

Market Valuation

**41B Matahui Road
Aongatete
Western Bay of Plenty District**

Client: Julian Dreschler and Claudia Iris Dreschler

Valuation Date: 26 February 2019

TelferYoung (Tauranga) Limited



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Appendix A: Record of Title

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1.0 Executive Summary

Asset Valued:	41B Matahui Road, Aongatete						
Instructing Party:	Carl Bullivant						
Client:	Julian Dreschler and Claudia Iris Dreschler						
Report Prepared For:	Julian Dreschler and Claudia Iris Dreschler 10 Beach Road Titahi Bay Porirua 5022						
Purpose of Valuation:	Market Value						
Date of Inspection:	26 February 2019						
Date of Valuation:	26 February 2019						
Contract for Sale:	We have been informed there is a current sale and purchase agreement in place for \$900,000 plus GST, if any. In our opinion this appears to be a good buy and slightly below what we perceive to be market value, although we note the paper road accessway, unpermitted buildings on site and the extensive orchard maintenance required would likely have reduced potential buyer pool.						
Last Sale:	The property sold on 21 February 2019 for a sum of \$900,000 plus GST, if any						
Interest Valued:	3.0756 ha held in the following computer freehold register:SA1036/166						
Brief Description:	A rural property with basic living accommodation, several farm buildings and avocado plantings, located within the Aongatete area of the Western Bay of Plenty.						
Valuation:	Nine Hundred and Eighty Thousand Dollars (\$980,000) plus GST (if any) and exclusive of plant and machinery.						
Mortgage Recommendation:	No specific recommendation has been made.						
Analysis:	<table border="0"> <tr> <td>Value/Total ha</td> <td>\$319,000</td> </tr> <tr> <td>Value/Total Land ha</td> <td>\$227,000</td> </tr> <tr> <td>Value/ per canopy ha of Avocado</td> <td>\$274,000</td> </tr> </table>	Value/Total ha	\$319,000	Value/Total Land ha	\$227,000	Value/ per canopy ha of Avocado	\$274,000
Value/Total ha	\$319,000						
Value/Total Land ha	\$227,000						
Value/ per canopy ha of Avocado	\$274,000						
Significant Assumptions and Special Assumptions:	+ Nil						
Property Risk Profile:	Medium risk which is typical for orchard type properties within the region.						
Report Issue Date:	1 March 2019						
Prepared By:	Mark Passey - BBS (VPM) ANZIV MPINZ Registered Valuer Director						

TelferYoung policy requires that reports cannot be reassigned for any purpose beyond 90 days from the date of valuation. This policy has been set to meet professional indemnity insurance requirements. It is a condition of this report that any valuation needing to be reassigned beyond 90 days may require re-inspection by the valuer with an update fee charged.



2.0 Scope of Work

2.1 The Valuer

The valuation has been undertaken by Mark Passey who provides this objective and unbiased valuation. The valuer has no material connection with the instructing party or interest in the property and has the appropriate qualifications and experience to undertake the valuation.

2.2 Our Client

Julian Dreschler and Claudia Iris Dreschler.

Other than the client or addressee, the report may not be relied upon by any third party. We accept no liability to third parties. Written consent is required for any third party wishing to rely on this report. We reserve the right to withhold that consent, or to review the contents of the report if consent for third party use is sought.

2.3 Other Intended Users

Nil.

2.4 Purpose of the Valuation

Market Value.

2.5 Asset Valued

41B Matahui Road, Aongatete, Western Bay of Plenty District.

2.6 Valuation Currency

All dollars quoted in this report are NZD.

2.7 Basis of Valuation

Market Value, which is defined in International Valuation Standards 2017 as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.

2.8 Important Dates

Inspection Date: 26 February 2019

Valuation Date: 26 February 2019

2.9 Extent of Investigations

We have carried out an inspection of exposed and readily accessible areas of the improvements. However, the valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. Readers of this report should make their own enquiries.



This report has been prepared for valuation purposes only and is not a geotechnical or environmental survey. If any defect is found, including structural defects, this information could impact on the value of the property.

No allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued thereon.

We have not been provided with an environmental audit of the property and we are not aware of any potential environmental concerns. Our valuation and report assume that the land and buildings are unaffected by harmful contaminants or noxious materials which may impact on value. We refer you to our Statement of Limiting Conditions and Valuation Policy on matters relating to potential contamination.

We have not conducted a land survey of the subject property and assume all improvements lie within the title boundaries.

We have not sighted a current Land Information Memorandum for the subject property during the course of this valuation. Our report is subject to there being no outstanding requisitions or adverse information affecting the property.

2.10 Nature and Source of Information Relied Upon

Information used to prepare the valuation has been obtained from our property inspection and public records.

No other information or documentation of particular significance to the valuation has been relied upon without specific verification by the valuer.

- Orchard Production Data
- Seeka, Pole to Pool Fresh Limited and DMS

2.11 Assumptions and Special Assumptions

Standard valuation assumptions made in completing the report are stated in 'Extent of Investigations' and 'Statement of Limiting Conditions and Valuation Policy'.

Significant Assumptions and Special Assumptions made within the valuation are as follows:

- + Nil

2.12 Reporting Format

We have prepared a formal valuation report meeting appropriate professional standards.

This report must be read in conjunction with TelferYoung (Tauranga) Limited's Statement of Limiting Conditions and Valuation Policy.



2.13 Valuation Standards

Our valuation has been prepared in accordance with International Valuation Standards 2017 and Australia and New Zealand Valuation Guidance Notes and Technical Information Papers including:

- + IVS - Framework
- + IVS 101 - Scope of Work
- + IVS 102 - Investigations and Compliance
- + IVS 103 - Reporting
- + IVS 104 - Bases of Value
- + IVS 105 - Valuation Approaches and Methods
- + IVS 400 - Real Property Interests
- + ANZVGN 1 - Valuation Procedures - Real Property
- + ANZRPGN 1 - Disclaimer Clauses and Qualification Statements
- + ANZRPGN 4 - Methods of Measurement
- + ANZVTIP 9 - Valuation of Agricultural Properties



3.0 Legal Description

Identifier:	SA1036/166
Land Registration District:	South Auckland
Legal Description:	Lot 1 Deposited Plan South Auckland 969
Estate:	Fee Simple
Area:	3.0756 ha (more or less)
Registered Owner/s:	Catherine Ann Jamieson as to a 1/2 share and Robert McHarrie Emerson as to a 1/2 share.
Interests:	<ul style="list-style-type: none">+ Subject to a drainage right over part created by Transfer S33403 - 11.6.1952+ Subject to a right to convey electricity over part marked A on DPS 76892 created by Transfer B418999 - 4.6.1997+ 6247957.2 Mortgage to Bank of New Zealand - 10.12.2004
Comments:	In completing our valuation we have disregarded the existing mortgage interest, with the property valued as if unencumbered by mortgage or other charge.
Appendix:	Copy of the Record of Title is included as Appendix A



