LOGANSTONE
PROPERTY ■ INFRASTRUCTURE ■ VALUATION

File Ref: 4180

12 June 2015

Roger Dickie New Zealand Limited
P O Box 43
WAVERLEY 4544

Attention: Ian Tretheway

RE: Roger Dickie New Zealand Limited – Market Valuation
743 Mossburn Lumsden Highway, Castlerock, 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.

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

Yours faithfully
LOGAN STONE LTD

Grant Barron
B Com (Ag) VFM, MBA, ANZIV, MPINZ
Mob: 027 2789 663
E-Mail: grant.barron@loganstone.co.nz

Reviewed by:

Jay Sorensen
B Appl Sc (Rural Val) Agr Bus, MPINZ, ANZIV
Mob: 027 498 9932
E-Mail: jay.sorensen@loganstone.co.nz

150531-4180 Full

743 Mossburn Lumsden Highway
Castlerock
SOUTHLAND

Market Valuation prepared for:

Roger Dickie New Zealand Limited
P O Box 43
WAVERLEY 4544

Attention: Ian Tretheway

As at 31 May 2015

LOGANSTONE
PROPERTY ▪ INFRASTRUCTURE ▪ VALUATION

EXECUTIVE SUMMARY

Property Address:	743 Mossburn Lumsden Highway, Southland
Brief Description:	An estate in fee simple 413.523 hectare part irrigated dairy milking platform situated in the Castlerock district of Northern Southland which has been converted some 16 years. Currently milking approximately 930 cows and estimated to produce 350,000 kg milk solids for the 2014/15 season. From a dairying perspective location is regarded as fair. Climate is suited for seasonal supply dairy land use with irrigation. The land is of flat to stronger rolling contour with a balance soils showing good fertility levels. Overall layout is good being well subdivided into 61 paddocks, reticulated water supply and well raced. Housing includes four fair to good quality dwellings; a further dwelling is warranted. The milking shed is a 50 bail rotary which is of under capacity but manageable and found in good condition. There are adequate supporting farm buildings. Overall a mid quality dairy platform being well presented and achieving improving production based on a low supplement import system. We estimate average efficient production to be 360,000 kilograms of milk solids (965 kg ms / effective ha).
Instructing Party:	Roger Dickie New Zealand Limited
Registered Proprietor:	Murray Creek 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, irrigation equipment (excludes Fonterra shares and supplements on hand)
Key Assumptions:	The key assumptions are based on the transactions that have occurred in Southland for dairy farming properties over recent times. The valuation is based on a willing seller/willing buyer concept with a marketing window of three to four months. We refer you to our full valuation report attached to this executive summary.
Factors influencing value:	Location, climate, irrigation, productive ability, quality and number of dwelling improvements, milking shed size and capacity, soils and contour.

Land Value Assessments:	$7,570,000
Residential Improvements:	$615,000
Productive Buildings:	$755,000
Other Improvements:	$680,000
Household & Farm Chattels:	$30,000
Milking & Effluent Plant and Equipment:	$220,000
Irrigation Plant:	$430,000
Market Value:	**$10,300,000**
Qualification to Valuation:	Resource Consent to irrigate. The existing consent expired in December 2014. Our assessment is based on a further consent on similar terms and conditions being issued and transferred with the property which had not at the time of writing been provided by Environment Southland.
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

TABLE OF CONTENTS

1.0 INTRODUCTION 4

2.0 PROPERTY CONCLUSIONS 4

3.0 VALUATION CONCLUSIONS 4

4.0 MARKET VALUATION 7

5.0 OVERRIDING CONDITIONS 7

6.0 DISCLAIMER 8

7.0 VALUATION METHODOLOGY 9

7.2 Shares 10

8.0 EMISSION TRADING SCHEME 10

9.0 MARKET EVIDENCE 11

9.2 Comparable Sales 11

10.0 VALUATION APPROACHES 13

10.1 Summation Valuation per Hectare 13

10.2 Improvements 14

10.3 Summation Valuation per kilogram Milk Solids 16

10.4 Income Valuation Approach – Income Capitalisation Approach 17

10.5 Income Approach – Multiplier of Milk Price 18

10.6 Valuation Approach Summary 19

11.0 MARKET COMMENTARY 20

11.2 Production 22

11.3 Farm Gate Returns 23

11.4 Availability of Credit 23

11.5 Location 23

11.6 Recent Dairy Real Estate Market History in Southland 23

11.7 Current Market Observations 25

12.0 PROPERTY DETAILS 26

12.1 Legal Description 26

12.2 Zoning and Resource Management 26

12.3 Resource Consents 29

12.4 Rating Valuation 29

12.5 Rates 29

13.0 LOCATION & CLIMATE 30

13.1 Locality 30

13.2 Climate 31

14.0 LAND 32
14.2 Shape & Workability 32
14.3 Soils 32
14.4 Contour and Aspect 35
14.5 Archaeological 35
14.6 Altitude 35
14.7 Erosion 35
14.8 Drainage 35
14.9 Weeds and Pests 36
14.10 Subdivision 36
14.11 Fertiliser / Nutrient Management 37
14.12 Environmental Issues 38
14.13 Flooding 38
15.0 UTILISATION 39
15.2 Staffing 39
15.3 Cover 39
15.4 Production 40
15.5 Contracts 40
16.0 BUILDING IMPROVEMENTS 41
16.1 Dwelling 1 41
16.2 Dwelling 2 42
16.3 Dwelling 2 Car Shed 42
16.4 Dwelling 3 43
16.5 Dwelling 3 Garage 43
16.6 Dwelling 4 44
16.7 Dwelling 4 Garage 44
16.8 Milking Shed 45
16.9 Calf Shed 1 45
16.10 Woolshed 45
16.11 Calf/Fertiliser Shed 46
16.12 Building Condition/Adequacy 46
17.0 OTHER IMPROVEMENTS 47
17.1 Electrical Reticulation 47
17.2 Water Supply 47
17.3 Effluent Disposal 47
17.4 Access 47
17.5 Dwelling Layout 47
17.6 Stock Races and Driveways 48
17.7 Shelter 48
17.8 Irrigation 48

APPENDICES

A Statement of General Valuation Policies
B Computer Freehold Register and Resource Consents

1.0 INTRODUCTION

1.0.1 Further to your instructions we inspected the subject property on 4 May 2015 in order to assess the market value for financial reporting purposes.

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

- Market Value as at 31 May 2015

2.0 PROPERTY CONCLUSIONS

2.0.1 An estate in fee simple 413.523 hectare part irrigated dairy milking platform situated in the Castlerock district of Northern Southland which has been converted some 16 years. Currently milking approximately 930 cows and estimated to produce 350,000 kg milk solids for the 2014/15 season. From a dairying perspective location is regarded as fair. Climate is suited for seasonal supply dairy land use with irrigation. The land is of flat to stronger rolling contour with a balance soils showing good fertility levels. Overall layout is good being well subdivided into 61 paddocks, reticulated water supply and well raced. Housing includes four fair to good quality dwellings; a further dwelling is warranted. The milking shed is a 50 bail rotary which is of under capacity but manageable and found in good condition. There are adequate supporting farm buildings. Overall a mid quality dairy platform being well presented and achieving improving production based on a low supplement import system. We estimate average efficient production to be 360,000 kilograms of milk solids (965 kg ms / effective ha).

3.0 VALUATION CONCLUSIONS

3.0.1 The appropriate valuation approaches for estimating the market value of a dairy unit (where a dairy platform is deemed the highest and best land use) are the market approach and income approach.

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

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

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

3.0.3 Under the income approach umbrella the two methodologies used are;

i) A capitalisation of the Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) under average efficient management after an allowance for Wages of Management. This capitalized sum provides an estimate of the Total Farm Capital required to operate the business as a stand alone unit. Deduction for stock, plant and Fonterra shares are required to arrive at the appropriate realty basis that as dairy units normally transact in

the market. The milk price is based on the average past five year actual and current forecast under average efficient management production levels.

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

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

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

Factor	Quality
Number of comparable sales	Fair
Recent time frame	Good
Direct Comparability	Limited as to type and locality

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

3.0.7 There have been some 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.

3.0.8 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.

3.0.9 We also note recent 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.

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

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

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

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

Valuation Approach	Market Value Estimate
Per Hectare	$ 10,300,000
Per kg Milk Solids. Average Efficient	$ 10,440,000
Income Capitalisation	$ 10,254,000
Multiplier of Milk Income	$ 10,141,000

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

3.0.15 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
• 167 hectares irrigated with centre pivoting K-Line irrigation systems • Majority flat contour • Good races, fencing and water • Ability to increase production with supplementary feeding and management of irrigated pastures	• Limited capacity milking shed for this size property • Location • One dwelling short • Climate • Environmental regulations • Volatile Milk Price pay-out • Softening Real Estate Market

4.0 MARKET VALUATION

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

TEN MILLION THREE HUNDRED THOUSAND DOLLARS ($10,300,000)		
Apportioned as follows:		
Value of Improvements		
– Residential Improvements	$615,000	
– Productive Buildings	$755,000	
– Other Improvements	$680,000	
		$2,050,000
Land Value		$7,570,000
Realty Value – Land & Buildings		$9,620,000
Household & Farm Chattels		$30,000
Milking & Effluent Plant and Equipment		$220,000
Irrigation Plant		$430,000
Market Value		$10,300,000

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

4.0.2 Unit analysis

Area	413.523 ha	(373 ha effective platform pasture)
Ave Efficient Production	360,000 kg milk solids	(965 kg ms / effective ha)
Land Value	$18,306/ha	$21.03/kg ms
Market Value (*net of shares*)	$24,908/ha	$28.61/kg ms

4.0.3 Fonterra Shares are not included.

4.0.4 Qualification to Valuation: Resource Consent to Irrigate - The existing consent expired in December 2014. Our assessment is based on the assumption a further consent on similar terms and conditions being issued and transferred with the property to enable the property to be operated at its highest and best land use as outlined in this report.

