

Our Reference: R4250/Rot-30876.2/MJC/SM

TelferYoung (Rotorua) Limited  
formerly Reid & Reynolds Limited

27 March 2014

Ngati Rangiteaorere  
c/- Steven Michener

Kereama Pene

Email: steven@mailsteven.com  
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**Market Valuation**  
**Whakapoungakau 4J and 4F2 Blocks, Tikitere, Rotorua**

In accordance with instructions from Steven Michener we inspected the above property on 30 January 2014 to assess the **fair market** value of the two blocks.

For your convenience we have provided an Executive Summary which precedes our formal valuation report. This briefly details the main characteristics of the property and summarises our valuation conclusions.

Our Executive Summary must be read in conjunction with the formal valuation report and with TelferYoung (Rotorua) Limited formerly Reid & Reynolds Limited Statement of Limiting Conditions and Valuation Policy.

This Report has been prepared for the purpose stated and solely for the benefit of **Ngati Rangiteaorere** and may not be used for any other purpose or by any other party without obtaining our written consent.

Yours faithfully  
**TelferYoung (Rotorua) Limited**  
formerly Reid & Reynolds Limited



**M J Craven**  
Registered Valuer, ANZIV, SPINZ  
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Appendix A - Instruction Letter

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## 1.0 Executive Summary

This report replaces earlier report dated 30 January 2014 which contained typographical error as to values of Whakapoungakau.

<b>Our Client</b>	Ngati Rangiteaorere
<b>Instructions</b>	As per instruction letter dated 20 January 2014, authorised by Steven Michener 21 January 2014 6.35pm (attached appendix).
<b>Inspection</b>	The blocks were physically inspected 31 May 2011 and with roadside review 30 January 2014, which is the effective date of this report.
<b>Purpose</b>	We are requested to assess the current market value of the two blocks for potential acquisition by Ngati Rangiteaorere. It is hoped to incorporate these blocks with six other blocks of land, collectively known as Burnhill 1 and 2, in a joint venture proposition together with Vision Charitable Trust.

TelferYoung provided valuation advice in 2011 Ref: R4250/23285 and R4250/23656. These reports should be considered in conjunction with this current report. The valuation exercise is complex due to lack of formed access, legal access via Maori Roadway and with these two blocks having Maori tenure. The assessments are undertaken on an assumption of a fair basis between joint venture partners and do not reflect the individual values of each lot as a stand-alone proposition. Rather it assumes that the cost of formation of access will be shared between all the adjoining properties. In effect were the blocks to be valued individually, the cost of provision of the formed Maori Roadway would be prohibitive and make each lot individually unsaleable.

We are instructed to provide fair current market values for the blocks 'as is' and secondly on the assumption that the Roadway Order 13WAR298 (issued by the Maori Land Court dated 17 August 2010) is effected with completion of construction of a 3 metre wide carriageway with 1-2 metre wide side berms, provision of passing bays, gap 65 base metal and capping of Gap 40. We have assumed that each of the five Whakapoungakau Blocks afforded physical access by formation of the roadway will contribute equally to its formation. This is a variation from the methodology previously employed.

**Brief Description:** Whakapoungakau 4J and 4F2 are two Maori Freehold Blocks comprising 25.7911 hectares and 53.4817 hectares respectively. The land is predominantly pasture of mixed, generally steeper contours being cutover native bush, creating rough grazing. The blocks are located immediately south of Lake Rotokawau, a private lake, and situated 13 kilometres northeast of Rotorua. Both lots enjoy spectacular views over Lake Rotorua. Particular features of the two blocks are:

- + Each is Maori Freehold Land with fractional interest owned by GR and RI Bishop and lesser interest held by numerous Maori owners.
- + Access to both blocks is via unformed Maori Roadway.
- + No electricity or telecommunications are extended to the block other than on a grace and favour basis from adjoining owners
- + The land is situated within the Lake Rotorua catchment and is subject to nutrient benchmark restrictions

**Valuations:**

**Whakapoungakau 4F2**

An oblong parcel of land bisected by Maori Roadway.

We assess the current market value under the scenarios as follows:

1. Assumed General title, current lack of formed access, assume this block and four adjoining blocks to the north share cost of road formation

**\$300,000**

**Three hundred thousand dollars plus GST if any**

(Indicative value of Bishops share, discounted for tenure \$210,000 plus GST if any)

2. Assumed formation of 4Z Roadway as per roadway order

**\$370,000**

**Three hundred and seventy thousand dollars plus GST if any**

(Indicative value of Bishops share discounted for tenure \$280,000 plus GST if any)

### Whakapoungakau 4J

A 25.7911 hectare block with boundary adjoining Lake Rotokawau being predominantly steep contour, browntop dominant grazing plus areas of native bush and a gully system with small area of near mature pines situated east of the Roadway along the southern boundary. We calculate a modest area of 1.67 hectares or thereabouts being semi-mature Pinus Radiata. These trees have not been commercially managed and are largely expected to have pulp timber value. In comparison to our valuation undertaken in 2011 there was minimal demand for pulp timber although log prices eventually spiked in 2011 and have continued to be above the medium-term average. As such we have now recognised an estimated stumpage of \$20,000/ha.