4.0 Resource Management

4.1 Territorial Authority

Territorial Authority:	Western Bay of Plenty District
Plan Status:	Operative
Zone:	Rural
Zone Description:	The objective of this zoning includes the use of the land for rural production activities and generally the zoning provides for rural uses.
Development Controls:	<p>The following are listed as permitted activities (subject to certain conditions) under this zoning:</p> <ul style="list-style-type: none">- Farming- Production Forestry- Conservation forestry- One dwelling per lot and buildings accessory to the foregoing less than 200 square metres in gross floor area- Home enterprises and stalls- Accommodation or education facilities for a combined maximum of four persons (excluding staff)- Works and network utilities- Minerals prospecting- Existing urupa- Frost protection- Community facilities- Minor Dwellings to be located within 20m of the principal dwelling sharing the same vehicle entrance, gross floor area not more than 60m² plus an attached or detached garage or carport not exceeding 18m² <p>Subdivision: General Farming Lots require a minimum lot size of 40ha, therefore a total land area of 80ha is required to be able to subdivide.</p> <p>Rural Production Lots can be created with a minimum lot size of 6ha of versatile soil suitable for horticultural use. This criteria is listed in the District Plan and must be determined by a suitably qualified professional in the area of soil science or agricultural economics. The remaining balance land area can be minimal, inline with zoning set back rules allow. Protection Lots may be created protecting features of significant ecological, landscape or heritage values as identified on the District Plan with minimum size depending on assessed land cover identified within an ecological assessment, with up to five additional lots from a qualifying feature on the same site at a maximum of 1ha.</p>
Comments:	The current use is a permitted activity.



4.2 Regional Authority

Regional Authority: Bay of Plenty Regional Council

Plan Status: Operative

4.2.1 Rules/Regulations

Resource Consents: According to the Bay of Plenty Regional Council Bay explorer software, there are no resource consents associated with the property.

HAIL: According to the Bay of Plenty Regional Council Bay explorer software the property is identified as being on the Hazardous Industries and Activities List, for persistent use of pesticides, which is typical for orchard properties within the region.

4.3 Land Information Memorandum

We have not obtained a Land Information Memorandum (LIM) report for this property.

5.0 Environmental Issues

5.1 Contamination

We have not been provided with an environmental audit of the property and we are not aware of any potential environmental concerns with this property. Unless otherwise stated, our valuation and report is conditional upon the land and buildings being unaffected by harmful contaminants or noxious materials which may impact on value. Verification that the property is free from contamination and has not been affected by noxious materials should be obtained from a suitably qualified environmental expert.



6.0 Rating Valuation and Statutory Charges

6.1 Assessment Number

6808/33204

6.2 Rating Valuation

As as 1 July 2016

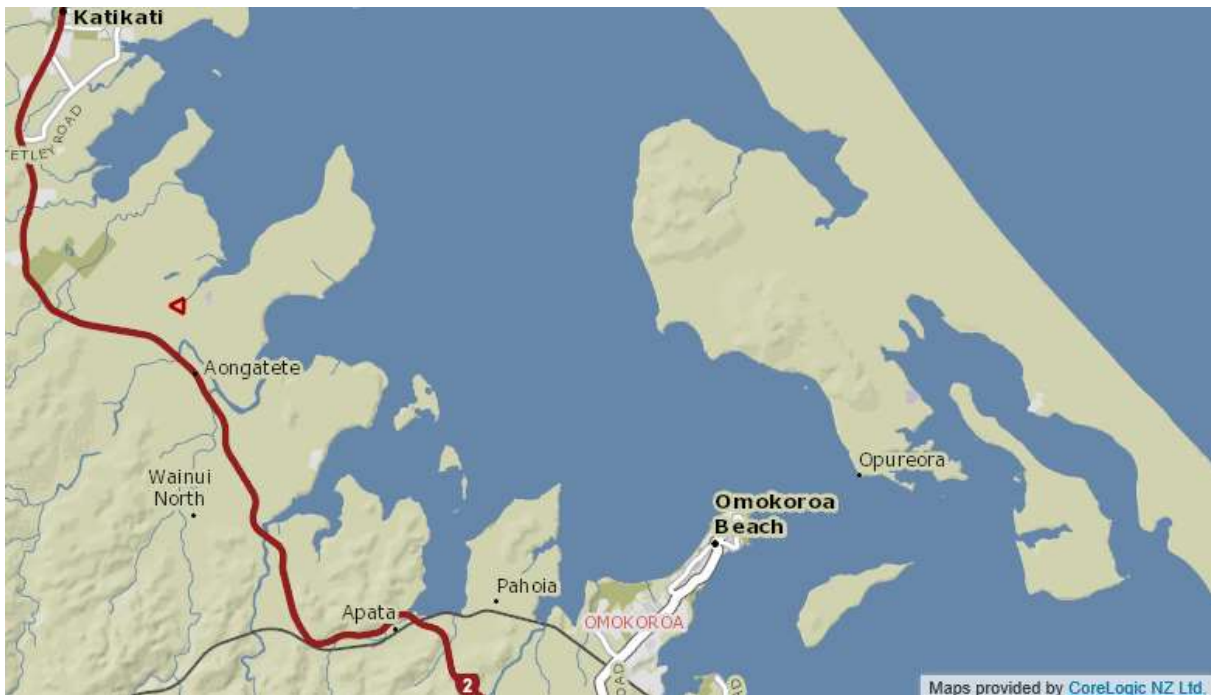
Address	Area	Land Value	Improvements	Capital Value
41B Matahui Road	3.0756 ha	\$400,000	\$205,000	\$605,000

6.3 Statutory Charges

As at the date of valuation, the rates per annum (inclusive of GST) are as follows:

Address	Rates Payable
41B Matahui Road	\$2,683.04
Total Rates Payable	\$2,683.04

7.0 Location



7.1 Physical Location

The property is situated within the Aongatete district of the Western Bay of Plenty and is located off the western side of the unformed section of Elmwood Road (although the property has a Matahui Road address), some 8 kilometres south-east of the Katikati commercial centre. This is a rural locality with surrounding properties comprising a mix of lifestyle blocks or kiwifruit and avocado orchards.

Most social, commercial, recreational, social and professional services and amenities are provided within Katikati as well as primary, intermediate and secondary schools. All other services and amenities not available in Katikati are provided within Tauranga city approximately 30 kilometres to the south-east.

7.2 Market Sector

This is a desirable location due to its close proximity to Katikati and Tauranga City.

