

File Ref: 3671

12 June 2014

Roger Dickie New Zealand Limited
P O Box 43
WAVERLEY 4544

Attention: Roger Dickie

**RE: Roger Dickie New Zealand Limited – Market Valuation
1741 Waimea Valley Road, Southland**

Further to instructions received we inspected the above property on 4 June 2014 in order to assess the market value for financial reporting purposes.

Attached is a full market report and description of the property together with a summary of the valuation rationale and calculations.

Thank you for your instruction, should you require any further advice, do not hesitate to contact us.

Yours faithfully

LOGAN STONE LTD



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Reviewed:



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**1741 Waimea Valley Road
SOUTHLAND**

Market Valuation prepared for:

Roger Dickie New Zealand Limited
P O Box 43
WAVERLEY 4544

Attention: Roger Dickie

As at 4 June 2014

 **LOGANSTONE**
PROPERTY ■ INFRASTRUCTURE ■ VALUATION

EXECUTIVE SUMMARY

Property Address:	1741 Waimea Valley Road, Southland
Brief Description:	An estate in fee simple 349.9645 hectare dairy milking platform situated in the Nine Mile district of Northern Southland which has been converted some 13 years. Currently milking approximately 800 cows and producing 325,183 kg milk solids last season. From a dairying perspective location is regarded as fair. Climate is suited for seasonal supply dairy land use although summer dry spells are common. The land is mostly of undulating to rolling contour with predominantly deep soils showing good fertility levels. Overall layout is good being well subdivided into 50 paddocks, reticulated water supply and well raced. Housing includes three good quality dwellings with a further dwelling being warranted. The milking shed is of good capacity and condition. There are adequate supporting farm buildings. Overall a medium quality dairy platform due to location being tidily presented and achieving slightly below Southland average production based on a low supplement import system. We estimate average efficient production to be 314,000 kilograms of milk solids (1003 kg ms / effective ha).
Instructing Party:	Roger Dickie
Registered Proprietor:	Coldstream Downs Limited
Purpose of Report:	To assess the market value for financial reporting purposes.
Reliant Parties:	Roger Dickie - Roger Dickie New Zealand Limited
Date of Inspection:	4 June 2014
Date of Valuation:	4 June 2014
Interest Valued:	Freehold land and improvements, household and farm chattels, milking shed and effluent plant and equipment (excludes Fonterra shares and supplements on hand)
Key Assumptions:	The key assumptions are based on the transactions that have occurred in Southland for dairy farming properties over recent times. The valuation is based on a willing seller/willing buyer concept with a marketing window of three to four months. We refer you to our full valuation report attached to this executive summary.
Factors influencing value:	Location, production, climate, one dwelling short, water supply.

Land Value Assessments:	\$8,020,000
Residential Improvements:	\$461,000
Productive Buildings:	\$834,000
Other Improvements:	\$545,000
Household & Farm Chattels:	\$20,000
Milking & Effluent Plant and Equipment:	\$160,000
Market Value:	\$10,040,000
Valuer:	Grant Barron, Registered Valuer B Com (Ag) VFM, MBA, ANZIV, MPINZ
Reviewed by:	Jay Sorensen, Registered Valuer B Appl Sc (Rural Val) Agr Bus, MPINZ, ANZIV

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APPENDICES

- A Statement of General Valuation Policies
- B Computer Freehold Registers and Resource Consents
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1.0 INTRODUCTION

- 1.0.1 Further to your instructions we inspected the subject property on 4 June 2014 in order to assess the market value for financial reporting purposes.
- 1.0.2 Your instructions, as per our scope of work agreement, require us to make the following valuation assessments;
- Market Value as at date of inspection.

2.0 PROPERTY CONCLUSIONS

- 2.0.1 An estate in fee simple 349.9645 hectare dairy milking platform situated in the Nine Mile district of Northern Southland which has been converted some 13 years. Currently milking approximately 800 cows and producing 325,183 kg milk solids last season. From a dairying perspective location is regarded as fair. Climate is suited for seasonal supply dairy land use although summer dry spells are common. The land is mostly of undulating to rolling contour with predominantly deep soils showing good fertility levels. Overall layout is good being well subdivided into 50 paddocks, reticulated water supply and well raced. Housing includes three good quality dwellings with a further dwelling being warranted. The milking shed is of good capacity and condition. There are adequate supporting farm buildings. Overall a medium quality dairy platform due to location being tidily presented and achieving slightly below Southland average production based on a low supplement import system. We estimate average efficient production to be 314,000 kilograms of milk solids (1003 kg ms / effective ha).

3.0 VALUATION CONCLUSIONS

- 3.0.1 The appropriate valuation approaches for estimating the market value of a dairy unit (where a dairy platform is deemed the highest and best land use) are the market approach and income approach.
- 3.0.2 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.
- 3.0.3 Under the income approach umbrella the two methodologies used are;
- i) A capitalisation of the Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) under average efficient management after an allowance for Wages of Management. This capitalized sum provides an estimate of the Total Farm Capital required to operate the business as a stand alone unit. Deduction for stock, plant and Fonterra shares are required to arrive at the appropriate realty basis that as dairy units normally transact in the market. The milk price is based on the average past five year actual and current forecast under average



efficient management production levels.

- ii) A multiplier of the milk price which is based on the average past five year actual and current forecast under average efficient management production levels.

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

3.0.5 Our opinion of the quality of market evidence available is outlined in the below table;

Factor	Quality
Number of comparable sales	Good
Recent time frame	Good
Direct Comparability	Limited in immediate locality

3.0.6 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, mixed age of plants and productive capacities compared to the subject property.

3.0.7 There have been some 17 unconditional dairy unit sales in Southland during 2014. There is a large range of analysed sale prices which is attributable to location, production and quality of unit.

3.0.8 Our analysis shows that since mid 2013 the dairy property market has improved, mainly due to the high forecast payout for the current season and optimistic outlook for dairy returns in the future.

3.0.9 Northern Southland dairy units even under irrigation do not attract the demand and sale prices as achieved in other more preferred Southland dairy locations. As a consequence we find buyers demand a higher return on capital to compensate for the volatility associated with climatic production risk.

3.0.10 In the Southland dairy property market it is our observation that there are generally three categories of dairy unit which have broad ranges of value bands. These bands are mostly influenced by quality of property and infrastructure, location and production per hectare. We have graded these properties as A, B, and C. 'A' type properties are quality, good soil and contour units in the Central Southland and Southland Plains districts which generally show good consistent production per hectare. 'B' type units are basic, reasonably well located properties with Southland average type production. 'C' type units are poorer dairy units which may have issues with buildings, location, contour and shape etc.

3.0.11 In our opinion we assess the subject property as a B category.



3.0.12 Below is a summary of our market analysis and market value estimates under each approach;

Valuation Approach	Market Value Estimate
Per Hectare	\$ 10,040,000
Per kg Milk Solids. Average Efficient	\$ 10,050,000
Income Capitalisation	\$ 10,180,000
Multiplier of Milk Income	\$ 10,035,000

3.0.13 Our preferred valuation approach is the summated valuation approach based on establishing the land value and summing 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.

3.0.14 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
➤ Well laid out. Good shelter ➤ Good soil fertility ➤ Good pastures ➤ Low input production system ➤ Good centrally sited milking shed ➤ More supplementary feeding for production	➤ One dwelling short ➤ Northern Southland location ➤ Climate has summer dry risk ➤ Environmental regulations



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 4 June 2014 is:

TEN MILLION AND FORTY THOUSAND DOLLARS
(\$10,040,000)

Apportioned as follows:

Value of Improvements	
– Residential Improvements	\$461,000
– Productive Buildings	\$834,000
– Other Improvements	\$545,000
	\$1,840,000.00
Land Value	\$8,020,000
	Realty Value – Land & Buildings
	\$9,860,000
Household & Farm Chattels	\$20,000
Milking & Effluent Plant & Equipment	\$160,000
Market Value	\$10,040,000

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

4.0.2 Unit analysis

Area	349.9645 ha	(313 ha effective pasture)
Ave Efficient Production	314,000 kg milk solids	(1,003 kg ms / effective ha)
Land Value	\$22,917/ha	\$25.54/kg ms
Market Value (net of shares)	\$28,689/ha	\$31.97/kg ms
Income Capitalisation Rate	6%	
Estimated Multiplier of Milk Price Income	4.7 x	

4.0.3 Fonterra Shares are not included.

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 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. Valuation of Financial Reporting*, International Valuation Standards IVS 300. 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;
- The Valuer holds an Annual Practicing Certificate; and
- No one except those specified in the report, has provided 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

The valuation has been completed in accordance with the IFRS41 – Agriculture, International Valuation Standards IVS 300 – Valuations for Financial Reporting, Guidance Note ANZVGN1 - Valuation Procedures for Real Property, Guidance Note NZVGN1 - Valuations for use in New Zealand Financial Reports, Guidance Note 10 – Valuation of Agricultural Properties and International Valuation Standard IVS 220 - Plant and Equipment,

Highest and Best Use

7.0.1 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.

7.0.2 We determine the highest and best use of the subject property to be a dairy milking platform.

Market value is defined as:

7.0.3 "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."

7.0.4 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.

7.0.5 Most dairy unit sales are made including land and improvements, Fonterra shares, farm and household chattels, milking shed plant and equipment, effluent plant and supplements for a 1 June delivery. It is on this basis that we will assess the fair market value of the subject property (but excluding Fonterra shares and supplements).

Plant and Equipment

7.0.6 The valuation of the property includes the following items of plant and equipment:

- | | |
|----|--|
| 1. | Milking shed, plant and equipment. |
| 2. | Effluent plant equipment. |
| 3. | Farm chattels i.e. electric fence units. |
| 4. | Household chattels - normal. |



7.2 Shares

- 7.2.1 This property has been assessed excluding any Fonterra share holding held by the owner (if any).



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 EVIDENCE

- 9.0.1 The valuation has been determined by comparison to known sales of similar properties initially in this locality but also further a field 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.
- 9.0.2 From the available market evidence, the transactions highlighted red in the below comparable sales analysis summary are those considered to be the most relevant to the subject property. The sale information is information that is publicly available. We have applied our own estimates of average efficient production as these may alter from production levels as advertised with the property. Further information is likely to be held by Logan Stone on the analysed property. This information often collected from inspections and valuations has been provided to us on a confidential basis and is not deemed to be public and therefore cannot be reproduced within this document. The Net Sale Price includes land and improvements, household and farm chattels and milking shed plant and equipment but excludes Fonterra shares, the Net Sale Price per hectare is the Net Sale Price divided by the title area, while the Productive Land Value per hectare is the productive land value exclusive of the lifestyle component, if any, over the total area.

9.2 Comparable Sales

- 9.2.1 The below comparable sales summary are recent sales that we have relied on in establishing the market value of the subject property.



