

File Ref: 4236

12 June 2015

Roger Dickie New Zealand Limited
PO Box 43
WAVERLY 4544

Attention: Ian Tretheway

**RE: Roger Dickie New Zealand Limited – Market Valuation
11 Eastbourne Park Road, Thornbury, Southland**

Further to instructions received we inspected the above property on 4 May 2015 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.

While we provide an executive summary for convenience we recommend the full report be read.

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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150531 4180 Eastbourne Platform



**11 Eastbourne Park Road
Thornbury
Southland**

Market Valuation prepared for:

Roger Dickie New Zealand Limited
PO Box 43
WAVERLY 4544

Attention: Ian Tretheway

As at 31 May 2015

EXECUTIVE SUMMARY

Property Address:	11 Eastbourne Park Road, Thornbury, Southland
Brief Description:	A 170.8633 hectare dairy milking platform situated in the Thornbury district of Southland which has been converted approximately 11 years. Milking 490 cows and estimated to produce 210,000 kilograms of milk solids for the 2014/15 season. From a dairying perspective location is regarded as good. Climate is suited for seasonal supply dairy land use. The land is of flat to undulating contour and deep soils with pastures in good heart. Overall layout is good being well subdivided into 51 paddocks, bore reticulated water supply and well raced. Housing includes three dwellings which are of adequate number of fair to good quality. The milking shed is of adequate capacity and in good condition. There are adequate supporting farm buildings including a calving shed and feed pad for 240 cows. Overall a good quality dairy platform being tidily presented and achieving above Southland average production based on a higher supplement import system. We estimate average efficient production to be 218,000 kilograms of milk solids (1389 kg ms / effective ha).
Instructing Party:	Ian Tretheway
Registered Proprietor:	Eastbourne Dairy Farm Limited
Purpose of Report:	To assess the market value for financial reporting purposes.
Reliant Parties:	Roger Dickie New Zealand Limited
Date of Inspection:	4 May 2015
Date of Valuation:	31 May 2015
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 basis of valuation is market value 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, soils and contour, production, range and quality of housing and farm buildings, adequacy of milking shed, buoyant rural property market.

Land Value Assessments: \$5,460,000

Residential Improvements: \$526,000

Productive Buildings: \$414,000

Other Improvements: \$590,000

Household & Farm \$30,000

Chattels:

Milking & Effluent Plant and \$100,000

Equipment:

Market Value: \$7,120,000

Qualification to Valuation: Above assessment is based on the Resource Consents being transferred to current ownership.

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

1.0 INTRODUCTION

- 1.0.1 Further to your instructions we inspected the subject property on the 15 January 2014 in order to assess the market value for prospectus and finance purposes.

Property Conclusions

- 1.0.2 A 170.8633 hectare dairy milking platform situated in the Thornbury district of Southland which has been converted approximately 10 years. Milking 490 cows and estimated to produce 210,000 kilograms of milk solids last season. From a dairying perspective location is regarded as good. Climate is suited for seasonal supply dairy land use. The land is of flat to undulating contour and deep soils with pastures in good heart. Overall layout is good being well subdivided into 51 paddocks, bore reticulated water supply and well raced. Housing includes three dwellings which are of adequate number of fair to good quality. The milking shed is of adequate capacity and in good condition. There are adequate supporting farm buildings including a calving shed and feed pad for 240 cows. Overall a good quality dairy platform being tidily presented and achieving above Southland average production based on a higher supplement import system. We estimate average efficient production to be 218,000 kilograms of milk solids (1389 kg ms / effective ha).

2.0 VALUATION CONCLUSIONS

- 2.0.1 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.
- 2.0.2 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.
- 2.0.3 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.



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

2.0.5 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	Fair

2.0.6 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.

2.0.7 There have been some 33 unconditional dairy unit sales in Southland during 2014 with only 9 confirmed sales so far in 2015. There is a large range of analysed sale prices which is attributable to location, production and quality of unit.

2.0.8 Our analysis shows that since mid-2014 when Fonterra signalled a large drop for the 2014/15 season the dairy property market, from sales concluded to date, has remained relatively level but with a slight downward bias.

2.0.9 We also note recent Central Southland listings appearing on the market with asking prices below levels asked or assessed in 2014. Vendors serious about concluding sales in the current environment are realising price expectations need to be reduced.

2.0.10 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.

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

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

Valuation Approach	Market Value Estimate
Per Hectare	\$7,120,000
Per kg Milk Solids. Average Efficient	\$7,194,000
Income Capitalisation	\$7,184,000
Multiplier of Milk Income	\$7,232,000



- 2.0.13 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.
- 2.0.14 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
- Location - Soils and contour - High production per hectare - Good infrastructure	- High supplement imports - Environmental Regulations - Volatile Milk Price pay-out - Softening Real Estate Market

3.0 MARKET VALUATION

- 3.0.1 After examining all factors and subject to the overriding conditions we conclude the market value of the property as at 31 May 2015 is:

**SEVEN MILLION ONE HUNDRED AND TWENTY THOUSAND DOLLARS
(\$7,120,000)**

Apportioned as follows:

Value of Improvements	
Residential Improvements	\$526,000
Productive Buildings	\$414,000
Other Improvements	\$590,000
	\$1,530,000
Land Value	\$5,460,000
Realty Value – Land & Buildings	
	\$6,990,000
Household & Farm Chattels	\$30,000
Milking & Effluent Plant & Equipment	\$100,000
Market Value	
	\$7,120,000

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

- 3.0.2 Unit analysis

Area	170.8633 ha	(157 ha effective pasture)
Ave Efficient Production	218,000 kg milk solids	(1389 kg ms / effective ha)
Land Value	\$31,955/ha	\$25.05/kg ms
Market Value (net of shares)	\$41,671/ha	\$32.66/kg ms

- 3.0.3 Fonterra Shares are not included.



- 3.0.4 Qualification to Valuation: The above market value assessment is based on the Resource Consents being transferred to the current ownership which from the consents received from Environment Southland does not appear to be complete.

4.0 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.

5.0 DISCLAIMER

- 5.0.1 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.
- 5.0.2 Our valuation has been completed in compliance with International Valuation Standard framework. International Valuation Standards IVS 101 – *Scope of Work*, International Valuation Standard IVS 102 – *Implementation*, International Valuation Standard IVS 103 – *Reporting*. We confirm that:
- The statements of fact presented in the report are correct to the best of the Valuer's knowledge;
 - The analysis and conclusions are limited only by the reported assumptions and conditions;
 - The Valuer has no interest in the subject property;
 - The Valuer's fee is not contingent upon any aspect of this report;
 - The valuation was performed in accordance with an ethical code and performance standards;
 - The Valuer has satisfied professional educational requirements;
 - The Valuer has experience in the location and category of the property being valued;
 - The Valuer has made a personal inspection of the property;
 - The Valuer holds an Annual Practicing Certificate; and
 - No one except those specified in the report, has provide professional assistance in preparing the report.



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

Yours faithfully

LOGAN STONE LTD



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150531 4180 Eastbourne Platform



6.0 VALUATION METHODOLOGY

- 6.0.1 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

- 6.0.2 Highest and Best Use for the land is that use that is practically feasible, legally permissible and supported by market demand. It is that particular property use that indicates the highest likely competitive price for the real estate at a particular time. Determination of the property's current highest and best use is a necessary precursor of market value assessment.
- 6.0.3 We determine the highest and best use of the subject property to be a dairy milking platform.

Market value is defined as:

- 6.0.4 "Market Value is the estimated amount for which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion."
- 6.0.5 In considering the willing buyer/willing seller definition we have determined that the marketing period in the present market conditions would be three to four months. This time period considers the wider economic and more specific market drivers that are occurring in this and the wider primary sectors at date of the valuation report.
- 6.0.6 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

- 6.0.7 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. |
| 5. | Irrigation Plant and Equipment |

6.2 Shares

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



7.0 EMISSION TRADING SCHEME

7.0.1 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.

7.2 Market Evidence

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

7.2.2 From the available market evidence, the transactions highlighted red in the attached comparable sales analysis summary in the appendices are considered to be the most relevant to the subject property. The information is information that is publicly available. 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.