8.0 Land



Source: mapi.westernbay.govt.nz

8.1 Area

3.0756 hectare according to the searched record of title

8.2 Land and Contour

We assess the land classifications as follows:

Land Description	Area (ha)
House site/Access	0.30
Gentle	2.50
Waterways	0.27
Total	3.07

8.3 Altitude

According the Bay of Plenty Regional Council mapping software, the property is located at an altitude of approximately 1 to 10 metres above sea level, while the orchard development is generally located between 3 to 10 metres above sea level.

8.4 Soils

We have not conducted an audit of the soils, but have relied on the Bay of Plenty Regional Council Bay explorer software which indicates the soil Katikati sandy loam which has the parent material Thin rhyolitic Tephra (Taupo Pumice on Tuhua Tephra) on Loess and weathered Rotorua ash which is mostly volcanic



in origin, friable, free draining, and well suited to horticulture uses provided a suitable maintenance level of fertiliser is applied annually.

8.5 Climate

The Bay of Plenty has a temperate, maritime climate with warm, humid summers and mild winters. Average daily maximum temperatures in the region range from 9.7°C in winter to 19.2°C in summer. Rainfall occurs more frequently in winter than in summer with Western Bay of Plenty region receiving on average around 1500 mm of rainfall annually.

8.6 Utilisation

With the assistance of aerial photography and mapping software we estimate there to be approximately 0.3 hectare associated with the house site and access, 0.27 hectare is in pond or water ways, 1.75 hectares is utilised for avocado plantings and balance is lower lying gentle land in pasture cover.

8.7 Noxious Weeds and Pests

Gorse and blackberry weeds were evident on the banks of the water ways and we recommend these are removed in the short term.

8.8 Erosion/Flooding

There was no evidence and we are not aware of any flooding or erosion affecting the property.

9.0 Improvements

9.1 Overview

A single level 3-4 bedroom dwelling which has been converted from a shed and we are advised is not consented for living accommodations. Free standing sheds and avocado orchard.

See **Appendix B** for additional photographs.

9.2 Dwellings

Dwelling (converted shed)

Area:	133m ²
Foundations:	Concrete
Flooring:	Concrete
Walls:	Plywood
Roof:	Iron



Comments: A shed which has been converted to living accommodation circa 1990's but we are advised it is not permitted as living accommodation. Internally the structure provides 3-4 bedrooms, 2 bathrooms, kitchen and open plan living room which leads to a conservatory. The interior fixtures and fittings are basic throughout. The structure is in average condition.

Shed

Area:	22 m ²
Foundations:	Earth
Flooring:	Earth
Walls:	Iron
Roof:	Iron



Comments: A single garage with single tilta vehicle access door. The structure is in average condition.

Implement Shed

Area:	73 m ²
Foundations:	Earth
Flooring:	Earth
Walls:	Plastic and iron
Roof:	Iron



Comments: A free standing shed in average condition.

9.3 Services

Power, telephone, district water and rural mail delivery are available within the locality. Sanitary drainage is by septic tank. Matahui Road is a sealed district road, while the access is from an unformed gravel section of Elmwood Road.

A small bore is located on site which is used for orchard irrigation. There does not appear to be a resource consent in place for this but we have been advised that the usage falls below the 15,000 litres per day limit and therefore a consent is not required. Should this not be the case then a consent will need to be sort from the Bay of Plenty Regional Council.

9.4 Orchard Improvements



Located on site is approximately 1.30 canopy hectares of avocado plantings within a sheltered area of approximately 1.75 hectares. The trees have spacings of 7 - 8 metres and we are advised the trees are mature but they appear to be struggling in most parts, particularly in the lowest lying areas. We are



advised by Durrelle Green that the trees require an extensive fertiliser programme, a continuation of the regime for phytophthora and have been affected by frost in previous seasons before the mobile frost fan was brought onto site. Irrigation is in place.

Overall the trees appear to be in fair condition and require extensive maintenance and care in the short term. Our valuation of the trees has been discounted to reflect the monetary investment and time that will be required. In addition a secondary discount has been applied to reflect that the plantings are located on low lying land and that tree quality may not improve even with substantial investment.

Production for the avocado as provided by Seeka is as follows:

Production PPIN 7467	Export trays	Local Trays	Total Trays	Average \$/tray (gross)	Production tonne	Production tonne/ha
2017/2018	2,280	1,268	3,548	\$43.61	19.5	15
2016/2017	1,167	424	1,591	\$28.78	8.7	6.7
2013/2014		296	296	N.K	1.6	1.2
2011/2012			692	\$15.48	3.8	2.9
2010/2011			2,205	N.K	12.1	9.3

The orchard has a mixed production history with some years achieving well above industry average levels, but in others well below industry average levels.

9.5 Other Improvements

These include a gravel driveway and parking area, basic landscaping, garden sheds, water tank, pedestrian bridge and domestic orchard within avocado plantings. A para style pool is located on site with timber decking surround and fencing, although we highly recommend the area is checked by a suitably qualified person to determine if the pool and access meet legal requirements.

Our valuation has been prepared on the basis of the improvements being located within the site boundaries and constructed strictly in accordance with the recommended practices, and free from any defect; unless otherwise stated within this report.

10.0 Market Commentary

10.1 Economic Overview

New Zealand's economy has continued to grow and expanded faster than market expectations in the June 2018 quarter, increasing by 1.0% (2.7% annual average growth). This robust result was driven by widespread growth with only the mining sector reporting a decline, due in part to Marsden Point refinery shutting down for maintenance. Sectors experiencing strong growth included agriculture (up 4.1%, with milk production up and forestry rebounding from a sharp drop last quarter), electricity generation (up 3.7%), retail trade (up 1.5%), transport (up 1.8%) and recreational and other services (up 3.5%).

The economy is expected to continue to grow with Government investment in infrastructure and residential construction activity associated with KiwiBuild, policy changes associated with their Families Package and accommodation support payments which will support household consumption, as will increased spending on health and education sectors. Strength in the export sector will also help to bolster New Zealand's economic performance, although there has been a softening in the prices for some commodities recently (most notably dairy prices), overall the terms of trade remain elevated. Accommodative monetary policy along with the expectation the Reserve Bank (RBNZ) will not increase their benchmark interest rate next year also supports expected economic growth. Factors offsetting the key drivers of future economic growth include the slowdown in the rate of Canterbury rebuild post 2010/2011 earthquakes, moderation in the rate of house price inflation, and the gradual easing in the level of net overseas migration gains.

A number of drivers may influence the residential market in the short term, including: current low interest rates supporting current levels of sales; RBNZ has continued to relax loan-to-value ratios (LVRs) on residential mortgage lending, easing them again in November 2018; inflows remaining strong supporting strong population growth (despite the rate of overseas net migration falling from its peak); growth in housing supply in high-growth regions struggling to keep pace with demand, resulting in supply side deficits in some markets.