5.0 OVERRIDING CONDITIONS

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

6.0 DISCLAIMER

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

6.0.2 Our valuation has been completed in compliance with International Valuation Standard framework. International Valuation Standards IVS 101 – *Scope of Work,* International Valuation Standard IVS 102 – *Implementation*, International Valuation Standard IVS 103 – *Reporting*. *Valuation of Financial Reporting,* International Valuation Standards IVS 300. We confirm that:

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

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

Yours faithfully
LOGAN STONE LTD

Grant Barron
B Com (Ag) VFM, MBA, ANZIV, MPINZ
Mob: 027 2789 663
E-Mail: grant.barron@loganstone.co.nz

Reviewed by:

Jay Sorensen
B Appl Sc (Rural Val) Agr Bus, MPINZ, ANZIV
Mob: 027 498 9932
E-Mail: jay.sorensen@loganstone.co.nz

150531-4180 Full

7.0 VALUATION METHODOLOGY

7.0.1 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

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

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

Market value is defined as:

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

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

7.0.6 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 including the irrigation equipment (but excluding Fonterra shares and supplements).

Plant and Equipment

7.0.7 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

7.2 Shares

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

8.0 EMISSION TRADING SCHEME

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

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

9.0 MARKET EVIDENCE

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

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

9.2 Comparable Sales

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

9.2.2 We consider the sales highlighted red to be the most comparable.

Ref	Location	Sale date	Sale Price	Area (ha)	Production per ha	Sale Price per ha net of Shares	Sale price per kg milk solids net of Shares	SP / ave eff kg ms	Land value per ha	Land value per kg milk solids	LV/ave eff kg ms	Comments	Quality Ranking	Relationship to subject property	ROTFC (ave efficient) rolling ave payout	MV Net as multiplier of Milk Price - ave eff. 5 yr ave plus forecast
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		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 buildings. Average production. Pukemutu, Mokotua, Dacre and Oteramika soils. Productive land value analyses at $32,000/ha.	A		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		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		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-		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+	Better	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+		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	Similar quality	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		4.6%	6.2
10	1915 Waimea Valley Rd	21/05/2014	$ 4,650,000 excl shares	125.2	1237	$37,123	$30.00	$41.09	$26,575	$21.48	$29.42	Smaller scale unit which has been run in conjunction with an adjoining 80 ha lease. Modern executive home. Converted in 2008. Flat heavy soils at front sloping lighter to the rear. Purchased by near neighbours	B	Smaller unit with executive dwelling	4.4%	6.0
11	186 Hedley Road, Te Tipua	31/10/2014	$10m excl shares	309.2	1100	$32,340	$29.41	$29.55	$25,301	$22.76	$22.87	Larger scale unit on rolling deep soils. Large main dwelling plus two other houses. 54 rotary milking shed with full range farm buildings. Fair location. Average quality land and production.	B	Better location	5.9%	4.5
12	534 Waimea Hwy, Gore	17/12/2014	$15,861,000 excl shares	381.1	1323	$41,619	$31.45	$34.70	$32,643	$24.67	$27.22	Part irrigated high performing dairy unit close to Gore. Near new above average dwelling with good worker accommodation. 54 rotary milking shed. Good farm buildings. 90 ha irrigated by two centre pivots. Estimated 500kg per cow supplement imported.	A	Better	4.8%	5.3

10.0 VALUATION APPROACHES

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

10.1 Summation Valuation per Hectare

10.1.1 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

10.1.2 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.

10.1.3 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
Irrigated Flat	$21,000 - $27,500/ha	$22,000/ha
Dry Land Flat	$17,000 - $21,500/ha	$19,250/ha
Hill Paddock	$10,000 - $16,000/ha	$13,700/ha
Hill Grazing	$3,000 - $8,000/ha	$4,000/ha

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

10.2 Improvements

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

Replacement Cost Approach

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

Sales Approach

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

10.2.4 The Net Rate approach is based on the analysis of sales. The analysis considers the component parts of the improvements i.e. rate per m2 of building, rate per metre of fencing, rate per tree/vine etc. These rates are then applied back to the subject property and the various improvements contained on that property to provide an additional approach to value of the improvements.

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

Improvements Comment

10.2.6 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.

10.2.7 Milking shed: Well sited and in good condition with slight under capacity but manageable.

10.2.8 Productive farm buildings: Adequate range and condition

10.2.9 Fencing and subdivision: Good

10.2.10 Farm stock water supply: Good

10.2.11 Races and layout: Good

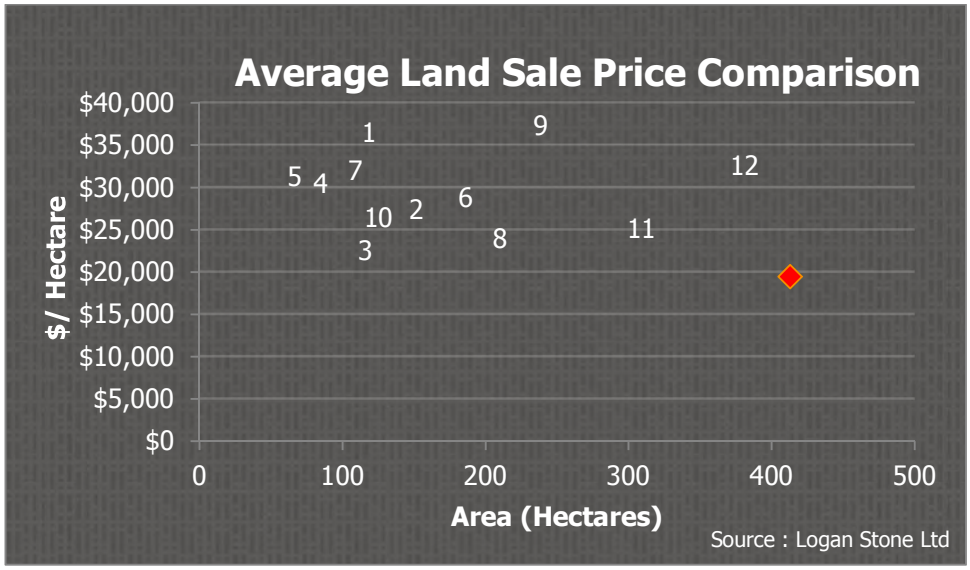
10.2.12 Effluent: Fair

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

Land	Description		Area	Unit Price	Provisional	Final			
Irrigated Flat			167	22000	3674000				
Dry Land Flat			127	19250	2444750				
Hill Paddock			100	13700	1370000				
Hill Grazing			19.5	4000	78000				per ha
Total Land			413.5		7566750	7570000		$7,570,000	$18,306
Improvements									
Fencing	No Pdks	Av pdk size	Area	Rate		VTP			
	61	6.8	413	350	144550				
Water Supply			413	350	144550				
Races & Lanes			7200	25	180000				
Effluent			1	200000	200000				
Bridges					0				
Underpass					0				
Shelter			1	10000	10000				
Other					0				
Total Paddock Improvements					679100	680000		$680,000	
Paddock Value								$8,250,000	$19,951
Building	Age	Condition	Quantity	Rate		VTP			
Dwelling	1960s	F	278	900	250200	$250,000			
Garage	1980s	G	54	250	13500	$13,000			
Surrounds			1	20000	20000	$20,000			
Dwelling	1950s	F	110	800	88000	$88,000			
Car Shed	2000s	G	52	150	7800	$8,000			
Surrounds			1	5000	5000	$5,000			
Dwelling	2000s	G	129	1300	167700	$198,000			
Garage	2000s	G	54	250	13500	$13,000			
Surrounds			1	20000	20000	$20,000	$615,000		
Dwelling	20000s	G	48	1300	62400	$62,000			
Garage	2000s	G	29	250	7250	$7,000			
Surrounds			1	10000	10000	$10,000			
Milking Shed	1999	G	50	12000	600000	$600,000			
Calf Shed	1980s	F/G	338	70	23660	$23,000			
Woolshed	1980s	F	141	50	7050	$7,000			
Calf Shed	2000s	G	457	100	45700	$46,000	$755,000		
Total Buildings					1341760	$1,370,000		$1,370,000	
Total Improvements								$2,050,000	
Total Land & Improvements								$9,620,000	$23,264
Household									
Chattels								$20,000	
Farm Chattels								$10,000	
Milking and Effluent Plant & equipment								$220,000	
Irrigation Plant								$430,000	
									per ha
Market Value net of Shares								$10,300,000	$24,908

10.2.14 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.



10.3 Summation Valuation per kilogram Milk Solids

10.3.1 The common benchmark of analysis for dairy unit sales is the sale price per kilogram of milk solids (kg ms) produced. Caution needs to be taken with this approach as levels of production can vary significantly between properties as some are partly or totally self contained and / or significant supplements can be brought onto the property which are used for lactation and can distort the property's underlying pasture based productive ability. In our opinion it is more appropriate to analyse sales and assess the property on an 'average efficient level of management' as this provides a better reflection of market sentiments and reduces the variability of benchmark range.

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

10.3.3 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 $41	$35	$29

10.3.4 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.

10.3.5 We can now estimate the market value as;

Average Efficient Production	Market Value per kg milk solids	Estimated Market Value
360,000 kg ms	$29.00	$10,440,000

10.4 Income Valuation Approach – Income Capitalisation Approach

10.4.1 This approach estimates the market value by capitalising the earnings before interest, tax depreciation and ammortisation (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 approriate capitalisation rate. On capitalising the EBITDA we arrive at an estimate of Total Farm Capital required to run the property as a stand alone unit. We then need to deduct the capital required for Fonterra shares, stock and plant if appropriate. The remainder is the estimate of market value of the subject property of land and improvements, chattels and plant consistent with our other approaches adopted. This approach is the same as applied to our analysis of the market sales evidence.

10.4.2 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 knowledgable seller / buyer in the market value definition. The resultant milk price under this formula is also more in line with major rural financiers long term payout projections when assessing credit applications.

