soils.	Inferior
Waipango	65 Carran Road	Fat	4.16	54.8	850	15.5	$934,461	$17,052	$1,099	$15,957	$1,029	Flat cut and carry block	Inferior
Gummies Bush	80 Carmichael Rd	Gra	8.16	46.6	750	16.1	$1,194,000	$25,622	$1,592	$24,871	$1,545	Bare land by river	Inferior
Thornbury	311 Gropers Bush Thornbury Rd	Fat	7.16	31.4	530	16.9	$1,050,000	$33,439	$1,981	$32,484	$1,925	Productive small block.	Similar
							Average	**$27,391**	**$1,738**	**$25,941**	**$1,649**		

10.0 VALUATION APPROACHES

10.1 Summation Valuation Per Hectare

10.1.1 When assessing the market value of the subject property the land value for the appropriate range of land classes is established and the assessed added value of improvements is calculated. Chattels are added on a similar basis if appropriate. The final summated figure is then compared with the comparable sales evidence at a similar benchmarked level.

10.2 Land Value

10.2.1 Land Value is determined by sales of property that have no or limited improvements contained on them. Where sales of this type are low in volume, sales of partially or fully developed properties, or listings, are analysed to derive a base land value. When there is a paucity of sales information from specific locations information is drawn from other locations to allow analysis to occur to derive a base land value. This base land value is then further analysed to the varying land classes or soil types, whichever approach the market is using to determine the value of the land at that time for the sector and location where the market activity is occurring. Further analysis is undertaken at a more cursory level on productive based measures i.e. stock units, kg milk solids, per hectare or by total property. This consideration has less weighting placed upon it due to the large variation that can occur due to management capability and capital utilised. Consideration is given to the deemed "average efficient" production levels that have been analysed for each sale and the subject property.

10.2.2 Based on the above approach the sales analysis indicates that properties in this locality have land values within the following range as a base land value. These land values are for the productive component only and exclude any lifestyle or building right premium that may be paid above the underlying productive component. If the property contains any lifestyle or building right premium this is then added to these underlying productive values. This approach is consistent with the approach adopted when analysing sales.

Land Type	Sale Value Range	Subject Property
Deep Central Southland	$21,000 - $34,000/ha	$28,000/ha

10.2.3 We have adopted a value at the mid-range due to the location and proximity to dairy platforms, and general appearance and presentation of the land at inspection.

10.3 Improvements

10.3.1 When undertaking the assessment of the improvements contained on the property we have considered two methodologies:

Replacement Cost Approach

10.3.2 We have summated our estimate of the cost to replace the buildings and other improvements less an appropriate allowance for depreciation to reflect the unexpired portion of the economic life due to physical depreciation, functional obsolescence and any relevant external or environmental factors so as to arrive at a value. This approach is termed the Cost or Depreciated Replacement Cost Approach. This approach is often used as a fall back approach or for specialised assets when sales or other market derived information is not available.

Sales Approach

10.3.3 The Added Value Approach is derived from analysis of sales with apportionment of the improvement value based on the various improvement components or individual building values. It is a variation of the sales approach. This approach determines the added value of the buildings and other improvements to the property as determined by the current market situation and completed sales. It considers the value of the building improvements and other improvements based on utility and functionality they add to the property and how the market is reflecting those features at that time.

10.3.4 The Net Rate approach is based on the analysis of sales. The analysis considers the component parts of the improvements i.e. rate per m^2 of building, rate per metre of fencing, rate per tree/vine etc. These rates are then applied back to the subject property and the various improvements contained on that property to provide an additional approach to value of the improvements.

10.3.5 The combination of these approaches forms the basis of the improvement value assessment, with priority and more weighting placed on market based information.