Offsetting these positive factors supporting further growth in the residential market is the Government's ban on foreign buyers purchasing existing residential properties, which came into effect on October 22nd. The impact of the ban is likely to be unevenly distributed around the regions. Housing affordability continues to be poor in most locations making it harder for both renters and first home buyers to access suitable affordable housing, limiting demand growth at current prices.

10.2 Regional Property Market

Bay of Plenty's regional economy has experienced steady growth over the last year. The region's population is estimated to have increased by 1.9% in the June 2018 year. Tauranga/Western Bay of Plenty's population increased at a faster rate than the regional average increasing by 2.5% in 2018. The population growth is in part a result of net overseas migration to the region of +1,823 people in the 12 months ended September 2018. Labour market conditions have also continued to improve with the number of people employed increasing by 0.8% in the 12 months ended September 2018 and the unemployment rate fell from 4.7% in September 2017 to 3.5% in September 2018 (annual average percentage change). According to Westpac's economic confidence index, Bay of Plenty's economic confidence softened over the last quarter.

Ongoing population growth combined with improving local economic conditions have had an impact on the local housing market. The volume of houses being built in the Bay of Plenty has recovered from the lows experienced in 2012 and 2013. The number of residential building consents has increased in



Tauranga City and totalled 1,396 in the 12 months ended September 208 and 442 in Western Bay of Plenty District.

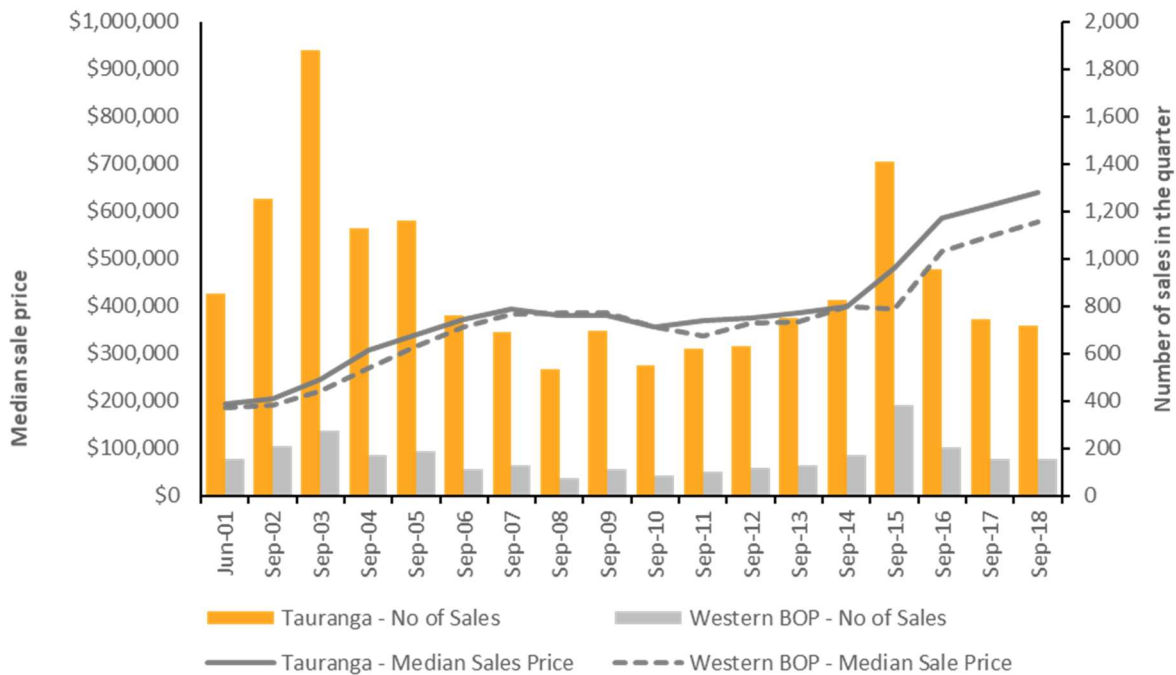


Figure 1 presents the trend in the number of sales and median residential property prices. The median sale prices were \$640,000 in Tauranga and \$580,000 in Western Bay of Plenty in the September 2018 quarter. Median sale prices were 4% higher in Tauranga and increased by 7% in Western Bay of Plenty.

10.3 Avocado Market

The New Zealand avocado industry has just posted the draft result for the 2017-18 season of \$152 million in sales, with \$105 million from export markets and \$47 million from the New Zealand market. This outstanding result has been achieved from 4.1m trays, just 51% of the production volume of the previous year, which achieved \$200 million across all markets.

Avocado exporters and New Zealand avocado suppliers acknowledge it has been a phenomenal season for avocado demand, with record returns to growers. New Zealand Avocado Growers Association Chair Tony Ponder says “The Government’s five year Primary Growth Partnership investment and the commitment of research funding through Plant and Food Research and MBIE has strongly supported growth in returns to avocado growers.”

Orchard gate returns were as high as \$40 per tray, a huge improvement from the \$10-\$12 per tray prior to this investment in 2012.

NZ Avocado CEO Jen Scoular comments “Demand continues to grow in all markets, and the focus is now on increasing productivity of existing orchards and supporting new orchard development.”

The increased confidence within the market has led to a strong increase in demand for quality of avocado orchards within the region and over the past 12 months the sales have been generally at higher levels than previous years. Values have ben steadily increasing but with a drop in the forecast returns at around \$20-\$29 per tray this coming season, the values are likely stabilise or even reduce slightly.

11.0 Valuation Methodology

11.1 Highest and Best Use

The Market Value of an asset will reflect its 'highest and best use'. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

In this instance, in our opinion, the current use of the asset is the highest and best use.

To establish the Market Value for the property we have utilised the Market Approach

11.2 Sales Data

Recent relevant sales we have considered include (but are not limited to) the following:

+ 392A Lund Road, Aongatete

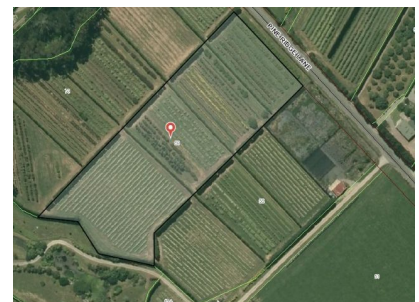
Sale Date: 1 October 2018
 Sale Price: \$470,000
 Land Area: 1.5935 ha (more or less)



Comment: A vacant lifestyle property with several potential house sites offering panoramic rural and ocean views. Residual land is split between moderate contour in pasture and steeper contour in bush cover. Analysed site value \$430,000. Moderate land \$75,000/ha. Bush \$5,000/ha.