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

Capitalisation Rate Range	Average	Adopted for Property
4.2 % to 5.9%	4.9%	5.8%

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

10.4.5 Our workings of this methodolgy to estimate the market value are shown below.

	Av Eff ms		(5 yr ave at agreement date)		Total
Gross Farm Income	360,000	Milk Price	$6.26	per kg ms	$2,253,600
	360,000	Dividend	$0.20	per kg ms	$72,000
	360,000	Stock	$0.35	per kg ms	$126,000
		Other			
				GFI Total	$2,451,600
Farm Working Expenses	360,000		$4.20	per kg ms	$1,512,000
		Other			$-
				Total Expenses	$1,512,000
Wages of Management			$110,000		$110,000
EBITDA					$829,600
Market analysed capitalisation rate range					4.2% to 5.9%
Adopted capitalisation rate					5.8%
Total Farm Capital					$14,427,826
		Number	Price		
less	Shares	360,000	$4.85		$1,746,000
	Cows	950	$2,000		$1,900,000
	R1 Heifers	240	$700		$168,000
	Plant	360,000	$1.00		$360,000
Land and Improvements, Chattels and Milking Plant					$ 10,253,826
				say	$10,254,000

10.5 Income Approach – Multiplier of Milk Price

10.5.1 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 comaparison with other milk supply companies other than Fonterra. Miilk price is also a better reflection of the trend in global dairy commodity prices.

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

Average Efficient production - kg milk solids	360,000
Average of 5 year historic plus Fonterra Forecast Milk Price at date of valuation	$6.80
Total Milk Income	$2,448,000
Market Analysed Range of Multiplier	4.5 to 6.2
Adopted Multiplier	4.5
Estimated Market Value of Land and Improvements, Chattels and Milking Plant Equipment	$10,141,000

10.6 Valuation Approach Summary

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

Valuation Approach	Market Value Estimate
Per Hectare	$ 10,300,000
Per kg Milk Solids. Average Efficient	$ 10,440,000
Income Capitalisation	$ 10,254,000
Multiplier of Milk Income	$ 10,141,000

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

10.6.3 We therefore adopt the market value at $10,300,000.

11.0 MARKET COMMENTARY

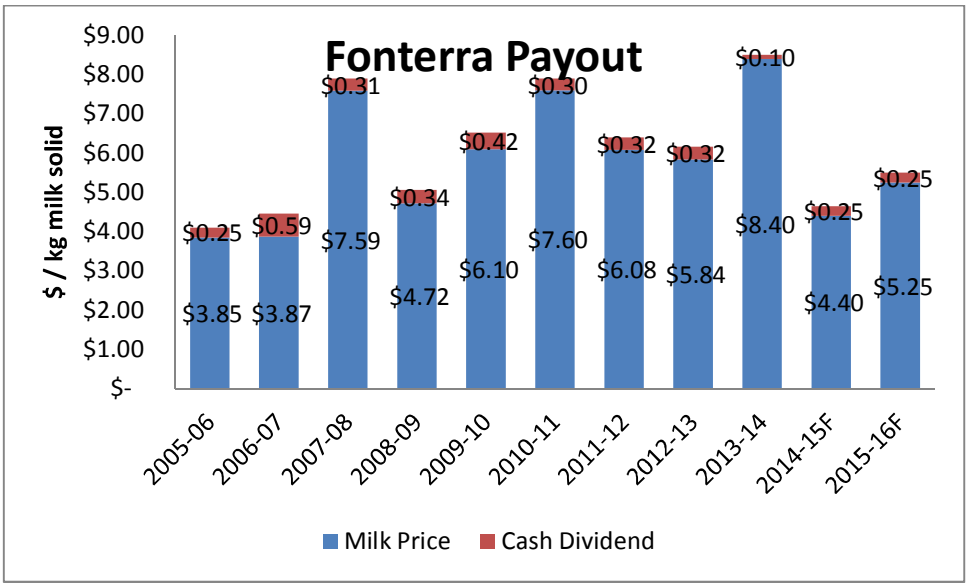
New Zealand Dairy Industry

11.0.1 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.

11.0.2 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%.

11.0.3 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.

11.0.4 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.

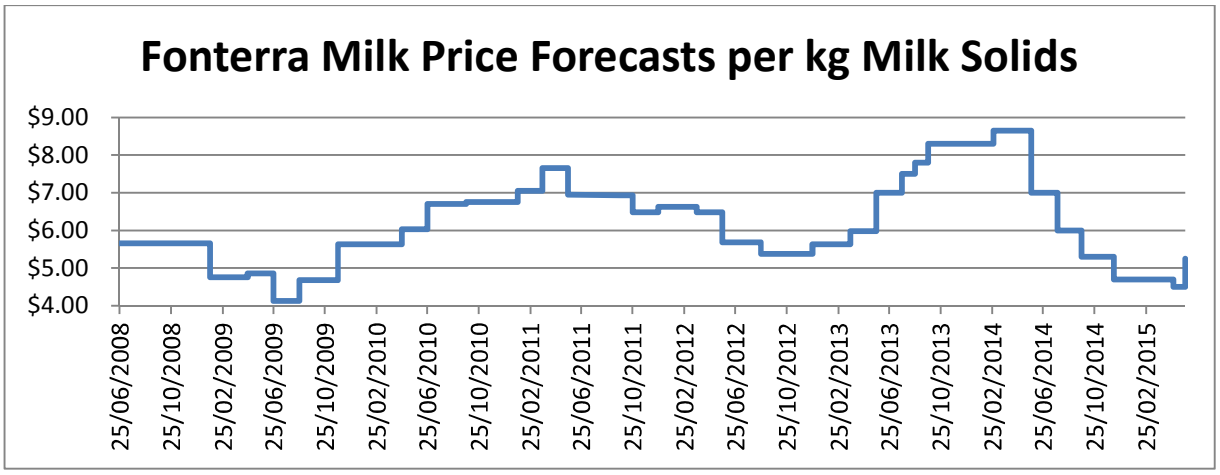


11.0.5 At the time of writing, Fonterra's current forecast payout projection for the 2014/15 season for both the milk price and distributable profit as announced at the 28th May 2015 is $4.65 / kg milk solids. This announcement was a 10 cent per kilogram milk solids decrease on previous season forecast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

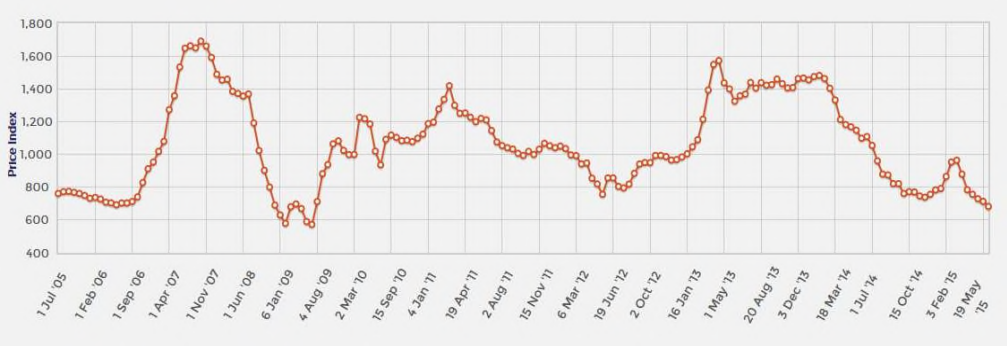
commodity sale prices. Industry commentators suggest the outlook remains uncertain due to global economic conditions.

11.0.6 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.

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



11.0.8 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

11.0.9 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).

11.0.10 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).

11.0.11 Features of dairying in Southland are;

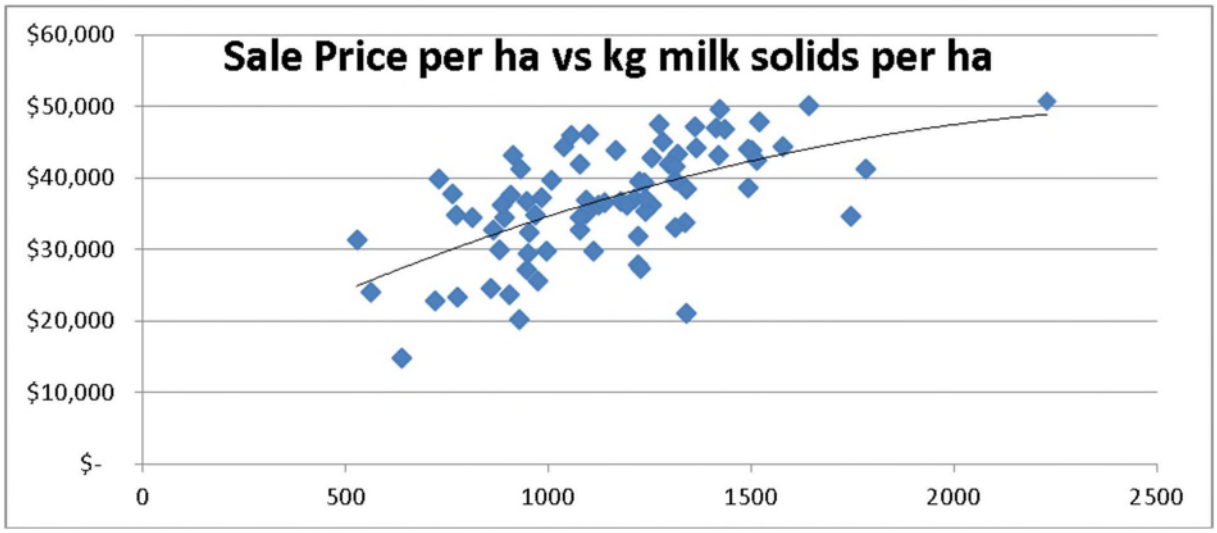
- Shorter growing season requiring supplement feeding at the beginning and end of season to extend lactation
- General heavy soils requiring sub surface drainage to improve utilisation. These heavy soils need careful management when waterlogged to avoid soil and pasture damage.
- Relatively high wintering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

11.0.12 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

11.2 Production

11.2.1 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.



11.2.2 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.

11.3 Farm Gate Returns

11.3.1 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.

11.4 Availability of Credit

11.4.1 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.

11.5 Location

11.5.1 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.

11.6 Recent Dairy Real Estate Market History in Southland

11.6.1 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.

11.6.2 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.

11.6.3 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.