7.3 Comparable Sales

7.3.1 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 excl shares	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
1	134 Kennington Roslyn Bush Road	20/01/2015	\$5,550,000	118.5616	1426	\$46,811	\$32.82	\$39.94	\$36,668	\$25.71	\$31.28	Well set up dairy unit in close proximity to Invercargill. Undulating Waikiwi soils with some Dacre and Otaramika. Run as self contained with adjoining lease. Three dwellings, 32 aside herring bone and good farm buildings	A	Better	4.3%	6.2
2	329 Bridge Inn Road	3/03/2015	\$5,250,000	151.8495	808	\$34,768	\$43.03	\$39.50	\$27,557	\$34.11	\$31.30	Flat to easy rolling well located dairy unit. Estimated 127 ha platform with 10 ha trees and 14 ha QEII covenant (peat). Two average dwellings and 36 HB milking shed. Full range farm buidlings. Average production. Pukemutu, Mokotua, Dacre and Oteramika soils. Productive land value analyses at \$32,000/ha.	A	Similar but with large area non effective	4.2%	6.1
3	473 Wyndham Valley Rd, Glenham	6/03/2015	\$3,320,000	116.1448	925	\$28,586	\$30.90	\$29.42	\$22,716	\$24.56	\$23.38	Smaller scale unit of flat to easy rolling with below average production. Jacobstown and Nithdale soils. One dwelling and 28 HB milking shed. Average farm buildings	B	Inferior	5.5%	4.6
4	2007 Riverton Otautau Rd, Otautau	9/02/2015	\$3,230,000	84.8019	1110	\$38,045	\$34.29	\$36.46	\$30,521	\$27.51	\$29.25	Small scale platform in good location. Easy contour with some steeper at rear. Mainly Fairfax soils. Comfortable dwelling in attractive surrounds. 20 HB milking shed. Good farm buildings.	A	Similar	4.6%	5.7
5	940 Gorge Rd Invercargill Hwy	11/03/2015	\$2,450,000	66.6431	1260	\$36,763	\$29.17	\$35.36	\$31,442	\$24.95	\$30.24	Small flat unit with Mokotua, Woodlands and Dacre Soils soils. Older improvements	A-	Smaller	4.6%	5.5
6	1083 Wreys Bush Mossburn Rd	19/03/2015	\$6,525,000	186.1712	1235	\$35,048	\$28.37	\$29.93	\$28,870	\$23.37	\$24.65	Tidy mid size platform with high production. Three dwellings and 30 aside HB milking shed. Flat to rolling contour. Tuatapere and Mossburn soils	B+	Inferior location	5.7%	4.6
7	15 Allan Rd North, Otautau	2/04/2015	\$4,060,000	109	1101	\$37,248	\$33.83	\$33.78	\$32,121	\$39.18	\$29.13	Smaller scale basic dairy platform with average production. One dwelling and 22 HB milking shed. Basic farm buildings. Woodlands and Makarewa soils. Near flat.	B+	Smaller. Inferior	4.7%	5.2
8	299 Ward Road, Waipango	8/04/2015	\$6,500,000	210.1	1119	\$30,938	\$27.66	\$29.81	\$24,098	\$21.54	\$23.22	Mid size platform in fair locality. Run in conjunction with lease block. Pourakino and Makarewa soils. Easy contour. Three dwellings, 40 HB milking shed, good range farm buildings including wintering shed (100 cows) and feed pad (400 cows).	B	Inferior	5.6%	4.6
9	99 Calder Rd, Lochiel	10/04/2015	\$11,210,000	238.5	1287	\$47,002	\$36.51	\$39.96	\$37,475	\$29.11	\$31.86	Well located large scale milking platform. High production based on high supplement imports. Only two dwellings, 60 rotary milking shed, herd home and full range farm buildings. Mainly Makarewa and Caroline soils. Flat contour.	A	Better	4.6%	6.2
10	647 Otautau Nightcaps Road, Aparima	23/12/2014	\$7,300,000	183.7	1007	\$39,724	\$39.46	\$36.93	\$34,093	\$33.87	\$31.70	Well located mid size platform with average production. One dwelling and 40HB milking shed. Good farm buildings. Aparima and Pukemutu soils with some Makarewa.	A-	Similar	4.7%	5.7
11	336 Winton Wreys Bush Hwy	17/11/2014	\$7,225,000	156.5	1343	\$46,160	\$34.37	\$39.97	\$35,368	\$26.34	\$30.62	Well located Central Southland unit with high production on high import sysytem. Three average dwellings and 50 bail rotary milking shed. Fair farm buildings	A	Better	4.3%	6.1

8.0 VALUATION APPROACHES

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

8.2 Summation Valuation per Hectare

8.2.1 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.

Land Value

8.2.2 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.

8.2.3 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
Central Southland Deep	\$28,000 - \$37,000/ha	\$32,000/ha

8.2.4 We have adopted a value at the lower mid range due to the location and general appearance and presentation of the land at inspection.



8.3 Improvements

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

Replacement Cost Approach

- 8.3.2 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

- 8.3.3 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.
- 8.3.4 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.
- 8.3.5 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

- 8.3.6 Housing: Large fair quality manager's residence. Three staff dwellings of fair to good quality. The number of dwellings and accommodation numbers is inadequate. A further accommodation facility for staffing levels of this size property is warranted.
- 8.3.7 Milking shed: Well sited and in good condition with slight under capacity but manageable.
- 8.3.8 Productive farm buildings: Adequate range and condition
- 8.3.9 Fencing and subdivision: Good
- 8.3.10 Farm stock water supply: Good
- 8.3.11 Races and layout: Good



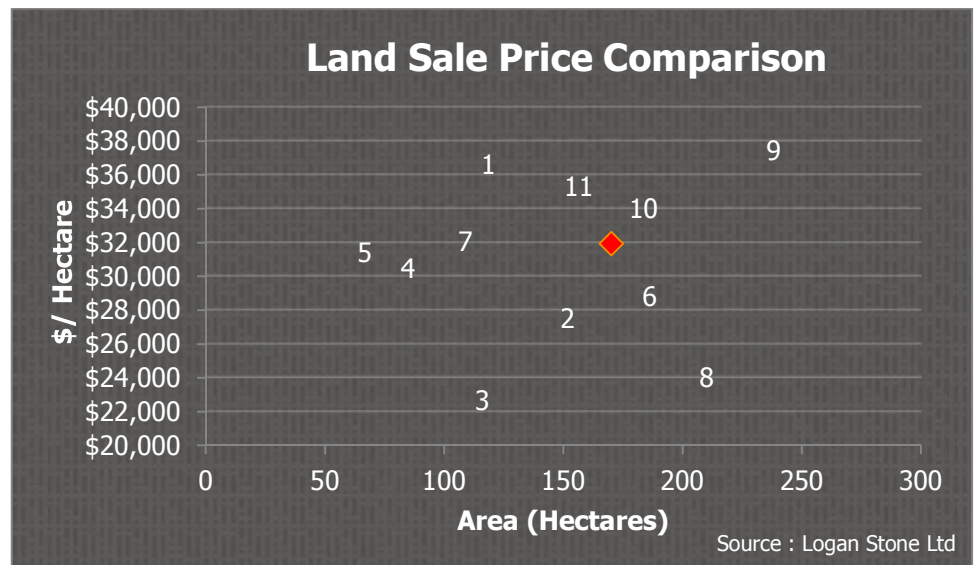
8.3.12 Effluent: Good

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

Land	Description	Area	Unit Price	Provisional	Final		
Flat to undulating deep Central Southland		170.8	32000	5465600			
				0			per ha
Total Land		170.8		5465600	5460000	\$5,460,000	\$31,955
Improvements							
Fencing	No Pdk	Av pdk size	Area	Rate		VTP	
	51	3.4	170	350	59500		
Water Supply			170	350	59500		
Races & Lanes			5450	25	136250		
Effluent			1	245000	245000		
Bridges					0		
Underpass					0		
Shelter			1	10000	10000		
Other					0		
Total Paddock Improvements					510250	510000	\$510,000
Paddock Value							\$5,970,000 \$34,940
Building	Age	Condition	Quantity	Rate		VTP	
Dwelling	1970s	G	146	1200	175200	\$175,000	
Carport	1970s	G	30	400	12000	\$12,000	
Surrounds			1	20000	20000	\$20,000	
Dwelling	1930s + additions	F/G	156	1000	156000	\$156,000	
Sleep out	1930s	F/G	23	750	17250	\$17,000	
Decking			45	100	4500	\$4,000	
Surrounds			1	15000	14000	\$14,000	
Dwelling	1960s	F/G	103	1100	113300	\$113,000	
Veranda			31	150	4650	\$5,000	
Surrounds			1	10000	10000	\$10,000	\$526,000
Milking shed	2003	G	40	7500	300000	\$300,000	
Workshop	1970s	G	90	150	13500	\$13,000	
Implement	1970s	F/G	76	50	3800	\$4,000	
Hay Barn	1980s	F/G	70	50	3500	\$4,000	
Calving Shed	1990s	G	387	100	38700	\$39,000	
Calf	1980s	G	133	50	6650	\$7,000	
Woolshed	1980s	G	165	100	16500	\$16,000	
Covered Yards	1980s	G	486	50	24300	\$24,000	
Calf	1980S	G	90	50	4500	\$4,000	
Old woolshed	1950s	F/G	135	20	2700	\$3,000	\$414,000
Feed pad			800	100	80000	\$80,000	
Total Buildings					1021050	\$1,020,000	\$1,020,000
Total Improvements							\$1,530,000
Total Land & Improvements							\$6,990,000 \$40,910
Household Chattels							\$20,000
Farm Chattels							\$10,000
Milking and Effluent Plant & equipment Supplement							\$100,000
							per ha
Market Value net of Shares							\$7,120,000 \$41,671



- 8.3.14 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.



8.4 Summation Valuation per kilogram Milk Solids

- 8.4.1 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.
- 8.4.2 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.
- 8.4.3 From the sales analysis summary the market reflects the below range and average:

Range per kg milk solids	Average	Adopted level for subject property
\$ 29 to \$40	\$33.50	\$33.00



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

8.4.5 We can now estimate the market value as;

Average Efficient Production	Market Value per kg milk solids	Estimated Market Value
218,000 kg ms	\$33.00	\$7,194,000

8.5 Income Valuation Approach – Income Capitalisation Approach

8.5.1 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.

8.5.2 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.

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

Capitalisation Rate Range	Average	Adopted for Property
4.2 % to 5.7%	4.8%	4.9%

8.5.4 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.



8.5.5 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	218,000	Milk Price	\$6.26	per kg ms	\$1,364,680
	218,000	Dividend	\$0.20	per kg ms	\$43,600
	218,000	Stock	\$0.35	per kg ms	\$76,300
		Other			
				GFI Total	\$1,484,580
Farm Working Expenses	218,000		\$4.20	per kg ms	\$915,600
		Other			\$-
				Total Expenses	\$ 915,600
Wages of Management			\$100,000		\$100,000
EBITDA					\$468,980
Market analysed capitalisation rate range					4.2% to 5.7%
Adopted capitalisation rate					4.9%
Total Farm Capital					\$9,571,020
		Number	Price		
less	Shares	218,000	\$4.85		\$1,057,300
	Cows	510	\$2,000		\$1,020,000
	R1 Heifers	130	\$700		\$91,000
	Plant	218,000	\$1.00		\$218,000
Land and Improvements, Chattels and Milking Plant					\$7,184,720
				say	\$7,184,000

8.6 Income Approach – Multiplier of Milk Price

8.6.1 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.

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

Average Efficient production - kg milk solids	218,000
Average of 5 year historic plus Fonterra Forecast	
Milk Price at date of valuation	\$6.26
Total Milk Income	\$1,364,680
Market Analysed Range of Multiplier	4.6 to 6.2
Adopted Multiplier	5.3
Estimated Market Value of Land and Improvements, Chattels and Milking Plant Equipment	\$7,232,804
Say	\$7,232,000



8.7 Valuation Approach Summary

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

Valuation Approach	Market Value Estimate
Per Hectare	\$7,120,000
Per kg Milk Solids. Average Efficient	\$7,194,000
Income Capitalisation	\$7,184,000
Multiplier of Milk Income	\$7,232,000

- 8.7.2 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.