+ 59 Pine Ridge Lane, Aongatete

Sale Date: 25 September 2018
 Sale Price: \$725,000
 Land Area: 1.7500 ha (more or less)



Comment: A vacant rural lifestyle property with a rural outlook. The land has a gentle contour with an altitude of approximately 60-65 metres above sea level which indicates the land would be suitable for horticultural purposes. The property is currently utilised as a market garden. No significant buildings are located on site. Site allowance \$420,000. Gentle land \$183,000/ha.

+ 41 Walker Road West, Aongatete

Sale Date: 12 December 2018
 Sale Price: \$545,000
 Land Area: 0.1975 ha (more or less)



Comment: The lifestyle property contains a dwelling built circa 1940s, with two bedrooms, office, one bathroom, a detached high stud triple garage, a single carport and a two room office building, situated within the Aongatete locality of Western Bay of Plenty. Site allowance \$350,000. Dwelling \$1,400/m²

+ 2 Strathmore Drive, Aongatete

Sale Date: 30 July 2018
 Sale Price: \$810,000
 Land Area: 0.4740 ha (more or less)



Comment: A well built 1980s split block dwelling, four bedrooms, house with excellent sunny aspect, good quality double attached carport, implement shed at rear, rural outlook, level corner site with Walker Road East. Analysed site value \$440,000. Dwelling net rate \$1,700/m².

+ 630 Wright Road, Aongatete

Sale Date: 11 September 2018
 Sale Price: \$825,000
 Land Area: 3.3310 ha (more or less)



Comment: A rural lifestyle property with distinct inner harbour views. Located on site is a single level dwelling, minor dwelling and sheds. The balance land has a moderate contour with a pasture cover. Site allowance \$400,000. Moderate land \$40,000/ha, Steep land \$15,000/ha. Main Dwelling \$1,484/m²

+ 41B Matahui Road, Aongatete

Sale Date: 20 February 2019
 Sale Price: \$900,000
 Land Area: 3.0756 ha (more or less)
 This is the subject property.



Comment: A rural property with a basic three to four bedroom dwelling which has been converted from a shed (un permitted), free standing sheds and approximately 1.3 canopy hectare of mixed quality avocado plantings. The orchard requires extensive maintenance including a fertiliser programme and continued phytophthora regime. We are advised the orchard has suffered from frosts in the past but a mobile frost protection unit is now on site. The orchard land is generally between 2-10 metres above sea level and the plants in the lowest lying land appear to be continuing to struggle. Site allowance \$425,000. Dwelling \$800/m². Gentle land \$130,000/ha. Gentle land but lower lying \$70,000/ha. Wetland \$30,000/ha. Avocado plantings \$21,000/ha

+ 241B Work Road, Aongatete

Sale Date: 4 July 2018
 Sale Price: \$1,140,000
 Land Area: 2.4229 ha (more or less)



Comment: A 1.6 canopy hectare avocado orchard with a two bedroom cottage and half round implement shed located within the Aongatete area of the Western Bay of Plenty. Analysed site value \$400,000. Easy land \$120,000/ha. Moderate grazing land \$25,000/ha. Dwelling net rate \$2,000/m². Avocados \$230,000/c.ha.

+ 360C Wharawhara Road, Tahawai

Sale Date: 26 September 2018
 Sale Price: \$1,175,000
 Land Area: 1.2400 ha (more or less)



Comment: A rural property with a gentle contour and distant ocean and outlying island views. Located on site is a single level three bedroom dwelling, minor dwelling, sheds and 0.15 canopy hectare of mature avocado plantings plus small area of limes and olives. Site allowance \$400,000. Gentle land \$138,000/ha. Dwelling net rate \$1,760m². Avocados \$233,000/ca.ha (excluding land).

+ 147 Morton Road, Aongatete

Sale Date: 9 November 2018
 Sale Price: \$1,450,000
 Land Area: 1.2140 ha (more or less)



Comment: A two storey 1990s dwelling, four bedrooms, three bathrooms, double integrated garage, good quality three-bay implement shed, 0.7 canopy hectares of 4-5 year old avocado plantings, located on an elevated site with wide harbour views with residual land being easy contour, well-regarded location. Analysed site value \$525,000. Balance easy contour land \$165,000/ha. Dwelling net rate \$1,950/m². Avocado 4-5 years old \$158,000/ha (excluding land)

+ 329 Thompsons Track, Aongatete

Sale Date: 29 October 2018
 Sale Price: \$1,600,000
 Land Area: 3.5813 ha (more or less)



Comment: A rural property with a moderate southerly aspect with distant inner harbour and outlying island views. Located on site is a modern five bedroom dwelling with attached garaging, two bedroom cottage, sheds and approximately 2.2 canopy hectares of mature avocado plantings. Site allowance \$380,000. Moderate land \$70,000/ha. Dwelling \$1,904. Avocado plantings \$197,000/ca.ha (excluding land)

+ 160 Wharawhara Road, Katikati

Sale Date: 1 November 2018
 Sale Price: \$1,800,000
 Land Area: 5.6920 ha (more or less)



Comment: A rural lifestyle property with a modern four bedroom plus office dwelling with attached garaging but the extension does not have code of compliance, which affected the sale price. Free standing sheds, 1.6 canopy hectare of avocado orchard development and balance land in pasture, located within the Katikati area of the Western Bay of Plenty. Site allowance \$400,000. Gentle land \$100,000 to \$140,000/ha. Moderate grazing land \$40,000/ha. Dwelling net rate \$1,300/m². Avocados \$246,000/c.ha (excluding land).



11.3 Market Sales Summary

Sale Address	Sale Price	Site Allowance	Gentle \$/ha	Moderate \$/ha	Steep/wetlands \$/ha	Avocado \$/ca.ha	Building \$/m ²
392A Lund Road	\$470,000	\$430,000		\$75,000	\$5,000		
59 Pine Ridge Lane	\$725,000	\$420,000	\$183,000				
41 Walker Road West	\$545,000	\$350,000					\$1,400
2 Strathmore Drive	\$810,000	\$440,000					\$1,700
630 Wright Road	\$825,000	\$400,000		\$40,000	\$15,000		\$1,484
41B Matahui Road	\$900,000	\$425,000	\$130,000		\$30,000		\$800
241B Work Road	\$1,140,000	\$400,000	\$120,000	\$25,000		\$230,000	\$2,000
360C Wharawhara Rd	\$1,175,000	\$400,000	\$138,000			\$233,000	\$1,760
147 Morton Road	\$1,450,000	\$525,000	\$165,000			\$158,000	\$1,950
329 Thompsons Track	\$1,600,000	\$380,000		\$70,000		\$197,000	\$1,904
160 Wharawhara Road	\$1,800,000	\$400,000	\$140,000	\$40,000		\$246,000	\$1,300

Note the avocado tree values are exclusive of land.