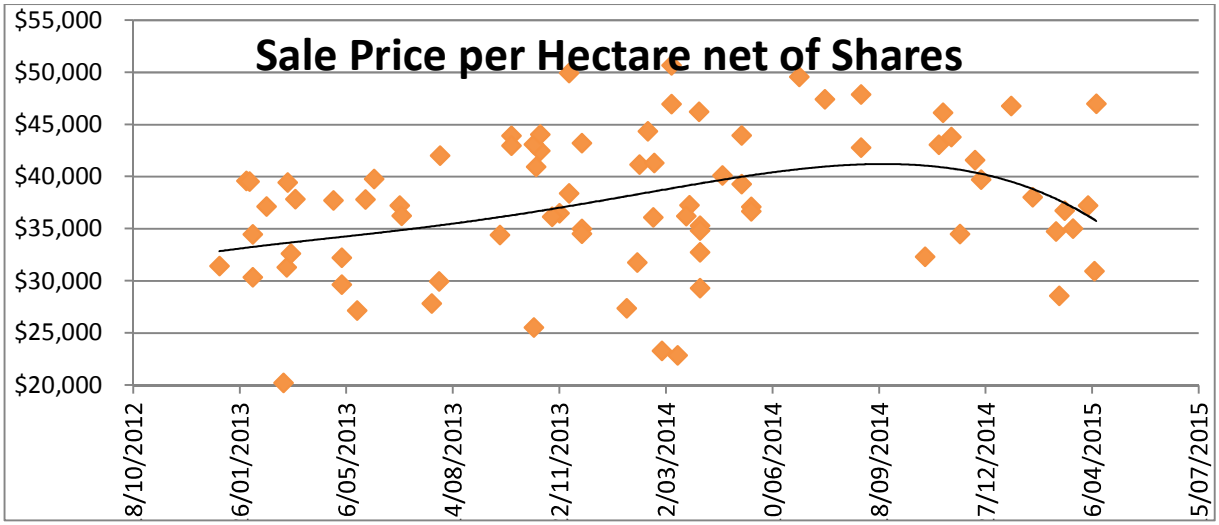
11.6.4 A feature of the dairy property market over the past twenty four months has been the significance of the equity syndicates being purchasers as a means to raise enough equity to complete transactions. There has also been a significant emergence of overseas interests requiring Overseas Investment Office approval.

11.6.5 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%

11.6.6 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.

11.6.7 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;



11.7 Current Market Observations

11.7.1 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.

11.7.2 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.

11.7.3 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.

11.7.4 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.

11.7.5 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.

11.7.6 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.

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

12.0 PROPERTY DETAILS

12.1 Legal Description

12.1.1 We refer to the attached Computer Freehold Register ("title") at Appendix B contained within the Southland Land Registration District. To summarise:

Registered Proprietor	Description	Title Identifier	Area (ha)
Murray Creek Limited	Lot 3 DP 7163, Part Lot 26, Part Lot 31 & Lot 38 DP 638	SLA2/1062	413.5230 ha
		Total Land Area	**413.5230 Ha**
Tenure	Freehold – Fee Simple		

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

- Subject to Grant of Easements over part Lot 26 appurtenant to Lots 19, 21 and 33 DP 637 and Lots 25 and 32 DP 638 created by Transfer 29500
- Mortgage to Bank of New Zealand

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

12.2 Zoning and Resource Management

12.2.1 Zoned Plains under the Rural designation of the Southland District Council District Plan. Present use permitted.

12.2.2 Under Plan Change 13 a Resource Consent from Environment Southland is required for new dairy conversions with new dairy milking land use being a discretionary activity. This is probably only a holding measure to help stop deteriorating water quality levels as the Regional Council moves to compliance of catchment load limits as required under the Central Government's National Policy Statement for Fresh Water implementation by 2030.

12.2.3 Resource Consents from Environment Southland are also required for dairy milking land use for effluent discharge, taking of ground and surface water for milking shed purposes, construction of storage ponds (if in the ground) and if applicable taking of water for irrigation. If effluent storage is above ground the respective local authority consent is also required.

12.2.4 Resource Consents are personal property and are legally not tied to the land. In some instances they can be sold or transferred separately from the land. Most Resource Consents have an expiry date and new Resource Consents need to be applied for prior to expiry. There is no guarantee Resource Consents will be renewed or if renewed could be subject to variation. The valuation undertaken in this report is made on the basis that the Resource Consents used on the property, as at the date of inspection, will be transferred with the property in their entirety. We also assume they are being complied with. If this is not the case Logan Stone Ltd reserves the right to reassess the value without these Resource Consents.

12.2.5 Under the Environment Southland region to obtain a Resource Consent for new dairy conversion, the key determinant will be based around the 'soil versatility rating' which categorizes the soil types described by Topoclimate South Data Sheets under 'Intensive Pasture'. Soil versatility ratings have four categories, with each category being weighted as follows;

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

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

Soils Versatility Score	1 to 12	13 to 24	25 to 35	36 to 50
Farm Plan Category	Category 1 Farm Plan (P1)	Category 2 Farm Plan (P2)	Category 3 Farm Plan (P3)	Category 4 Farm Plan (P4)
Requirements	Standard Farm management Plan plus any property specific standards	Standard Farm management Plan that includes Tier 1 practices where appropriate to the property plus any property specific standards	Standard Farm management Plan that includes Tier 1 and Tier 2 practices where appropriate to the property plus any property specific standards	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

12.2.7 In essence the higher the soil versatility of the property (i.e. the lower the Soil Versatility Score), the easier and probably less costly it will be to get consents for new dairy land use.

12.2.8 While Rule Change 13 applies to new dairy land use only, and does not apply to existing dairy units, it is possible, in the future, the above Soil Versatility Score may influence the renewal or variation of existing dairy unit consents. This is a potential risk that may affect the market value which users of this report may need to consider.

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

Soils	Approx % of Farm	Versatility Rating	Versatility Weighting	Score
Oreti	40%	Limited	30	12
Makarewa	8%	Moderate	10	0.8
Dipton	19%	Limited	30	5.7
Waikoikoi	19%	Limited	30	5.7
Stonycreek	12%	Limited	30	3.6
Mandeville	2%	Limited	30	0.6
Total	100%			**28.4**
Farm Plan Category				P3

12.2.10 Refer to above tables for P3 requirements.

12.3 Resource Consents

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

Owner	Murray Creek Ltd	Murray Creek Ltd
Consent No	206171	206170
Type	Water Permit. Take groundwater for a dairy operation	Discharge Permit.
Source	Castle Rock aquifer via bore/well E44/0137	Discharge of dairy shed effluent onto land, via a land disposal system
Rate	Not to exceed 180,000 litres per day, with a seasonal limit of 52,560m^3	Max 1500 cows. 4,500m3 storage. Max application depth of 8mm for travelling irrigator and 4 mm for centre pivot. Max 75 kg N / ha / year loading on effluent area (equivalent to 8ha / 100 cows)
Expires	3 November 2019	3 November 2019
Owner	Murray Creek Ltd	
Consent No	202706	
Type	Water Permit. Take groundwater for irrigation	
Source		
Rate	Not to exceed 10,454 m^3 per day, with a seasonal limit of 1,010,000 m^3. Restricted takes based on measured bore flow	
Expires	6 December 2014	

12.4 Rating Valuation

The Rateable Values assessed as at 1 September 2012:				
Property	***Land Area (ha)***	***Value of Improvements***	***Land Value***	***Capital Value***
743 Mossburn Lumsden Highway	413.5230	$1,850,000	$6,700,000	$8,550,000

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

12.5 Rates

For the 2014/2015 Year (GST inclusive):		
Property Address	***Land Area (ha)***	***Southland District Council***
743 Mossburn Lumsden Highway	413.5230	$14,371.17

13.0 LOCATION & CLIMATE

13.1 Locality

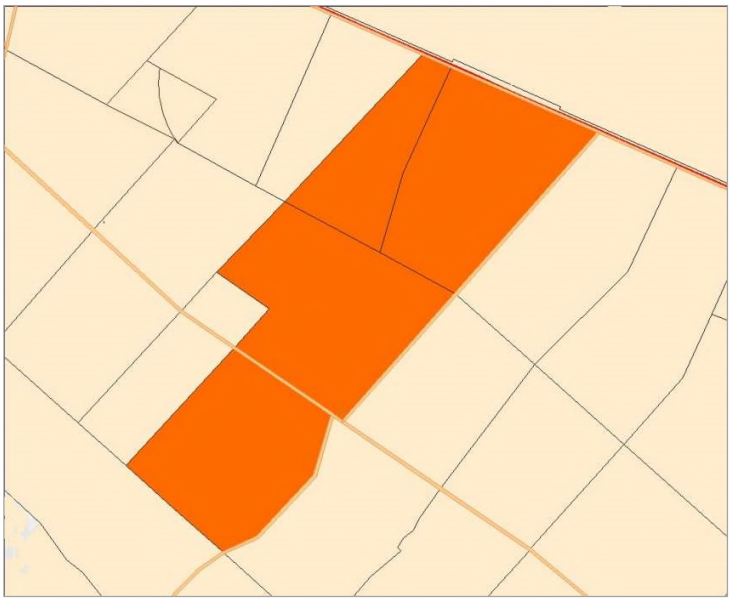
13.1.1 The property is situated in the Castlerock district of Northern Southland. Nearby properties are dairy milking platforms, dairy support, arable, and sheep and beef.

13.1.2 Overall a well serviced rural locality being but being some distance to Invercargill.

13.1.3 Dairy platforms in this location are regarded as having a fair location factor and do not enjoy the stronger sale prices as achieved in other preferred Southland dairy locations.