Improvements Comment

10.3.6 There are no dwellings.

10.3.7 Productive farm buildings are adequate for hay or plant storage.

10.3.8 Fencing and subdivision are adequate.

10.3.9 Farm water supply is good

10.3.10 Races and layout are good.

10.3.11 Cattle Yards are adequate.

10.3.12 The below outlines our summation valuation worksheet under this approach:

Land	Description		Area	Unit Price	Provisional	Final		per ha
Heavy Central Southland Flat			71.2442	$28,000	$1,994,838			
Total			71.2442		$1,994,838	$1,995,000	$1,995,000	$28,002
Improvements								
Fencing	**No Pdks**	**Av pdk size**	**Area**	**Rate**				
	22	3.2	71.2442	$350	$24,935			
					$0			
Water Supply			71	$375	$26,625			
Races & Lanes			800	$20	$16,000			
Shelter			1	$5,000	$5,000			
Bridges			1	$15,000	$15,000			
Total Paddock Improvements					$87,560	$88,000	$88,000	
Paddock Value							$2,083,000	$29,237
	Age	**Condition**	**Quantity**	**Rate**				
Hay Barn	1990s	G	69	$50	$3,450	$3,000		
Hay Barn	1960s	F	86	$50	$4,300	$4,000		
Cattle Yards			1	$10,000	$10,000	$10,000		
Total Buildings					$17,750	$17,000	$17,000	
Total Improvements							$105,000	
Total Land & Improvements							$2,100,000	$29,476
Household Chattels							$0	
Farm Chattels							$0	
								per ha
Total Market Value							$2,100,000	$29,476

10.4 Summation Valuation per stock unit basis

10.4.1 The common benchmark of analysis for pastoral sales is the sale price per stock unit (su) wintered. In our opinion it is more appropriate to analyse sales and assess the property on an 'average efficient level of management' as this provides a better reflection of market sentiments.

10.4.2 From the sales analysis summary the market reflects the below range and average:

Land Use	Range per SU	Adopted level for subject property
Dairy grazing	$1,100 to $2,000	$1,700

10.4.3 We have adopted the level at the mid range due to location, soils and contour.

10.4.4 We can now estimate the market value as;

Average Efficient Stock Units	Market Value per stock unit	Estimated Market Value
1250	$1,700	$2,125,000

10.5 Valuation Approach Summary

10.5.1 Below is a summary of our market analysis and market value estimates under each approach:

Valuation Approach	Market Value Estimate
Per Hectare	$2,100,000
Per Stock Unit. Average Efficient	$2,125,000

10.5.2 While the above approaches arrive at a reasonably acceptable range, our preferred valuation approach is the summated valuation approach based on establishing the land value and summating the added value of improvements and associated chattels and plant as outlined as we consider this a more accurate methodology.

10.5.3 We therefore adopt the market value at $2,100,000.

11.0 PROPERTY DETAILS

11.1 Legal Description

11.1.1 We refer to the attached Computer Freehold Registers ("titles") at Appendix B contained within the Southland Land Registration District. To summarise:

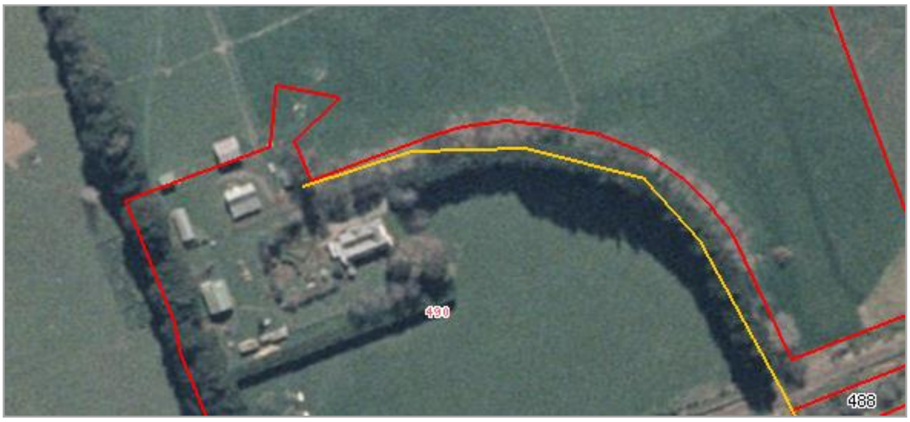
Registered Proprietor	Description	Title Identifier	Area (ha)
Eastbourne Dairy Farm Limited	Lot 1 Deposited Plan 14706	SL11C/939	52.2707 ha
Eastbourne Dairy Farm Limited	Lot 2 Deposited Plan 8791 and Lot 2 Deposited Plan 388349	353547	18.9735 ha
		Total Land Area	**71.2442 ha**
Tenure	Freehold – Estate in Fee Simple		

11.1.2 The following interests or registrations are deemed to be of relevance when considering the property from a valuation perspective. Any material impact of these interests have been taken into account in our valuation assessment.

- Easements – Drainage and Rights of Way both servient and dominant. See Titles attached.

11.1.3 Any user of this report should note there is a metalled track adjacent to the cattle yards which crosses the railway line to Thornbury Waimatuku Road. This is not registered as being legal access.