We assess the current market value under the scenarios as follows:

1. Assumed General title, current lack of formed access, assume this block and four adjoining blocks to the north share cost of road formation  
**\$190,000**  
**One Hundred and Ninety Thousand Dollars plus GST if any**  
(Indicative value of Bishops share discounted for tenure \$106,000 plus GST if any)
2. Assumed formation of 4Z Roadway as per roadway order  
**\$260,000**  
**Two Hundred and Sixty Thousand Dollars plus GST if any**  
(Indicative value of Bishops share discounted for tenure \$176,000 plus GST if any)

These valuations are subject to the conditions and policies contained within the following report.

\*Alterations to the original valuation methodology are as follows:

1. Cost of roadway and service provision based on road costs of \$75,000 per kilometre. Verbal advice from Mr R Massam indicates indicative estimate for provision of formed roadway only, \$350,000 to \$600,000. We have adopted costs of \$90,000 per kilometre from data provided by Hancock Forest Management as to actual cost to form permanent forest roads in Ngati Hine forest plus further allowance for survey costs and allowance for contingency.
2. Slight increase lake premium to reflect modest subdivision potential for 4F2 and a specific premium for 4J adjacent Lake Rotokawau.
3. Earlier valuation methodology provided for shared road costs only for the portion relevant to individual blocks (Burnhill 1 and 2) that is only the lengths needed to access each block and not necessarily the full length. This report has assumed fair negotiation between the joint venture partners would share equally road formation costs.
4. No allowance for extension of power or other services.

Valuer:

M J Craven  
Registered Valuer, ANZIV, SPINZ

## 1.1. Valuation Standards

Our valuation has been prepared in accordance with International Valuation Standards 2011 and Australia and New Zealand Valuation Guidance Notes including:

- + IVS - Framework
- + IVS 101 - Scope of Work
- + IVS 102 - Implementation
- + IVS 103 - Reporting
- + IVS 230 - Real Property Interests
- + ANZVGN 1 - Valuation Procedures - Real Property
- + ANZVGN 10 - Valuation of Agricultural Properties

## 2.0 Legal - Whakapoungakau 4F2

Title	Appellation	Area (ha)
SA 484396	Pt Whakapoungakau 4 F 2	53.4817
		<b>53.4817</b>

### 2.1. Title Registrations and Affect on Value

SA484396 - Status Order determining status to be Maori Freehold Land 8215710.3. Maori Freehold Land status requires all land transfers to be subject to approval by the Maori Land Court under the statutory legislation of Te Ture Whenua Maori Act 1993. Legal case law has acknowledged that Maori Freehold Land is often worth something less than its General Land title equivalent due to the restrictions imposed by the Act.

Section 17 of the Act states that the primary objective of the Maori Land Court is to promote and assist:

1. The retention of Maori Land and General Land owned by Maori in the hands of the owners
2. Effective use, management and development by or on behalf of the owners of Maori Land and General Land owned by Maori.

Section 135 provides the court jurisdiction to change Maori Land to General Land by Status Order, with the principal basis being recognition that the land could be managed or utilised more effectively as General Land and that the owners have had adequate opportunity to consider the proposed change of status and a sufficient proportion of owners agree to it.

In effect, prospective purchasers of Maori Freehold Land will need to have consideration as to the nature and size of the property; the membership of the preferred class of alienees and their financial resources; historical, spiritual and cultural connection to the land; the statutory role of the Maori Land Court and the prospects of obtaining court approval for sale beyond the preferred class of alienees.

Section 147(a) of the Act states that the first right of refusal is to be given to prospective purchasers who belong to one or more of the preferred class of alienees, ahead of those who do not belong to any of these classes.

Historically there have been limited number of instances where land status has been changed and whilst sale outside of the preferred class of alienees may be permitted, the land will remain Maori Freehold Status and continue to be subject to the restrictions imposed in any future sale. For these reasons, Maori Freehold Land is acknowledged to have a lower value than General Land. The reduced value is primarily related to the lack of certainty which exists as to Court's approval or otherwise of sales; obtaining finance and the period of time often involved in following the process through the Maori Land Court, including the first right to purchase.

In the instance of Part Whakapoungakau 4F2 Block, the title is registered with six owners, two being the vendors holding 94.7% of the shares. In considering the potential for a change of status the Maori Land Court will have recognition as to the cultural significance of the land and connection to the land by the preferred class of alienees. Ngati Rangiteaorere Claims Committee have identified the Whakapoungakau Blocks as lying within their rohe, with the land falling within the boundary area of their claims under the Treaty of Waitangi (Wai32). The committee have identified that the various Whakapoungakau Blocks could be successfully managed, if they were amalgamated. It would seem that given the size and nature of 4F2 Block that there is limited argument that the land could be managed or utilised more effectively as general land, rather their management would be best served in conjunction with other adjoining lands which are predominantly in Maori ownership.