13.1.4 Distances to services are as follows:

Service/Amenity	Location	Approx Distance
Power and telephone are connected.		
Primary School	Lumsden	11 kms
Secondary School	Lumsden	11 kms
Main Centre	Invercargill	91 kms
Milk Factory	Awarua	100 kms
Fertiliser Works	Awarua	100 kms



13.2 Climate

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

Rainfall Average	Approximately 900 to 1000 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

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

14.0 LAND

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

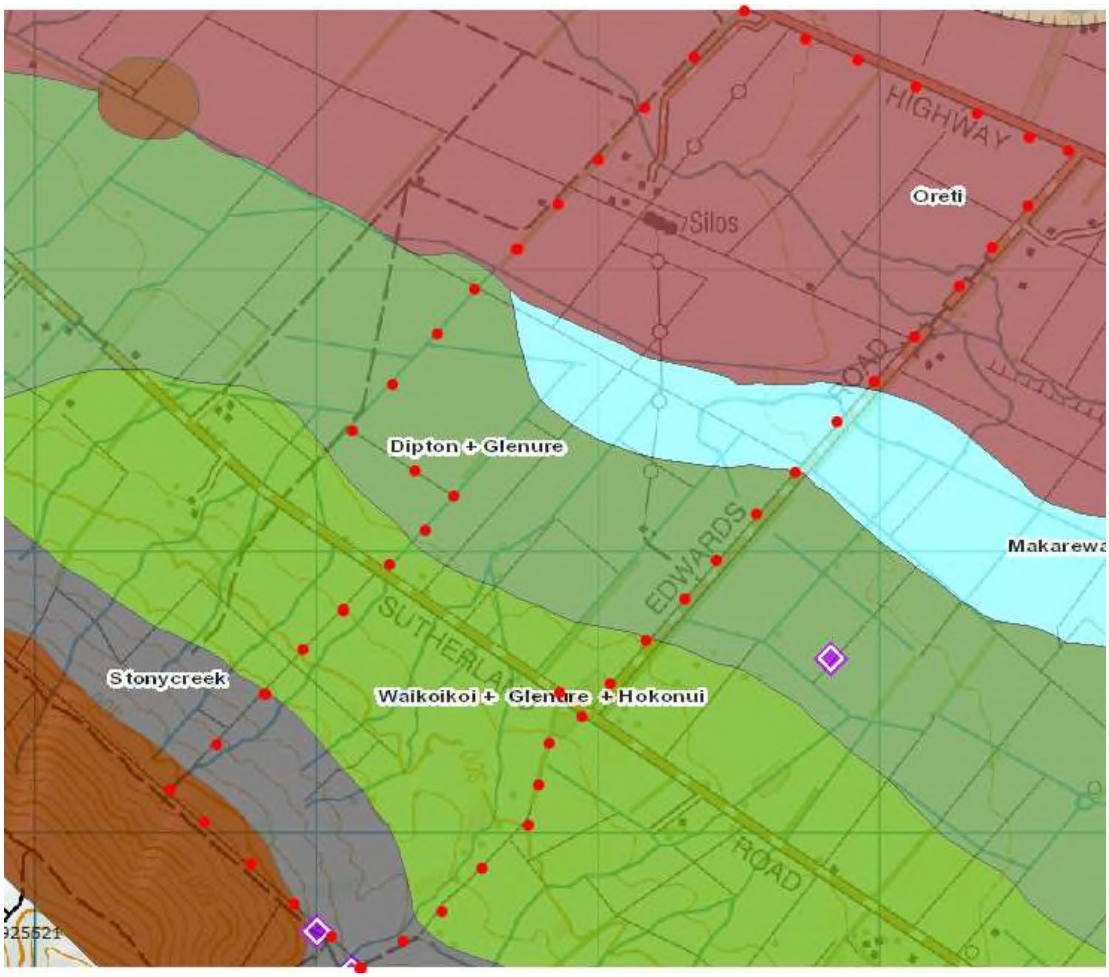
14.2 Shape & Workability

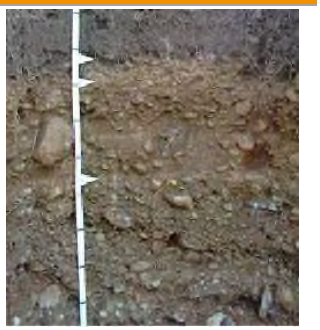
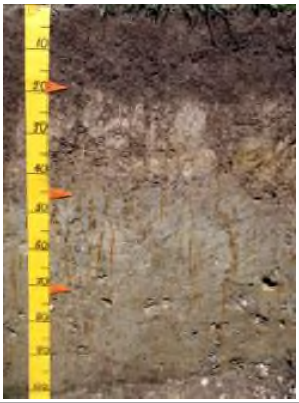
14.2.1 The property has a near rectangular shape with predominantly near flat contour which rises to rolling paddock across Sutherland Road at the southern end of the property. It is well laid out for utilisation as a dairy milking platform. The milking shed is reasonably centrally sited with the longest cow walk being approximately 2100 metres, which is predominantly flat and considered manageable. Cows cross Sutherland Road.

14.2.2 We have made no cadastral survey of the property and unless otherwise stated assume that all improvements lie within the Computer Freehold Register boundaries. No guarantee is given that the land is not subject to statutory rights not recorded on the relevant Computer Freehold Register and not apparent from normal inspection of the property. We assume no responsibility in connection with such foregoing matters.

14.3 Soils

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



Soil Type	Description	
Oreti	Shallow stony silt loams which have limited rooting depth and water holding capacity. Soils can dry out in summer.	
Makarewa	Silty clay textures which are deep to moderately deep. Poorly drained.	

Soil Type	Description	
Dipton	Clayey textured poorly drained soils with stony sub soils. Reasonable moisture retention characteristics.	
Waikoikoi	Silty textured poorly drained soils with a fragipan at 45 to 60 cm depth which restricts water drainage. They respond well to tile and mole drainage	
Stonycreek	Silt loam topsoils with clay loams to silty clay in the subsoils. Imperfectly to poorly drained, slightly deep rooting depth and moderate water retention.	
Mandeville	Typically clay loam to silty clay. Well drained with a shallow rooting depth and moderate water holding capacity which is limited by the depth to gravel and bedrock.	

14.3.2 The above associated photos of the soil profiles are provided by Topclimate South as representative profiles and are not taken on the property.

14.3.3 The above soil types form a good balance for dairy land use when the lighter Oreti soils are irrigated. The Oreti soils are found at the northern end of the

property with the heavier Makarewa, Dipton and Waikoikoi soils in the mid section and lighter Stonycreek and Mandeville on the steeper hill potion.

14.3.4 Sub surface drainage is common to improve utilization of pastures especially at the shoulders of the milking season when soils can be wetter. This is for the Makarewa, Dipton and Waikoikoi soils. While we do not know the amount of sub surface drainage it is likely to be considerable under these soils.

14.4 Contour and Aspect

14.4.1 The property contains a predominantly flat aspect with the hill being north.

14.4.2 The following is an estimate of the contour.

Contour Description	Approx Area	(ha)
Flat / undulating	294	ha
Rolling	100	ha
Hill	19.5	ha
Title Area	**413.5**	**ha**

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

14.5 Archaeological

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

14.6 Altitude

14.6.1 The altitude is 230 to 420 metres above sea level. 70% of the property is under 260m.

14.7 Erosion

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

14.8 Drainage

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

14.8.2 A number of creeks run through the property and these have been double fenced.

14.9 Weeds and Pests

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

14.9.2 No major pests were identified at inspection.

14.10 Subdivision

14.10.1 The property is subdivided into 61 main paddocks.

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

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

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

14.10.5 Waterways are fenced off.

14.11 Fertiliser / Nutrient Management

14.11.1 Soil tests provided dated July 2013 indicate pH levels of 5.6 – 6.4 with Olsen P levels of 14 to 49.

14.11.2 While the pH levels are good the Olsen P levels are fair for seasonal dairy utilisation. Some trace elements may also require adjustment in some paddocks.

14.11.3 Annual fertiliser applications are via Ravensdown recommendations and are considered average for this soil type and district.

14.11.4 It is understood less than 174 units of nitrogen fertilisers are applied annually which is considered average for the district.

14.11.5 From the Nutrient Budget Analysis provided Nitrogen leached to water is 47 kg N per hectare. While Environment Southland has not yet adopted rules around nitrogen leaching to water limits many other Regional Councils have. While there is a variety of approaches adopted under Plan Changes the maximum level known nationally as a permitted activity is 30kg N per hectare. Any user of this report should note if similar levels are adopted for Southland then the existing land use may require a resource consent to operate the current land use, effect capital expenditure and / or change to a land use management policy which complies. This has potential to impact on the market value of the property.

14.12 Environmental Issues

14.12.1 We were advised by the current owners that there is no known or recorded site contamination or environmental issues relating to the subject land.

14.12.2 The Local Authorities are not currently releasing contaminated site information to the public. As at date of inspection, we were not made aware of any potential hazards which may influence the value of the property, such as an in-ground fuel tank and open rubbish dumps.

14.12.3 Historically pastoral properties used fertiliser with traces of DDT. As a result DDT is common in soils. Also traditional sheep dips used chemicals that have left residues around dips and drainage pens. Given the past and current acceptance of milk we understand DDT levels are satisfactory and this valuation is based on this assessment.

14.12.4 Based on the current and historic information we advise the requirement for an environmental audit is unnecessary.

14.12.5 While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.

14.13 Flooding

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

15.0 UTILISATION

15.0.1 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. All except 100 cows are now wintered off the property.

15.0.2 Supplements

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

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

- 165 t PKE
- 100t Crushed Barley

15.2 Staffing

15.2.1 Currently the property is staffed with 5.5 full time labour units.

15.2.2 The number of dwellings and accommodation facilities is insufficient.

15.3 Cover

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

Cover Description	Approx Area	(ha)
Summer Turnips	12	ha
Winter feed	14	ha
Pasture - paddocks	347	ha
Pasture – rougher hill grazing	19.5	ha
Lanes, trees, buildings etc	21	ha
Title Area	**413.5**	**ha**

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

15.3.3 Pasture age profile is not known but some regrassing is done annually via summer turnip rotation etc which is estimated at 10% per year.