We note that the subject property sold at auction recently for \$900,000 plus GST, if any. We believe that the sale was at slightly below market value overall.

11.4 Market Approach

The direct comparison approach is the standard approach for valuing rural property in New Zealand. This is considered to be one of the best methods of valuation however unfortunately seldom are any two properties directly comparable due to the differences in:

- + Scale
- + Land Characteristics
- + Improvements
- + Productive Capacity
- + Management

Analysis of recent sales is however invaluable in establishing some basic parameters that purchasers are expecting to pay at any given time in the market place, making adjustments to reflect the Market Value of the subject property.

Land Value

From the analysed sales above the site allowance range between \$350,000 to \$525,000 depending on the outlook, contour and location. Once we have considered all factors we believe that an appropriate site allowance for the subject to be around \$415,000 with the most comparable sale other than the subject property being 160 Wharawhara Road and 2 Strathmore Drive.

Balance land suitable for horticultural purposes within the Aongatete/Katikati location is generally within the range of \$120,000 to \$183,000 per hectare, while steep or wetlands areas are within the range of \$5,000 to \$30,000 per hectare. For the subject's gentle horticultural land we have adopted a rate near the bottom end of the range at \$130,000 per hectare which reflects its relatively low lying nature. For the lower lying land with a pasture cover which we believe is not well suited for horticultural purposes,



we have adopted a rate similar to the moderate contoured sales rates at \$70,000 per hectare and for the wetlands area we have applied a rate of \$20,000 per hectare

Avocado

Our analysis of the sales evidence above shows the most recent sales within the general area are between \$158,000 to \$246,000 per mature canopy hectare (excluding land). We consider all of the sales avocado plantings to be in a better condition and superior quality plantings than the subject, and therefore we have adopted a rate of \$100,000 per canopy hectare, which in our opinion reflects the substantial monetary cost and time required in the orchard.

Dwelling

Each sale is analysed to a residual net rate for the dwelling after deducting the land, other improvements and chattels. The net rates analysed from the sales evidence are then compared to the subject dwelling to determine an appropriate rate per m². The value of the other improvements associated with the property are added to provide an indicated Market Value.

The dwelling net rates analysed, excluding garaging, generally range between \$1,400/m² to \$2,000/m². (excluding the subject property) For the subject property we have adopted a rate of \$800/m² which is below the rates above but reflects that the dwelling is a converted shed and we have also been advised that the conversion to living space is not consented. Therefore, we believe it is appropriate to adopt a rate below all the sales evidence.

Based on the analysis of the recorded sales we assess the Market Value as follows:

Improvements

-Dwelling	133 m ² @	\$ 800 /m ²	\$106,000
-Implement Shed	73 m ² @	\$ 200 /m ²	\$15,000
-Implement Shed	22 m ² @	\$ 400 /m ²	\$9,000
-Orchard Development			
* Avocado	1.30 c/ha @	\$ 100,000 /ha	\$130,000
-Other Improvements			\$20,000

Total Value of Improvements \$ 280,000

Land Value

-Site/ Title Allowance	0.30 ha	\$415,000	
-Gentle Contour	1.75 ha's @	\$130,000 /ha	
-Gentle Contour - Lower Lying	0.75 ha's @	\$70,000 /ha	
-Wetlands	0.27 ha's @	\$20,000 /ha	
Total	3.07 ha's		\$ 700,000

MARKET VALUE (excl. 2019 Crop Proceeds) \$ 980,000

11.5 GST

In quoting the sales we have identified where possible, whether the sale price was inclusive or exclusive of GST, or sold on the basis of a 'going concern', which exempts the property from GST.

For most orchards, the sale is either plus GST or sold as a 'going concern', and therefore in most instances any sale price will not include GST, or both parties will be registered and both can claim any GST apportioned to the sale.

The valuation has been conducted on a plus GST, if any, basis.

12.0 Risk Analysis

12.1 Strengths

- + Desirable location
- + Income stream from orchard.

12.2 Weaknesses

- + The orchard requires extensive maintenance
- + Land is low lying in parts
- + Dwelling does not have permit for living accommodation (advised)
- + Small culvert access to buildings
- + Access is via a gravel paper road
- + Frost damage to avocado plantings in the past

12.3 Opportunities

- + To improve orchard with maintenance regime.
- + Build a new dwelling on property

12.4 Threats

- + Frost and hail damage to orchard
- + World economy and maintaining markets for avocado fruit



13.0 Valuation

We assess the Market Value as at 26 February 2019 at:

\$980,000

Nine Hundred and Eighty Thousand Dollars plus GST (if any) and exclusive of plant and machinery

The value can be apportioned as follows:

Land	\$700,000
Improvements	<u>\$280,000</u>
Market Value	\$980,000

14.0 Significant Assumptions and Special Assumptions

+ Nil

15.0 Mortgage Recommendation

In compliance with requirements of the Australia and New Zealand Valuation and Property Standards, unless an intending lender expressly requests or has a stated policy requirement that such recommendation be provided by the valuer, no specific recommendation has been made as either to the suitability of the property as a lending security or the maximum loan as an amount or percentage of value.

TelferYoung policy requires that reports cannot be reassigned for any purpose beyond 90 days from the date of valuation. This policy has been set to meet professional indemnity insurance requirements. It is a condition of this report that any valuation needing to be reassigned beyond 90 days may require re-inspection by the valuer with an update fee charged.



16.0 Statement of Limiting Conditions and Valuation Policy

Purpose

This valuation report has been completed for the specific purpose stated. No responsibility is accepted in the event that this report is used for any other purpose.

Responsibility to Third Party

Our responsibility in connection with this valuation is limited to the client to whom the report is addressed and to that client only. We disclaim all responsibility and will accept no liability to any other party without first obtaining the written consent of TelferYoung (Tauranga) Limited and the author of the report. TelferYoung (Tauranga) Limited reserves the right to alter, amend, explain or limit any further information given to any other party.

Reproduction of Report

Neither the whole nor any part of this valuation and report or any reference to it may be included in any published document, circular or statement without first obtaining our written approval of the form and context in which it may appear. Our report is only valid when bearing the Valuer's signature.

Date of Valuation

Unless otherwise stated, the effective date of the valuation is the date of the inspection of the property. 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 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Legislation

We have not obtained a Land Information Memorandum (LIM) or Property Information Memorandum (PIM) for this property which, unless otherwise stated, is assumed to conform to all requirements of the Resource Management Act 1991, the New Zealand Building Code contained in the First Schedule to the Building Regulations 1992, the Building Act 2004 and any Historic Places Trust registration. Our valuation reports are prepared on the basis that properties comply with all relevant legislation and regulations and that there is no adverse or beneficial information recorded on the Territorial Local Authority (TLA) property file, unless otherwise stated.