For these reasons I consider that the Court would be reluctant to approve a change of status. I have applied a 15% discount to the assessed general title freehold equivalent land value of Part Whakapoungakau 4F2 Block.

Historically the Valuer General has applied a level of discount between 5 to 15% and his schedule would promote a discount towards the lower level of this range for this property. I have however had consideration to recent land valuation Tribunal decisions (Western Bay of Plenty District Council vs. Ongare Trust; Western Bay of Plenty District Council vs. Taheke Paengaroa). Both these decisions indicate that the Valuer General's guidelines are outdated and should be reviewed. Given the fact that this land is effectively land-locked by surrounding Maori Lands, I do not believe a change of Status would enhance its economic potential. Rather retention within the ownership of the local iwi is considered to be the most appropriate. For this reason, noting the preferred class of alienees membership (Ngati Rangiteaorere advise 250 members) and their level of interest in the land; recognition by other land owners and financiers of the limitations imposed by Te Ture Whenua Maori Act, I consider that the higher discount is merited.

## **2.2. Fractional Interest**

The vendors of Burnhill 1 own 133.24 of the 140.75 shares in Part Whakapoungakau 4F2 Block (94.7%) and I have provided an assessment of this partial interest.

In assessing the value of an undivided share, a valuer is required to consider whether purchasers are prepared to pay either a premium or a discount below the apportioned value of the whole property. Factors to be taken into account in valuing a part interest are the restrictions which may be incurred in management of a property where there is shared ownership, with requirements for consultation, additional management costs in terms of distribution of dividends, division of income between owners and restrictions on future land use where owner's interests are not aligned.

The shareholding being offered is a large majority interest and I consider a purchaser would demand a discount below the part interest (94.7%) of the value of the whole to recognise the potential difficulties which may be experienced having currently four other minority shareholders who will wish to have some involvement in decision making. After consideration of case law (Inland Revenue vs. Flaxbourne Trust, H C 17 August 1983) I have applied a reduction in land value assessment of the whole, of double the minority interest (10.6%).

### 2.3. Maori Roadway

Access to Part Whakapoungakau 4F2 Block is via an unformed Maori Roadway (Whakapoungakau 4Z) with access to the adjoining titles to be created therefrom.

The roadway leads off the end of Hawthornden Drive and is currently formed for approximately 500 metres from the public road. The formed roadway currently ends along the southern boundary of Whakapoungakau 4K2B1A Block being approximately 1,150 metres south of 4F Block.

Maori Land Court records (Reference 193/172) confirm that the road line gives access to the varying Whakapoungakau Blocks, being a private Maori roadway to be maintained by the block owners. The unformed part of the roadway bisects 4K2B1A and 4K2C1 blocks and formation requires harvesting and removal of some existing pine plantations, significant excavations and road construction through undulating contours.

Roadway Order 13WAR298 issued by the Maori Land Court (17 August 2010) confirms that a roadway may be constructed to afford practical access to 4F2 block by construction of a 3 metre wide carriageway with 1-2 metre wide side berms, provision of passing bays, Gap 65 base course metal and capping of Gap 40. Cost of formation to be paid by owners of 4F2 block and other properties contiguous to 4Z roadway.

Vision Charitable Trust via Ross Massam has indicated an indicative cost of minimum of \$350,000 to form the Maori Roadway along its full length. This is however an indicative cost only, with work to be engaged on the basis of materials and labour charge. We have recently been provided with accounts by local forest management company Hancock Forest Management as to the actual costs incurred in provision of permanent unsealed forest harvest roads at \$90,000 per kilometre and have adopted this cost although with further \$30,000 allowance for survey and legal costs and 33% contingency/risk factor.

### 3.0 Legal - Whakapoungakau 4J

Title	Appellation	Area (ha)
SA 481048	Pt Whakapoungakau 4 J	<u>25.7911</u>
		<b>25.7911</b>

#### 3.1. Title Registrations and Affect on Value

SA481048 is subject to a similar Maori Freehold Status Order (Ref: 8190998.3) as discussed previously. We have applied a similar 15% discount for tenure noting that the preferred class of alienees are Ngati Rangiteaorere and with the block having 50 current owners holding 93 shares of which the vendors are two owners holding 81.29 shares bring 87.4%.



### 3.2. Fractional Interest

Similar comments apply as to the fractional interest which I believe is worth something less than the proportionate part of the whole. In recognition of the extra management involved in communication with 48 minority shareholders, I have adopted a 22.05% reduction on the value of the whole of 4J Block to assess the 87.4% interest (whole less minority interest, 12.6% x 175%).

### 3.3. Maori Roadway

In order to access these three blocks, the 4Z roadway is calculated to extend 2,705 metres from its existing formed position up to the boundary of 4J Block.