15.3.4 The overall the effective pasture platform area is estimated at 373 hectares.

15.4 Production

15.4.1 The property was converted to dairy in 1999 and production for the past three seasons has been:

Year	Kg ms	Area (total)	Eff ha	Per ha	Per eff ha	Cows	Cows / eff ha	Kg ms / cow
2010/2011	283,894	413.5	373	687	761	950	2.55	299
2011/2012	325,441	413.5	373	787	872	950	2.55	343
2012/2013	341,386	413.5	373	826	915	950	2.55	359
2013/2014	363,658	413.5	373	879	975	950	2.55	383
2014/2015	350,000	413.5	373	846	938	930	2.49	379

15.4.2 The current cows are breed is mainly Jersey Friesian cross.

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

Effective Platform Ha	373
Peak Cows	950
Cows / ha	2.5
Base pasture production - kg DM per ha	11,250
Utilisation	80%
kg DM : kg ms conversion	10.8
Base pasture production - kg MS	310,833
N Fert - kg N per eff ha	120
kg DM Response per kg N	10
Production from N - kg MS	33,156
Production from Pasture Grown -kg MS	343,989
Supplement Imports % Total Production	5.0%
Production Attributable to supplement imports -kg MS	17,199
Total Ave Efficient Production -kg MS	361,188
Say	**360,000**
kg MS per ha	965
kg MS per cow	379

15.5 Contracts

15.5.1 The property is currently supplying Open Country Dairy. Supply No. 13304.

16.0 BUILDING IMPROVEMENTS

16.1 Dwelling 1

Design and Construction

Year Built (Additions):	Circa 1960s
Floor Area Living:	278 m^2 including an integral garage
Levels:	Single
Foundations:	Continuous concrete perimeter and concrete pile
Framing:	Timber
External Cladding:	Brick and roughcast
Joinery:	Wooden
Roof:	Decramastic tile
Internal Linings:	Plasterboard, timber and hardboard
Accommodation:	Four bedrooms plus office. Kitchen has original stainless steel bench and wooden joinery with bench hot plate and wall oven. Living room has multi-fuel burner, separate lounge with large open fire. There is an office and central hallway. Laundry has a single stainless steel Supertub. The main bathroom has a bath and vanity. The second bathroom has a shower and vanity. There are two toilets overall. Other rooms include a walk-in pantry and a storeroom. Heating is via diesel heated radiators.
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. Noted were some rotten barge boards and a requirement for external painting with roof tiles need recoating. Large dwelling providing a fair to good level of owner/manager's accommodation.

16.2 Dwelling 2

Design and Construction

Year Built (Additions):	Circa 1950s and relocated to the property at the time of conversion
Floor Area Living:	110 m^2
Levels:	Single
Foundations:	Tanalised timber piles
Framing:	Timber framing
External Cladding:	Duroc tiles
Joinery:	Wooden
Roof:	Corrugated iron
Internal Linings:	Gib in ceiling
Accommodation:	Three bedrooms. Kitchen has a four ring range, basic laminated bench and joinery and walk-in pantry. The living area is small. The laundry has single stainless steel tub with shower and WC. The bathroom has a bath and vanity being small size. There is a covered back door entrance. Heating is via a 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 fair level of worker accommodation.

16.3 Dwelling 2 Car Shed

Design and Construction

Year Built (Additions):	Circa 2000
Floor Area:	52 m^2
Levels:	Single
Foundations:	Earth floor
Framing:	Tanalised timber frame
External Cladding:	Corrugated iron to three walls
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.

16.4 Dwelling 3

Design and Construction

Year Built (Additions):	Circa 2000s
Floor Area Living:	129 m^2
Floor Area Decking:	51 m^2 north elevation deck
Levels:	Single
Foundations:	Tanalised timber pile
Framing:	Timber
External Cladding:	Fibrecement weatherboard
Joinery:	Aluminium double glazed
Roof:	Colorsteel
Internal Linings:	Gib board
Accommodation:	Three bedrooms, master with ensuite, open plan kitchen/dining/living. Main bathroom has a shower, two toilets. Heating is via a 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 level of worker accommodation.

16.5 Dwelling 3 Garage

Design and Construction

Year Built (Additions):	Circa 2000s
Floor Area Living:	54 m^2
Levels:	Single
Foundations:	Concrete floor
Framing:	Timber
External Cladding:	Iron
Joinery:	Iron
Roof:	Iron
Condition/Adequacy	The building was found in good condition.

16.6 Dwelling 4

Design and Construction

Year Built (Additions):	Circa 2000s
Floor Area Living:	48 m^2
Floor Area Decking:	11 m^2
Levels:	Single
Foundations:	Tanalised timber pile
Framing:	Timber
External Cladding:	Fibrecement weatherboard
Joinery:	Aluminium double glazed
Roof:	Corrugated iron
Internal Linings:	Gib board
Accommodation:	Two bedrooms with small kitchen and living area. Bathroom with shower, WC and vanity. Small laundry area.
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 level of worker accommodation.

16.7 Dwelling 4 Garage

Design and Construction

Year Built (Additions):	Circa 2000s
Floor Area:	29 m^2
Levels:	Single
Foundations:	Concrete floor
Framing:	
External Cladding:	Iron
Roof:	Iron
General:	Dettached Versatile style garage.
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.

16.8 Milking Shed

Rotary shed with 50 bails built 1999, rectangular yard of 12 m x 60 m. Walls are concrete block and Colorsteel, octagonal shape with no roof in the middle, steel framing. Westfalia plant, automatic cup removers, auto teat spray and Dosatron, hose wash down. In-shed feeding via a 19 tonne silo for meal only. Three phase power, it is understood to be wired for a generator. Found in fair to good condition however for the size of property is slightly under-capacity.

16.9 Calf Shed 1

Built circa 1980s, 338 m^2, earth floor, tanalised timber frame, corrugated iron to one wall, corrugated iron roof. Found in fair to good condition.

16.10 Woolshed

Built circa 1980s, 141 m^2, concrete floor, tanalised timber frame, corrugated iron cladding, corrugated iron roof. Found in fair condition and suitable for storage.

16.11 Calf/Fertiliser Shed

Built 2000s, 451 m^2, one bay concrete with seven bays earth floor, tanalised timber frame, three walls corrugated iron and corrugated iron roof. Found in good condition. Also attached to the shed is a 6 m^2 chemical room.

16.12 Building Condition/Adequacy

16.12.1 While this is not intended to be a structural report, being inspected for valuation purposes only, the buildings were found in generally fair to good condition.

16.12.2 There are an inadequate number of dwellings and accommodation facilities for a dairy milking platform of this size. The main dwelling provides a good size, fair quality residence for an owner or manager. The additional dwellings provide fair size and fair to good quality level of accommodation for workers.

16.12.3 The milking shed is of under capacity capacity, centrally sited, good condition and of good quality specification as would be expected of a dairy unit milking 950 cows.

16.12.4 The farm buildings while being of a limited but adequate range and suitability are in generally fair to good condition.

16.12.5 No further buildings would be beneficial.

16.12.6 There is an obsolescence factor to the following buildings:

- 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).

17.0 OTHER IMPROVEMENTS

17.1 Electrical Reticulation

17.1.1 Electricity is reticulated to the dwellings and woolshed.

17.1.2 Three phase to milking shed.

17.2 Water Supply

17.2.1 Water for domestic purposes is provided from bores.

17.2.2 Water for stock purposes is provided from a bore. Reticulated under two lines to large, round dairy troughs at one per paddock. The hill portion is pumped to a tank then gravity feed. The flats are reticulated under pressure.

17.2.3 Water for the milking shed purposes is provided from a bore.

17.2.4 We have not carried out water quality or quantity tests on the property's water supply. Our valuation has therefore been assessed on the basis that the existing water supply is both reliable and of sufficient quantity and quality for the present use. Should this prove to be incorrect we reserve the right to re-assess our valuation.

17.3 Effluent Disposal

17.3.1 Milking shed effluent disposal is to a sludge bed to two weeping walls then to a clay lined storage pond. All under gravity. Effluent is dispersed to pasture via the centre pivot

17.3.2 Under current Environment Southland guidelines, it is likely that on renewal of consents, the system will comply.

17.3.3 Dwelling effluent disposal is by way of septic tanks.

17.4 Access

17.4.1 The property has good access with road frontage from Lumsden Mossburn Highway, Edwards Road and Sutherland Road dissects the property plus internal races. Access is limited by contour in parts on the hill.

17.5 Dwelling Layout

17.5.1 The main dwelling is sited back off the main road, with established surrounds of lawn, shrubs and metalled drive.

17.5.2 The second dwelling is sited back off the main road, with basic lawn surrounds.

17.5.3 The third dwelling is sited off Sutherland Road, with establishing lawn and metalled drive surrounds.

17.5.4 The fourth dwelling is situated off Sutherland road with basic lawn and metalled drive surrounds.

17.6 Stock Races and Driveways

17.6.1 There are approximately 6,000 metres of metalled stock races. The lanes are of 8 to 10 metres width, which is good and were found in generally good condition. The based materials were sourced on the property.

17.6.2 There are approximately 1200 metres of driveways and tanker tracks found in good condition.

17.7 Shelter

17.7.1 There are some shelter belts on the property.

17.7.2 Shelter provided is limited

17.8 Irrigation

17.8.1 The property has developed an irrigation system to approximately 167 hectares of the property being at the northern end of the property on the lighter Oreti soils. A Valley Centre Pivot of 650m plus an end gun is estimated to travel a 335 degree arc. We estimate this allows coverage of 137 hectares. Fringe areas of approximately 30 hectares are irrigated by K-Line pods.

17.8.2 The water consent for irrigation allows for a maximum groundwater take of 10545m3 per day with a maximum of 1,010,000m3 per year. This equates to 96.6 days of irrigating under maximum take. Restrictions apply if bore levels reach a triggered point.