Ref	Location	Sale date	Sale Price	Area (ha)	Production per ha	Sale Price per ha net of Shares	Sale price per kg milk solids net of Shares	SP / ave eff kg ms	Land value per ha	Land value per kg milk solids	LV/ave eff kg ms	Comments	Quality Ranking	Relationship to subject property	ROTFC (ave efficient) rolling ave payout	MV Net as multiplier of Milk Price - ave eff. 5 yr ave plus forecast
	103 Duthie Road, Maitara Island	24/01/2014	\$3,535,000 excl shares	129.1	1228	\$ 27,382	\$ 22.30	\$ 26.70	\$ 19,954	\$ 16.25	\$ 19.46	Also Include 35.4 ha lease. \$9,000 pa. Renewed may 2016. Flat with small area rolling hill. Besides Maitara River and can flood. Two dwellings, 29 HB milking shed, 200 cow wintering shed and farm buildings. Charlton and Jacobstown soils.	B-		5.4%	4.1
1	473 Knapdale Road, Knapdale	5/02/2014	\$6.6m excl shares	160.3	1778	\$ 41,173	\$ 23.16	\$ 41.54	\$ 29,744	\$ 16.73	\$ 30.01	Open Country Supplier. Milks off 30 ha lease land. Two dwelling. New 50 rotary milking shed with in shed feeding. Flat Maitara and river soils which can both flood and dry out.	B	Better location and contour. Smaller scale.	5.6%	6.5



	488 Lawson Road, Waituna	13/03/2014	\$3,950,000 excl shares	172.6	718	\$ 22,885	\$ 31.85	\$ 32.06	\$ 19,606	\$ 27.29	\$ 27.47	Waituna Catchment. New 10 year resource consent. New effluent system including ponds and a 60 day storage pond. Achieved 120,500kg MS in 2011-12 season All grass and well sheltered by patches of native bush (30%). Large three bedroom homestead. A new second hand 36 aside herringbone dairy shed just built. Good farm buildings. Mokotua and Kapuka soils. Open Country supplier. Effective land value \$27,100/ha.	B		6.2%	4.9
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	31 Waikour o Wairio Rd, Otautau	3/02/2014	\$2,557,500 excl Shares	80.4	1223	\$ 31,795	\$ 25.99	\$ 29.06	\$ 23,217	\$ 19.98	\$ 21.22	Small unit which has been winter milking. Heavy Makarewa, Pukemutu, Otanamomo and Aparima soils. Older 16HB milking shed. 19602 B&R dwelling. Average farm buildings. Sold March for \$2.02m.	B		5.1%	4.5
	417 Woods Road, Oreti	13/02/2014	\$4,600,000 excl shares	103.7	1032	\$ 44,362	\$ 42.99	\$ 40.32	\$ 35,520	\$ 34.42	\$ 32.29	Tidy unit in close proximity to Winton. Northope and Pukemutu soils. Good dwelling and 30HB milking shed. Low input system. Net gain from river course change approx 7.0 ha.	A		3.9%	6.3



	80 Gardiner Road, Kennington	18/02/2014	\$4,350,000 excl shares	120.5	880	\$ 36,101	\$ 41.04	\$ 43.23	\$ 30,822	\$ 35.04	\$ 36.91	Good location but poorer performing and present unit. 230m2 dwelling built 2002 but old milking shed. Capital expenditure required on effluent. Mokotua soils. Run as self contained. Open Country supplier. High per kg ms analysis reflects potential.	B		3.9%	6.7
	1009 & 1028 Rimu Rd, Rimu	19/02/2014	\$6,000,000 excl shares	145.2	931	\$ 41,316	\$ 44.36	\$ 38.96	\$ 34,417	\$ 36.95	\$ 32.45	Good quality unit with flat contour. Production is low due to wintering cows on. Mokotua and Tisbury soils. Two dwellings and 28 aside herring bone shed. Good farm buildings. Sold at peak of market in 2008 for \$5.35m net of shares.	A		4.2%	6.0



	38 Mataura Island Factory Rd, Mataura Island	26/02/2014	2375000 excl shares	101.9	780	\$ 23,298	\$ 29.88	\$ 27.66	\$ 16,651	\$ 21.35	\$ 19.77	Poorer quality with poor presentation. Flats and rolling hill with deep gully. Below average production, Two below average dwellings. Otama, Wyndham and Charlton soils.	B-		5.4%	4.3
	1025 Hundre d Line Rd East, Heddon Bush	7/03/2014	\$5,114,500 excl shares	100.9	2230	\$ 50,689	\$ 22.73	\$ 46.70	\$ 33,470	\$ 15.01	\$ 30.84	Well set up and presented Robotic milking unit. Flat, deep Pukemutu and Glenelg soils. No dwelling included. High supplement imports to achieve production.	A		3.7%	7.2



	Pioneer Hwy, Brydone	24/03/2014	\$10,525,000 excl shares	282.3	982	\$ 37,277	\$ 37.89	\$ 43.21	\$ 30,725	\$ 31.29	\$ 35.61	Edendale dairy unit on heavy Edendale and Waikoikoi soils. Milking platform included lease land and 83 hectares was predominantly support but milked off from time to time. Four dwellings. Older 42 HB milking shed likely to be replaced if fully converted. Full range of support buildings. Long narrow shape.	A-		4.2%	6.6
	246 Isla Bank Flints Bush Rd	2/04/2014	\$6,850,000 excl shares	148.1	1280	\$ 46,243	\$ 36.12	\$ 43.59	\$ 32,345	\$ 25.26	\$ 30.49	Mostly flat to easy rolling Pukemutu and Braxton soils. High producing Central Southland dairy platform. Good modern main dwelling with two other dwellings. 50 Rotary with high spec plant. Feed pad.	A		3.8%	6.7



	309 Waicola Rd, Waicola	21/03/2014	\$7,000,000 excl shares	193.1	1191	\$ 36,240	\$ 30.43	\$ 31.35	\$ 29,613	\$ 24.87	\$ 25.62	Average quality platform on fringe Central Southland location. Lease 39 ha adjoining. Mostly Aparima undulating soils. Older style dwelling and basic workers accommodatio n. Further dwelling warranted. Good 44 rotary milking shed and good farm buildings.	B+		5.3%	4.8
	194 Langfor d Road, South Hillend	7/03/2014	\$ 11,300,000 excl shares	241.0	1414	\$ 46,985	\$ 33.24	\$ 43.47	\$ 40,050	\$ 28.33	\$ 37.06	South Hillend dairy unit with good production. Two average quality dwellings. 50 Rotary milking shed . Tidy property. Flat Pukemutu soils.	A		4.2%	6.7



2	1 Warwick Street, Riversdale	3/04/2014	\$ 2,556,000 excl shares	72.4	754	\$ 35,304		\$ 46.81	\$ 24,898		\$ 33.01	Small size dairy unit which has been run in conjunction with adjoining lease blocks. Flat light Gore soils. No irrigation. Prone to summer / autumn dry. 160m2 McRaeway dwelling built 2009. Converted 2009.	B	Small nearby unit. Limited comparability.	3.4%	7.2
3	595 Terrace Road, Mataura	3/04/2014	\$ 10,500,000 excl shares	358.2	851	\$ 29,311	\$ 34.43	\$ 35.43	\$ 23,824	\$ 27.98	\$ 28.79	Solid Energy Property. Platform sold with 40 ha less than has been operated. Flat to rolling with steeper non platform area. Four dwellings and 50 rotary milking shed. Mainly Waikoikoi soils. Platform only land analyses at \$25,250 / ha.	B	Recent sale. Better location	4.8%	5.5
4	384 Pioneer Highway, Mataura	3/04/2014	\$ 7,600,000 excl shares	232.0	862	\$ 32,759	\$ 38.00	\$ 39.50	\$ 27,784	\$ 32.23	\$ 33.50	Solid Energy sale. Mostly flat Gore and Jacobstown soils. Three dwellings and 36 herringbone milking shed which is situated at the northern end.	B	Recent sale. Better location	4.2%	6.1



5	351 Orr Road, Balfour	25/07/2013	\$6.5m excl Shares	233.4	1221	\$ 27,849	\$ 22.81	\$ 28.41	\$ 21,208	\$ 17.37	\$ 21.63	A mid to large scale dairy platform in Northern Southland. Flat deep soils. Two average dwellings plus accommodation, 50 Rotary milking shed and full range of farm buildings. High production as result of good management and high supplement imports.	B	Older sale. Better contour and soils. Market has moved but reflects discount on Northern Southland Market.	5.7%	
6	201 Riversdale Waikaia Rd	29/04/2013	\$12,000,000 incl 347,312 shares	315.0	1103	\$ 30,377	\$ 27.55	\$ 28.92	\$ 28,504	\$ 25.85	\$ 27.14	Purchased by Insight Fund (UK). Sold with shares 347317 - price determined at settlement. Well set up large scale platform with irrigation.	B	Irrigated unit. Better.	4.6%	4.3



7	231 Chittock Road	27/09/2013	\$8,450,000 excl shares	245.4	896	\$ 34,428	\$ 38.41	\$ 35.64	\$ 28,899	\$ 32.24	\$ 29.91	16 December 2013 takeover. Mid size Eastern Southland platform run on semi self contained basis. Purchasers intend to put in underpass and milk off total. Rolling Waikoikoi, Benio and Otama Soils. Three dwellings. 40 herringbone milking shed. Full range farm buildings.	B	Similar unit with slightly better location factor.	4.8%	5.4
8	TeTipua Valley Rd, TeTipua	20/10/2013	\$12.9m excl shares	406.0	741	\$ 31,546	\$ 42.57	\$ 37.92	\$ 26,117	\$ 35.25	\$ 31.39	Large scale dairy unit with flat to rolling Woodlands and Makarewa soils. Three dwellings and fifty bail rotary. Good farm buildings. Winters cows on due to restrictive size of the dairy shed. Average production to date.	B+	Older sale of larger unit. Better location.	5.5%	5.9



10.0 VALUATION APPROACHES

10.1 We consider the following four valuation approaches the most appropriate for estimating the market value under current market sentiments.

10.2 Summation Valuation Per Hectare

10.2.1 When assessing the market value of the subject property under this approach the land value for the appropriate range of land classes is established and the assessed added value of improvements is calculated. Chattels, milking plant and equipment, effluent plant and Fonterra shares 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.

10.2.2 Land Value

10.2.3 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.

10.2.4 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
Undulating to rolling Eastern / Northern Southland dairy	\$20,000 - \$28,000/ha	\$24,000/ha
Steeper drystock	\$5,000 to \$15,000	\$10,500
Scrub and waste	\$1,000 to \$5,000	\$3,000

10.2.5 We have adopted a value at the mid range due to the current production levels, location 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 m2 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 Housing: Fair to good quality owners / managers residence. Two good worker accommodation units. The number of dwellings and accommodation numbers are inadequate. A further accommodation facility for staffing levels of this size property is warranted.
- 10.3.7 Milking shed: Well sited and in good condition with good capacity and appropriate plant.
- 10.3.8 Productive farm buildings: Adequate range and condition
- 10.3.9 Fencing and subdivision: Good



10.3.10 Farm water supply: Good

10.3.11 Races and layout: Good.



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

Land	Description	Area	Unit Price	Provisional	Final		
Rolling Platform		329	24000	7896000			
Dry stock grazing		7.9	10500	82950			
Scrub, waste etc		13	3000	39000			
				0			per ha
				0			
Total Land		349.9		8017950	8020000	\$8,020,000	\$22,917
Improvements							
Fencing	No Pdks	Av pdk size	Area	Rate	VTP		
	50	7.0	349	350	122150		
Water Supply			349	300	104700		
Races & Lanes			5800	25	145000		
Effluent			1	150000	150000		
Shelter			1	20000	20000		
Other					0		
Total Paddock Improvements					541850	545000	\$545,000
Paddock Value							\$8,565,000 \$24,474
Building	Age	Condition	Quantity	Rate	VTP		
Dwelling	1970s	G	216	1000	216000	\$216,000	
Surrounds			1	25000	25000	\$25,000	
Dwelling	2001	G	87	1350	117450	\$117,000	
Car Port	2001	G	18	150	2700	\$3,000	
Surrounds			1	10000	10000	\$10,000	
Dwelling	2001	G	57	1350	76950	\$77,000	
Car port		G	18	150	2700	\$3,000	
Surrounds			1	10000	10000	\$10,000	\$461,000
Milking Shed	2001	G	60	12500	750000	\$750,000	
Calf Shed	1980s	G	108	70	7560	\$7,000	
Hay Barn	1980s	G	108	30	3240	\$3,000	
Hay Barn	1980s	G	204	30	6120	\$6,000	
Hay Barn	1980s	G	108	30	3240	\$3,000	
Calf Shed	1980s	G	605	80	48400	\$48,000	
Woolshed	1980s	F	150	75	11250	\$11,000	
Fert Bin	Mixed	F	111	50	5550	\$6,000	\$834,000
					0		
Total Buildings					1296160	\$1,295,000	\$1,295,000
Total Improvements							\$1,840,000
Total Land & Improvements							\$9,860,000 \$28,174
Household Chattels							\$10,000
Farm Chattels							\$10,000
Milking and Effluent Plant & equipment							\$160,000
Supplement							
Market Value net of Shares							\$10,040,000 per ha \$28,689



- 10.3.13 The below graph demonstrates our opinion of how the subject property land value compares to the most comparable sales. The numbers are the reference to the comparable sales and the red diamond being the subject property.



