GERALD H. SMITH A.N.Z.1V.

REGISTERED VALUER

5009 R0342GS:LR TunApo, Paekakariki Hiil Rd, RD1 Porirua Tel04-239 9017 Fax 04-239-9097 .Mobile 0274432 177

18 September 2003

O'Brien Property Consulting Ltd **4th** Floor 15 Courtenay Place WELLINGTON

Attention: Mr Peter O'Brien

Dear Sir

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RE: WAITANGIRUA FARM SETTLEMENT - LANDCORP FARMING LTD

In response to instructions received, I have collected data and made a peripheral inspection of the above Waitangirua Farm in order to provide a guide as to its current market value and its rental value.

INTRODUCTION

'Waitangirua Farm' itself comprises 1242.9383 ha in a single title CT 40A/782, being a large block of hill country directly above and east of Porirua East stretching through to Belmont Regional **Park.** It is a fully appointed traditional sheep and cattle breeding unit which if operated as a stand-alone unit is capable of carrying between 10,500 and 11,000 stock units, however it is currently operated in conjunction with the adjoining Kilmister and Dry Creek blocks owned by Hutt City and **DOC**, giving it an overall carrying capacity of approximately 14,000 stock units. Headquarters of the property are at 44 Waihora Crescent, Cannons Creek, but alternate access is limited to access points from Cardiff Crescent, Cannons Creek, the end of Takapu Road and from the end of Hill Road on the eastern Hutt side of the property. This limited access, together with the property being a corridor for Transpower hgh voltage transmission lines **and** Natural Gas and water pipelines, inhibits potential for subdivision.

From a farming perspective, though a substantial well appointed holding in close proximity to amenities associated with a large city, it has the drawback of having no finishing country, a difficult climate prone to *dry* spells and exposure, isolation from markets and farm services and disturbance from public trespass and the **risk** of dog worrying. Hence, the property is **thus** not of obvious potential to a development interest and does not have great appeal to a purely farming interest, but on the other hand is of immense significance as a recreational amenity to its immediate adjoining urban areas Hutt and Porirua City.

VALUATION

\$4,550,000 [Four Million Five Hundred & Fifty Thousand Dollars]

This valuation is exclusive of GST.

RENTAL VALUATION

\$86,000 [Eighty Six Thousand Dollars]

This rental assumes the Lessee will pay rates and insurance.

PROPERTY DETAILS

Legal <i>Description:</i> Area:	Section I SO Plan 36634 Section 2-3 SO Plan 36635 Section 4-6 SO Plan 36636 Section 7-10 SO Plan 36637 1242.9383 ha						
Certificate of Title:	40A/	783 - For plan and interests registered, please see copy of Title enclosed.					
Location:	eastw Creel been	Immediately above and east of Cannons Creek, Porirua stretching eastwards to the Hutt Valley and Behont Regional Park. Cannons Creek and Porirua East being a low cost housing area has historically been a hindrance to farm management with worrying dogs and public trespass and also a detraction from future potential on adjoining land.					
Climate:	Average rainfall 1300mm per <i>rrann</i> but prone to <i>dry</i> summer spells and a high evaporation due to wind. The property ranges in altitude from 150m asl to 250m asl and hence is vulnerable to exposure from wind causing the majority of the property to be unsuitable for production forestry.						
Local Authority & Zoning:	The p	property has land in three Local Authorities and is zoned as follows:					
	1.	Porirua City - <i>598.8</i> 2373 ha Rural - DesignationLandscape Protection over all land immediately above Porirua East					
	2	HUtt City - 515.9344 ha General Recreation					
	3.	Wellington City - 128.1766ha Rural					
	Farming and Recreation are Permitted Activities in all the above zones.						
		ss limitations nullify any subdivisional potential on land in Hutt and ngton City.					

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Landscape Protection designation is an inhibiting factor on land zoned rural in Porirua City.

A Motorway designation bisects the property taking a footprint of approximately 59 m.