Registrations

Unless otherwise stated, our valuation is subject to there being no detrimental or beneficial registrations affecting the value of the property other than those appearing on the title. Such registrations may include Waahi Tapu and Historic Places Trust registrations.

Reliability of Data

The data and statistical information contained herein was gathered for valuation purposes from reliable sources and is believed to be correct. All reasonable attempts have been made to verify the authenticity of this information but we cannot guarantee its accuracy.

Assumptions

This report contains assumptions believed to be fair and reasonable at the date of valuation. In the event that assumptions are made, based on information relied upon which is later proven to be incorrect, or known by the recipient to be incorrect at the date of reporting, TelferYoung (Tauranga) Limited reserves the right to reconsider the report, and if necessary, reassess values.

GST

The available sources of sales data upon which our valuation is based generally do not specify whether or not the sale was inclusive or exclusive of GST. It is assumed that the available sales data has transacted on a plus GST (if any) basis, which is in accordance



with typical industry standard for rural property transactions. Should this interpretation not be correct for any particular sales evidence, we reserve the right to reconsider our valuation.

Land Survey

We have made no survey of the subject property and assume no responsibility in connection with these matters. Unless otherwise stated, the valuation has been assessed conditional upon all improvements being within the title boundaries.

Unless otherwise stated, we have not undertaken investigations or been supplied with geotechnical reports with respect to the nature of the underlying land. Unless otherwise stated, the valuation has been assessed conditional upon the land being firm and suitable ground for the existing and/or potential development, without the need for additional and expensive foundation and retaining work or drainage systems.

Contamination

We have not undertaken an environmental audit of the property. Unless otherwise stated, our valuation and report is conditional upon the land and buildings being unaffected by harmful contaminants or noxious materials which may impact on value. Verification that the property is free from contamination and has not been affected by noxious materials should be obtained from a suitably qualified environmental expert.

Not a Structural Survey

Our inspection has been undertaken for valuation purposes only, and does not constitute a structural survey. Verification that the building(s) is/are sound should be obtained from a suitably qualified building engineer. If the building(s) is/are found to be unsound, this finding/new information is likely to impact on the value of the property.

Systems

Our valuation has been assessed conditional upon all hot and cold water systems, electric systems, ventilating systems and other devices, fittings, installations or conveniences, including lifts and escalators where appropriate, as are on the property, being in proper working order and functioning for the purposes for which they were designed.

Market Valuations

Market valuations are carried out in accordance with the Valuation Standards and Guidance Notes. Market Value is defined "The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion".

No allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued thereon.

Mortgage Recommendation

The Australia and New Zealand Valuation and Property Standards require that, unless specifically requested by a lender, the valuation report should make no specific recommendation as to the suitability of the property as a security or the maximum loan as an amount or percentage of value. The valuation report has however included comment on commonly known, readily ascertainable and/or reasonably foreseeable property-specific and market factors as are relevant to the market value and marketability, to assist in informing the lender.

We note that the valuation provided in this report is our opinion of the market value as at the valuation date, on a willing buyer/willing seller basis, and does not allow for the potential consequences and costs of a forced sale. The value may change in the future because of market conditions and changes to the state of the subject property.



Professional Indemnity Cover

We have in force at the time of supplying the above valuation, current professional negligence insurance appropriate to the nature and level of our business activities. The Registered Valuer is covered by the policy.

Please contact the writer should you wish to discuss any matters raised in this report.

Yours faithfully

TelferYoung (Tauranga) Limited

Mark Passey - BBS (VPM) ANZIV MPINZ
Registered Valuer
Director

Email: mark.passey@telferyoung.com



Appendix A Record of Title



**RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy**



Identifier SA1036/166
Land Registration District South Auckland
Date Issued 11 June 1952

Prior References
SA577/88

Estate Fee Simple
Area 3.0756 hectares more or less
Legal Description Lot 1 Deposited Plan South Auckland 969

Registered Owners
Catherine Ann Jamieson as to a 1/2 share
Robert McHarrie Emerson as to a 1/2 share

Interests
Subject to a drainage right over part created by Transfer S33403 - 11.6.1952
Subject to a right to convey electricity over part marked A on DPS 76892 created by Transfer B418999 - 4.6.1997 at 9.02 am
6247957.2 Mortgage to Bank of New Zealand - 10.12.2004 at 9:00 am

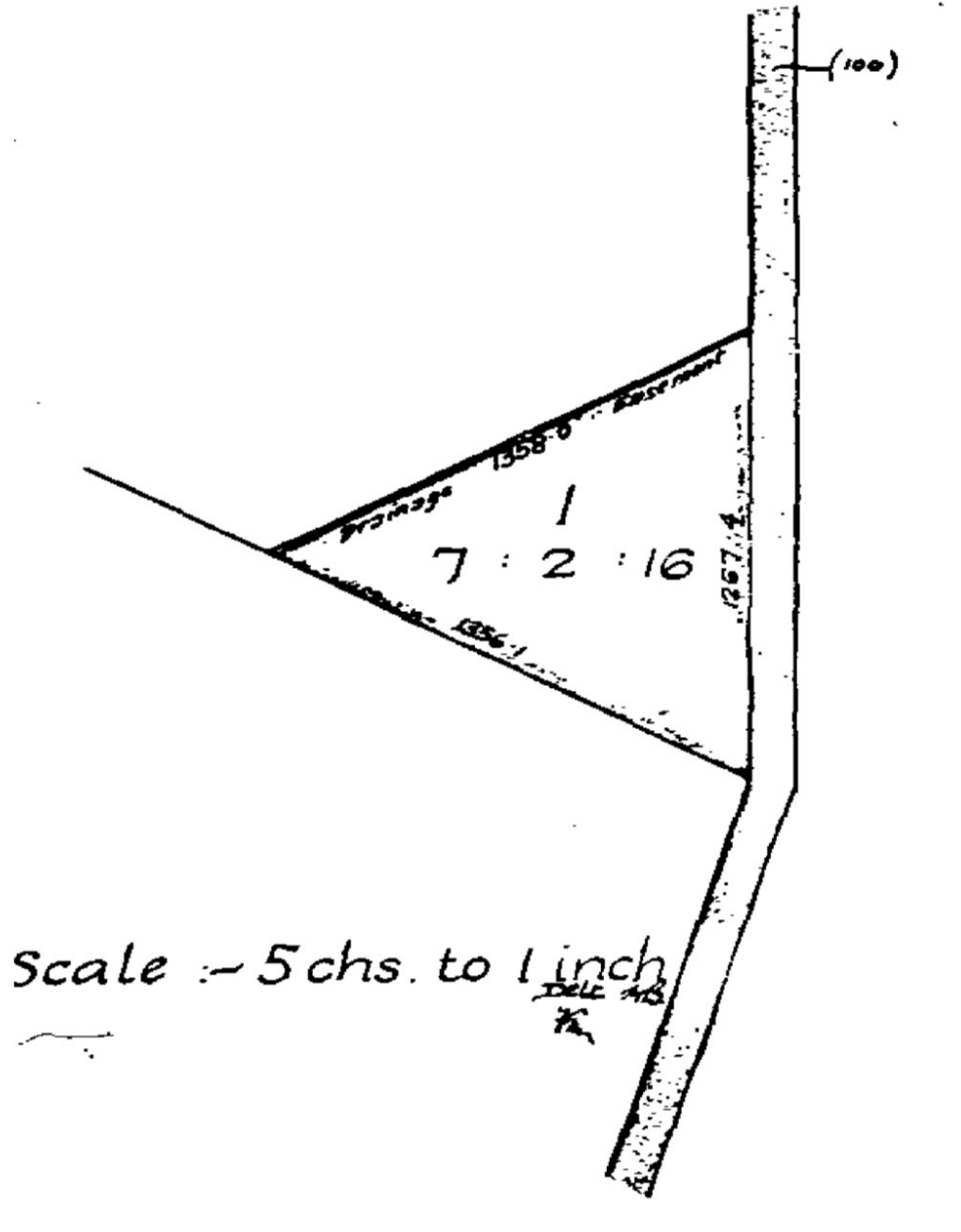
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Client Reference rmlnesmith001