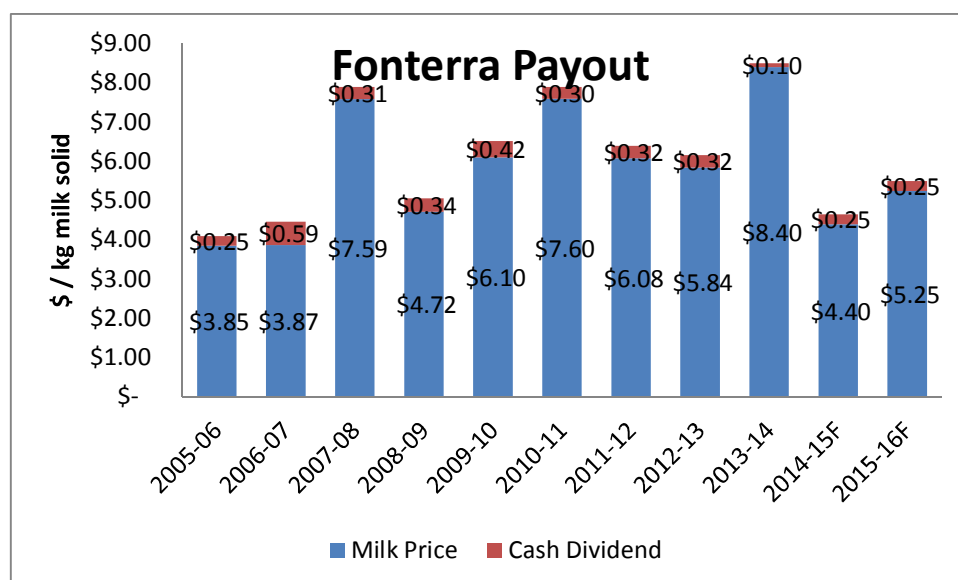
- 8.7.3 We therefore adopt the market value at \$7,120,000.



9.0 MARKET COMMENTARY

New Zealand Dairy Industry

- 9.0.1 The New Zealand dairy industry produces circa 19 million tonnes of milk and exports some 95% of milk produced. This accounts for approximately 33% of cross border traded dairy products globally yet New Zealand's production only accounts for 2% of total global dairy production. As a consequence shifts in the supply / demand equation of global dairy commodities can cause considerable farm gate milk price volatility both up and down. While dairy unit sale prices do not necessarily immediately reflect changes to current farm gate milk prices, any investor in a dairy unit should be aware of the volatility of farm income that can occur in the industry.
- 9.0.2 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 89%.
- 9.0.3 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.
- 9.0.4 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.



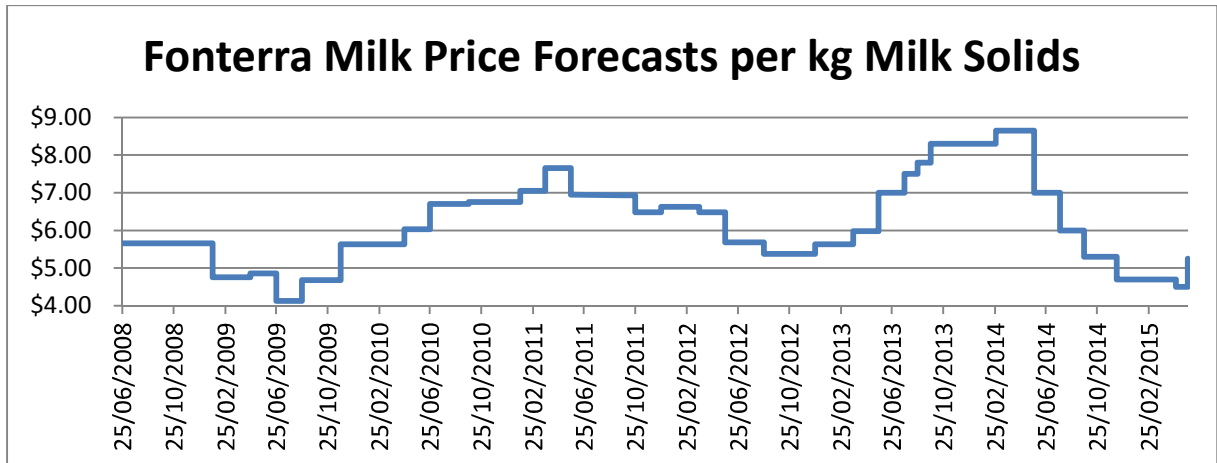
- 9.0.5 At the time of writing, Fonterra's current forecast payout projection for the 2014/15 season for both the milk price and distributable profit as announced at the 28th May 2015 is \$4.65 / kg milk solids. This announcement was a 10 cent per kilogram milk solids decrease on previous season forecast announcements due to weaker dairy



commodity sale prices. Industry commentators suggest the outlook remains uncertain due to global economic conditions.

9.0.6 Fonterra opening milk price forecast for the 2015 / 2016 season is \$5.25 per kg milk solids. To achieve this payout level significant improvement to global dairy commodity prices is required during the season ahead.

9.0.7 The below table outlines the level of Fonterra Forecast payouts over recent years;



9.0.8 Recent 'global Dairy Trade' auctions have shown a weakening through the first half of 2015. 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

9.0.9 The number of dairy farms in Southland has grown dramatically over the past twelve years from 602 in 2002 to 942 in 2014 and now represents around 11.2% of the national herd and 12.3% of the national production milk solids production. The effective hectares in dairy production have risen from 100,658 ha in 2002 to 198,417 ha in 2014 (Source: LIC / dairy NZ).

9.0.10 Dairy units range in size from 60 to 800+ hectares plus. The majority of dairy units are seasonal supply. The average effective property size is 207 ha with most platforms milking around 2.77 cows per effective hectare). Average production is 1,128 kg milk



solids per effective hectare with average cow production 407 kg milk solids / cow (Source: LIC).

9.0.11 Features of dairying in Southland are;

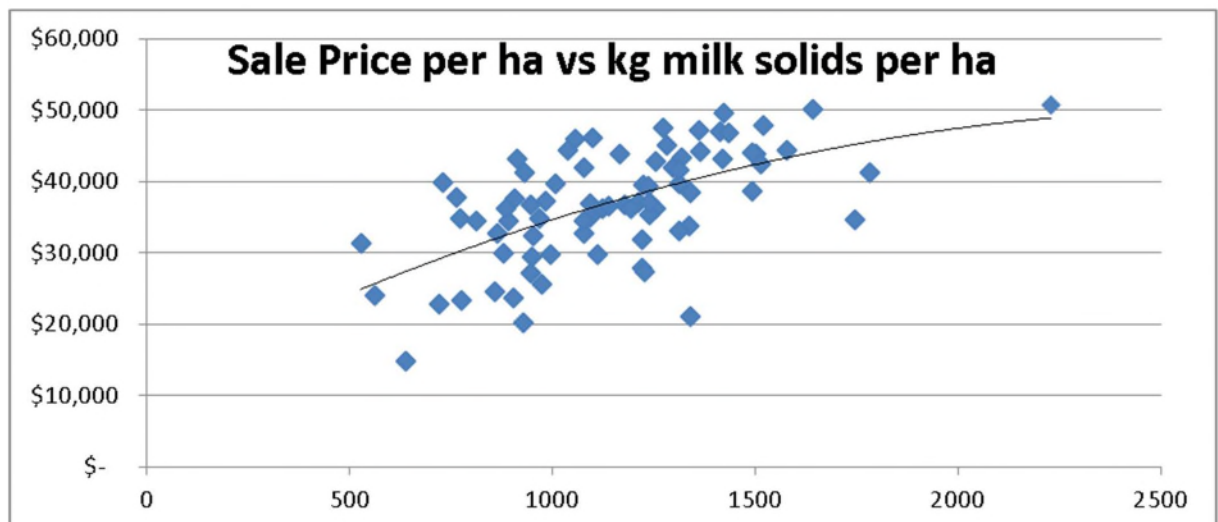
- Shorter growing season requiring supplement feeding at the beginning and end of season to extend lactation
- General heavy soils requiring sub surface drainage to improve utilisation. These heavy soils need careful management when waterlogged to avoid soil and pasture damage.
- Relatively high wintering 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.

9.0.12 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

9.2 Production

9.2.1 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.



9.2.2 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.



9.3 Farm Gate Returns

- 9.3.1 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.

9.4 Availability of Credit

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

9.5 Location

- 9.5.1 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.

9.6 Recent Dairy Real Estate Market History in Southland

- 9.6.1 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.
- 9.6.2 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.
- 9.6.3 The period post late 2008 saw an immediate restriction on the availability of capital worldwide. As a result credit for farm purchase was difficult to source as was finance for most businesses worldwide. 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.

9.6.4 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.

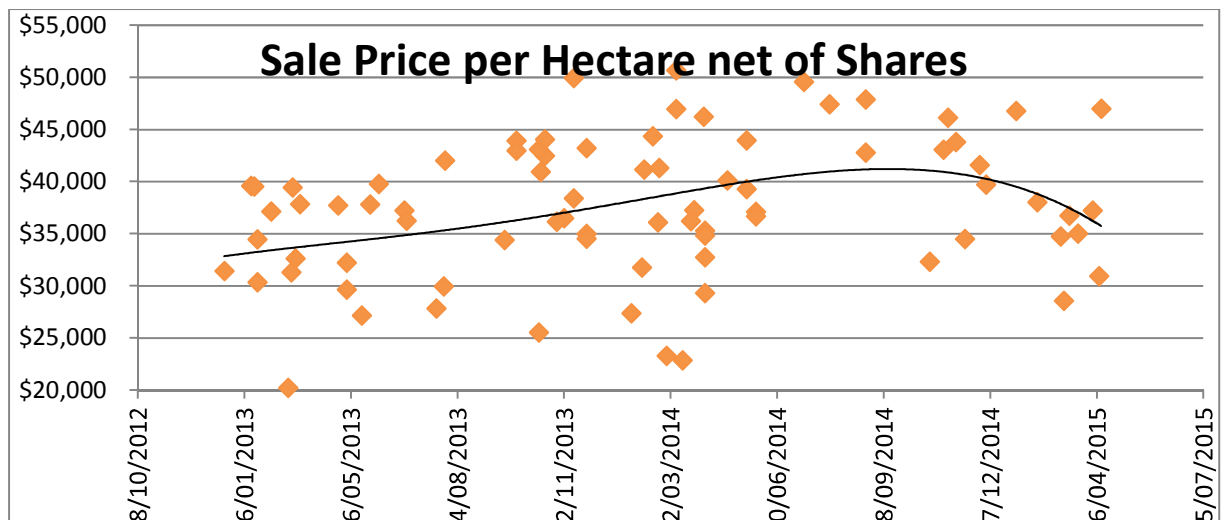
9.6.5 The below table is our mean analysis of dairy units sales in Southland over recent years which shows the annual variation of the mean sale price net of shares on both a per hectare and per kilogram of milk solids basis. The 2011 year is for known unconditional sales to date.