10.4 Summation Valuation per kilogram Milk Solids

10.4.1 The common benchmark of analysis for dairy unit sales is the sale price per kilogram of milk solids (kg ms) produced. Caution needs to be taken with this approach as levels of production can vary significantly between properties as some are partly or totally self contained and / or significant supplements can be brought onto the property which are used for lactation and can distort the property's underlying pasture based productive ability. 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 and reduces the variability of benchmark range.

10.4.2 Most dairy platforms managers import supplementary feed to some degree as a tool to lengthen the milking season, improve herd condition scores, help with returning cows to get in calf and attain peak milk production. Other managers supplementary feed all season which is mostly determined by economics and the relationship between the milk price and cost of feed. In high payout years it is common for more supplementary feeding to be done. When determining average efficient production we do include some supplementary feeding. This is dependent on how we consider the market would likely manage the property based on many factors including feeding systems and facilities available, along with other physical characteristics of the property.



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

Range per kg milk solids	Average	Adopted level for subject property
\$26.70 to \$46.81	\$38.07	\$32.00

10.4.4 We have adopted the level at below the average of the comparable sales due to the location, requirement for a further dwelling and quality of soils.

10.4.5 We can now estimate the market value as;

Average Production	Efficient Market Value per kg milk solids	Estimated Value	Market
314,000 kg ms	\$32.00	\$10,050,000	

10.5 Income Valuation Approach – Income Capitalisation Approach

10.5.1 This approach estimates the market value by capitalising the earnings before interest, tax depreciation and amortisation (EBITDA) after calculating Gross Farm Income, Farm Working Expenses and making an allowance for Wages of Management based on average efficient production. From the market evidence we analyse and determine an appropriate capitalisation rate. On capitalising the EBITDA we arrive at an estimate of Total Farm Capital required to run the property as a stand alone unit. We then need to deduct the capital required for Fonterra shares, stock and plant if appropriate. The remainder is the estimate of market value of the subject property of land and improvements, chattels and plant consistent with our other approaches adopted. This approach is the same as applied to our analysis of the market sales evidence.

10.5.2 Under this approach requires a number of key assumptions to be made. A key assumption is the milk price used in determining the gross farm income. We prefer the adoption of an average of the previous five year actuals and the Fonterra forecast at the time of valuation or sale. This allows a smoothing of volatility that can be shown with milk payouts but more importantly is a better fit for the description of a knowledgeable seller / buyer in the market value definition. The resultant milk price under this formula is also more in line with major rural financiers long term payout projections when assessing credit applications.



10.5.3 The capitalisation rate, being the market analysed return on total farm capital, is determined from our sales analysis and is provided below;

Capitalisation Range	Rate	Average	Adopted for Property
3.4% to 6.2%		4.6%	6.0%

10.5.4 We have adopted a capitalisation rate at above the average due to the Northern Southland location and the associated climate impacts on production variability and the requirement for a further accommodation unit.

10.5.5 Our workings of this methodology to estimate the market value are shown below.

	Av Eff ms		(5 yr ave at agreement date)		Total
Gross Farm Income	314,000	Milk Price	\$ 6.80	per kg ms	\$ 2,135,200
	314,000	Dividend	\$ 0.10	per kg ms	\$ 31,400
	314,000	Stock	\$ 0.35	per kg ms	\$ 109,900
		Other			
				GFI Total	\$ 2,276,500
Farm Working Expenses	314,000		\$ 4.20	per kg ms	\$ 1,318,800
		Other			\$ -
				Total Expenses	\$ 1,318,800
Wages of Management			\$ 100,000		\$ 100,000
EBITDA					\$ 857,700
Market analysed capitalisation rate range					3.4% to 6.2%
Adopted capitalisation rate					6.0%
Total Farm Capital					\$ 14,295,000
		Number	Price		
less	Shares	314,000	\$ 6.00		\$ 1,884,000
	Cows	800	\$ 2,200		\$ 1,760,000
	R1 Heifers	200	\$ 800		\$ 160,000
	Plant	314,000	\$ 1.00		\$ 314,000
Land and Improvements, Chattels and Milking Plant					\$ 10,177,000
				say	\$ 10,180,000



10.6 Income Approach – Multiplier of Milk Price

10.6.1 This approach is a high level approach which enables the market value of land and improvements to be assessed as a multiplier of the milk income for the property. To establish the milk price we adopt of an average of the previous five year actuals and the Fonterra forecast at the time of valuation or sale. We prefer to use a milk price multiplier as this enables some comparison with other milk supply companies other than Fonterra. Milk price is also a better reflection of the trend in global dairy commodity prices.

10.6.2 The below is our estimate of market value using this approach;

Average Efficient production - kg milk solids		314,000
Average of 5 year historic plus Fonterra Forecast Milk Price at date of valuation	\$	6.80
Total Milk Income	\$	2,135,200
Market Analysed Range of Multiplier		4.1 to 7.2
Adopted Multiplier		4.7
Estimated Market Value of Land and Improvements, Chattels and Milking Plant Equipment	\$	10,035,440
Say	\$	10,035,000

10.7 Valuation Approach Summary

10.7.1 Below is a summary of our market analysis and market value estimates under each approach;

Valuation Approach	Market Value Estimate
Per Hectare	\$ 10,040,000
Per kg Milk Solids. Average Efficient	\$ 10,050,000
Income Capitalisation	\$ 10,180,000
Multiplier of Milk Income	\$ 10,035,000

10.7.2 While all the above approaches arrive at a reasonably tight range, our preferred valuation approach is the summated valuation approach based on establishing the land value and summing the added value of improvements



and associated chattels and plant as outlined as we consider this a more accurate methodology.

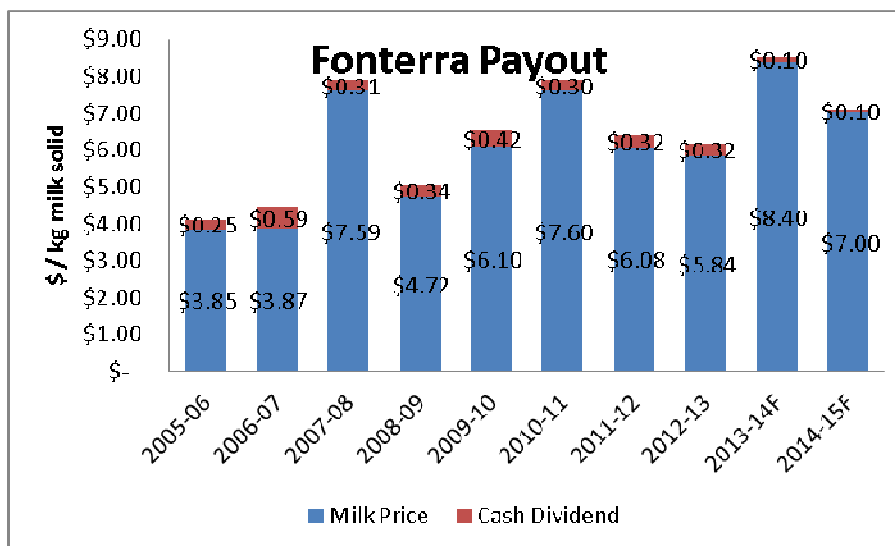
10.7.3 We therefore adopt the market value at \$10,040,000.



11.0 MARKET COMMENTARY

New Zealand Dairy Industry

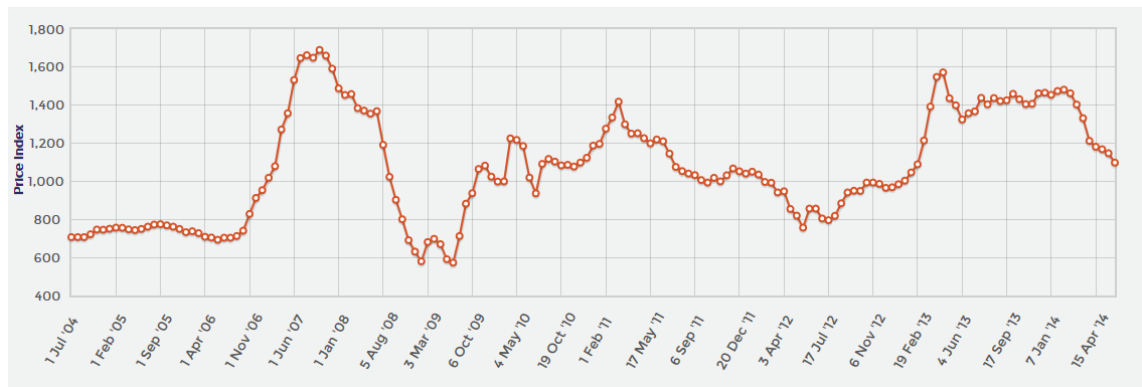
- 11.0.1 The New Zealand dairy industry is dominated by Fonterra which is a supplier owned co-operative. Fonterra was formed in 2001 with the objective of maximising returns to its supplier owners through economies of scale and the ability to be a dominant participant in the global dairy trade. At the time of formation Fonterra processed around 92% of the New Zealand milk supply and is currently at approximately 87%.
- 11.0.2 Since the formation of Fonterra there have been several start up processing companies enter the market in addition to the existing companies such as Open Country Dairy, Westland Dairy Co-op and Tatua. Most of these companies operate in geographically isolated areas.
- 11.0.3 With Fonterra being the dominant processor/ marketer, together with their willingness to publically release actual and forecast farm gate payout information, disclose results of their global dairy trade auction and comment on the state of the dairy industry and factors' affecting their performance, their commentary is relevant to the dairy real estate market. Their pay out is consistent across New Zealand to supplier shareholders.



- 11.0.4 At the time of writing, Fonterra's current forecast payout projection for the 2013/14 season for both the milk price and distributable profit as announced at the 27th February 2014 is \$8.50 / kg milk solids. This announcement was a 25 cent per kilogram milk solids decrease on previous season forecast announcements due to weaker dairy commodity sale prices. The Fonterra forecast milk price payout for the 2014/15 season is \$7.00 per kg milk solids. Industry commentators suggest the outlook remains uncertain due to global economic conditions.
- 11.0.5 Recent 'global Dairy Trade' auctions have shown a significant compounded decline. Volatility in dairy commodity prices has been a theme of many commentators over recent seasons. This is shown in the below Global Dairy Trade Price Index over 10 years



as provided by Global Dairy Trade.



The Southland Dairy Industry

11.0.6 The number of dairy farms in Southland has grown dramatically over the past decade from 602 in 2002 to 929 in 2013 and now represents around 12.3% of the national production milk solids production. The effective hectares in dairy production have risen from 100,658 ha in 2002 to 194,322 ha in 2013 (Source: LIC).

11.0.7 Dairy units range in size from 60 to 800+ hectares plus. The majority of dairy units are seasonal suppliers. The average effective property size is 209 ha with most platforms milking around 2.74 cows per effective hectare (Source: LIC). Average production is 1,050 kg milk solids per effective hectare with average cow production 384 kg milk solids / cow.