Rateable Values/Rates: Porirua City as at 9/01

1.	15601/500 598.7397 h Value of Improvements Land Value Capital Value	na \$460,000 \$1399,000 \$1,859,000						
	Rates	\$7,39242						
2.	1560114 876 ha Value of Improvements Land Value Capital Value	\$4,000 \$5,000 \$9,000						
	Rates	\$344.20						
<u>Hutt</u>	City - 360 Normandale Roa	<u>nd</u>						
3.	16151/1217 515.9344 H Value of Improvements Land Value Capital Value	na \$300,000 \$900,000 \$1,200,000						
	Rates	\$4,410.16						
Wel	lingtonCity - 529 Takapu Ro	bad						
4.	16690/531 128.1766 h Value of Improvements Land Value Capital Value	na \$25,000 \$475,000 \$500,000						
	Rates	\$1,530.38						
Con	Composite Roll Values (obsolete values and of different dates)							
Land	e of Improvements 1 Value ital Value	\$785,000 \$2,779,000 \$3,564,000						
Tota	l Rates	\$13,677.25						

PROPERTY DESCRIPTION

Improvements: 'Waitangirua' has farm improvements dating back to the days of Farm Settlement under Lands and Survey in the 1960s. Buildings are at both the Porirua and Hutt side of the property. The headquarters of the property are accessed from **44** Waihora Crescent, Cannons Creek and comprise a four bedroom managers dwelling, a three bedroom shepherds dwelling, five stand woolshed and covered yard, shearers quarters, two implement sheds and some old stables.

At the end of Hill Road on the Hutt side the property are two shepherds cottages and a woolshed and yards.

The property has a sealed drive-in entry from Waihora Crescent, cattleyards for loading out sale stock, internal cattle and sheepyards, ,a fill subdivision of sound permanent fencing, water supply to the buildings and internal farm roading. All improvements were constructed of good materials and buildings have been well maintained but have not been upgraded over recent years. Residential

accommodation though tidy and well maintained is employee accommodation only, there being no homestead of stature or significance.

Land: The land is **all** hill country. Its estimated grazable area comprises approximately 360 ha more moderate and easy contoured Korokoro Hill soils and predominantly below 200m asl adjacent Porirua East with approximately 800 ha steeper Makara Steepland sods as it extends over 200m asl towards Belmont Regional Park.

The bulk of the property is in sound pasture, however, there is approximately 60 ha with a severe gorse problem just above Porirua East on the western side of the property and approximately 20 ha reverted gully and second growth on steeper land just north of Belmont Regional Park. Pastures have been regularly topdressed and on this Section of the property are estimated to be carrying between 9 and 9.5 stock units per ha to good level of performance.

I estimate there to be approximately 1160 ha effective grazing within the property which at an average of 9.25 stock units per ha is a carrying capacity of 10,730 say 10,750 stock units.

Utilisation: The property is currently utilised as a traditional sheep and cattle breeding unit. Due to the land contour, soils and climate, it is not capable of finishing surplus stock for sale, however Landcorp are able to move stock to other blocks for finishing.

Without the ability to shift stock off to easier country, the Waitangirua classifies as a store unit only. It has above average maintenance requirements, these being annual fertilizer essential to sustain productive pasture, extensive fencing maintenance prone to breaking down with salt *air* exposure, and a gorse problem. An estimate of stock carried on the block is as follows:

Stock Units

Sheep	7,700 1,800 120	mixed age ewes ewe hogts rams & others	@ @ @	1 su .75 su .8 su	\$ \$ <u>\$</u>	7,700 1,350 <u>100</u>	
	Total Shee	p					\$ 9,150 su
<u>Cattle</u>	7 200 40 40	bulls MA cows yearling heif weander heif	@ @ @	7su 6su 4.5 su	\$ \$ \$ \$	50 1,200 360	<u>\$ 1.610</u> su \$ 10,760 su
					Say	,	\$10,750 su

Stock Perfbrmance: Historically, Landcorp stock have performed well when management is sound, as stock have a good genetic base. Stock are well bred and would sell well, **having** a good reputation of shifting well to other districts. I expect the following is **being** achieved