17.8.3 We estimate the above maximum daily water take is adequate to apply 4.5mm per day to 232 hectares.

17.8.4 The water is sourced from two bores on the property.

17.8.5 The Pivot is set up to apply the effluent.

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 Register and Resource Consents

COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier	**SLA2/1062**
Land Registration District	**Southland**
Date Issued	18 October 1967

Prior References
SL184/101 SL184/104

Estate	Fee Simple
Area	413.5230 hectares more or less
Legal Description	Lot 3 Deposited Plan 7163 and Lot 38, Part Lot 26 and Part Lot 31 Deposited Plan 638

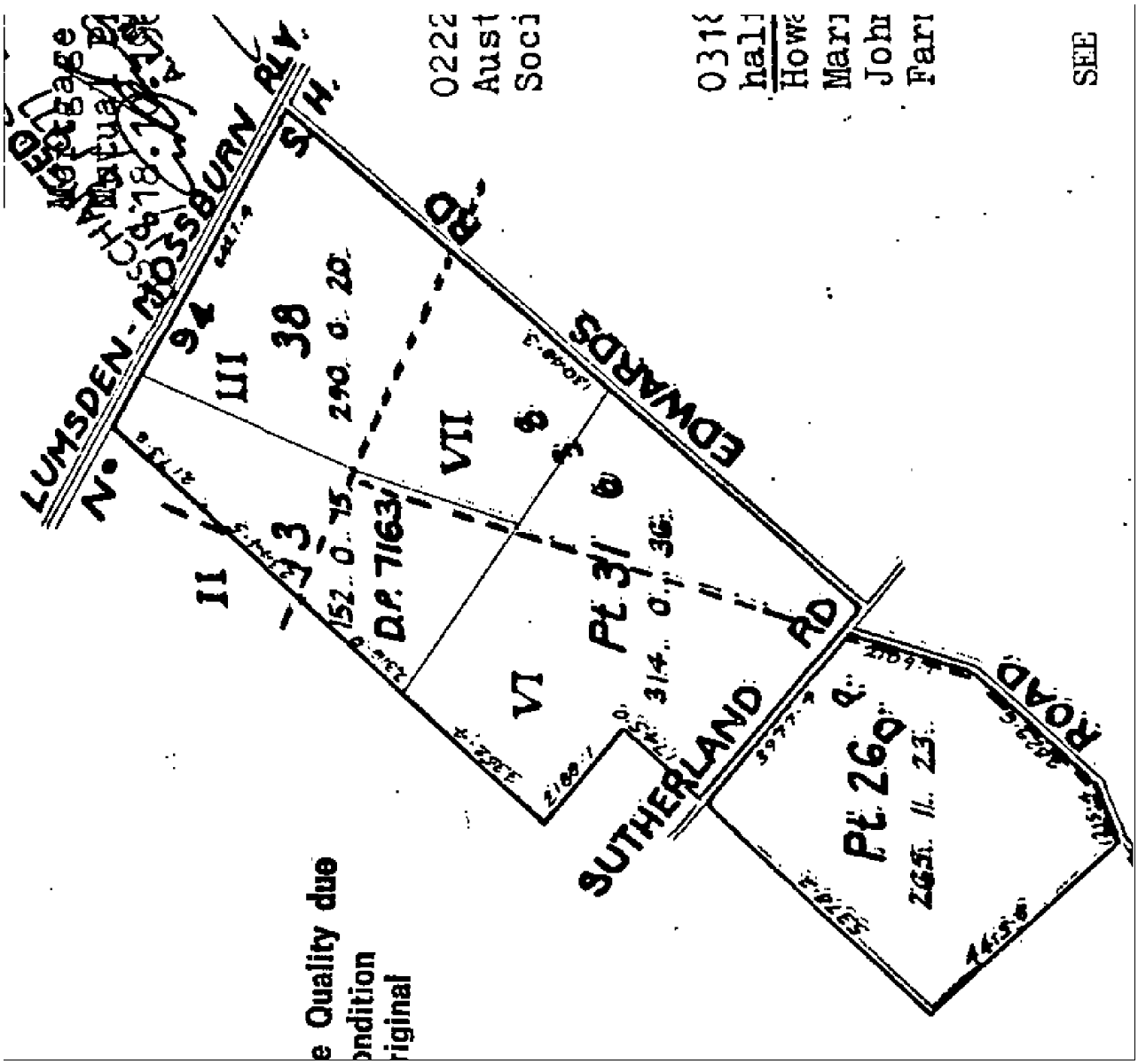
Proprietors
Murray Creek Limited

Interests

Subject to Grant of Easements over part Lot 26 appurtenant to Lots 19, 21 and 33 DP 637 and Lots 25 and 32 DP 638 created by Transfer 29500

7551913.3 Mortgage to Bank of New Zealand - 1.10.2007 at 3:44 pm

Identifier **SLA2/1062**



environment SOUTHLAND

File No: M454-002
Consent: 206171

Cnr North Road and Price Street
(Private Bag 90116)
Invercargill

Telephone (03) 211 5115
Fax No. (03) 211 5252
Southland Freephone No. 0800 76 88 45

Water Permit

Pursuant to Section 104B of the Resource Management Act 1991, a resource consent is hereby granted by the Southland Regional Council (the "Council") to **Murray Creek Ltd** (the "consent holder") of **C/- Roger Dickie, P O Box 43, Waverley 4544** from **3 November 2009**.

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	743 Lumsden-Mossburn Highway, Castlerock, Lumsden
	- map reference	E44:470-890
	- groundwater zone	Castlerock
	- catchment	Murray Creek, Oreti
Legal description of land at the site:		Part Lot 31 DP 638
Expiry date:		3 November 2019

Schedule of Conditions

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

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

2. This consent authorises the abstraction of water solely from the Castle Rock aquifer via bore/well E44/0137 at about NZMS 260 E44:470-890.

3. The rate of abstraction shall not exceed 180,000 litres per day, with a seasonal limit of 52,560m^3.

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) capable of accuracy to within 5% of the true flow rate, on each abstraction;
      (ii) in accordance with the manufacturer's instructions; and
      (iii) shall record volumes in litres or cubic metres;

   (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 30 May each year.

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 1991, payable in advance on the first day of July each year.

7. The Council may, in accordance with Section 128 and 129 of the Act, serve notice, during the period May to July 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

environment SOUTHLAND

File No: M454-002
Consent: 206170

Cnr North Road and Price Street
(Private Bag 90116)
Invercargill

Telephone (03) 211 5115
Fax No. (03) 211 5252
Southland Freephone No. 0800 76 88 45

Discharge Permit

Pursuant to Section 104B of the Resource Management Act 1991, a resource consent is hereby granted by the Southland Regional Council (the "Council") to **Murray Creek Ltd** (the "consent holder") of **C/- Roger Dickie, P O Box 43, Waverley 4544** from **3 November 2009**.

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

Details of Permit

Purpose for which permit is granted:		To discharge dairy shed effluent to land
Location	- site locality	743 Lumsden-Mossburn Highway, Castlerock, Lumsden
	- map reference	E44:475-900
	- receiving environment	Land
	- catchment	Murray Creek, Oreti
Legal description of land at the site:		Lot 3 DP 7163, Lot 38 DP 638 and Part Lot 31 DP 638
Expiry date:		3 November 2019

Schedule of Conditions

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

1. This consent is granted for a period of 10 years.
(Note: Pursuant to Sections 123 and 124 of the Resource Management Act 1991, a new consent will be required at the expiration of this consent. The application will be considered in accordance with the plans in effect at that time, and the adverse effects of the proposed activity.)

2. (a) This consent authorises the discharge of dairy shed effluent onto land, via a land disposal system, as described in the application, on land known as Lot 3 DP 7163, Lot 38 DP 638 and Part Lot 31 DP 638.
(Note:The effluent disposal area shown in Appendix 1 can be altered and/or extended, subject to the approval of the Director of Environmental Management, if the consent holder submits a new plan showing the new effluent disposal area, and providing the written approval(s) of any person whose property boundary will be closer to that area. In the event that written approval cannot be obtained, the effluent disposal area can only be amended by way of limited notification.)

(b) This consent excludes effluent from winter milking, or any feedlot or wintering pad.

3. (a) No dairy shed effluent shall be discharged to any surface watercourse by overland flow, run-off, or via a pipe, nor shall there shall be any surface run-off/overland flow, ponding or contamination of water resulting from the exercise of this consent. *(See Best Practice Notes 1 and 2)*

(b) The land disposal systems 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 should install and maintain alarm and automatic switch-off systems 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 3)*

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

(i) a maximum depth of application of 4 mm for each individual application;
(ii) a minimum return period of 28 days between applications;
(iii) a maximum combined depth of application of 25 mm per year to any land area; and
(iv) the maximum loading rate of nitrogen onto any land area shall not exceed 75 kg of nitrogen per hectare per year from dairy shed effluent. *(See Best Practice Note 4)*

(b) Subject to condition 3(a), the travelling irrigator is limited to the following:
(i) a maximum depth of application of 8 mm for each individual application;
(ii) a minimum return period of 28 days between applications;
(iii) a maximum combined depth of application of 25 mm per year to any land area; and
(iv) the maximum loading rate of nitrogen onto any land area shall not exceed 75 kg of nitrogen per hectare per year from dairy shed effluent. *(See Best Practice Note 4)*

(c) Land areas that are serviced by either or a combination of both irrigation systems shall be limited to a maximum combined depth of application of 25 mm per year.

(d) Before this consent is exercised, the consent holder shall measure the application rate of the irrigator as installed to confirm the operating conditions required to ensure compliance with condition 4(a) as follows:

(i) the consent holder shall notify the Council's Compliance Manager in advance of the measurement;

(ii) the Council may audit the measurement of the application rate to ensure accuracy. The consent holder shall pay the costs of auditing the measurement in accordance with Section 36 of the Resource Management Act 1991.

The result of the measurement shall be forwarded to the Council's Compliance Manager within 10 working days of the measurement being completed.

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 buffers, the latter shall apply.

6. The amount of dairy shed effluent disposed of onto land shall not exceed that from 1,500 cows.

7. (a) Prior to exercising this consent, the consent holder shall provide at least 4,500 m^3 of effluent storage for the purpose of:

(i) avoiding irrigation of effluent when soils are at or above field capacity; *(See Best Practice Note 7)*
(ii) providing a contingency measure when the irrigation system is inoperative; and/or
(iii) 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.)

(b) Effluent storage ponds must be designed, and the construction supervised, by a suitably qualified person. The pond shall be constructed of suitable materials, and in such a manner, that for all practical purposes they do not leak when in use and are structurally sound.
(Note: A "suitably qualified person" will generally be person with an agricultural or civil engineering qualification, experienced with soils and earthworks. If unsure, advice from the Council's Compliance Manager should be sought in advance.)