11.0.8 Features of dairying in Southland are;

- Shorter growing season requiring supplement feeding at the beginning and end of season to extend lactation
- General heavy soils requiring sub surface drainage to improve utilisation. These heavy soils need careful management when waterlogged to avoid soil and pasture damage.
- Relatively high wintering costs, with many cows and dry stock wintered off farm.
- Strict environmental protection of waterways requiring good effluent storage and discharge systems.
- Preferred locations within region based on climate, contour, soil type and proximity to services.
- Larger average herd size allowing economy of scale for off farm investors to invest and allow managers or share-milkers to operate.

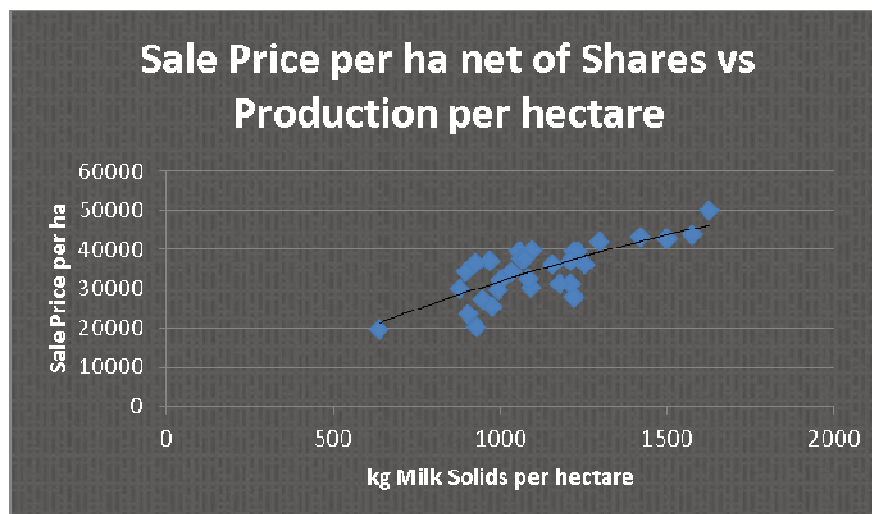
11.0.9 Currently Southland dairy farmers can supply Fonterra or Open Country Dairy (if they can secure supply contracts).



Key Factors which influence dairy farm sale prices

11.1 Production

- 11.1.1 Production per hectare is a key influence on sale price. The below graph demonstrates the relationship between per hectare sale price net of shares and the production per hectare. The graph sample is from Southland dairy units sold in 2013.



- 11.1.2 Care needs to be taken when analysing sales as production per hectare is influenced by how properties are utilised (i.e. platforms or degree of self containment), managed (e.g. good or bad), the amount of supplement feeding for lactation (i.e. are supplements grown on the property or brought in, N fertiliser use) and the suitability / reliability of climate and soils.

11.2 Farm Gate Returns

- 11.2.1 Dairy farm transactions are largely based on the outlook for farm gate returns. For a seasonal supply dairy milking platform circa 90 to 95% of income is derived from milk sales (expressed as per kilogram of milk solids). The payout is mainly determined by world commodity dairy prices, the exchange rate, and the downstream processor and marketer's performance. The most influential determinant is world commodity dairy prices.

11.3 Availability of Credit

- 11.3.1 Most dairy property transactions involve some degree of debt financing with many leveraging to maximum levels. The attitude and lending criteria of the main rural financiers has a strong influence on the strength of the property market. The current lending environment is more controlled than pre the global financial crisis. Emphasis is now placed on viability, positive cash flows and a degree of interest cover. The main rural financiers are currently using



status quo payout figures of \$6.00 to \$6.25 per kg milk solids.

- 11.3.2 With a larger proportion of equity required to meet viability, equity partnerships have been noticeably more predominant as purchasers especially for larger scale units.

11.4 Location

- 11.4.1 Location has a strong influence on sale price per hectare in Southland. While there are exceptions the location differences are mainly related to climate, contour and soil type factors. Preference is given to flat to undulating well set up units with good infrastructure in the Central Southland Plains and districts between Edendale and Riverton which have reliable summer rainfall and productive soils. These units tend to have higher production per hectare as a result of good climate and soils. Areas outside the above transact at lower levels per hectare depending on quality of unit. Historically Eastern Southland, Northern Southland and Western Southland do not achieve the sale prices enjoyed by the Central Southland areas mentioned above.

11.5 Recent Dairy Real Estate Market History in Southland

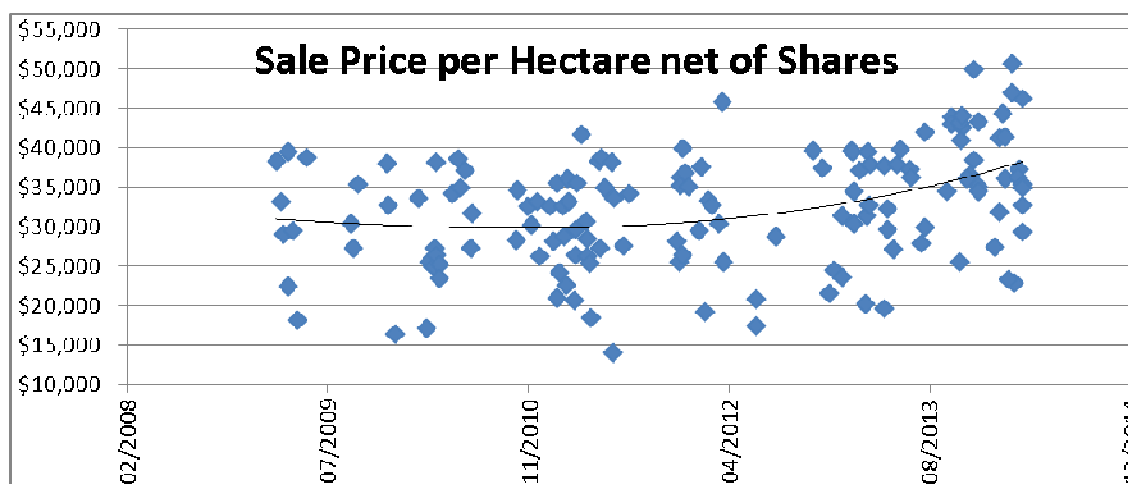
- 11.5.1 Late 2008 was a defining point in the rural property market as the property market peaked at this point with the global financial crisis being the catalyst for a downward correction.
- 11.5.2 Prior to late 2008 the dairy farm property market had enjoyed a steady improvement and improving sale prices since 2000 mainly based around the improving dairy industry outlook. With record dairy commodity prices being achieved in 2007 /2008 the Fonterra payout leapt to \$7.90 per kg milk solids. With high incomes and confidence, in association with an easy credit environment, the higher returns were quickly capitalised into dairy unit prices for existing dairy units and land suitable for conversion. Support, run off and dairy grazing units also appreciated quickly in sale prices.
- 11.5.3 The period post late 2008 saw an immediate restriction on the availability of capital world wide. As a result credit for farm purchase was difficult to source as was finance for most businesses world wide. As a result the Fonterra payout was quickly revised down to \$4.55 for the 2008/09 season. The resulting outcome from a dairy farm market perspective was that there was a downward correction of around 20% and very few sales were transacted.
- 11.5.4 A feature of the dairy property market over the past twenty four months has been the significance of the equity syndicates being purchasers as a means to raise enough equity to complete transactions. There has also been a significant emergence of overseas interests requiring Overseas Investment Office approval.
- 11.5.5 The below table is our mean analysis of dairy units sales in Southland over recent years which shows the annual variation of the mean sale price net of



shares on both a per hectare and per kilogram of milk solids basis. The 2014 year is for known unconditional sales to date.

Year	No Sales	Ave SP/ha net of shares	Variation	Ave SP/kg ms net of shares	Variation
2007	46	\$ 25,071		\$ 25.42	
2008	33	\$ 37,261	49%	\$ 36.29	43%
2009	14	\$ 30,639	-18%	\$ 28.92	-20%
2010	17	\$ 30,172	-2%	\$ 28.86	0%
2011	37	\$ 30,647	2%	\$ 30.57	6%
2012	15	\$ 29,623	-3%	\$ 30.34	-2%
2013	37	\$ 35,389	19%	\$ 31.01	2%
2014	17	\$ 36,351	3%	\$ 33.36	8%

- 11.5.6 Sales so far in 2014 have continued to strengthen. The below graph shows the trend of Southland dairy unit sales analysed to a sale price per hectare net of shares over recent years which better demonstrates the pronounced lift over the past season;



Current Market Observations

- 11.5.7 Over 2013/14 there has been a more active real estate market as the payout forecast improved. At the time of writing the Real estate agents report better purchaser inquiry from a range of purchaser types.
- 11.5.8 Sales over the past two years have been made to a mix of purchaser types with individuals, syndicates, overseas investors and the NZ Super Fund being active. From 2009 to early 2013 it has been noticeable the purchaser pool is considerably smaller for dairy units in excess of \$10m excluding shares however this trend is not currently as obvious.
- 11.5.9 There is noted competition amongst lenders and interest rates are at favourable historic lower levels which will increase the ability to service higher



debt levels. However interest rates are predicted to rise by many commentators.

- 11.5.10 Environment Southland, via Plan Change 13, has made new dairy conversions a discretionary activity with more stringent and costly development and compliance requirements. The cost of obtaining and developing complying effluent systems has increased considerably over recent years. Plan change 13 is considered a part measure to enable the Regional Council to meet the developing Central Governments water reforms including 'National Policy for Statement for Freshwater Management 2011' and its proposed amendments which is likely to introduce catchment load limits for water quality and quantity by 2030. Environment Southland is implementing this through its Water and Land 2020 & Beyond project. Until catchment limits are introduced it is difficult to analyse and determine what, if any, restrictions may be placed on land use, farming systems and productivity.
- 11.5.11 Trading Among Farmers (TAF) for Fonterra Suppliers was introduced in late November 2012. For those transactions that have gone unconditional since there have been mixed approaches to the price and apportionment placed on the shares, if included in the transaction, with varying prices and formulas. Most dairy units now transact excluding shares.
- 11.5.12 The most recent sales have shown a lift in prices for better quality soil and location dairy units. Dairy support block sales have been particularly strong in recent sales especially for smaller blocks in close proximity to milking platforms. Sales for dairy conversion have been limited.
- 11.5.13 Dairy units in Southland can currently supply milk to Fonterra or Open Country Dairy, although Open Country Dairy is understood to be not currently accepting new suppliers at present.



12.0 PROPERTY DETAILS

12.1 Legal Description

12.1.1 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)
Coldstream Limited	Downs	Lot 18 DP 502	SL7D/78	169.1586	ha
Coldstream Limited	Downs	Lot 19 DP 502	SL4A/1035	94.1223	ha
Coldstream Limited	Downs	Lot 20 DP 502	SL7D/79	86.6836	ha
Total Land Area				349.9645	Ha
Tenure		Freehold – Fee Simple			

12.1.2 The following interest or registration is deemed to be of relevance when considering the property from a valuation perspective. Any material impact of these interests has been taken into account in our valuation assessment.

Title Identifier SL7D/78:

- Land Improvement Agreement pursuant to the Soil Conservation and Rivers Control Amendment Act 1959
- Subject to a right to convey water over part marked A, C on DP 355638 created by Easement Instrument 6512246.6
- Subject to a right to convey water over part marked A, B on DP 355638 created by Easement Instrument 6512246.8
- Subject to a right to convey water over part marked A, B on DP 355638 created by Easement Instrument 6512246.9
- Mortgage to Bank of New Zealand

Title Identifier SL4A/1035:

- Land Improvement Agreement pursuant to Section 30A Soil Conservation and Rivers Control Act 1941
- Mortgage to Bank of New Zealand

Title Identifier SL7D/79:

- Land Improvement Agreement pursuant to the Soil Conservation and Rivers Control Amendment Act 1959
- Mortgage to Bank of New Zealand

12.1.3 In our opinion the above registrations of interests have no material impact on the value of the property under current land use.