Lambing	%	100
calving	%	90
calving Wool		5 kg per su

Market Value of Livestock

7700 1800 120 Total Sheep 200 40	ewes @ \$60 ewe hogts @ \$55 rams @ \$20 MA cows @ \$600 yearling heifers @ <i>\$450</i>	\$ \$ \$ \$ \$	462,000 99,000 2,400 120,000 18,000	\$	563,400
40 7 Total Cattle	weaner heifers @ \$300 bulls @ \$1,000	\$ \$	12,000 - <u>7,000</u>	<u>\$</u>	157,000
Total Livesto	\$	720,400			

NB At 10,750 stock units this represents \$67 per stock unit. An extra 3000 stock units to stock the Kilminster and Dry Creek land of the same stock mix requires an additional \$201,000 capital stock.

Gross Income

Lamb Sales Ewe Sales Wool Cattle	6000 @ \$40 per head av 1200 @ \$50 per head av 36,000 kg @ \$2.75 per kg av 90 weaner steers @ \$400 av 50 weaner heifers @ \$300 av 30 <i>cull</i> cows @ \$450 av	\$ \$ 9 \$ \$	240,000 60,000 126,500 36,000 15,000 13,500
Gross Revenue	30 <i>cull</i> cows @ \$450 av	<u>\$</u> \$	<u>13,500</u> 491,000

At 10,750 stock units this represents \$45.67 per stock unit which is average efficient for this class of country.

MARKET VALUE

The rural market has been very strong over the last eighteen months, and properties have sold at values exceeding vendor expectation. With a dollar having risen 40% over this period commentators have expected this demand to ease, however, recent sales have not shown my market downturn and there remains a scarcity of property for sale on the market.

Waitangirua Farm has appeal in that it has economy to scale and is dose to a city but on the other hand has high maintenance costs, isolation from farm services and public nuisance to deal with. It also has the potential nuisance associated with its Motorway designation which \checkmark take a footprint of 59 ha and bisect the property should it ever proceed, and although compensation will be paid in accordance with the Public Works Act, an element of the market would prefer not to be involved.

The property is however of an amenity value for recreation to its adjoining urban areas, and in general Iand **has** been acquired for this purpose by Local Authorities at a value comparable to its highest and best use and without discount for the impact proximity to an adjoining urban area may have.

Hence, to establish market value I have compared the subject to sales of both local economic and semi-economic pastoral units, and *also* comparable traditional farm units in the Lower North **Island** (see Sales Appendix). These sales indicate that at the moment Waitangirua Farm has a market value in the \$410 to \$430 per stock unit selling range.

On this assumption and from an estimated 10,750 stock unit carrying capacity a valuation is **\$4,550,000**.

Valuation:

At 10,750 stock units this represents \$423.26 per stock unit.

Sales Appendix

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Local Pastoral Units:

Location	Sale Date	Category	Area	Net Sale Price	Carrying Capacity su	Sale Price su	Sale Price per ha	Land per ha	Comments
Johnsonville	2/03	PG D	236.3	950,000	1,500	663	4,020	3,681	Some subdivisional potential at frontage. Clean hill country. No dwelling.
Reikorangi	12/02	PGB	412.9 + 6 ha lease	1,800,000	3,500	514	4,358	3,305	Had subdivisional potential and finishing flats. Only 350 ha effective.
South Makara Rd	12/02	PGB	531.7	1,150,000 inc GST	200		1,977	1,760	Run down improvements and reverting hill country. Coastal property and lifestyle recreation.

Central North Island:

Location	Sale Date	Category	Area	Net Sale Price	Carrying Capacity su	Sale Price su	Sale Price per ha	Land per ha	Comments
Fields Track, Ohakune	9/01	PGB	2089.3	4,750,000	14,500	327	2,273	1,914	Mainly medium steep hill. Strong country. Standard improvements. Dated sale.
Whangaehu Valley, Wanganui	3/02	PGB	1,166	3,800,000	13,000	292	2,259	2,572	All hill country with little waste. Full range of buildings. Market lift since this sale.
Ongo Road, Wanganui Dist	6/03	PGB	509. I 2	1,910,000	6,000	318	3,752	2,946	Predominantly medium and steep hill country 150ha had gorse influence. Sale by Tender.