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	33	\$38,914	10%	\$34.45	11%
2015	9	\$37,245	-4%	\$32.95	-4%

9.6.6 The average sale price has decreased during the 2014/15 season year compared to 2013/14 albeit on limited sales volumes. While the average per hectare price has decreased 4.0% this will be impacted by a higher portion of lesser quality dairy unit sales.

9.6.7 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 in recent months;





9.7 Current Market Observations

- 9.7.1 Over 2014 and early 2015 there has been a lower volume real estate market as the payout forecast decreased. This is especially so in the second half. At the time of writing the Real estate agents report purchaser inquiry from a range of purchaser types but with a cautious approach.
- 9.7.2 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.
- 9.7.3 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.
- 9.7.4 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 2014' which introduces 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.
- 9.7.5 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.
- 9.7.6 The most recent sales have shown a plateau 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.

9.7.7 Dairy units in Southland can currently supply milk to Fonterra or Open Country.

10.0 PROPERTY DETAILS

10.1 Legal Description

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

Registered Proprietor	Description	Title Identifier	Area (ha)
Eastbourne Dairy Farm Limited	Lot 2 Deposited Plan 365806	266668	37.7185 ha
Eastbourne Dairy Farm Limited	Lot 1 Deposited Plan 8865	SL4A/1340	0.1676 ha
Eastbourne Dairy Farm Limited	Lot 1 Deposited Plan 10497	SL6B/836	65.2965 ha
Eastbourne Dairy Farm Limited	Part Section 10 Block XII Jacobs River Hundred	SL6B/837	34.3498 Ha
Eastbourne Dairy Farm Limited	Lot 1 Deposited Plan 6340	SLA1/1342	33.3309 ha
Total Land Area			170.8633 Ha
Tenure	Freehold – Fee Simple		

10.1.2 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.

- There are no registrations that materially impact on value

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

10.2 Zoning and Resource Management

10.2.1 Zoned Plains under the Rural designation of the Southland District Council District Plan. Present use permitted. The Operative District Plan map shows a Registered Historic Buildings, Places and Sites registration (H10) on the property. However this has been omitted from the Schedule under 6.9 and no reference is found in the Historic Places Trust Register. We understand the registration refers to historic tree sites. We do not consider this registration, even if valid, would have any impact on the market value of the property.

10.2.2 Resource consents from Environment Southland are required for dairy milking land use for effluent discharge, taking of ground water for milking shed purposes, construction of storage ponds and if applicable taking of water for irrigation.



- 10.2.3 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.
- 10.2.4 Environment Southland is altering the rules for obtaining consents for new dairy land use. Initially, effective from the 14th April 2012, under a transitional regime the use of land for new dairy farming will be a discretionary activity. Further information can be obtained on www.es.govt.nz. The intention is to supersede the transitional rule with a replacement rule later in the year.
- 10.2.5 To obtain resource consents, 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	1	10	30	50

- 10.2.6 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 - Optimum soil test P - Stock exclusion from streams and wetlands - Tracks and lanes sited away from streams & lane run off diverted to land - Sediment Traps - Improved management of FDE (storage; low rate and low depth application) - Facilitating the development of natural wetlands	- Wintering cows in herd shelters - Wintering in herd shelter plus restricted grazing of pastures in autumn - Limiting N fertilizer use - Substituting N-fertilised pasture with low N feeds - Tile drain amendments - Use of nitrification inhibitors - 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

10.2.7 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.

10.2.8 While the current transitional rule 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.

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

Soils	Approx % of Farm	Versatility Rating	Versatility Weighting	Score
Waimatuku	100%	Moderate	10	10
Total				10
Farm Plan Category			P1	

10.2.10 Refer to above tables for P1 requirements.

10.3 Resource Consents

Owner	Tamrin Farm Holdings Ltd	Tamrin Farm Holdings Ltd
Consent No	301034	301035
Type	Discharge Permit to discharge dairy shed and wintering barn effluent to land	Water Permit to take ground water for a dairy operation
Source	Environment Southland	Environment Southland
Rate	Max 599 cows dairy shed; Max 240 cows wintering barn; 3172m ³ storage	Shall not exceed 71,880L/day
Expires	15 March 2022	15 March 2022



- 10.3.1 Our valuation assessment is made on the basis that the above resource consents would transfer with the property. The resource consents obtained from Environment Southland are still in the name of Tamrin Farm Holdings Limited.

10.4 Rating Valuation

<i>The Rateable Values assessed as at 1 September 2012:</i>						
<i>Property</i>	<i>Land Area (ha)</i>	<i>Value of Improvements</i>	<i>Land Value</i>	<i>Capital Value</i>		
Lot 2 Deposited Plan 365806	37.7185	\$50,000	\$1,000,000	\$1,050,000		
Lot 1 Deposited Plan 8865	.1676	\$200,000	\$25,000	\$225,000		
Lot 1 Deposited Plan 10497	65.2965	\$525,000	\$1,775,000	\$2,300,000		
Part Section 10 Block XII Jacobs River Hundred	34.3498	\$285,000	\$940,000	\$1,225,000		
Lot 1 Deposited Plan 6340	33.3309	\$100,000	\$880,000	\$980,000		
Total	170.8633	\$1,160,000	\$4,620,000	\$5,780,000		

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.

10.5 Rates

<i>For the 2014/2015 Year (GST inclusive):</i>		
<i>Property Address</i>	<i>Land Area (ha)</i>	<i>Southland District Council</i>
Lot 2 Deposited Plan 365806	37.7185	\$1,603.13
Lot 1 Deposited Plan 8865	.1676	\$439.35
Lot 1 Deposited Plan 10497	65.2965	\$4,148.96
Part Section 10 Block XII Jacobs River Hundred	34.3498	\$2,113.86
Lot 1 Deposited Plan 6340	33.3311	\$1,661.64
Total	170.8635	\$9,966.94

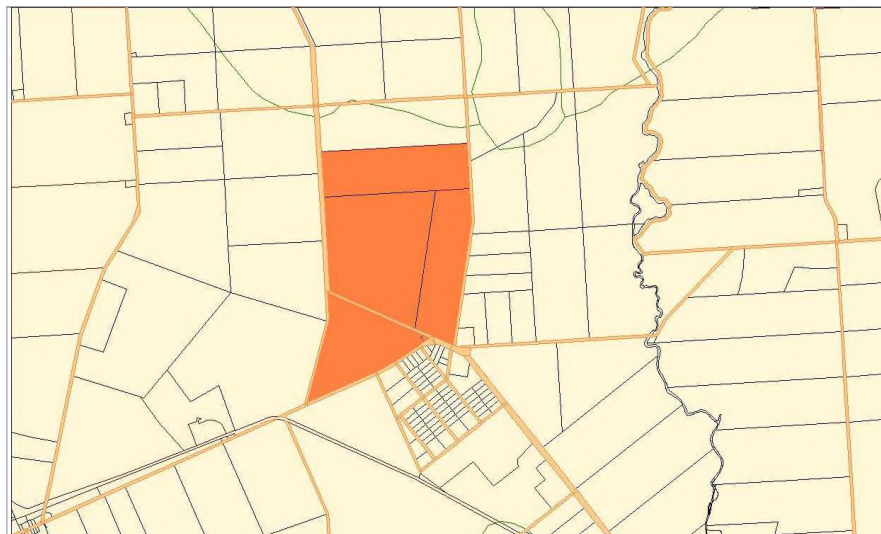


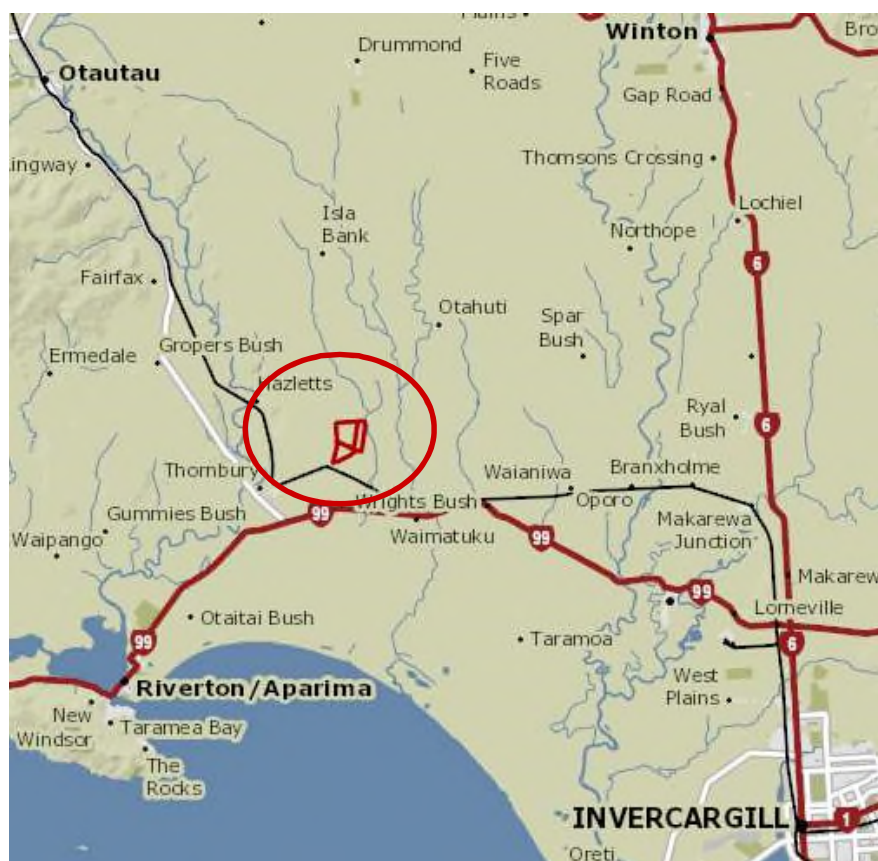
11.0 LOCATION & CLIMATE

11.1 Locality

- 11.1.1 The property is situated in the Thornbury district of Central Southland. Nearby properties are dairy milking platforms, dairy support, sheep and beef and small rural holdings.
- 11.1.2 Overall a well serviced rural locality being in reasonable proximity to Invercargill.
- 11.1.3 Dairy platforms in this location are regarded as having a good location factor.
- 11.1.4 Distances to services are as follows:

Service/Amenity	Location	Approx Distance
Power and telephone are connected.		
Primary School	Thornbury	4 kms
Secondary School	Riverton	18 kms
Main Centre	Invercargill	28 kms
Milk Factory	Edendale	56 kms
Fertiliser Works	Awarua	38 kms





11.2 Climate

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

Rainfall Average	Approximately 1000 to 1100 mm per annum
Main Rainfall Months	Spring, summer, autumn
Hazardous Conditions	Normally minimal but can occur
Frost Factor	Generally not severe but can occur from April to October
Snow Frequency	Can occur but generally will not lie long
Prevailing Winds	Westerly and southerly quarters

- 11.2.2 Summer rainfall is normally reliable allowing good quality pasture growth and control during summer months.



Soil Type	Description	
Waimatuku	Deep silt loams, moderately well to well drained with deep rooting depth and high water holding capacity so seldom dry out. Typically stone free.	

- 12.3.2 The above associated photos of the soil profiles are provided by Topclimate South as representative profiles and are not taken on the property.
- 12.3.3 The above soil type is a recognised dairying soil and is well suited to seasonal dairy production.
- 12.3.4 Sub surface drainage is necessary to improve utilization of pastures especially at the shoulders of the milking season when soils can be wetter.

12.4 Contour and Aspect

- 12.4.1 The property contains a predominantly flat aspect.
- 12.4.2 The following is an estimate of the contour.

Contour Description	Approx Area	(ha)
Undulating	170	ha
Title Area		ha

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

12.5 Archaeological

- 12.5.1 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.

12.6 Altitude

- 12.6.1 The altitude is 40 metres above sea level.

12.7 Erosion

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



12.8 Drainage

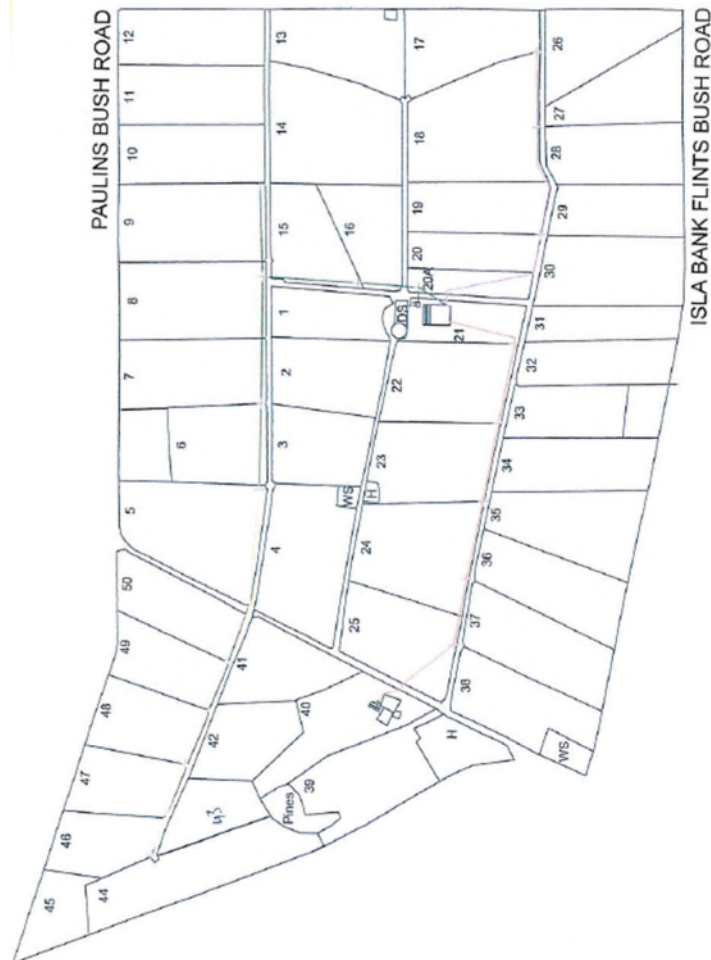
- 12.8.1 The subject property is likely to have considerable sub surface drainage in the form of tiles and moles. Continued maintenance of these drainage systems is required allow improved utilisation of pastures.

12.9 Weeds and Pests

- 12.9.1 The property is relatively free of weeds with no weeds being of any economic significance.
- 12.9.2 No major pests were identified at inspection.

12.10 Subdivision

- 12.10.1 The property is subdivided into 51 main paddocks.
- 12.10.2 Internal fences are conventional dairy tanalised wooden post with 2-3 electric wires. Internal fencing was found to be in good condition overall.
- 12.10.3 The level subdivision for utilisation as a dairy milking platform is good
- 12.10.4 Boundary and road fences are conventional post and wire or netting, found in fair condition.



12.11 Fertiliser

- 12.11.1 No soil tests were provided. Pasture condition and heart indicate good soil fertility levels.
- 12.11.2 Annual fertiliser applications understood to be circa 750 kg DAP and Potassic sulphur super which is above average.
- 12.11.3 Approximately 100 units of nitrogen fertilisers are applied annually which is considered below average.

12.12 Environmental Issues

- 12.12.1 We were advised by the current owners that there is no known or recorded site contamination or environmental issues relating to the subject land.
- 12.12.2 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.
- 12.12.3 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.
- 12.12.4 Based on the current and historic information we advise the requirement for an environmental audit is unnecessary.
- 12.12.5 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.

12.13 Flooding

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

13.0 UTILISATION

- 13.0.1 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 but there is the option to winter up to 240 cows in the calving shed and adjacent feed pad.

13.2 Supplements

- 13.2.1 High levels of supplement are used for lactation.
- 13.2.2 The following is a guide to supplement inputs imported to the platform:
 - 200 t meal pellets



- 70 t molasses

13.3 Staffing

- 13.3.1 Currently the property is staffed with the four full time equivalents (includes support block). Three labour units would suffice.
- 13.3.2 The number of dwellings and accommodation facilities is adequate.

13.4 Cover

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

Cover Description	Approx Area	(ha)
Pasture	157	ha
Lanes, trees, buildings etc	13	ha
Title Area	170	ha

- 13.4.2 Overall pastures were found to be in generally good heart, comprising a good level of dairy pasture species.
- 13.4.3 Pasture age is unknown.
- 13.4.4 The overall the effective pasture platform area is estimated at 157 hectares.

13.5 Production

- 13.5.1 The property was converted to dairy in 2003 and production for the past four seasons has been:

Year	Kg ms	Area (total)	Eff ha	Per ha	Per eff ha	Cows	Cows / eff ha	Kg ms / cow
2009/10	217500	170.8	157	1273	1385	510	3.25	426
2010/11	218654	170.8	157	1280	1393	510	3.25	429
2011/12	226154	170.8	157	1324	1440	510	3.25	443
2012/13	211000	170.8	157	1235	1344	510	3.25	414
2013/14	230000	170.8	157	1347	1465	520	3.31	442
2014/15	210,000	170.8	157	1229	1337	490	3.12	428



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

Effective Platform Ha	157
Peak Cows	510
Cows / ha	3.25
Base pasture production - kg DM per ha	14,500
Utilisation	85%
kg DM : kg ms conversion	10.5
Base pasture production - kg MS	184,288
N Fert - kg N per eff ha	110
kg DM Response per kg N	10
Production from N - kg MS	13,980
Production from Pasture Grown -kg MS	198,269
Supplement Imports % Total Production	10.0%
Production Attributable to supplement imports -kg MS	19,827
Total Ave Efficient Production -kg MS	218,095
Say	218,000
kg MS per ha	1,389
kg MS per cow	427

13.6 Contracts

13.6.1 The property is currently supplying Open Country Dairy. Supply # 13185.



14.0 BUILDING IMPROVEMENTS

14.1 Dwelling One

Design and Construction

Year Built	1970's
(Additions):	Bungalow
Floor Area Living:	146m ²
Floor Area Carport:	30m ²
Levels:	One
Foundations:	Concrete pad
Framing:	Timber
External Cladding:	Brick



Joinery:	Aluminium single
Roof:	Corrugated iron
Internal Linings:	Gib
Accommodation:	Open plan, three bedroom.
Kitchen:	Original formica and wooden. Electric range
Living:	Diesel burner
Hallway:	Central
Laundry:	Off carport.
Bathrooms:	Shower over vanity. Aqua panel lined.
Toilets:	One.
Heating:	Heat Pump.
General:	Linen and storage cupboards, electric hot water cylinder and adequate electric light and power points throughout.
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 managers level of accommodation.



14.2 Dwelling Two

Design and Construction

Year Built	1930's
(Additions):	Bungalow and extension 1990s
Floor Area Living:	156m ²
Floor Area Sleepout:	23m ²
Levels:	One
Foundations:	Concrete pad
Framing:	Timber
External Cladding:	Timber and fibrecement, weatherboard and panel.
Joinery:	Wooden and aluminium.
Roof:	Decramastic tile and Corrugated Iron.
Internal Linings:	Gib, mixed.
Accommodation:	Open plan, kitchen, dining and living.
Living:	Multi fuel.
Office:	Small.
Laundry:	Part of extension
Bathrooms:	Renovated basic.
Toilets:	One
Heating:	Multi fuel.
General:	Linen and storage cupboards, electric hot water cylinder and adequate electric light and power points throughout.
Condition/Adequacy	While this is not intended to be a structural report, being inspected for valuation purposes only, the building was found in fair condition. The property offers a good workers level of accommodation.