12.2 Zoning and Resource Management

- 12.2.1 Zoned Hills under the Rural designation of the Southland District Council District Plan. Present use permitted. The property contains a Significant Geological Site and Landform registration under the District Plan.
- 12.2.2 Under Plan Change 13 a Resource Consent from Environment Southland is required for new dairy conversions with new dairy milking land use being a discretionary activity. This is probably only a holding measure to help stop deteriorating water quality levels as the Regional Council moves to compliance of catchment load limits as required under the Central Government's National Policy Statement for Fresh Water implementation by 2030.
- 12.2.3 Resource Consents from Environment Southland are also required for dairy milking land use for effluent discharge, taking of ground and surface water for milking shed purposes, construction of storage ponds (if in the ground) and if applicable taking of water for irrigation. If effluent storage is above ground the respective local authority consent is also required.
- 12.2.4 Resource Consents are personal property and are legally not tied to the land. In some instances they can be sold or transferred separately from the land. Most Resource Consents have an expiry date and new Resource Consents need to be applied for prior to expiry. There is no guarantee Resource Consents will be renewed or if renewed could be subject to variation. The valuation undertaken in this report is made on the basis that the Resource Consents used on the property, as at the date of inspection, will be transferred with the property in their entirety. We also assume they are being complied with. If this is not the case Logan Stone Ltd reserves the right to reassess the value without these Resource Consents.
- 12.2.5 Under the Environment Southland region to obtain a Resource Consent for new dairy conversion, the key determinant will be based around the 'soil versatility rating' which categorizes the soil types described by Topoclimate South Data Sheets under 'Intensive Pasture'. Soil versatility ratings have four categories, with each category being weighted as follows;

Soil Versatility Weighting	High	Moderate	Limited	Unsuitable
Weighting Score	1	10	30	50

- 12.2.6 Each soil type for the property is identified and estimated as a % of the property area and a total 'Soil Versatility Score' is established. This soils versatility score determines the Farm Plan Category which determines the level of information and plans required to be provided and undertaken by the applicant.



Soils Versatility Score	1 to 12	13 to 24	25 to 35	36 to 50
Farm Plan Category Requirements	Category 1 Farm Plan (P1) Standard Farm management Plan plus any property specific standards	Category 2 Farm Plan (P2) Standard Farm management Plan that includes Tier 1 practices where appropriate to the property plus any property specific standards	Category 3 Farm Plan (P3) Standard Farm management Plan that includes Tier 1 and Tier 2 practices where appropriate to the property plus any property specific standards	Category 4 Farm Plan (P4) May not be granted; will have a unique farm response plan

Tier 1	Tier 2
Nutrient management plans	Wintering cows in herd shelters
Optimum soil test P	Wintering in herd shelter plus restricted grazing of pastures in autumn
Stock exclusion from streams and wetlands	Limiting N fertilizer use
Tracks and lanes sited away from streams & lane run off diverted to land	Substituting N-fertilised pasture with low N feeds
Sediment Traps	Tile drain amendments
Improved management of FDE (storage; low rate and low depth application)	Use of nitrification inhibitors
Facilitating the development of natural wetlands	Grass buffer strips
	Wintering off stock
	Alum to pasture
	Alum to grazed cropland
	Strategic winter grazing of forage crops
	Restricted grazing of cropland
	Restricted grazing of pasture
	Low solubility P fertiliser

- 12.2.7 In essence the higher the soil versatility of the property (i.e. the lower the Soil Versatility Score), the easier and probably less costly it will be to get consents for new dairy land use.
- 12.2.8 While Rule Change 13 applies to new dairy land use only, and does not apply to existing dairy units, it is possible, in the future, the above Soil Versatility Score may influence the renewal or variation of existing dairy unit consents. This is a potential risk that may affect the market value which users of this report may need to consider.



12.2.9 We estimate the Soils Versatility Score of the subject property as;

Soils	Approx % of Farm	Versatility Rating	Versatility Weighting	Score
Hokonui	55%	Limited	30	16.5
Pukemutu	40%	Limited	30	12
Mandeville	5%	Limited	30	1.5
				0
Total				30
Farm Plan Category				P3

12.2.10 Refer to above tables for P3 requirements.

12.3 Resource Consents

12.3.1 The below resource consents have been provided from the Regional Council. Our market value assessment is based on these consents transferring with the property to enable the property to transact at it highest and best use as outlined in this report.

Owner	Coldstream Downs Limited	Coldstream Downs Limited
Consent No	201629	300572
Type	Water Permit	Discharge Permit
Source	To dam water and to take water from North Peak Stream at Waimea Valley Road at above normal flows, to put into a storage reservoir	Discharge of dairy shed effluent to land.
Rate	The abstraction shall not reduce the rate of flow in North Peak Stream to less than 25 litres per second	Maximum 1200 cows. Minimum 5,400m3 storage.
Expires	13 December 2037	6 October 2012



12.4 Rating Valuation

<i>The Rateable Values assessed as at 1 September 2009:</i>					
<i>Property</i>	<i>Land Area (ha)</i>	<i>Value of Improvements</i>	<i>Land Value</i>	<i>Capital Value</i>	
1741 Waimea Valley Rd	263.2809	\$1,325,000	\$4,400,000	\$5,725,000	
1545 Waimea Valley Rd	86.6837	\$375,000	\$1,550,000	\$1,925,000	
Total	349.9646	\$1,700,000	\$5,950,000	\$7,650,000	

The above assessment has been undertaken in accordance with the Ratings Valuation Act 1998 and is based on mass appraisal techniques for use primarily by local authorities for rating. In many cases the property has not been inspected in determining this assessment and does not represent the market value in many instances.

12.5 Rates

<i>For the 2013/2014 Year (GST inclusive):</i>		
<i>Property Address</i>	<i>Land Area (ha)</i>	<i>Southland District Council</i>
1741 Waimea Valley Rd	263.2809	\$9,280.77
1545 Waimea Valley Rd	86.6837	\$3,189.93
Total	349.9646	\$12,470.70

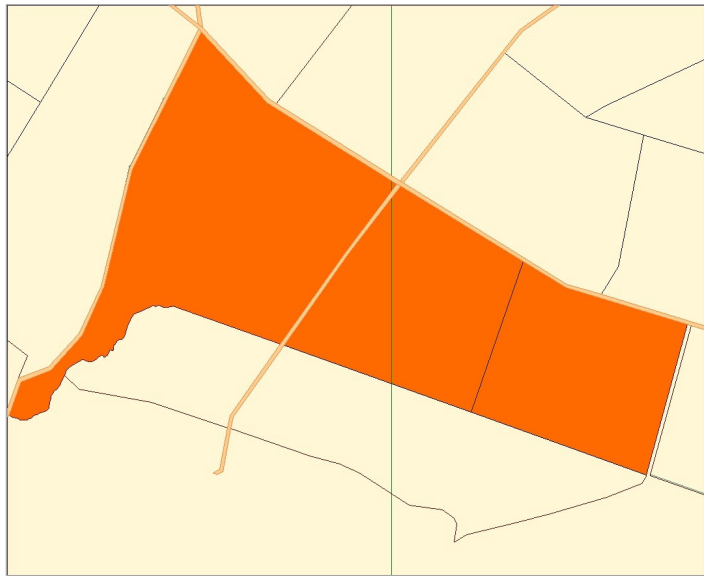


13.0 LOCATION & CLIMATE

13.1 Locality

- 13.1.1 The property is situated in the Nine Mile district of Northern Southland. Nearby properties are arable, dairy milking platforms, dairy support, arable, and sheep and beef.
- 13.1.2 Overall a well serviced rural locality being in reasonable proximity to Gore.
- 13.1.3 Dairy platforms in this location are regarded as having a fair location factor. Historically Northern Southland dairy platforms have not sold as strongly as other preferred Southland locations with more reliable summer rainfall patterns.
- 13.1.4 Distances to services are as follows:

Service/Amenity	Location	Approx Distance
Power and telephone are connected.		
Primary School	Riversdale	15 kms
Secondary School	Gore	35 kms
Main Centre	Invercargill	99 kms
Milk Factory	Edendale	62 kms
Fertiliser Works	Awarua	109 kms



13.2 Climate

- 13.2.1 The Nine Mile district experiences a cool temperate climate which is generally suited for intensive pastoral farming such as dairying.

Rainfall Average	Approximately 800 to 900 mm per annum
Main Rainfall Months	Spring, summer, autumn
Hazardous Conditions	Normally minimal but can occur
Frost Factor	Can occur from April to October
Snow Frequency	Can occur but generally will not lie long
Prevailing Winds	Westerly and southerly quarters

- 13.2.2 Summer and autumn rainfall can be variable and soil moisture deficits are common. The length of dry spells will determine the impact on pasture production and quality.

14.0 LAND

- 14.0.1 The property has been developed as a dairy milking platform with the main features pertaining to the land summarised as follows:

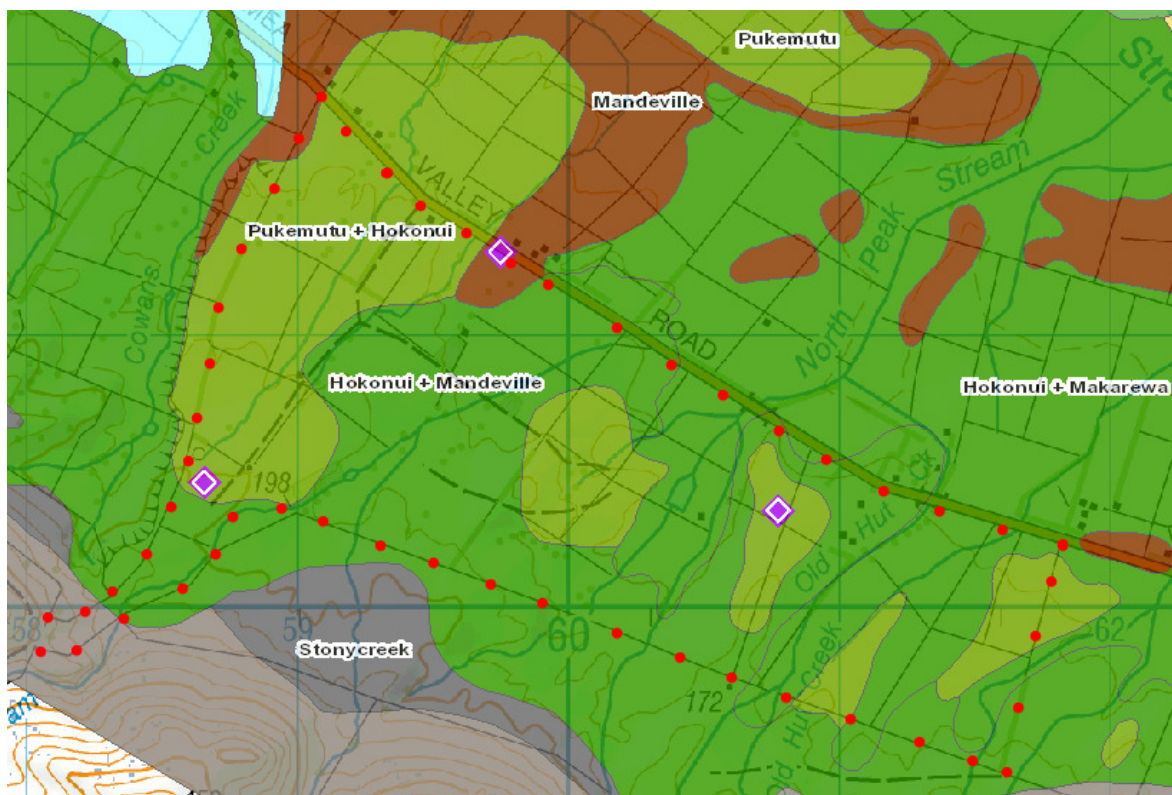
14.2 Shape & Workability

- 14.2.1 The property has an overall irregular rectangle shape with predominantly undulating to rolling contour. It is well laid out for utilisation as a dairy milking platform. The milking shed is centrally sited with the longest cow walk being approximately 1900 metres, which is predominantly downhill and considered manageable.
- 14.2.2 We have made no cadastral 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.