The estimated costs of providing a suitable roadway for logging and also lifestyle owner's access will be considerable due to the overall nature of the contour which requires crossing of the Ohuanui Stream where it bisects the roadway within 4G2 Block. The extension of electricity and other utility services through this established native bush will require consultation with affected parties. No assessment of services provision is included.

In carrying out our assessment I have relied upon the computer generated Titles. It is our experience that on occasions all registrations are not shown. Therefore I reserve the right to amend our valuation if other encumbrances have been registered but are not shown.

## 4.0 Resource Management

<b>Local Authority</b>	Rotorua District Council
<b>Current Zoning</b>	Rural A
<b>Status of Plan</b>	Operative District Plan
<b>Effective Date</b>	21 September 2000

Permitted activities include agricultural production, one household unit per lot and one subsidiary household unit comprising no more than 72 square metres (exclusive of garaging), and homestay tourist activities.

Subdivision is a controlled activity. 1 lifestyle lot is allowed to be created for areas under 50 hectares, and 2 lifestyle lots for areas between 51 and 100 hectares. A minimum lot size of 5,000 square metres (in the case of existing household units, 2,500 square metres) and a maximum lot size of 6 hectares is permitted, provided at least 15 hectares of useable land remains within the parent Title. Further subdivision is permitted for the creation of general lots.

#### Subdivision Potential

Under the current zoning subdivision is restricted to having minimum residual land area of 15 hectares of usable land. Both lots have relatively restricted effective grazing however could potential be subdivided to each create a lifestyle lot. Any development premium is restricted due to costs of survey, issues relating to the tenure status and also the fact that blocks are not fully serviced. For this reason we have afforded a single site premium only of \$100,000. This is in comparison to the general site value of \$180,000 to \$250,000 for lifestyle blocks within the Lake Catchment affording panoramic lake views.

<b>Current Use</b>	Both blocks are being utilised as grazing blocks with no dwellings. This land use is a permitted activity.
<b>Consents</b>	There are no buildings on the property and no consents required.  Under the proposed draft District plan the land will be zoned Rural 1 providing no material change.

## 5.0 Rating Valuations

The two blocks are currently incorporated within rating assessments as below:

Roll	Area (Ha)	Land Value	Improvements	Capital Value
06972/269 03	52.0123	\$579,000	\$28,000	\$607,000
06972/269 04	25.7911	\$109,000	\$12,800	\$121,800
<b>Total</b>		<b>\$688,000</b>	<b>\$40,800</b>	<b>\$728,800</b>

As at 1 July 2011

There appears to be lack of relativity between the two rating assessments.

I anticipate that they may have lack of recognition as to the access situation, absence of utilities, Rule 11 status and also Maori Freehold Land status.

## 6.0 Environmental

### 6.1. Rule 11

Properties which lie within the lake catchments of Rotorua, Rotoiti, Rotoehu, Okaro and Okareka are subject to Rule 11 (Operative 5 October 2005). Rule 11 relates to Section 9.4 of Environment Bay of Plenty's proposed Regional Water and Land Plan. The Rules address the loss of nitrogen and phosphorous from land use activities in the five lake catchments. It is intended to address the decline in lake water quality which has occurred to these lakes in recent years.

Rule 11 is a package of regulatory methods aimed at capping the existing nitrogen and phosphorous loss levels from rural properties. Land owners were required to supply information relating to stock numbers, fertiliser application etc for the period July 2001 to June 2004 from which a nutrient benchmark is established for individual properties. Land owners will be able to carry out any land use on their property providing the annual average nitrogen and phosphorous loss is within the nutrient benchmark for the property. It may be possible to intensify land use by offsetting increasing nutrients through mitigating factors.

A Resource Consent is required where land use change or management practices increases the average export of nitrogen or phosphorous from the property by more than 10%. Where land use change or management practice increases average export of nitrogen or phosphorous by more than 10% and no measures have been identified to offset this increase, Environment Bay of Plenty may decline a Resource Consent application.

Advice received from Bay of Plenty Regional Council (Ref: Email Alistair McCormick 24 March 2011) is that a benchmark has been established over Burnhill 1 and 2 blocks providing for a total nutrient discharge allowance as follows:

1,679 kilograms of Nitrogen (N) per year  
488 kilograms Phosphorous (P) per year

Based on my calculation as to the effective grazable area of 165.4 hectares or thereabouts this benchmark provides the following nutrient discharge limits:

N 10.15 kilograms per year  
P 2.95 kilograms per year

<b>Affect on Value</b>	This benchmarking provides a severe limitation on future land use of the block with these benchmark figures considered to limit the existing area to low input drystock farming regimes. Research undertaken on behalf of Environment Waikato in 2006 indicates that low input sheep and beef farms generally have Nitrogen leaching losses of between 13 and 17 units whilst higher intensity beef farms range between 24 and 28 units of N. It is evident therefore that the benchmark ascribed reflects a history of relatively light stocking and moderate fertiliser application. Any more intensive land use will likely require retirement of pastoral areas and concentration of the major farming activities into a smaller land area over the easier contours. It may be that the steeper land would be planted in trees or similar use with low nutrient loss enabling the nutrient benchmark for the easier contours to increase. Nevertheless the benchmark is a significant constraint on value and the assessment of the underlying pastoral land rate should reflect a low intensity dry-stock farming regime. On-going review of Rule 11 policies may further impact on future land use.
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## 6.2. Emissions Trading Scheme

This assessment is undertaken on the understanding that all the pastoral areas have no liability for deforestation having occurred well prior to the 1 January 2008.