\$3,663.45 per ha Capital Value \$3,061.59 per ha land without improvements.

RENTAL VALUE

Few properties of the size of Waitangirua Farm are put out to lease, and there is thus limited directly comparable market evidence. A rule of thumb for rental assessment and starting point is 20% of Gross Income From a Gross Income of \$491,000 this represents a rental of \$98,200 per *annum*

An alternative approach is on a stock unit basis. From rental evidence available, I consider the range would be between \$8 and \$10 per stock unit Adopting the lower end of this range \$8 stock unit to reflect public nuisance and expenditure on gorse control, at a carrying capacity of 10,750 stock units, this produces a Rental of \$86,000 which is 10% below the rental derived from 20% of Gross Income for a property without any public access rights or a major weed problem

A comparable leasehold rental to support this conclusion is:

Glenbrum Station - TATCOctober 12002 - 3 year term with two rights of renewalArea:1800haStock Units:17,500Rental:\$136,000Per Stock Unit\$7.77Per Ha:\$75.56

Though this property is isolated and the rental is a year old, it has a better balance of country than the subject, and is without a weed problem I thus adopt \$86,000 as an achievable rental value which represents \$69.42 per ha.

This rental assumes the Lessee will pay Rates (\$13,677.25) and Insurance of buildings

CONCLUSION

Despite being a **substantial** tract of land and well appointed as a traditional farm, Waitangirua has limited appeal to straight out farming interests **and** is not an obvious attraction for development or subdivision. It thus should **not** attract a premium for recreation over and above its full farming worth which from my general knowledge of its capability and comparable market evidence, I consider a 'ball **park'** valuation to be in the order of \$4,550,000 with a rental value of \$86,000 per annumon a standard **rural** lease.

Please note that this report has been prepared as instructed without a detailed inspection or access to productive data on the property.

Yours faithfully

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Gerald H Smith, ANZN Registered Valuer

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Rangatihea District:

Location	Sale Date	Category	Area	Net Sale Price	Carrying Capacity	Sale Price su	Price per Sale	Land per ha	Comments
Kawhatau Valley Kd	12/02	PGB	794	2,000,000	5,000	400	2,518	2,079	Only 500 ha effective but had 140 ha free draining flat land.
Mangaweka -	3/02	PGB	390	1,200,000	4,300	270	3,016	2,100	Hill country unit which shows the increase
"Rewa Rewa"	6/03			1,800,000	4,300	418	4,615	3,500	in value which has occurred over 2002-03.
Longbush- Glendoon	5/03	PGB	315.1	1,750,000	3,000	583	5,553	5,029	Fairly run down farm of mixed contour. Average house, had been used as run-off.
Kaitawa - Ballyreagh	5/03	PGB	402.1	1,860,000	4,000	465	4,625	3,83.	12km from Pahiatua. Large dwelling. Very poor fertility and farm improvements.
Bideford - Horoeka	5/03	PGB	586.6	1,600,000	4,000	400	2,727	2,514	Store farm purchase by lessee at market levels. No dwelling. 80 ha flats. 116 ha scrub.
Waiouioru -Bankview	5/03	PGB	766.06	2,500,000	4,000	500	3,263	2,545	Grazing property at Te Wharau. Small dwelling large areas of scrub.

Conclusions from the above sales:

- 1. Sales 1 and 2 show that local sales have a locality influence.
- 2. Sale 8 demonstrates the lift in value over the last year.
- 3. Sales 9-12 are at a comparable level to Sale 8 and support the view that in excess of \$400 per stock unit and up to \$450 per stock unit is achievable for the subject Waitangirua property.