14.3 Soils

- 14.3.1 A soil survey has not been carried out on the property although the soils are described on the Environment Southland website by Topoclimate South and are shown as being:





Soil Type	Description	
Hokonui	Heavy silt loam to clay textured soils which have poor drainage, moderate deep rooting depth and moderate water holding capacity	
Pukemutu	Heavy silt loam textures and are poorly drained with a dense fragipan between 60 to 90 cm which impedes drainage. Respond well to tile and mole drainage.	



Mandeville

Typically clay loam to silty clay. Well drained with a shallow rooting depth and moderate water holding capacity which is limited by the depth to gravel and bedrock.



- 14.3.2 The above associated photos of the soil profiles are provided by Topclimate South as representative profiles and are not taken on the property.
- 14.3.3 The above soil types are recognised dairying soil and are well suited to seasonal dairy production.
- 14.3.4 Sub surface drainage is common to improve utilization of pastures especially at the shoulders of the milking season when soils can be wetter. While we do not know the amount of sub surface drainage it is likely to be considerable.

14.4 Contour and Aspect

- 14.4.1 The property contains a predominantly north east aspect.
- 14.4.2 The following is an estimate of the contour.

Contour Description	Approx Area (ha)
Flat / undulating	329 ha
Gully & Hill	20.9 ha
Title Area	349.9 ha

- 14.4.3 Overall the contour is regarded as good for a dairy platform land use.

14.5 Archaeological

- 14.5.1 Archaeological sites are present throughout the area and are not always officially recorded. Under the New Zealand Historic Places Act 1993 consent must be obtained to damage, destroy or modify archaeological sites such as for the creation of a house site or track or for land cultivation. Our valuation has been assessed on the basis that there are none on the land.

14.6 Altitude

- 14.6.1 The altitude is 140 to 200 metres above sea level.



14.7 Erosion

14.7.1 There is no evidence of erosion of any major significance to the property.

14.8 Drainage

14.8.1 The subject property is likely to have considerable sub surface drainage in the form of tiles and moles. Continued maintenance of these drainage systems is required allow improved utilisation of pastures.

14.9 Weeds and Pests

14.9.1 The property is relatively free of weeds with no weeds being of any economic significance. Some gorse noted on hill faces.

14.9.2 No major pests were identified at inspection.

14.10 Subdivision

14.10.1 The property is subdivided into 50 main paddocks.

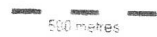
14.10.2 Internal fences are conventional dairy tanalised wooden post with 2-3 electric wires. Internal fencing was found to be in good condition overall.

14.10.3 The level subdivision for utilisation as a dairy milking platform is good.

14.10.4 Boundary and road fences are conventional post and wire or netting, found in good condition.

14.10.5 Water ways are fenced off.



[illegible]

Map datum

14.11 Fertiliser / Nutrient Management

- 14.11.1 Soil tests provided dated August 2013 indicate pH levels of 5.7 – 6.1 with Olsen P levels of 13 to 33.
- 14.11.2 While the pH levels are good the Olsen P levels are regarded as within or below optimal levels for seasonal dairy utilisation. Some trace elements may also require adjustment in some paddocks.
- 14.11.3 Annual fertiliser applications are via Ravensdown recommendations and are considered average for this soil type and district.
- 14.11.4 It is understood less than 140 units of nitrogen fertilisers are applied annually which is considered average for the district.
- 14.11.5 The Nutrient budget provided indicates Nitrogen leaching to water at 33kg N per hectare per year. While Environment Southland has not yet adopted rules around nitrogen leaching to water limits many other Regional Councils have. While there is a variety of approaches adopted under Plan Changes the maximum level known nationally as a permitted activity is 30kg N per hectare. Any user of this report should note if similar levels are adopted for Southland then the existing land use may require a resource consent to operate the current land use, effect capital expenditure or change to a land use management policy which complies. This has potential to impact on the market value of the property.

14.12 Environmental Issues

- 14.12.1 We were advised by the current owners that there is no known or recorded site contamination or environmental issues relating to the subject land.
- 14.12.2 The Local Authorities are not currently releasing contaminated site information to the public. As at date of inspection, we were not made aware of any potential hazards which may influence the value of the property, such as an in-ground fuel tank and open rubbish dumps.
- 14.12.3 Historically pastoral properties used fertiliser with traces of DDT. As a result DDT is common in soils. Also traditional sheep dips used chemicals that have left residues around dips and drainage pens. Given the past and current acceptance of milk we understand DDT levels are satisfactory and this valuation is based on this assessment.
- 14.12.4 Based on the current and historic information we advise the requirement for an environmental audit is unnecessary.
- 14.12.5 While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.



14.13 Flooding

14.13.1 The subject property is not known to have a flooding issue.

15.0 UTILISATION

15.1 The subject property is currently utilised as a dairy milking platform. Calves are reared on the property and sent away to grazing around December, returning to the property as in-calf heifers at the drop. Cows are mostly wintered off the property.

15.2 Supplements

15.2.1 Average levels of supplement are used imported for lactation which we estimate to account for 5 % of production.

15.2.2 The following is a guide to supplement inputs imported to the platform:

15.3 Staffing

15.3.1 Currently the property is staffed with four full time labour units.

15.3.2 The number of dwellings and accommodation facilities is insufficient. A further accommodation unit is warranted.

15.4 Cover

15.4.1 At date of inspection the cover of the property was estimated to be as follows:

Cover Description	Approx Area (ha)	
Ex Summer Turnips	12	ha
Winter feed	11	ha
Pasture	290	ha
Rough grazing	7.9	ha
Lanes, trees, buildings etc	29	ha
Title Area	349.9	ha

15.4.2 Overall pastures were found to be in generally good heart, comprising a good level of dairy pasture species.

15.4.3 Pasture age profile is not known but some regressing is done annually via summer turnip rotation etc.

15.4.4 The overall the effective pasture platform area is estimated at 313 hectares.



15.5 Production

15.5.1 The property was converted to dairy in 2001 and production for the past three seasons has been:

Year	Kg ms	Area (total)	Eff ha	Per ha	Per eff ha	Cows	Cows / eff ha	Kg ms / cow
2009/2010	299355	349	313	858	956	820	2.62	365
2010/2011	283671	349	313	813	906	820	2.62	346
2011/2012	297037	349	313	851	949	820	2.62	362
2012/2013	271440	349	313	778	867	820	2.62	331
2013/2014	325183	349	313	932	1039	800	2.56	406

15.5.2 The current cows are breed is mainly Jersey Fresian Cross.

15.5.3 The following is our assessment of the production under an average efficient operator:

Effective Platform Ha	313
Peak Cows	800
Cows / ha	2.6
Base pasture production - kg DM per ha	11,500
Utilisation	80%
kg DM : kg ms conversion	10.8
Base pasture production - kg MS	266,630
N Fert - kg N per eff ha	140
kg DM Response per kg N	10
Production from N - kg MS	32,459
Production from Pasture Grown -kg MS	299,089
Supplement Imports % Total Production	5.0%
Production Attributable to supplement imports -kg MS	14,954
Total Ave Efficient Production - kg MS	314,043
Say	314,000
kg MS per ha	1,003
kg MS per cow	393

15.6 Contracts

15.6.1 The property is currently supplying Fonterra. Supply No. 32960.



16.0 BUILDING IMPROVEMENTS

16.1 Dwelling 1

Design and Construction

Year	Built	1970s
(Additions):		
Floor Area Living:	216 m ² including integral garage	
Levels:	Single	
Foundations:	Continuous concrete perimeter and concrete pile	



Framing:	Timber
External Cladding:	Split concrete brick
Joinery:	Aluminium single glazed
Roof:	Steel tile

Internal Linings:	Gib and pinex tile ceilings
Accommodation:	Three bedrooms plus office. The kitchen is the original layout with original formica benches and wooden joinery. Dining/living is open plan, separate living area, central hallway. Laundry has double stainless steel tubs. The main bathroom has a bath and vanity and a second bathroom area includes a toilet and shower. There are two toilets overall. Heating is via two heat pumps.

General:	Linen and storage cupboards, electric hot water cylinder and adequate electric light and power points throughout.
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Condition/Adequacy	While this is not intended to be a structural report, being inspected for valuation purposes only, the building was found in good condition. The property offers a fair to good level of owner/manager’s accommodation.
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16.2 Dwelling 2

Design and Construction

Year	Built	Circa	2001
(Additions):			Versatile Home
Floor Area Living:			87 m ²
Levels:			Single
Foundations:		Concrete	pad foundations
Framing:			Timber
External Cladding:			Coloursteel lined



Joinery:	Aluminium single glazed
Roof:	Coloursteel
Internal Linings:	Gib
Accommodation:	Provides three bedrooms plus dining and living area and open plan kitchen, bathroom and laundry.
General:	Linen and storage cupboards, electric hot water cylinder and adequate electric light and power points throughout.
Carport:	Attached is an 18 m ² carport of similar construction.
Condition/Adequacy	While this is not intended to be a structural report, being inspected for valuation purposes only, the building was found in good condition. The property offers a good level of worker accommodation.



16.3 Dwelling 3

Design and Construction

Year Built 2001 Versatile
(Additions): Style

Floor Area Living: 57 m² plus front veranda

Levels: Single

Foundations: Concrete pad foundation

Framing: Timber

External Cladding: Coloursteel

Joinery: Aluminium single glaze

Roof: Coloursteel

Internal Linings: Gib board

Accommodation: Two bedrooms with small kitchen/living area, bathroom containing a shower, WC and vanity, small laundry. Heating is via heat pump

General: Linen and storage cupboards, electric hot water cylinder and adequate electric light and power points throughout.

Carport: Attached is a carport of 18 m² built of similar construction.

Condition/Adequacy While this is not intended to be a structural report, being inspected for valuation purposes only, the building was found in good condition. The property offers a good level of single worker accommodation.



16.4 Milking Shed

60 bail rotary built 2001, circular yard with 15 m radius, Nu Pulse plant with Westphalia automatic cup removers, Dosatron and auto teat spray. Wash down is via hose. In-shed feeding via 19 tonne silo for meal only. Three phase electricity. The milking shed was found in good condition, is well sited and is of good capacity for a property of this size.



16.5 Calf Shed 1

Built circa 1980s, 108 m², earth floor tanalised timber frame, corrugated iron to three walls, corrugated iron roof, found in good condition.



16.6 Hay Barn 1

Built circa 1980s, 108 m², earth floor tanalised timber frame, corrugated iron to three walls, corrugated iron roof, found in good condition.



16.7 Hay Barn 2

Built circa 1960s, 204 m², earth floor, steel frame, corrugated iron to two walls, corrugated iron roof, found in fair condition.



16.8 Hay Barn 3

Built circa 1980s, 108 m², earth floor, tanalised timber frame, corrugated iron to three walls, corrugated iron roof, found in good condition.



16.9 Calf Shed 2

Built circa 1980s, ex-covered yard, 605 m², earth floor, tanalised timber frame, corrugated iron to two walls, corrugated iron roof, found in good condition.



16.10 Wool Shed

Built circa 1980s, 150 m², chip board floor, tanalised timber frame, corrugated iron cladding and corrugated iron roof, found in fair condition, suitable for storage and bobby calves.



16.11 Fertiliser Bin/Workshop

Built circa 1950s/80s, 111 m², one bay concrete floor, two bays earth floor, steel and timber frame, corrugated iron cladding to three walls and corrugated iron roof, found in fair condition.