14.3 Dwelling Three

Design and Construction

Year Built	1960's
(Additions):	
Floor Area Living:	103m ²
Floor Area	31m ²
Veranda:	
Levels:	One – basement garage
Foundations:	Concrete block and concrete pad.
Framing:	Timber
External Cladding:	Timber and weatherboard.
Joinery:	Aluminium single.
Roof:	Corrugated iron.
Internal Linings:	Gib, pinex ceiling.
Accommodation:	Open plan, three bedroom.
Kitchen:	Small stainless steel bench.
Living:	Small.
Hallway:	Central.
Laundry:	Rear door, single stainless steel sink.
Bathrooms:	Bath wc shower, vanity.
Toilets:	One.
Heating:	Heat pump.
General:	Linen and storage cupboards, electric hot water cylinder and adequate electric light and power points throughout.
Condition/Adequacy	While this is not intended to be a structural report, being inspected for valuation purposes only, the building was found in fair condition. The property offers a good workers level of accommodation.



14.4 Workshop

Design and Construction

Year Built	1970's
(Additions):	
Floor Area:	90m ²
Foundations:	Concrete
Framing:	Tanalised timber.
External Cladding:	Corrugated Iron 3W

Roof: Corrugated Iron.

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.



14.5 Implement Shed

Design and Construction

Year Built	1970's
(Additions):	
Floor Area:	76m ²
Foundations:	Earth.
Framing:	Tanalised timber.
External Cladding:	Iron

Roof: Corrugated Iron.

Condition/Adequacy While this is not intended to be a structural report, being inspected for valuation purposes only, the building was found in fair condition.



14.6 Hay Barn ex Grain Shed

Design and Construction

Year Built	1980's
(Additions):	
Floor Area:	70m ²
Foundations:	Concrete
Framing:	Tanalised timber.
External Cladding:	Corrugated Iron.



Roof: Corrugated Iron.

Condition/Adequacy While this is not intended to be a structural report, being inspected for valuation purposes only, the building was found in fair condition.

14.7 Calving Shed

Design and Construction

Year Built	1990's
(Additions):	
Floor Area:	387m ²
Foundations:	Earth
Framing:	Steel
External Cladding:	Cloth and plywood.



Roof: Corrugated iron.

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.



14.8 Calf One

Design and Construction

Year Built	1980's
(Additions):	
Floor Area:	133m ²
Foundations:	One bay concrete and 3 bays earth.
Framing:	Tanalised timber.
External Cladding:	Corrugated Iron 3W
Roof:	Corrugated Iron.

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.



14.9 Woolshed/covered yards

Design and Construction

Year Built	1980's
(Additions):	
Floor Area woolshed:	165m ²
Floor Area covered yards:	486m ²
Foundations – woolshed:	Concrete
Foundations – covered yards:	Earth.
Framing:	Tanalised timber.
External Cladding:	Corrugated Iron.
Roof:	Corrugated Iron.

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.



14.10 Calf Three

Design and Construction

Year Built	1980's
(Additions):	
Floor Area:	90m ²
Foundations:	One bay concrete (fert bin) and 2 bays earth.
Framing:	Tanalised timber.
External Cladding:	Corrugated Iron.
Roof:	Corrugated Iron.

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.



14.11 Old Woolshed

Design and Construction

Year Built	1950's
(Additions):	
Floor Area:	135m ²
Foundations:	
Framing:	Timber.
External Cladding:	Corrugated Iron.

Roof: Corrugated Iron.

Condition/Adequacy While this is not intended to be a structural report, being inspected for valuation purposes only, the building was found in fair condition.



14.12 Feed Pad

Concrete with concrete fed bins (1.8 x 17) x 24 + 12 x 24 apron. Weeping wall, sump, pumped to holding pond at shed.



14.13 Milking Shed

Design and Construction

Type:	Herringbone
Number bails:	40
Herd size:	510
Yard:	13m circular
Walls:	Refrigeration Panel.
Frame:	Steel.
Condition:	Good.
Plant Make:	Waikato.
ACR's:	No.
Protrack:	No.
Dosatron:	Yes.
Washdown:	Hose.
Colostrum Vat:	Yes
Refrigeration Unit:	1 x Basic.
Powered by:	3 phase.



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.

14.14 Building Condition/Adequacy

- 14.14.1 While this is not intended to be a structural report, being inspected for valuation purposes only, the buildings were found in generally good condition.
- 14.14.2 There are an adequate number of dwellings and accommodation facilities for a dairy milking platform of this size. The main dwelling provides an average size, fair quality residence for an owner or manager. The additional dwellings provide good size and good quality level of accommodation for workers.



- 14.14.3 The milking shed is of adequate capacity, centrally sited, good condition and of good quality specification as would be expected of a dairy unit milking 510 cows.
- 14.14.4 The farm buildings while being of full range and suitability are in generally good condition.
- 14.14.5 No further buildings would be beneficial.
- 14.14.6 There is an obsolescence factor to the following buildings:
- Old woolshed

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).

15.0 OTHER IMPROVEMENTS

15.1 Electrical Reticulation

- 15.1.1 Electricity is reticulated to the dwelling(s).
- 15.1.2 Three phase to milking shed.

15.2 Water Supply

- 15.2.1 Water for domestic purposes is provided from bores.
- 15.2.2 Water for stock purposes is provided from a main bore being reticulated to large, round dairy troughs at one trough per paddock. A secondary bore is at the feed pad.
- 15.2.3 Water for the milking shed purposes is provided from the bore.
- 15.2.4 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.

15.3 Effluent Disposal

- 15.3.1 Milking shed effluent disposal is via a stone trap to weeping wall to a 60 day storage pond which is currently dispersed to large pod applicators via underground lines.
- 15.3.2 The feed pad has its own stone trap and weeping wall with the liquid pumped to the storage pond.
- 15.3.3 Under current Environment Southland guidelines, it is likely that on renewal of consents, the system will comply.



15.3.4 Dwelling effluent disposal is by way of septic tank.

15.4 Access

15.4.1 The property has good access with road frontage from Paulins Bush Road, Isla Bank Flints Bush Road and Eastbourne Park Road plus internal races. Access is not limited by contour.

15.5 Dwelling Layout

15.5.1 The main dwelling is sited off Eastbourne Park Road, with established surrounds of lawn and shrubs.

15.5.2 The second dwelling is sited off Eastbourne Park Road, with established surrounds of lawn and shrubs.

15.5.3 The third dwelling is sited off the tanker track, with basic surrounds of lawn and metalled drive.

15.6 Stock Races and Driveways

15.6.1 There are approximately 4,600 metres of metalled stock races. The lanes are of 7 to 8 metres width, which is good and were found in generally good condition.

15.6.2 There are approximately 750 metres of driveways and tanker tracks found in good condition.



15.7 Shelter

15.7.1 There are several shelter belts on the property.

15.7.2 Shelter provided is fair.

15.8 Feed Pad

15.8.1 A concrete feed pad of approximately 800m² with concrete feed bins is adjacent to the calving shed. In conjunction with the calving shed is consented to winter 240 cows. Useful stand of pad when soils water logged.



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

Search Copy



R. W. Muir
Registrar-General
of Land

Identifier 266668
Land Registration District Southland
Date Issued 11 April 2006

Prior References

SL135/128 SL137/93 SL7D/343

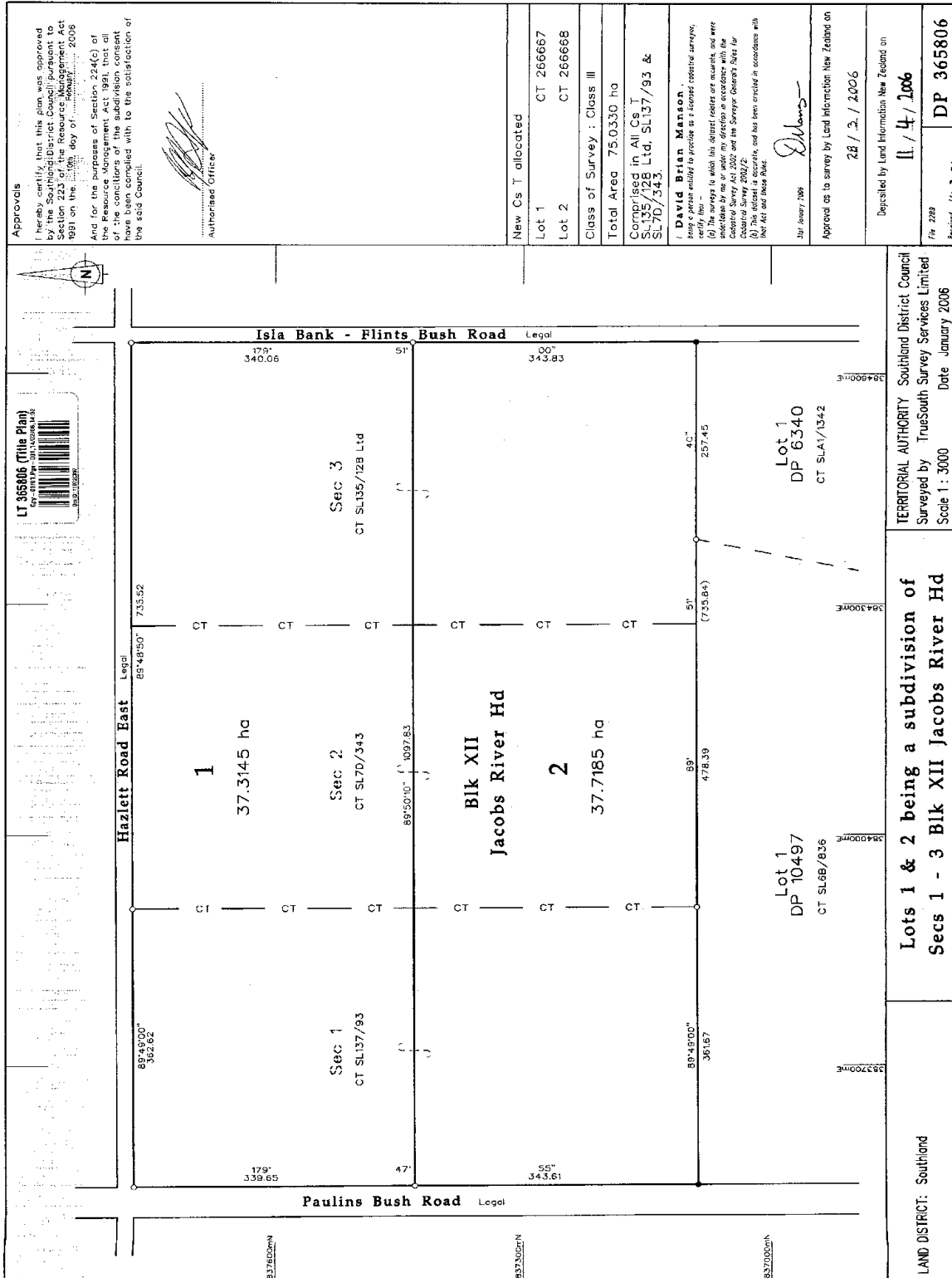
Estate Fee Simple
Area 37.7185 hectares more or less
Legal Description Lot 2 Deposited Plan 365806