11.1.4 At inspection there was also some uncertainty over whether a hay barn in the eastern corner is included in the property. From our available maps we conclude that the hay barn is included as per the attached aerial outline;



11.2 Rating Valuation

The Rateable Values assessed as at 1 September 2015:				
Property	***Land Area (ha)***	***Value of Improvements***	***Land Value***	***Capital Value***
488 Thorn-Waimatuku Road	71.2442	$40,000	$2,140,000	$2,180,000

11.3 Resource Consents

11.3.1 There are no Resource Consents currently pertaining to this property.

11.4 Production

11.4.1 The property is currently run as a dairy support/grazing block and no production figures have been provided. District stocking rates for this level of development on these soil types would be in the vicinity of 15 to 17.5 stock units per hectare. We therefore assess the average efficient carrying capacity at 1250 stock units.

Appendix A

Statement of General Valuation Policies

STATEMENT OF GENERAL VALUATION POLICIES

1. Our responsibility in connection with this valuation report is limited to the person to whom the report is addressed and we disclaim all responsibility to any other party without reference to us.
2. This report may not be reproduced, in whole or in part, without our prior written approval.
3. This report has been prepared for the purpose stated in the report and may be relied upon for that purpose only. Assumptions made in the preparation of the report are as expressly stated in the report or set out below.
4. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable but we cannot accept responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from Government or other appropriate departments.
5. We have made no survey of the property and unless otherwise stated assume that all improvements lie within the Computer Freehold Register boundaries. No guarantee is given that the land is not subject to statutory rights not recorded on the relevant Computer Freehold Register and not apparent from normal inspection of the property. We assume no responsibility in connection with such foregoing matters.
6. We do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. Unless notified to the contrary, our valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances.
7. Unless otherwise stated our report is subject to there being no detrimental registration(s) affecting the land other than those appearing on the Computer Freehold Register(s) valued in this report. Such registrations may include Wahi Tapu registrations and Historic Places Trust registrations.
8. We have not obtained from the territorial authority a Land Information Memorandum. Our valuation has been made on the basis that such Memorandum if obtained would not have disclosed information which would have affected adversely our opinion of the market value of the property.
9. No environmental audit has been undertaken, although contaminants present on the site and obvious to us on inspection may have been noted in the report. No warrant is given, or is to be implied, in this report that the property is free from contaminants.
10. While in the course of inspection due care is taken to note building defects, no structural survey has been made and no undertaking is given about the absence of rot, termite or pest infestation, deleterious substances such as asbestos or calcium chloride or other hidden defects. We can give no guarantee as to outstanding requisitions in respect to the subject building.
11. In preparing the valuation it has been assumed hot and cold water systems, electrical systems and other devices, fittings and conveniences as are in the building to be in proper working order and functioning for the purpose for which they were designed.
12. Where a property is leased, this report records the nature of the information supplied. That information has been accepted and relied upon at face value. It has been assumed that the information supplied is complete and accurate, and that the lease is fully enforceable.
13. Unless otherwise stated in our report our valuation is on the basis that the property complies with the Building Act 1991, Health and Safety in Employment Act 1992, Evacuation of Buildings Regulations 1992 and Disabled Persons Community Welfare Act 1975 or that the legislation has no significant impact on the value of the property.
14. We certify that Logan Stone Limited holds professional indemnity insurance.
15. Unless otherwise stated our valuation assessment is expressed in New Zealand Dollar currency.

Appendix B

Computer Freehold Registers

COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier	**SL11C/939**
Land Registration District	**Southland**
Date Issued	10 February 1998

Prior References
SL4A/447

Estate	Fee Simple
Area	52.2707 hectares more or less
Legal Description	Lot 1 Deposited Plan 14706