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Register Only



Identifier

SA1036/166



Transaction Id
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Search Copy Dated 26/02/19 9:15 am, Page 2 of 2
Register Only



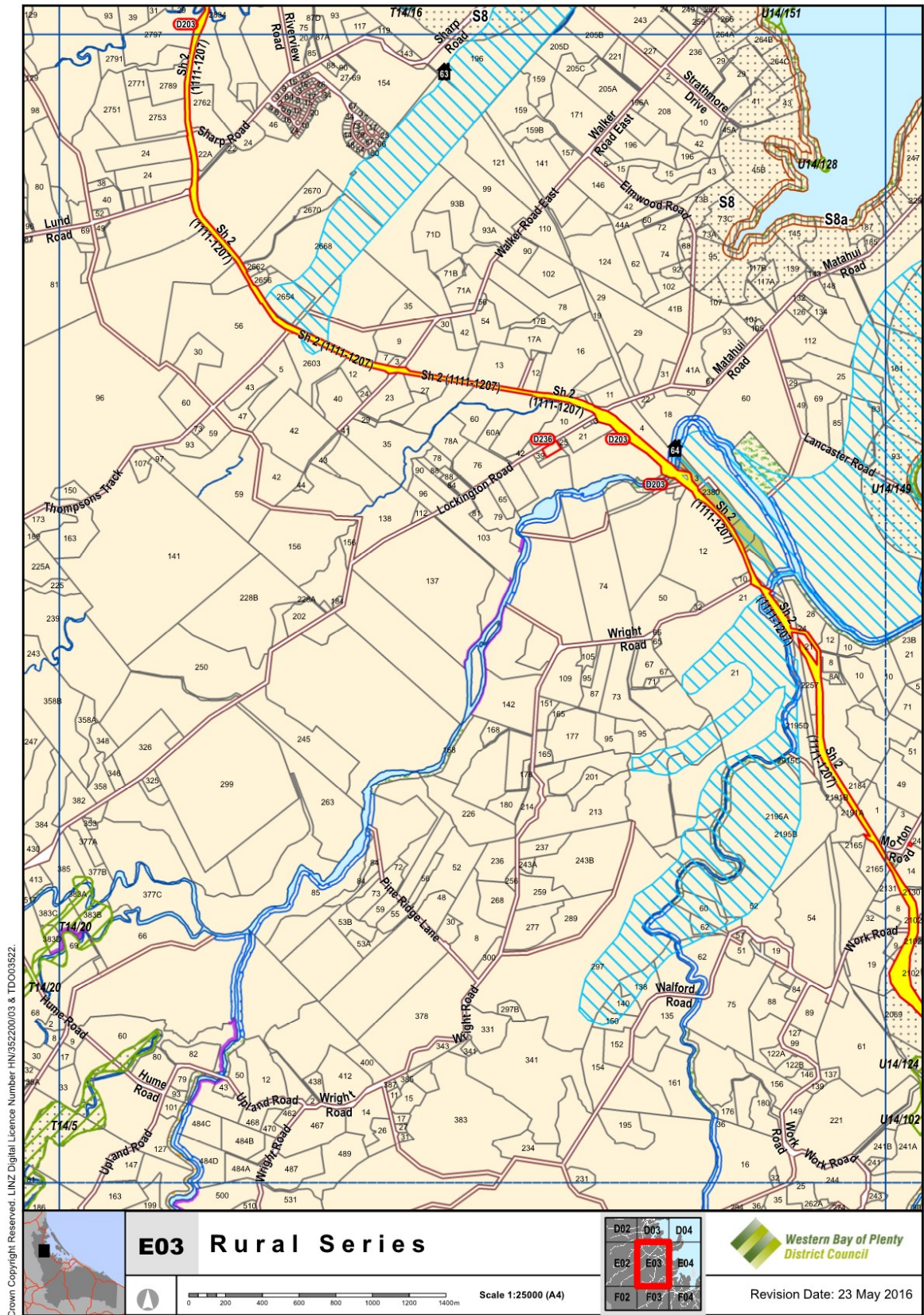
Appendix B Additional Photographs







Appendix C Planning Map

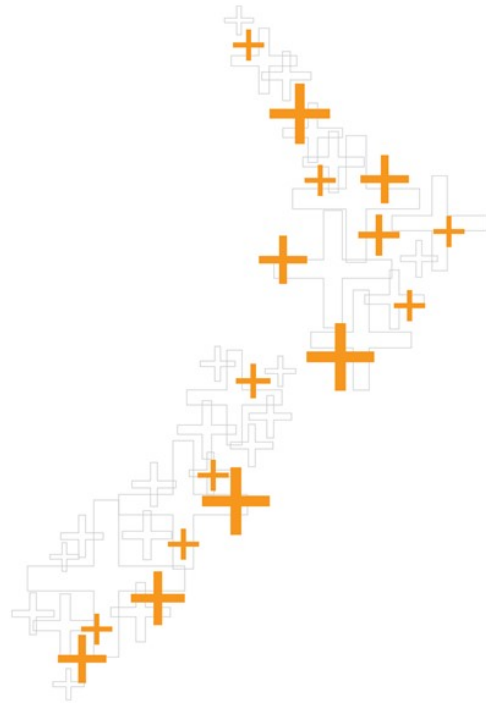


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