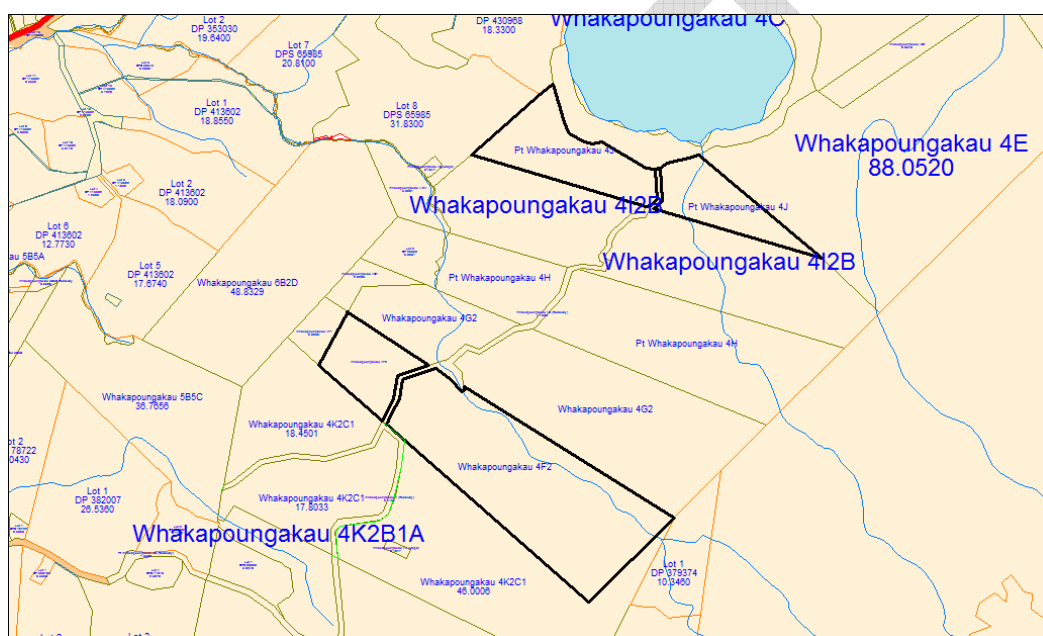
## 6.3. Water

Both blocks have reticulated water to a limited number of concrete stock troughs. I am advised that the water is sourced from a spring originating from the adjoining Whakapoungakau 4G2 Block which is a mature native bush land block out of which the stream flows. Water, gravity feeds from a reservoir situated on 4F2 block to the stock troughs. The titles do not detail any formal easement to the water supply. This creates a potential that land owners in the future could be required to provide their own water source. In practice this appears unlikely, however my assessment affords limited value to the water reticulation system reflecting pipe work and troughs only. Effecting their own source may well be possible lower down the stream however would require pumping up to a header tank from where it could gravity feed.

## 7.0 Locality

### General Locality and Proximity to Amenities

The two blocks are separated by three other similar sized and contour land blocks, all situated south of Lake Rotokawau and to the north, off the end of Hawthornden Drive. They are set back approximately two kilometres from the shore of Lake Rotorua and considered to be an excellent location in terms of proximity to Rotorua, less than 13 kilometres to the city centre and within 5 kilometres of the airport. The practicality of farming within a semi-urban environment is apparent with the restrictions imposed by Rule 11 and any alternative land use will need to be sensitive to the local environment.



Not to scale - blocks outlined in black

### Overall Summary

These blocks have been farmed over many years in conjunction with a neighbouring drystock holding, however have required access through an adjoining Maori Freehold Land block which the farm owners have traditionally also leased.

For any other parties, value is particularly limited due to absence of any significant infrastructure (no farm buildings and no legal provision of electricity or other utilities), difficult access and with currently no formed practical access and significant cost to activate a Maori Roadway Order. The farming potential is particularly limited due to the Rule 11 status. The major attraction is location with panoramic lake and rural views however additional value is then generally restricted to recreational values.

## 8.0 Valuation Discussion

### 8.1. Overview

In completing my assessment of value it is noted that the property had been offered for sale by tender. It is our understanding that the only interested party was the adjoining land owner, Vision Charitable Trust in conjunction with the Iwi. It is the intention to undertake a joint venture tourist/education operation being an extension of the neighbouring Lakes Ranch Christian outdoor education centre.

It is understood that as Section 147 (a) Te Ture Whenua Maori Act provides a first right of refusal to prospective purchasers who belong to one or more of the preferred classes of alienees, our clients would be afforded this right.