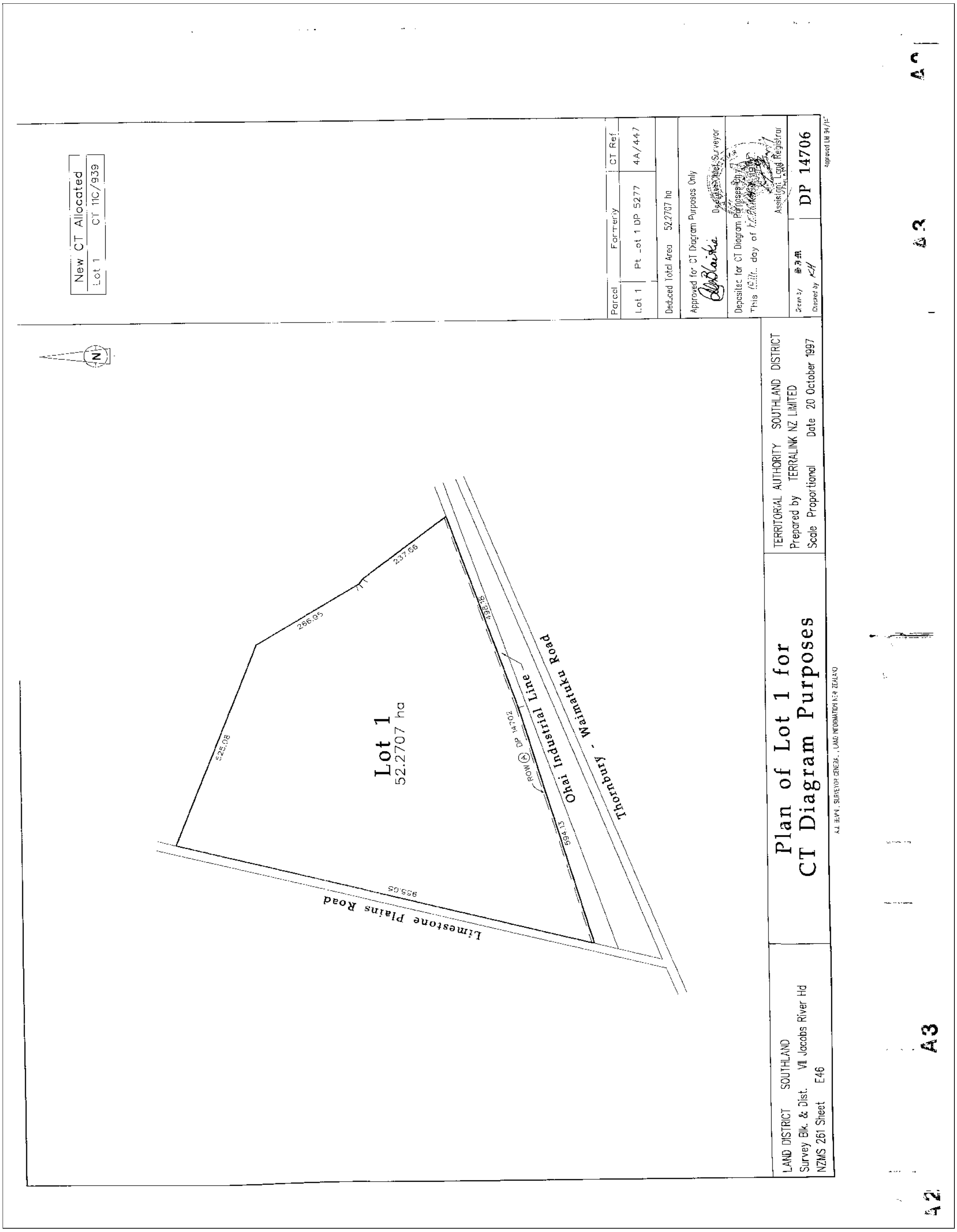
Proprietors
Eastbourne Dairy Farm Limited

Interests

255819.2 Easement Certificate specifying the following easement - 10.2.1998 at 11.24 am

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right of way	Lot 1 Deposited Plan 14706 - herein	A DP 14702	Lot 1 Deposited Plan 14702 - CT SL11C/938	

Identifier **SL11C/939**



COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

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R.W. Muir
Registrar-General
of Land

Identifier 353547
Land Registration District Southland
Date Issued 10 October 2007

Prior References
SL11C/938

Estate	Fee Simple
Area	18.9735 hectares more or less
Legal Description	Lot 2 Deposited Plan 8791 and Lot 2 Deposited Plan 388349

Proprietors
Eastbourne Dairy Farm Limited

Interests

Subject to a right of way over part Lot 2 DP 8791 as shown on DP 8791 and a drainage easement (1.0 m wide) over part Lot 2 DP 8791as shown on DP 8791 specified in Easement Certificate 280855 - 8.5.1974 at 11:05 am

Appurtenant to Lot 2 DP 388349 is a right of way specified in Easement Certificate 255819.2 - 10.2.1998 at 11:24 am