(c) The supervising suitably qualified person shall, upon completion of the construction, certify in writing to Southland Regional Council's Compliance Manager that the pond has been designed and constructed in accordance with the conditions of this consent and the "Environment Southland Code of Practice for Design and Construction of Agricultural Effluent Ponds, March 2009" or equivalent.

(d) No effluent may be stored in the pond until the certification is received by the Council's Compliance Manager.

(e) The effluent ponds shall not be constructed within:

(i) 50 metres of any surface watercourse;
(ii) 100 metres of any potable water abstraction point;
(iii) 50 metres of any property boundary;
(iv) 200 metres of any residential dwelling, other than residential dwellings on the property.

(f) All practicable measures are taken to prevent the discharge or leakage of contaminants to water, or onto or into land in circumstances where they may enter water, both during construction of the pond and once the pond is completed.

(g) 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.

8. The consent holder shall notify the Council, by 1 December 2009, of the person who is in charge of the operation of the effluent disposal system. If the person in charge of the effluent system changes during the term of this consent, the consent holder shall notify the Council of the new operator no later than five working days after that person takes responsibility. *(See Best Practice Note 5 and 6)*
(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 May to July each year, or within two calendar months of the completion of any enforcement action (prosecution or infringement notice), for the purposes of:

(a) dealing with any adverse or cumulative effects, including the adverse effects of high stocking rates, on the environment which may arise from the exercise of this consent;

(b) considering any changes to information on the effects of land disposal of dairy shed effluent;

(c) complying with the requirements of a regional plan;

(d) amending monitoring requirements; or

(e) imposing a notification requirement for potential effects on registered drinking water supplies.

10. The consent holder shall drill or access a bore or well within the effluent disposal field, at least 100 metres from the outer boundaries of the disposal field, for the purposes of monitoring groundwater. The location, depth and construction of the bore or well is to be to the satisfaction of the Council's Compliance Manager.

11. 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 1991. This charge may include the costs of inspecting the site twice each year (or otherwise as set by the Council's Annual Plan), as follows:

(a) monitoring the effects of the discharge on groundwater by taking representative samples from the monitoring bore or well 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.

(b) monitoring the effects of the discharge on surface water, as follows:

(i) monitoring of watercourses may be undertaken up to three times each year;

(ii) representative samples will be taken from the watercourse near the effluent disposal field, upstream and downstream of the discharge area, at points approved by the Council's Compliance Manager.

(iii) the samples will be analysed for:

- pH
- electrical conductivity
- ammoniacal nitrogen concentration
- nitrate nitrogen concentration
- dissolved reactive phosphorous concentration
- *E. coli* concentration

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

12. 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)
- Invercargill City Council (ph 03 211 1679)
- Alliance Group Ltd Lorneville (ph 03 215 6400)

for the **Southland Regional Council**

W J Tuckey
Director of Environmental Management

Best Practice Notes

1. Dairy shed effluent should not be discharged onto any land area that has been grazed within the previous 5-10 days. Where there has been significant damage to soil during grazing, it is recommended that effluent not be applied until that damage has been repaired.

2. To avoid contaminating water directly or indirectly, the consent holder should not apply effluent to land when the soils are at or above field capacity. Moisture content is to be determined by either actual monitoring on site or by reference to the appropriate Council monitoring site. The Council's soil moisture monitoring sites can be viewed at *http://www.es.govt.nz* and following the "Farming" link.

3. 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.

4. A loading of 75 kg N/ha/year is approximately equivalent to a loading of dairy shed effluent to land of 8 ha/100 cows. Nitrogen loading is only controlled on effluent disposal areas.

5. The consent holder should prepare and comply with a Farm Environmental Management Plan. The plan should:

   - specify and implement a nutrient budgeting system for the property;
   - provide for the management of effluent disposal to avoid applications when soils are at or above field capacity;
   - identify, as far as is practicable, the drains in the effluent disposal area, so that appropriate management procedures can be taken to avoid contamination of the drains by effluent;
   - if relevant, provide for the operation and management of any feedlot and/or wintering pad;
   - include the provision for monitoring application rates to ensure the consent requirements are being met;
   - include the monitoring requirements specified in this consent; and
   - address ancillary matters such as protecting well-head(s) from contamination; preventing leachate from any silage pits entering water, including groundwater; preventing soil damage; controlling runoff from lanes; and preventing stock access to and maintaining the riparian margins of any watercourses on the property.

   A template may be viewed at:

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

6. 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.

7. 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.

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

File No: M454-002
Consent: 206170

environment SOUTHLAND

Held by: Murray Creek Ltd

- the total milking herd cannot exceed 1,500 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.
- it must be at least 10 days since the paddock was last grazed.
- the maximum application depth is 8 mm for travelling irrigator and 4 mm for the centre pivot irrigator.
- the contingency plan consists of:

  - 60 days effluent storage available

(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 application **is** leaving a heavy residue or smothering the grass	**Speed up the irrigator**
• the irrigator is stalling and over-applying	**Minimise the amount of hose being pulled by looping the hose ahead of the irrigator**
• 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.

environment SOUTHLAND

Application No: M454-001
Consent No: 202706

Cnr North Road and Price Street
(Private Bag 90116)
Invercargill

Telephone (03) 211 5115
Fax No. (03) 211 5252
Southland Freephone No. 0800 76 88 45

Water Permit

Pursuant to Section 105(1) of the Resource Management Act 1991, a resource consent is hereby granted by the Southland Regional Council (the "Council") to **Murray Creek Ltd** (the "consent holder") of **C/- Roger Dickie, P O Box 43, Waverley** from 6 December 2004.

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.

History of Transfers

From **A & W van Leeuwen** on **23 January 2008** (Issued 6 December 2004).

Details of Permit

Purpose for which permit is granted:		To take groundwater for pasture irrigation
Location	- site locality	Mossburn-Lumsden Highway
	- map reference	E44:471-889, E44:478-906, and E44:472-898
	- catchment	Oreti
Legal description of land at the site:		Pt Lot 26 DP 638, Lot 3 DP 7163, Lot 38 DP 638 Pt Lot 31 DP 638
Expiry date:		6 December 2014

Consent Amended

Conditions amended following Council review on 15 October 2009, as follows:

Schedule of Conditions (Overleaf)

1. This consent expires on 6 December 2014.
(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 three bores at map references:

   PW1 at NZMS 260 E44:471-889
   PW4 at NZMS 260 E44:478-906, and
   PW5 at NZMS 260 E44:472-898.

3. The total abstraction rate shall not exceed 10,454 cubic metres of water per day, and the total abstraction shall not exceed 1,010,000 cubic metres per year. For the purpose of this consent, a year shall be from 1 July to 30 June.

4. The consent holder shall advise the Council's Environmental Compliance Manager at least 24 hours before commencing irrigation at the start of each irrigation season. *(Note: The annual irrigation season will typically begin between October to December.)*

5. (i) The consent holder shall record:

   (a) the volume of water taken each day;
   (b) the annual cumulative volume of abstraction;
   (c) the area irrigated each day;
   (d) the depth of the water level in the production bore once a week, while water is being extracted from the bore, and at least 8 hours after pumping has commenced; and
   (e) any noticeable adverse effects on the environment occurring as a result of the exercise of this consent.

   (ii) A copy of this record up to 1 January 2010 is to be provided to the Council's Compliance Manager by 1 February 2010. Thereafter this monitoring shall be reported in accordance with condition 6.

   (Note: The monitoring required by this condition is only necessary while this consent is being exercised. Please notify the Council's Environmental Compliance Manager if you have difficulties complying with this condition.)

6. From 1 January 2010, the consent holder shall report:

   (a) (i) the period and rate of abstraction each day, as required by condition 5, to Environment Southland via a system that can automatically send the data into Environment Southland's computer database in CSV format, Hilltop or Tideda format, or XML formatted as required by Hilltop software. The data is to be provided at least once per day;

   (ii) the other information required by condition 5 to Environment Southland's Compliance Manager by 30 June each year.

(b) If the flow meter has to be replaced during the term of this resource consent, the new flow meter(s) shall comply with the following:

(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) capable of providing output in a form suitable for electronic data storage;
(iv) that records volumes in litres or cubic metres.
(v) installed in accordance with the manufacturer's instructions;
(vi) that is sealed and as tamper proof as practicable
(vii) in a location that measures all water taken

7. The consent holder shall monitor the depth to groundwater in a piezometer screened in the same aquifer as the PW4 production bore 3 hours after water is pumped from the bore. This monitoring is to be done once each calendar year. A copy of the results shall be supplied to the Council's Environmental Compliance Manager within 20 working days of measurements being taken.

8. Abstraction:

(a) shall not exceed 5227 cubic metres of water per day when potetiometric head in Environment Southland monitoring bore E44/0196 is at or below 246.0 metres above mean sea level;
(b) shall not occur when potentiometric head in bore E44/0196 is at or below 245.0 metres above mean sea level.

9. The exercise of this consent may be inspected by the Council. The costs of this inspection, if it occurs, and the costs of administration of this resource consent are payable by the consent holder, in accordance with Section 36 of the Resource Management Act.

10. The Southland Regional Council may serve notice of its intention to review the conditions of this consent, in accordance with the conditions of this resource consent and Sections 128 and 129 of the Resource Management Act 1991, during the period February to September each year, for the purposes of:

(a) addressing the results of the monitoring undertaken under the conditions of this consent. In particular:

(i) a decline of more than 1.5 metres in the seasonal recovery of potentiometric head in the Environment Southland monitoring bore E44/0196 at the commencement of consecutive irrigation seasons;
(ii) a decline of greater than 2 metres in the seasonal maximum unpumped potentiometric head recorded in Bore E44/0196 between three consecutive irrigation seasons;

(b) addressing the monitoring of the rate of, or the effects of, the abstraction;
(c) addressing efficiency of water use;
(d) applying restrictions at times of low aquifer levels;
(e) addressing cumulative effects of water extraction on the aquifer;
(f) addressing any adverse effects that could not be foreseen at the time this consent was granted; and
(g) complying with the requirements of a regional plan.

for the **Southland Regional Council**

W J Tuckey
Director of Environmental Management