The very fact that the tenure situation imposes a first right of refusal onto the land owners provides a restriction on value, with all prospective purchasers knowledgeable as to a lengthy process required to achieve a sale and ratification through the Maori Land Court. This is believed to create a degree of stigma with purchasers outside of the preferred class of alienees loathe to have consideration of such properties.

Other than the land status, the main factors affecting market demand are the productive capacity of the land which is considered to be particularly restricted by its nutrient benchmark status and the overall contour. In addition the block will require considerable further expenditure by purchasers to form suitable access along the Maori Roadway. Whilst parties may be able to negotiate continuation of existing power supply via easements this is by no means a certainty and therefore purchasers will need to consider the potential cost and difficulties associated with provision of electricity and other utility supplies to the blocks. We believe these factors combine to limit the block's current value.

In completing my assessment, we have therefore had regard to values being paid for similar contour dry-stock blocks within the general locality and made adjustments to take account of the various issues.

In completing the assessment of the underlying land value, we have been predominantly guided by sales of similar pastoral holdings over the past eight months. These sales are summarised in table format below:

	Sale Date	Area (Ha)		Sale Price		Est land Value		
			(effective)	(\$)	(\$/ha)	(\$)	(\$/ha)	(\$/eff ha)
302 Millar Road, Lake Okareka	Sep-11	265.98	220.30	3,791,305	14,254	3,460,305	13,010	15,707
835 Brett Rd, Rerewhakaaitu	May-13	167.36	126.56	1,750,000	10,457	1,422,000	8,497	11,236
737 Poihipi Road, Taupo	May-13	199.00	195.50	2,200,000	11,055	1,932,000	9,709	9,882
203 Lichenstein Road, Okere Falls	Aug-13	165.76	143.04	1,250,000	7,541	1,093,000	6,594	7,641
287 Whakaroa Road, Kinloch	Jun-13	344.22	329.42	3,000,000	8,715	2,750,000	7,989	8,348
96 Te Miri Rd, Rotorua	Sep-13	75.68	68.00	1,260,000	16,649	1,148,000	15,169	16,882
248 Lichenstein Road, Okere Falls	Oct-13	165.35	160.00	2,450,000	14,817	2,043,800	12,360	12,774
South Road, Mamaku	Nov-13	63.80	60.70	863,000	13,527	838,000	13,135	13,806
Waikite Valley Road, Waikite Valley	Nov-13	131.50	116.10	1,650,000	12,289	1,508,000	11,468	12,989
Waikite Valley Road, Waikite Valley	Nov-13	151.40	125.70	2,100,000	13,871	1,885,000	12,450	14,996

**Table 3: Drystock Sales September 2011 to present.**

The sales listed, show a relatively tight range between \$7,500 and \$17,000 per effective hectare with the higher values being paid for properties considered well superior in comparison to the subject.

Although an older sale, still most relevant is the sale of Crater Lake Farm, 302 Millar Road, being situated outside of the Rule 11 catchment having similar characteristics in terms of lake views and amenity/recreational appeal plus resource consent for a Farm Park development. The sale indicates no value premium for the subdivision potential. This farm had in excess of 50% easy rolling contours, considered far superior stock carrying capacity, however value equivalent to only \$16,000/eff ha.

Other sales of note include smaller lifestyle block sales summarised in table format below:

	Location	Sale Date	Area		Est. Land Value*
			(Ha)	(Eff ha)	(\$/ha)
1	512 Kaharoa Road, Kaharoa	Dec-13	52.74	36.60	20,424
2	73 Tarukenga Direct Road	Nov-13	29.13	27.50	14,279
3	1633A&B Waikite Valley Road	Jul-13	41.42	36.40	19,920
4	815 Ohakuri Rd	Jun-13	31.11	26.20	24,621
5	251 Penny Road, Kaharoa	Jun-13	22.90	22.90	26,987
6	742 Ashpit Road, Rerewhakaaitu	May-13	30.82	30.00	15,607
7	795 SH5, Mamaku	May-13	9.21	5.20	31,053
8	247 Kaharoa Road	Apr-13	11.26	10.06	35,258
9	170 Rongomaipapa Road, Horohoro	Apr-13	25.60	23.60	19,922
10	815 Ohakuri Road	Mar-13	59.60	54.60	10,235
11	400B Paradise Valley Road	Mar-13	19.60	17.10	15,663
12	370 Dalbeth Road, Hamurana	Feb-13	30.47	30.11	26,585

\*Analysed bare (excl. fencing, water, buildings) grass land value

In particular the sales at 73 Tarukenga Road and 400B Paradise Valley Road provide good indication as to restricted value of larger lifestyle blocks within this Rotorua Basin area.

### 73 Tarukenga Road

A 29 ha small holding of easy contour divided into 14 paddocks and improved with a substantial 2007 tilt slab and `Linea` 4 bedroom 2 bathroom multiple living and office home with integral double garage. Lake views are obtained from the house site and the property has its own farm bore.