Proprietors
Eastbourne Dairy Farm Limited

Interests

Identifier

266668





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952

Search Copy



R. W. Muir
Registrar-General
of Land

Identifier SL4A/1340
Land Registration District Southland
Date Issued 07 November 1974

Prior References

SLA1/1369

Estate	Fee Simple
Area	1676 square metres more or less
Legal Description	Lot 1 Deposited Plan 8865

Proprietors

Eastbourne Dairy Farm Limited

Interests

Identifier

SL4A/1340

Legal Description
Windy Prospect Subdiv
Block 11 of Town of Wallace
OWNERS

For Wallace County Council's
Consent see Plan File.

1676 m²

Rocky Moor Subsample

Smacraft 17th
June 74 R. Moor

Enclosed

6 11 74 M. J. Armstrong

7th November 74
H. J. Armstrong

BME 2/11/74 DP8865

EASTOURNE PARK

Lot 1
1676 m²

P4 Sec 10
S.O. 321

177 S. 176



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952




R. W. Muir
Registrar-General
of Land

Search Copy

Identifier **SL6B/836**
Land Registration District **Southland**
Date Issued 15 April 1981

Prior References

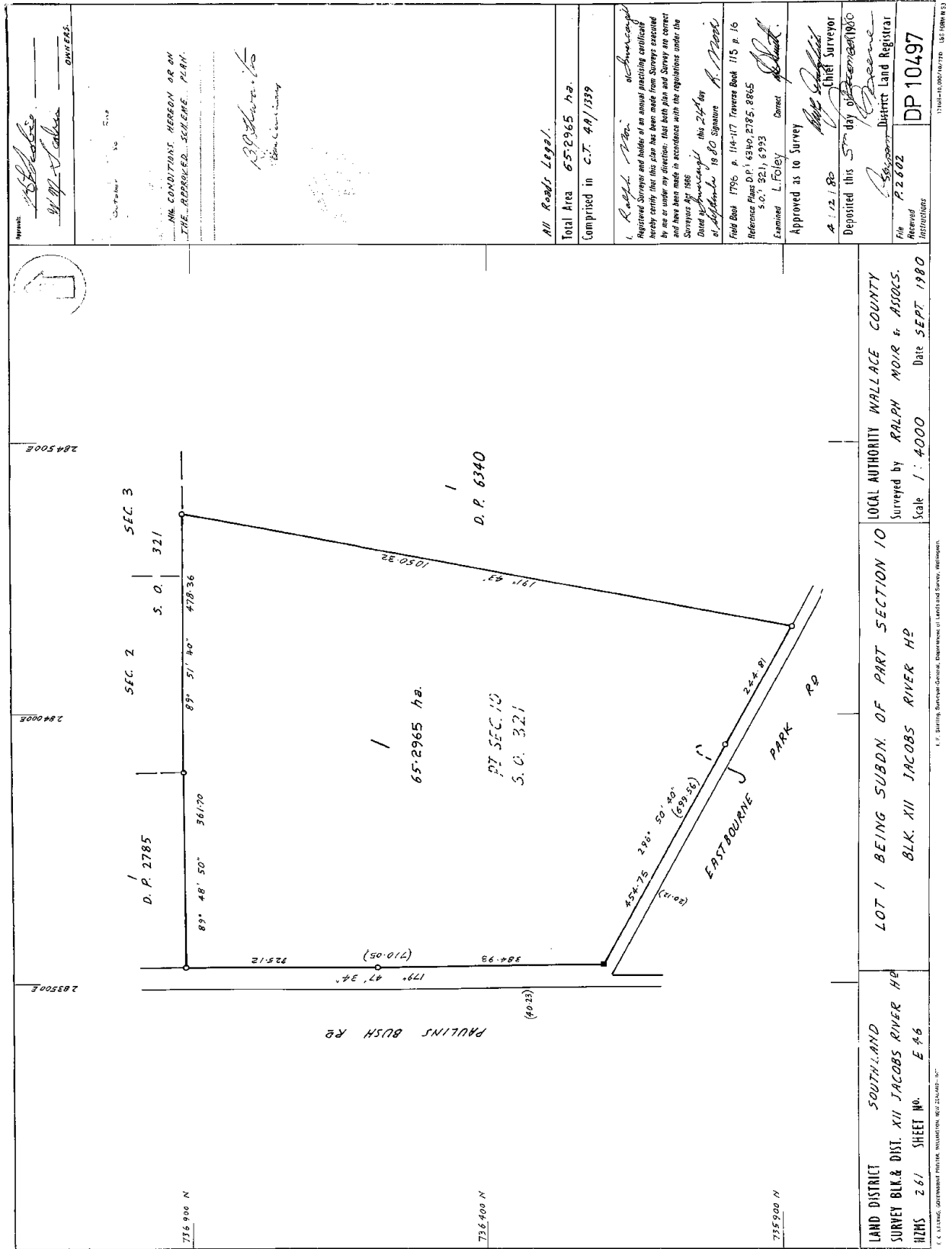
SL4A/1339

Estate	Fee Simple
Area	65.2965 hectares more or less
Legal Description	Lot 1 Deposited Plan 10497

Proprietors

Eastbourne Dairy Farm Limited

Interests





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952

Search Copy



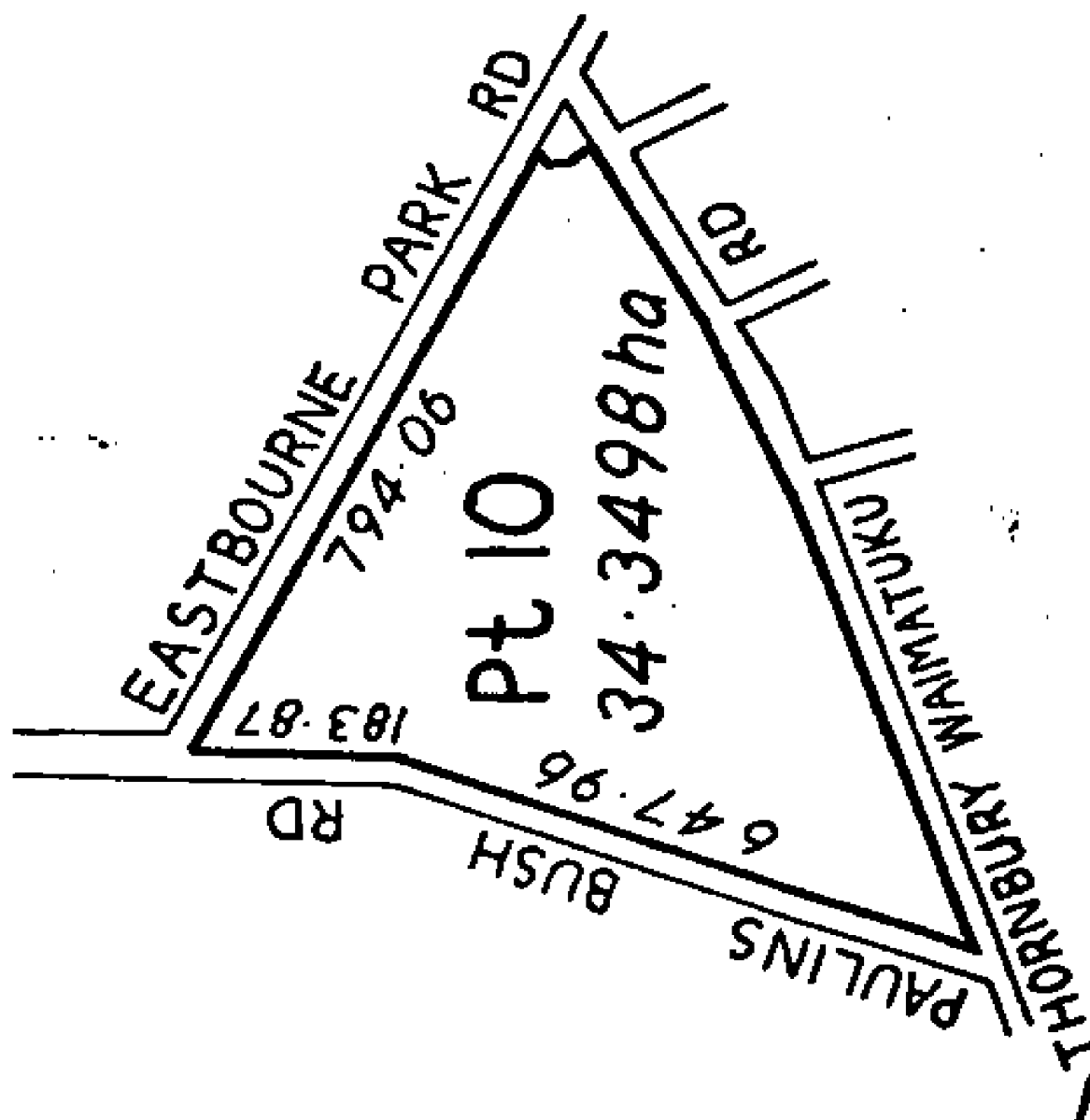
Identifier SL6B/837
Land Registration District Southland
Date Issued 15 April 1981