16.12 Building Condition/Adequacy

- 16.12.1 While this is not intended to be a structural report, being inspected for valuation purposes only, the buildings were found in generally fair to good condition.
- 16.12.2 There are an inadequate number of dwellings and accommodation facilities for a dairy milking platform of this size. The main dwelling provides a fair size, fair to good quality residence for an owner or manager. The additional dwellings provide fair to small size but good quality level of accommodation for workers.
- 16.12.3 The milking shed is of good capacity, centrally sited, good condition and of good quality specification as would be expected of a dairy unit milking 800 cows.
- 16.12.4 The farm buildings while being of full range and suitability are in generally fair condition.
- 16.12.5 No further buildings would be beneficial.
- 16.12.6 There is an obsolescence factor to the following buildings:
 - Woolshed and some hay barns

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(s).



17.0 OTHER IMPROVEMENTS

17.1 Electrical Reticulation

- 17.1.1 Electricity is reticulated to the dwellings, workshop and woolshed.
- 17.1.2 Three phase to milking shed.

17.2 Water Supply

- 17.2.1 Water for domestic purposes is provided from roof catchment but is understood to be able to receive backup from the farm scheme.
- 17.2.2 Water for stock purposes is provided from a dam which is situated in the top south western corner. Water is taken from the adjacent stream, provided minimum creek flows remain, via a constructed weir arrangement. Water is gravity feed to the milking shed where it is reticulated under pressure to large round troughs. Approximately 12 paddocks have two troughs with the balance having one.
- 17.2.3 Water for the milking shed purposes is provided from the above dam. Filtering is required for this use.
- 17.2.4 We have not carried out water quality or quantity tests on the property's water supply. Our valuation has therefore been assessed on the basis that the existing water supply is both reliable and of sufficient quantity and quality for the present use. Should this prove to be incorrect we reserve the right to re-assess our valuation.



17.3 Effluent Disposal

- 17.3.1 Milking shed effluent disposal is via a stone trap, gravity to a twin weeping wall. Liquid is then pumped to a clay lined storage pond and then pumped to a K Line computer controlled dispersal system. Approximated 60% of the property is able to effluent irrigate via above and below ground lines.
- 17.3.2 Under current Environment Southland guidelines, it is likely that on renewal of consents, the system will comply.
- 17.3.3 Dwelling effluent disposal is by way of septic tanks.



17.4 Access

- 17.4.1 The property has good access with road frontage from the Waimea Valley plus internal races. Access is only limited by contour in some places.

17.5 Dwelling Layout

- 17.5.1 The main dwelling is sited close to the Waimea Valley Road, with established surrounds of lawns, shrubs and concrete driveway.
- 17.5.2 The second and third dwellings are sited back off the road, with basic surrounds of lawn and metalled driveways.

17.6 Stock Races and Driveways

- 17.6.1 There are approximately 5,400 metres of metalled stock races. The lanes are of 8 to 10 metres width, which is good and were found in generally good condition. The base materials were sourced on the property.
- 17.6.2 There are approximately 800 metres of driveways and tanker tracks found in good condition.



17.7 Shelter

- 17.7.1 There are number of established shelter belts on the property of mixed tree varieties.
- 17.7.2 Shelter provided is a feature of the property aesthetically.



APPENDIX A

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 and Resource Consents



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



R. W. Muir
Registrar-General
of Land

Search Copy

Identifier SL7D/78
Land Registration District Southland
Date Issued 08 April 1986

Prior References

SL72/248

Estate	Fee Simple
Area	169.1586 hectares more or less
Legal Description	Lot 18 Deposited Plan 502

Proprietors

Coldstream Downs Limited

Interests

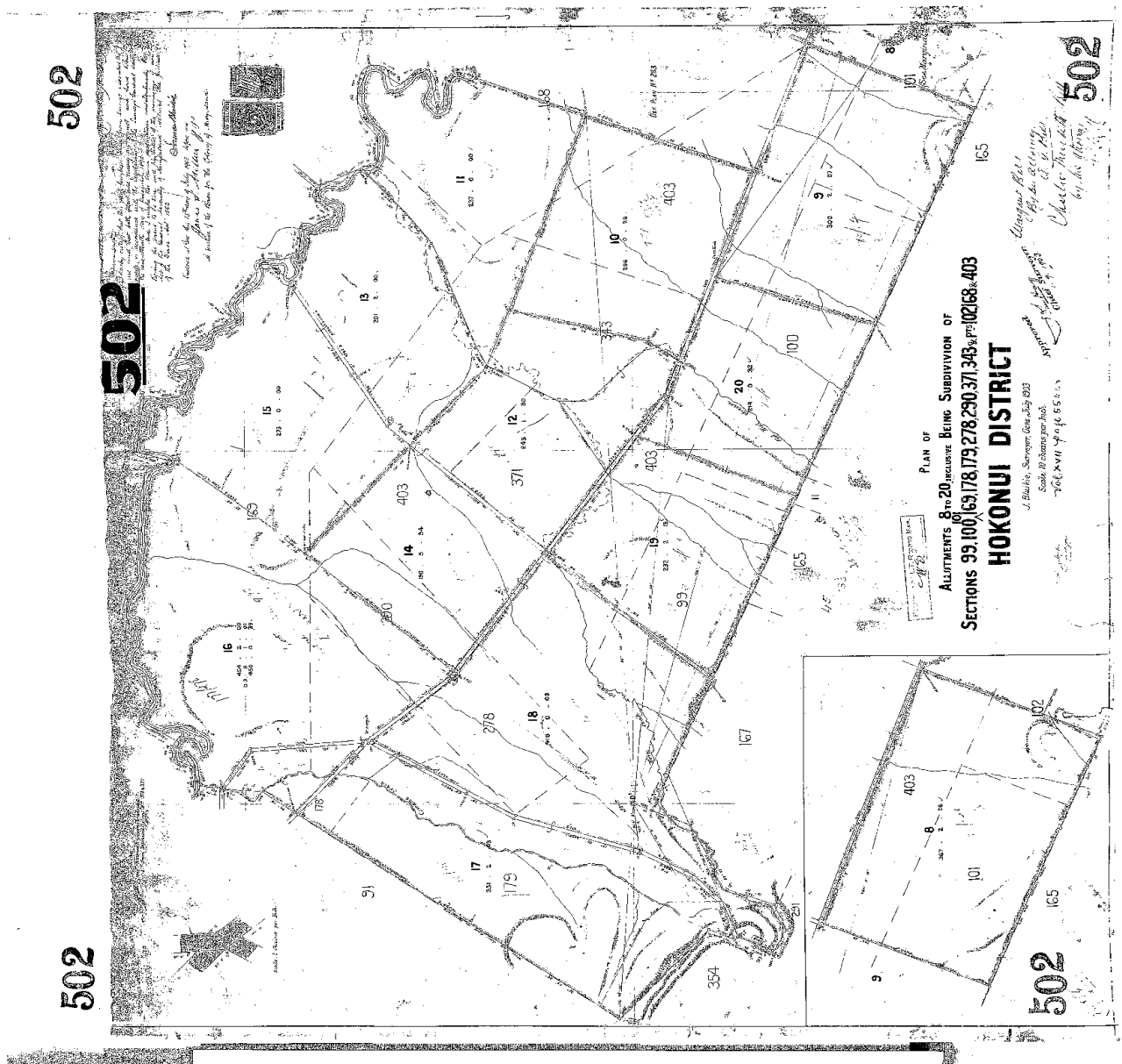
160258.1 Land Improvement Agreement pursuant to the Soil Conservation and Rivers Control Amendment Act 1959 - 8.3.1989 at 11.26 am

Subject to a right to convey water over part marked A, C on DP 355638 created by Easement Instrument 6512246.6 - 28.7.2005 at 9:00 am

Subject to a right to convey water over part marked A, B on DP 355638 created by Easement Instrument 6512246.8 - 28.7.2005 at 9:00 am

Subject to a right to convey water over part marked A, B on DP 355638 created by Easement Instrument 6512246.9 - 28.7.2005 at 9:00 am

6512246.11 Mortgage to Bank of New Zealand - 28.7.2005 at 9:00 am





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952




R. W. Muir
Registrar-General
of Land

Search Copy

Identifier SL4A/1035
Land Registration District Southland
Date Issued 07 August 1974

Prior References

SL75/139

Estate	Fee Simple
Area	94.1223 hectares more or less
Legal Description	Lot 19 Deposited Plan 502

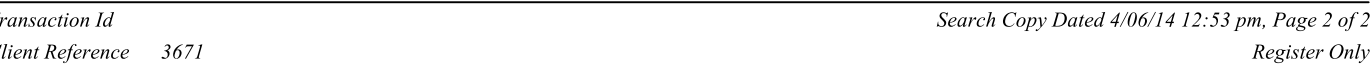
Proprietors

Coldstream Downs Limited

Interests

160258.1 Land Improvement Agreement pursuant to Section 30A Soil Conservation and Rivers Control Act 1941
- 8.3.1989 at 11.26 am

6512246.11 Mortgage to Bank of New Zealand - 28.7.2005 at 9:00 am





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952




R. W. Muir
Registrar-General
of Land

Search Copy

Identifier SL7D/79
Land Registration District Southland
Date Issued 08 April 1986

Prior References

SL75/139

Estate	Fee Simple
Area	86.6836 hectares more or less
Legal Description	Lot 20 Deposited Plan 502

Proprietors

Coldstream Downs Limited

Interests

160258.1 Land Improvement Agreement under the Soil Conservation and Rivers Control Amendment Act 1959
- 8.3.1989 at 11.26 am
6512246.11 Mortgage to Bank of New Zealand - 28.7.2005 at 9:00 am



Transfer of Water Permit

The **Southland Regional Council** has received notification of the transfer of the Water Permit number 201629.

From: Micah Holdings Ltd

of: Waimea, RD 6, Gore

To: Coldstream Downs Ltd

of: C/- Farm Right, 8 Diana Street, Lumsden

(Please note your responsibilities as a permit holder under the following schedule of conditions)

Details of Permit

Purpose for which permit is granted: To dam water and to take water from North Peak Stream at Waimea Valley Road at above normal flows, to put into a storage reservoir

Location	- site locality -	Waimea Valley Road, Glenvue, Mandeville
	- map reference -	E45:683-639
	- receiving waters -	North Peak Stream
	- catchment -	Mataura

Legal description of land at the site: Lot 18 DP 502 Block XXXIX Hokonui Survey District

Expiry date: 13 December 2037

Schedule of Conditions

1. The consent period is 35 years.
2. This resource consent authorises:
 - a. Damming of water behind a weir in North Peak Stream
 - b. Abstraction of water from North Peak Stream;
 - c. Use of the abstracted water for supply, stock drinking water and dairy shed use; and
 - d. Discharge of excess water from a reservoir into North Peak Stream.