### 400B Paradise Valley Road

A 19.6ha small holding of mixed contour approximately 10km west of Rotorua. The block is improved with a modernised 2 level executive 1990's 5 bedroom, 2 bathroom brick home with integral double garaging and total floor area of 274m<sup>2</sup>. A Nutrient Discharge Allowance of 7kgN/ha/yr.

The analysed land values for these attractive well located lifestyle blocks being \$416,000 and \$307,000 respectively

These two subject blocks analysed to \$8,500/eff ha to \$13,000/eff ha recognising the low NDA status, poor contour, difficult access and lack of services.

Other sales of relevance include Pongakawa Valley Road, a 39.45 hectare ex-forestry block in cutover condition sold in 2013 for \$250,000. This block has extensive frontage to the north shore of Lake Rotoehu. It has similar issues in terms lack of services however enjoys actual lake frontage albeit to a lesser quality of waterfront than Lake Rotorua area. This block had some potential for subdivision with Resource Consent to create three lots. Historically it had been acquired for a significantly higher value and subsequently sold at mortgagee and now on sold.

206F State Highway 30, Tikitere, a near adjoining vacant 17.67ha block being part of the former Bishop drystock farm sold in December 2013 for \$356,500. Overall while slightly smaller than both of the subject blocks, it is considered well superior having formed access, services to the gate, house site also enjoying lake views and while similar contour is all clean pasture.

## 9.0 Valuations

Set out below are our valuation schedules summarising values allocated.

### Whakapoungakau 4F2 - 'As Is'

<u>Other Improvements</u>			
Cost to provide access			-73,000
Water supply	40.8ha	100	<u>4,000</u>
			-69,000
<u>Fences</u>			
Boundary	3,335m	@ \$2/m	6,670
Internal	<u>53.0ha</u>	@ \$100/ Ha	<u>5,301</u>
			11,971
		say	<u>12,000</u>
<b>Value of Improvements</b>			(\$57,000)
<u>Land Value</u>			
Lake Premium	1	@ 100,000	100,000
Flat to easy	6.8ha	@ \$12,000/ha	82,116
Moderate	10.3ha	@ \$9,000/ha	92,790
Steep rough grazing	23.6ha	@ \$3,000/ha	70,860
Native bush	<u>12.2ha</u>	@ \$600/ha	<u>7,344</u>
	53.0ha		353,110
			say <u>353,000</u>
<b>Realty Value (General Land)</b>	say		<b>\$300,000</b>
Less			
<u>4F2 Land Value</u>		353000	
Tenure discount 4F2	15.00%		
Part shareholding	<u>10.60%</u>		
	25.60%		
			<u>-90,000</u>
<b>Bishops portion</b>			<b>\$210,000</b>



#### 4F2 - Assumes Access Formed, Costs Shared

<u>Other Improvements</u>				
Water supply	40.8ha		100	<u>4,000</u>
				4,000
<u>Fences</u>				
Boundary	3,335m	@	\$2/m	6,670
Internal	<u>53.0ha</u>	@	\$100/ Ha	<u>5,301</u>
				11,971
			say	<u>12,000</u>
<b>Value of Improvements</b>				<b>\$16,000</b>
<u>Land Value</u>				
Lake Premium	1	@	100,000	100,000
Flat to easy	6.8ha	@	\$12,000/ha	82,116
Moderate	10.3ha	@	\$9,000/ha	92,790
Steep rough grazing	23.6ha	@	\$3,000/ha	70,860
Native bush	<u>12.2ha</u>	@	\$600/ha	<u>7,344</u>
	53.0ha			353,110
			say	<u>353,000</u>
<b>Realty Value (General Land)</b>	say			<b>\$370,000</b>
Less				
<u>4F2 Land Value</u>			353000	
Tenure discount 4F2	15.00%			
Part shareholding	<u>10.60%</u>			
	25.60%			
				<u>-90,000</u>
<b>Bishops share</b>				<b>\$280,000</b>

## Whakapoungakau 4J - `As Is`

<u>Other Improvements</u>			
Cost to provide access			-73,000
Races & tracks	430m	50	22,000
Shelter belts and trees	1.7ha	4000	7,000
Water supply	18.3ha	100	2,000
			-42,000
<u>Fences</u>			
Boundary	1,870m	@ \$2/m	3,740
Internal	<u>25.8ha</u>	@ \$100/ Ha	<u>2,580</u>
			6,320
		say	<u>6,000</u>
<b>Value of Improvements</b>			<b>(\$36,000)</b>
<u>Land Value</u>			
Lake Premium	1	@ 100,000	100,000
Moderate	4.1ha	@ \$9,000/ha	36,720
Steep	13.9ha	@ \$4,800/ha	66,672
Rough grazing	.4ha	@ \$4,200/ha	1,470
Pines (timber)	1.7ha	@ \$11,200/ha	18,704
Native bush	<u>5.8ha</u>	@ \$600/ha	<u>3,486</u>
	25.8ha		227,052
		say	<u>227,000</u>
<b>Realty Value (General Land)</b>			<b>\$190,000</b>
Less			
<u>4J Land Value</u>		227000	
Tenure discount 4J	15.00%		
Part shareholding	<u>22.05%</u>		
	37.05%		
			<u>84,000</u>
			<b>\$106,000</b>