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COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier	WN40A/782
Land Registration District	Wellington
Date Issued	15 October 1991

Prior References

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GN 640441.1	GN 640702	GN 679111
GN 696228	GN 711957	GN 718046
GN730412	GN 759958	GN 784580
GN 875617		

Estate	Fee Simple
Area	1242.9383 hectares more or less
Legal Description	Section 1 <i>Survey</i> Office Plan 36634, Section 2-3 <i>Survey</i> Office Plan 36635, Section 4-6 Survey Office Plan 36636 and Section 7-10 Survey Office Plan 36637

Proprietors

Landcorp Farming Limited

Interests

Appurtement hereto are rights of way as specified in Easement Certificate 840896 (Affects the part formerly Lot 24 DP 28242)

Appurtenant hereto **are** water rights embodied **in** Register WN994/89 (affectsche part formerly part Section 46 Takapu District)

Subject to a right (in *gross*) to conveywater over parts in favour of Wellington Regional Councilembodied in Register WN24B/735

Subject to a right of way (on foot only) over part coloured blue on DP 28242 embodied in Register WN994/87

Subject to a right to take and convey water over part created by Transfer 516361

Subject to a right (in *gross*) to convey water over part herein in favour of Her Majesty the Queen created by Provisional Register Wn23/137

Subject to a right of way over part coloured blue on DP 28242 as specified m Easement Certificate 840896

Subject to a right (in *gross)* to conveynatural *g*as products over parts marked **B** and C on DP 65946 in favour of Natural **Gas** Corporation of New Zealand Limited created by Transfer B047004.1

Subject to Section 27B State-owned Enterprises Act 1986 (which provides for the resumption of land on the recommendation of the Waitangi Tribunal and which does not provide for third parties, such as the owner of the land, to be heard in relation to the making of any such recommendation)

Subject to Part IVA Conservation Act 1987

Subject to Section 11 Crown Minerals Act 1991

753540 Pipeline Certificate pursuant to Section 70 of the Petroleum Act 1937 - 6.8.1968 at 9.17 am (affects part)

753541 Pipeline Certificate pursuant to Section 70 of the Petroleum Act 1937 - 6.8.1968 at 9.18 am (affects part)

754569 Pipeline Certificate pursuant to Section 70 of the Petroleum Act 1937 - 14.8.1968 at 11.39 am (affects part)

754570 Pipeline Certificate pursuant to Section 70 of the Petroleum Act 1937 - 14.8.1968 **at** 11.40 a m (affects **part**) B023629.1 Variation of Pipeline Easement Certificates 753540 and 753541 - 23.8.1989 at 2.34 pm

Identifier WN40A/782

B050385.1 Variation of Pipeline Easement Certificate 753541 - 6.12.1989 at 2.53 pm

B050403.1 Variation of Pipeline Easement Certificate 753541 - 6.12.1989 at 2.53 pm

B050391.1 Variation of pipeline Easement Certificate753541 - 6.12.1989 at 2.53 pm

B198790.3 Conservation Covenant pursuant to Section 77 Reserves *Act* 1977 over the part Section1 on SO Plan 36634 marked **A**, **B** and **C** on DP 72547, the part Section 1 on SO Plan 36634 marked D on DP 72548, the part Section 8 cn SO Plan 36637 marked **E**, **F** and *G* on DP 72548 and the part Section 8 on 36637 marked **H** on DP 72549 m favour of The Minister of conservation - 15.10.1991 **e** 9.15 am

Subject to natural gas rights (ingross) over parts marked AC on DP 64169 and A D, AE, AF and AH on DP 64170 in favour of Natural Gas Corporation of New Zealand Limited created by Transfer B2623351 - 5.1 1.1992 at 2.39 pm (affects Section 1 SO 36634, Section 2 SO 36635 and Section 4 SO 36636)

Subject to walkway rights (n GrCsS) over parts marked B and D on DP 86081 (affects Section 8 SO 36633, marked A B, C and D on DP 86062 (affects Section 1 SO 36634), marked C, D, E, F, G, H, I J, K, L, M, N, O, P, Q, R, S, T, U, V & W on DP 86083 (affects Section 1 SO 36634), marked F, G, H & J on DP 86084 (affects Section 1 SO 36634), and marked A, B & C on DP 86085 (affects Section 1 SO 36634) in favour of Her Majesty the Queen created by Transfer B713155.1 - 23.3.1999 at 10.39 am

B713155.3 Gazette Notice (1999 p&39) Appointing The Wellington Regional Council to be the controlling authority of that part of the Belmont Walkway in the Easement Created by Transfer B713155.1 - 23.3.1999 at 10.39 am

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WN40A/782



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