3. The abstraction point shall be at about map reference NZMS 260 E45:683:639.
4. The abstraction shall not reduce the rate of flow in North Peak Stream to less than 25 litres per second.
5. The consent holder shall:
 - a. Notify the Council's Manager of Environmental Compliance, in advance, of the date of commencement of the abstraction;
 - b. Measure the flow in North Peak Stream, downstream of the abstraction point, at least once during the first three months from commencement of the abstraction to ensure compliance with Condition 4; and
 - c. Report the results of the flow measurement required by Condition 5(b) to the Council's Manager of Environmental Compliance within one week of receipt by the consent holder.
6. The consent holder shall ensure that overflow from the reservoir to the stream does not result in erosion of the bed or banks of the stream at the point of outfall to the stream.
Note: Works may be necessary at the outfall and such works may require a separate resource consent.
7. The exercise of this consent may be inspected by the Council. The costs of this inspection, if it occurs, and the costs of administration of this resource consent are payable by the consent holder, in accordance with Section 36 of the Resource Management Act.
8. In accordance with Section 127 of the Resource Management Act, the consent holder may apply to the Council for the change or cancellation of any of the conditions of this consent, other than condition 1, in the period February to September each year.
9. The Southland Regional Council may serve notice of its intention to review the conditions of this consent, in accordance with the conditions of this resource consent and Sections 128 and 129 of the Resource Management Act 1991, during the period February to September each year, for the purposes of:
 - (a) addressing the monitoring of the rate of, or the effects of, the abstraction;
 - (b) addressing efficiency of water use;
 - (c) addressing any adverse effects that could not be foreseen at the time this consent was granted; and
 - (d) complying with the requirements of a regional plan.

for the **Southland Regional Council**

W J Tuckey
Director of Environmental Management

Discharge Permit

Pursuant to Section 104B of the Resource Management Act 1991, a resource consent is hereby granted by the Southland Regional Council (the "Council") to **Coldstream Downs Ltd** (the "consent holder") C/- **Roger Dickie, P O Box 43, Waverley 4544** from **6 October 2011**.

Please read this Consent carefully, and ensure that any staff or contractors carrying out activities under this Consent on your behalf are aware of all the conditions of the Consent.

Details of Permit

Purpose for which permit is granted:	To discharge dairy shed effluent to land
Location	- site locality - map reference - receiving environment - catchment
	1741 Waimea Valley Road, Balfour F45:701-644 Land Waimea Stream
Legal description of land at the site:	Lots 18, 19 & 20 DP 502
Expiry date:	6 October 2021

Schedule of Conditions

These conditions should be read in conjunction with the best practice recommendations that are appended. These will reduce the risk of non-compliance with the consent conditions.

1. This consent is granted for a period of 10 years.

(Note: Pursuant to Sections 123 and 124 of the Resource Management Act 1991, a new consent will be required at the expiration of this consent. The application will be considered in accordance with the plans in effect at that time, and the adverse effects of the proposed activity.)

2. (a) This consent authorises the discharge of dairy shed effluent onto land, via a land disposal system, as described in the application, on land known as Lots 18, 19 and 20 DP 502.

(Note: The effluent disposal area shown in Appendix 1 can be altered and/or extended, subject to the approval of the Director of Environmental Management, if the consent holder submits a new plan showing the new effluent disposal area, and providing the written approval(s) of any person whose property boundary will be closer to that area. In the event that written approval cannot be obtained, the effluent disposal area can only be amended by way of limited notification.)

- (b) This consent excludes effluent from winter milking, or any feedlot or wintering pad.
3. (a) No dairy shed effluent shall be discharged to any surface watercourse by overland flow, run-off, or via a pipe, nor shall there be any surface run-off/overland flow, ponding or contamination of water resulting from the exercise of this consent. **See Best Practice Notes 1, 2 & 3**
- (b) The land disposal system shall be operated and maintained to ensure that there is no offensive or objectionable odour beyond the property boundary, or any spray drift into or beyond the buffer zones specified in condition 5.
- (c) The consent holder shall install and maintain an alarm and automatic switch-off system as a contingency measure in the event of an effluent system failure such as a sudden pressure drop, irrigator stoppage or breakdown. **See Best Practice Note 4**

4. Subject to condition 3(a), the land disposal system is limited to the following:

- (i) a maximum depth of application of 10 mm for each individual application, at an instantaneous rate not exceeding 10 mm/hour;
- (ii) the maximum loading rate of nitrogen onto any land area shall not exceed 150 kg of nitrogen per hectare per year from dairy shed effluent. **See Best Practice Note 5**

5. Effluent may be applied to the land as described in the application and generally as shown in Appendix 1, but the following specific buffers shall be observed:

- (a) 20 metres of any surface watercourse;
- (b) 100 metres of any potable water abstraction point;
- (c) 20 metres of any property boundary (unless the adjoining landowner's consent is obtained to do otherwise);
- (d) 100 metres of any residential dwelling other than residential dwellings on the property;
- (e) 500 metres of the dwelling located at or about NZMS 260 F45:709-631.

Where there is conflict between Appendix 1 and these specified buffers, the latter shall apply.

6. The amount of dairy shed effluent disposed of onto land shall not exceed that from 1,200 cows.
7. Prior to exercising this consent, the consent holder shall provide at least 5,400 m³ of effluent storage for the purpose of:
- (a) avoiding irrigation of effluent when soils are at or above field capacity; **see Best Practice Note 8**

- (b) providing a contingency measure when the irrigation system is inoperative; and/or
 - (c) for primary treatment when it is necessary for the proper operation of the effluent disposal system.
8. The consent holder shall notify the Council, by 1 October 2011, of the person who is in charge of the operation of the effluent disposal system. If the person in charge of the effluent system changes during the term of this consent, the consent holder shall notify the Council of the new operator no later than five working days after that person takes responsibility. **See Best Practice Note 6 & 7**

Note: The person identified by condition 8 will be the primary contact for Council staff for monitoring purposes and/or in the event of an incident. Nothing in this condition removes or limits the consent holder's liability to ensure compliance with the consent and its conditions.

9. The Southland Regional Council may serve notice of its intention to review the conditions of this consent, in accordance with the conditions of this resource consent and Sections 128 and 129 of the Resource Management Act 1991, during the period 1 February to 30 September each year, or within two calendar months of the completion of any enforcement action (prosecution or infringement notice), for the purposes of:
- (a) dealing with any adverse or cumulative effects, including the adverse effects of high stocking rates, on the environment which may arise from the exercise of this consent;
 - (b) considering any changes to information on the effects of land disposal of dairy shed effluent;
 - (c) complying with the requirements of a regional plan;
 - (d) amending monitoring requirements; or
 - (e) imposing a notification requirement for potential effects on registered drinking water supplies.
10. The consent holder shall pay an annual administration and monitoring charge to the Southland Regional Council, collected in accordance with Section 36 of the Resource Management Act. This charge may include the costs of inspecting the site twice times each year (or otherwise as set by the Council's Annual Plan), and of monitoring the effects of the discharge on surface water, as follows:
- (a) monitoring of watercourses may be undertaken up to two times each year;
 - (b) representative samples will be taken from the watercourse near the effluent disposal field, upstream and downstream of the discharge area, at points approved by the Council's Compliance Manager.
 - (c) the samples will be analysed for:
 - pH
 - electrical conductivity
 - ammoniacal nitrogen concentration
 - nitrate nitrogen concentration
 - dissolved reactive phosphorous concentration
 - *E. coli* concentration

(Note: The Administration Charges are payable for the costs of the Council's administration, monitoring and supervision of this resource consent. For new conversions, the first monitoring inspection by the Council, in accordance with the Council's Annual Plan, of the exercise of the resource consent shall be carried out following installation of the effluent disposal system.)

11. If an event (such as effluent overflow to water, significant over-application on a free-draining area or pond collapse) occurs that may have significant adverse effect on water quality at the abstraction point of a registered drinking-water supply, the consent holder shall notify, as soon as reasonably practicable, the following:

- Environment Southland's Compliance Manager (ph 03 211 5115 or 03 211 5225 after hours)
- Gore District Council (ph 03 209 0330)

(Note: The consent holder is advised to contact Environment Southland's Compliance Manager in the event of any unexpected event that may result in non-compliance with the conditions of this resource consent or the rules of a regional plan.)

for the **Southland Regional Council**

W J Tuckey
Director of Environmental Management

Best Practice and Explanatory Notes

1. Dairy shed effluent should not be discharged onto any land area that has been grazed within the previous 5-10 days. Where there has been significant damage to soil during grazing, it is recommended that effluent not be applied until that damage has been repaired.
2. To avoid contaminating water directly or indirectly, the consent holder should not apply effluent to land when the soils are at or above field capacity. Moisture content is to be determined by either actual monitoring on site or by reference to the appropriate Council monitoring site. The Council's soil moisture monitoring sites can be viewed at <http://www.es.govt.nz> and following the "Farming" link.
3. For the purposes of this condition, ponding is the accumulation of effluent on the soil surface resulting from the application of effluent to saturated soils, or the application of effluent inducing saturated soil conditions. It does not refer to the temporary accumulation of effluent on the soil surface resulting from the application of effluent at a rate that exceeds the soil infiltration rate.
4. Where the effluent reticulation system is installed in such a way that effluent can be siphoned when pumping ceases, the consent holder should install and maintain an anti-siphon device in the effluent pipe line.
5. A loading of 150 kg N/ha/year is approximately equivalent to a loading of dairy shed effluent to land of 4 ha/100 cows. However, there are significant benefits to having a larger effluent disposal area in terms of managing potassium. Further, scientific research has highlighted decreased nitrogen use efficiency and increased nitrogen leaching losses at annual nitrogen loading rates (from combined fertiliser and effluent N) greater than 150 kg/N/ha/yr. Extreme caution should therefore be taken when applying nitrogen fertiliser to the effluent disposal area. It is recommended that a nutrient budget is used to check that nitrogen and potassium application rates to the effluent disposal area are not excessive.
6. The consent holder should prepare and comply with a Farm Environmental Management Plan. The plan should:
 - specify and implement a nutrient budgeting system for the property;
 - provide for the management of effluent disposal to avoid applications when soils are at or above field capacity;
 - identify, as far as is practicable, the drains in the effluent disposal area, so that appropriate management procedures can be taken to avoid contamination of the drains by effluent;
 - if relevant, provide for the operation and management of any feedlot and/or wintering pad;
 - include the provision for monitoring application rates to ensure the consent requirements are being met;
 - include the monitoring requirements specified in this consent; and
 - address ancillary matters such as protecting well-head(s) from contamination; preventing leachate from any silage pits entering water, including groundwater; preventing soil damage; controlling runoff from lanes; and preventing stock access to and maintaining the riparian margins of any watercourses on the property.

A template may be viewed at:

www.es.govt.nz/Documents/Consents/Consents%20Forms/Farm%20Enviro%20Mgmt%20Plan%20Template.pdf

7. The consent holder should display, in a prominent place in the dairy shed, a copy of the resource consent and relevant limits about the operation of the effluent disposal system that must be complied with. The material to be displayed will be provided by the Council on laminated sheets suitable for display purposes.
8. Storage ponds should be operated at low levels when conditions for effluent disposal are suitable in order to maintain storage for wet weather periods. In particular, storage ponds should be emptied in late summer/early autumn to ensure sufficient storage capacity for the following late winter/early spring period.
9. Storage ponds should not, for practical purposes, leak. This resource consent does not authorise the discharge of contaminants due to leaks or failure of the storage ponds. If an existing storage pond is modified (such as by increasing the embankment height to increase storage), the modification will require resource consent.

Environment Southland*

(03) 211 5115

Toll Free 0800 76 88 45 (Southland only)

or

Emergency After Hours (03) 211 5225

if you have an effluent or pollution problem,

call us



**environment
SOUTHLAND**

Held by: Coldstream Downs Ltd

- the total milking herd cannot exceed 1,200 cows.
- effluent may only be applied within the area shown on the attached map, as detailed in the application for the Consent.
- effluent cannot be applied within 20 metres of the property boundary.
- if there are waterways within the approved area, effluent cannot be applied within 20 metres of the waterways and ditches.
- the maximum depth of application of 10 mm for each individual application, at an instantaneous rate not exceeding 10 mm/hour.
- the contingency plan consists of:
 - 5,400 m³ effluent storage pond.

(the above is a synopsis. You should ensure you understand the full consent. If you do not have a copy, contact Environment Southland*)

Problem Solving

- the number of cows intended to be milked exceeds the consent limit **Contact Environment Southland for a Variation to the Consent**

If you have any effluent or pollution problems, please contact Environment Southland at the following numbers: Environment Southland: (03) 211 5115 or 0800 76 88 45 during office hours or 03 211 5225 (emergency response) after hours.

APPENDIX C

District Plan