#### 4J - Assumes Access Formed, Costs Shared

<u>Other Improvements</u>			
Races & tracks	430m	50	22,000
Shelter belts and trees	1.7ha	4000	7,000
Water supply	18.3ha	100	2,000
			31,000
<u>Fences</u>			
Boundary	1,870m	@ \$2/m	3,740
Internal	<u>25.8ha</u>	@ \$100/ Ha	<u>2,580</u>
			6,320
		say	<u>6,000</u>
<b>Value of Improvements</b>			<b>\$37,000</b>
<u>Land Value</u>			
Lake Premium	1	@ 100,000	100,000
Moderate	4.1ha	@ \$9,000/ha	36,720
Steep	13.9ha	@ \$4,800/ha	66,672
Rough grazing	.4ha	@ \$4,200/ha	1,470
Pines (timber)	1.7ha	@ \$11,200/ha	18,704
Native bush	<u>5.8ha</u>	@ \$600/ha	<u>3,486</u>
	25.8ha		227,052
		say	<u>227,000</u>
<b>Realty Value (General Land)</b>			<b>\$260,000</b>
Less			
<u>4J Land Value</u>		227000	
Tenure discount	15.00%		
Part shareholding	<u>22.05%</u>		
	37.05%		
			<u>-84,000</u>
			<b>\$176,000</b>

These valuations are exclusive of GST if any.

## 10.0 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 (Rotorua) Limited formerly Reid & Reynolds Limited and the author of the report. TelferYoung (Rotorua) Limited formerly Reid & Reynolds 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 original 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. Legislation that may be of importance in this regard includes the Health & Safety in Employment Act 1992, the Fire Safety and Evacuation of Buildings Regulation 1992, and the Disabled Persons Community Welfare Act 1975.*

### **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 (Rotorua) Limited formerly Reid & Reynolds Limited reserves the right to reconsider the report, and if necessary, reassess values.*

### **GST**

*When analysing the sales and/or leasing evidence relied upon for this valuation, it is noted that we have attempted to ascertain whether or not the sale price/rental is inclusive or exclusive of Goods and Services Tax (GST). The national property database of sales evidence does not always identify whether or not the sale price is inclusive or exclusive of GST. Where we have not been able to verify the matter of GST, we have assumed that the national property database record of sale price is inclusive of GST (if any) for residential properties and plus GST (if any) for non-residential properties. Should this not be the case for any particular sale or rental used as 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.*

**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 in the building, being in proper working order and functioning for the purposes for which they were designed.*

We trust that this form of report meets your requirements but should you require any further information or clarification of any point please do not hesitate to contact the writer.

Yours faithfully  
**TelferYoung (Rotorua) Limited**  
formerly Reid & Reynolds Limited



**M J Craven**  
Registered Valuer, ANZIV, SPINZ  
martyn.craven@telferyoung.com

## Appendix A

### Instruction letter

R4250/MJC/SM

20 January 2014

TelferYoung Rotorua  
1180 Lake Road  
PO Box 2121  
**Rotorua 3040**

**Attention:** Martyn Craven

Dear Martyn,

#### **RE: WHAKAPOUNGAKAU 4J AND 4F2 BLOCKS**

Ngati Rangiteaorere are exploring options in respect of purchase of the above two blocks in conjunction with a Joint Venture Proposition together with Vision Charitable Trust, which proposal includes six other blocks of land (collectively known as Burnhill 1 and 2).

TelferYoung provided valuation advice in 2011 (ref R4250) to both parties. Ngati Rangiteaorere wish to commission a further valuation report which will be made available to Vision Charitable Trust.

The valuation exercise is complex due to Maori ownership and roadway access issues. The parties seek a transparent valuation which assesses the current market values of the two blocks under two scenarios:

1. Current value - existing service/road provision
2. Current value - proposed road/services installed

In respect of the interrelationship between the eight Burnhill Blocks it is intended to fairly apportion development costs across each to provide fair values. It is understood that the valuation exercise will require provision of any relevant road/service provision plans/estimates together with detailed costing's/specifications where available. The legal/valuation/resource management interrelationship of the joint venture is such that Ngati Rangiteaorere may later seek independent opinion as to the economic viability of the development plans.

Ngati Rangiteaorere will endeavour to provide the information required via their relationship with Vision Charitable Trust.

We accept your quotation of \$2,500 plus GST to provide a valuation report as to current market values for the two blocks. Fee payable prior to release of report. Any additional consultancy/reports in respect of the other six blocks and/or economic analysis of the joint venture proposal will be charged at \$200 per hour plus GST and disbursements.