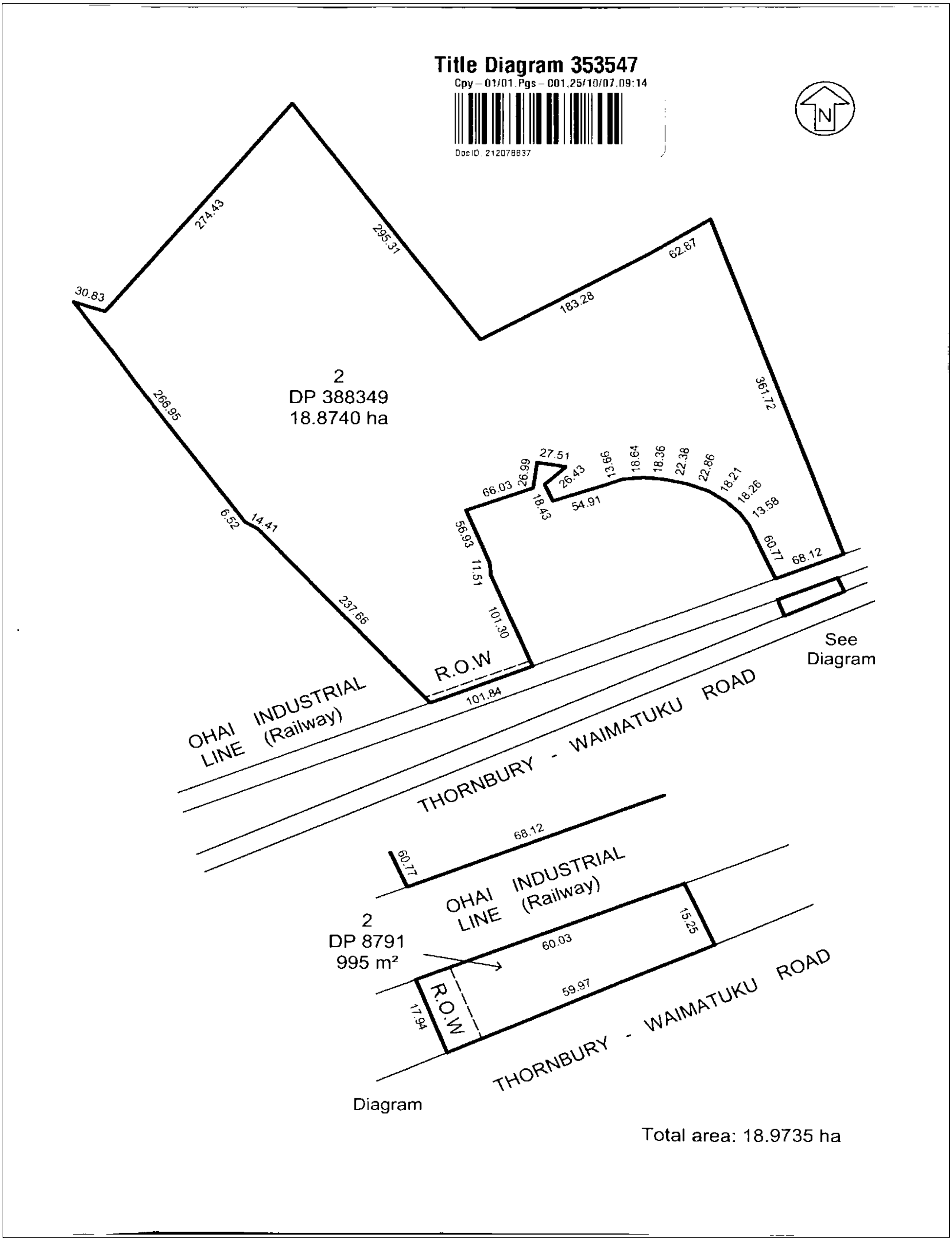
The easements specified in Easement Certificate 255819.2 are subject to Section 243 (a) Resource Management Act 1991

Subject to Section 241(2) Resource Management Act 1991 (affects DP 388349)

Subject to a right of way over part Lot 2 DP 388349 marked A and a right of way over part Lot 2 DP 8791 marked B all on DP 388349 created by Easement Instrument 7571298.2 - 10.10.2007 at 9:00 am

The easements created by Easement Instrument 7571298.2 are subject to Section 243 (a) Resource Management Act 1991

Identifier **353547**



Total area: 18.9735 ha