Prior References
SL4A/1339

Estate	Fee Simple
Area	34.3498 hectares more or less
Legal Description	Part Section 10 Block XII Jacobs River Hundred

Proprietors
Eastbourne Dairy Farm Limited

Interests





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952

Search Copy



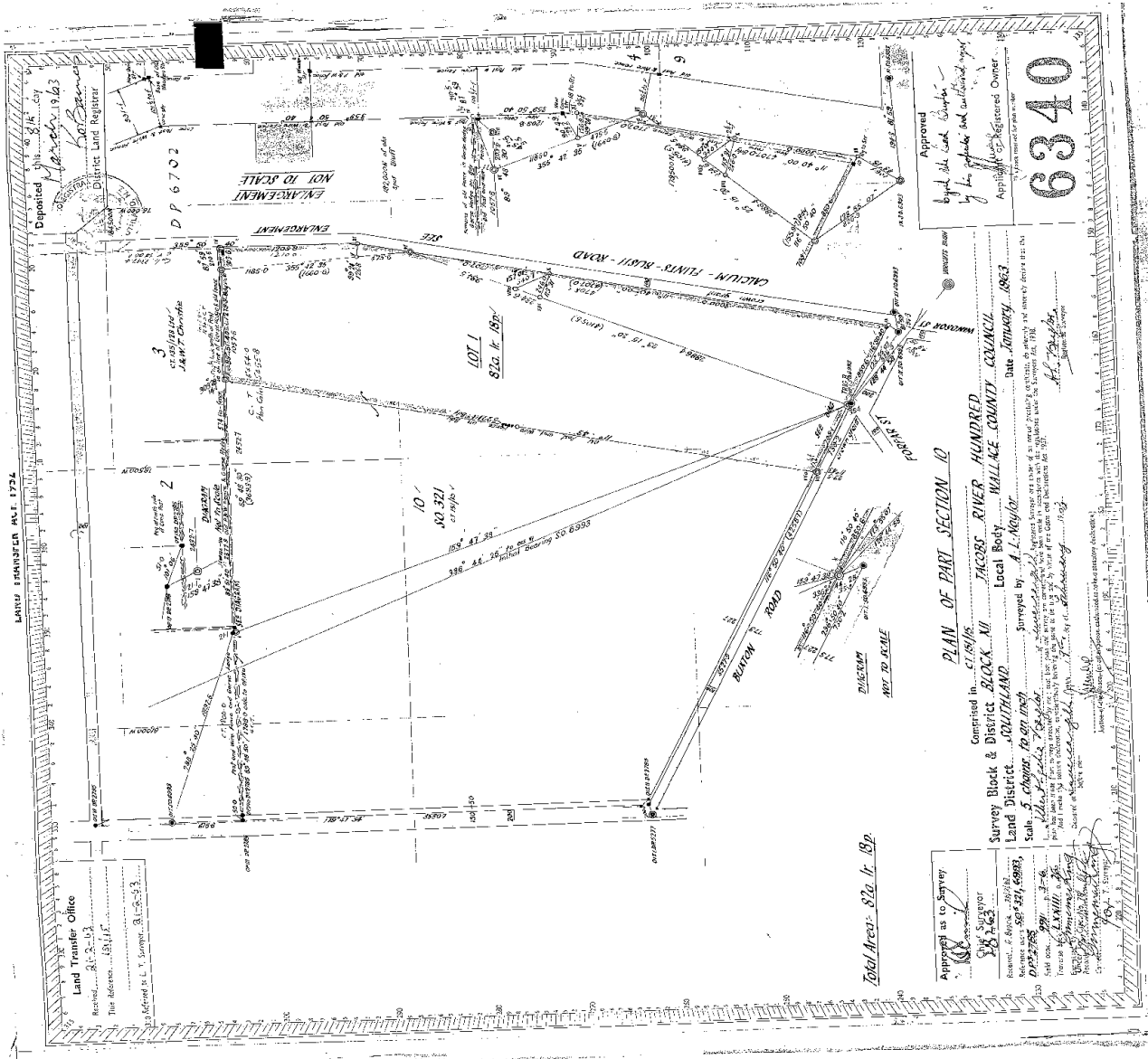
Identifier SLA1/1342
Land Registration District Southland
Date Issued 31 May 1963

Prior References
SL151/15

Estate	Fee Simple
Area	33.3309 hectares more or less
Legal Description	Lot 1 Deposited Plan 6340

Proprietors
Eastbourne Dairy Farm Limited

Interests



Discharge Permit

Pursuant to Section 104A of the Resource Management Act 1991, a resource consent is hereby granted by the Southland Regional Council (the "Council") to **Tamrin Farm Holdings Ltd** (the "consent holder") of **11 Eastbourne Park Road, R D 3, Otautau 9683** from **15 March 2012**.

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 and wintering barn effluent to land
Location	- site locality - map reference - receiving environment - catchment
	11 Eastbourne Park Road, Thornbury E46:350-266 Land Aparima River
Legal description of land at the site:	Lot 1 DP 10497, Lot 1 DP 6340, Lot 2 DP 365806 and Part Section 10 Block XII Jacobs River Hundred
Expiry date:	15 March 2022

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 and shall commence on the surrender or expiry of Resource Consent 201769.

(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 and wintering barn effluent onto land, via a land disposal system, as described in the application, on land known as Lot 1 DP 10497, Lot 1 DP 6340, Lot 2 DP 365806 and Part Section 10 Block XII Jacobs River Hundred.

(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.
3. (a) No dairy shed or wintering barn 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:

- (a) a maximum depth of application of 25 mm for each individual application, at an instantaneous rate not exceeding 10 mm/hour;

(Note: The application depth needs to be less than the soil-water deficit (i.e. the depths above are maximum depths and as soil moisture levels approach field capacity, smaller depths will be necessary to avoid losses of contaminants from the root zone. When soil moisture levels reach field capacity, irrigation will need to cease completely to prevent these losses.)

- (b) the maximum loading rate of nitrogen onto any land area shall not exceed 150 kg of nitrogen per hectare per year from dairy shed and wintering barn 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); and
(d) 100 metres of any residential dwelling other than residential dwellings on the property.

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

6. (a) The amount of dairy shed effluent disposed of onto land shall not exceed that from 599 cows.

- (b) The amount of wintering barn effluent disposed of onto land shall not exceed that from 240 cows.
7. By 1 June 2012, the consent holder shall provide at least 3,172 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.

(Note: The storage volume is equivalent to 60 days of effluent based on 50 litres/cow/day for dairy shed effluent and 16 litres/cow/day for dairy shed 90 days storage of wintering barn effluent.)

8. The consent holder shall notify the Council, by 17 April 2012, 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 Notes 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 and wintering barn 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 three times each year (or otherwise as set by the Council's Annual Plan), and of monitoring the effects of the discharge on groundwater by taking representative samples of the bore water, from Bore E46/0234 once every six months and analysing for:

- chloride
- electrical conductivity
- nitrate nitrogen concentration
- *E. coli* concentration

Except that the first sample shall also be analysed for Total Iron 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)
- Southland District Council (ph 0800 732 732)

(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", "Dairy Advisor" and "Soil Moisture Map" links.
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:

<http://www.es.govt.nz/media/4831/dairy-farm-plan-consent-template.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: Tamrin Farm Holdings Ltd

- the total milking herd cannot exceed 599 cows.
- The amount of wintering barn effluent disposed of onto land shall not exceed that from 240 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.
- a maximum depth of application of 25 mm for each individual application, at an instantaneous rate not exceeding 10 mm/hour;
- the contingency plan consists of:
 - 3,172 m³ effluent storage pond for deferred irrigation.

(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.

Water Permit

Pursuant to Section 104C of the Resource Management Act 1991, a resource consent is hereby granted by the Southland Regional Council (the "Council") to **Tamrin Farm Holdings Ltd** (the "consent holder") of **11 Eastbourne Park Road, R D 3, Otautau 9683** from **15 March 2012**.

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 take groundwater for a dairy operation
Location	- site locality - map reference - groundwater zone - catchment
	11 Eastbourne Park Road, Thornbury E46:350-266 Lower Aparima Aparima River
Legal description of land at the site:	Lot 1 DP 10497
Expiry date:	15 March 2022

Schedule of Conditions

1. This consent is granted for a period of 10 years and shall commence on the surrender or expiry of Resource Consent 201770.

(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. This consent authorises the abstraction of water from bore/well E46/0234 at about NZMS 260 E46:350-266.

3. The rate of abstraction shall not exceed 71,880 litres per day.
4. The consent holder shall install a backflow prevention device or take other appropriate measures to ensure water and/or contaminants cannot return to the water source.
5. The consent holder shall monitor water usage to ensure compliance with condition 3 of this consent, as follows:
 - (a) by installing flow meters:
 - (i) able to continuously measure the amount of water taken;
 - (ii) capable of accuracy to within 5% of the true flow rate, on each abstraction;
 - (iii) that shall record volumes in litres;
 - (iv) in accordance with the manufacturer's instructions;
 - (v) that are sealed and as tamper proof as practicable;
 - (vi) in a location that measures all water taken;
 - (vii) that are suited to the qualities of the water it is measuring (such as temperature, algae content and sediment content);
 - (b) by recording the volume of abstraction, at or about the same time each month when the consent is being exercised.

A copy of this record is to be provided to the Council's Compliance Manager by 31 May each year (escompliance@es.govt.nz).
6. The consent holder shall pay an administration and monitoring charge to the Southland Regional Council collected in accordance with Section 36 of the Resource Management Act, payable in advance on the first day of July each year.
7. The Council may, in accordance with Sections 128 and 129 of the Act, serve notice, during the period 1 February to 30 September each year, of its intention to review conditions for the purpose of:
 - (a) dealing with any adverse effects on the environment which may arise from the exercise of this consent;
 - (b) requiring monitoring of the rate of, or the effects of, the abstraction;
 - (c) requiring efficiency of water use; and/or
 - (d) complying with the requirements of a regional plan.

for the **Southland Regional Council**

W J Tuckey
Director of Environmental Management