

# MARKET VALUATION

LAND & IMPROVEMENTS  
(EXCLUDING TREE CROP)

NGATAWHAI GROUP FOREST  
TE WHARAU ROAD, MASTERTON

PREPARED FOR

FOREST ENTERPRISES LIMITED

AUGUST 2019

9 August 2019

Ref: 9809

Valuer: M H Morice

**Attention:** Graeme Tindall

Managed Investments Director  
Forest Enterprises Limited  
P O Box 128  
**MASTERTON 5840**

Email: [gtindall@forestenterprises.co.nz](mailto:gtindall@forestenterprises.co.nz)

Dear Graeme

## **MARKET VALUATION LAND & IMPROVEMENTS (EXCLUDING TREE CROP) NGATAWHAI GROUP FOREST – TE WHARAU ROAD, MASTERTON**

### **Introduction**

Further to your instructions we have completed a market valuation of the land and improvements for the above property.

The report is to be read in conjunction with the Executive Summary, brief property report and Statement of Limiting Conditions & Valuation Policies. We provide market evidence and methodologies adopted in the formation of our opinion of the land and improvements assessed value.

### **Consent under Section 60 of the Financial Markets Conduct Act 2013**

We refer to the Product Disclosure Statement (**PDS**) to be registered on the Disclose Register for the regulated offer of shares in Ngatawhai Group Forest Investment (**Scheme**) which Forest Enterprises Limited as the issuer intend to make.

The PDS will include information from, and references to, the independent valuation report of Ngatawhai Group Forest dated 9 August 2019 carried out by Mark Morice. The Disclose Register will also include a copy of the updated valuation (**Valuation Report**).

We have provided the valuation as independent Valuer of the forest land (excluding tree crop) for the Scheme for the purposes of assessing the current market value of the land and roading improvements on the property for use by prospective investors in the Scheme.

As required by section 60 of the Financial Markets Conduct Act 2013 and regulation 50 of schedule 5 to the Financial Markets Conduct Regulations 2014, we consent to:

- (i) the inclusion of our valuation information in the PDS in the form and context in which it is included;
- (ii) the inclusion of the Valuation Report on the Disclose Register; and
- (iii) the distribution of the Valuation Report to prospective investors in the Scheme,

and confirm we have not withdrawn such consent before the lodgement of the PDS with the Registrar.

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

Yours sincerely

**MORICE LTD**

A handwritten signature in blue ink, appearing to be 'M H MORICE', written in a cursive style.

**M H MORICE**

Registered Valuer & Registered Forestry Consultant

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## APPENDICES

1. Land Valuation Workings
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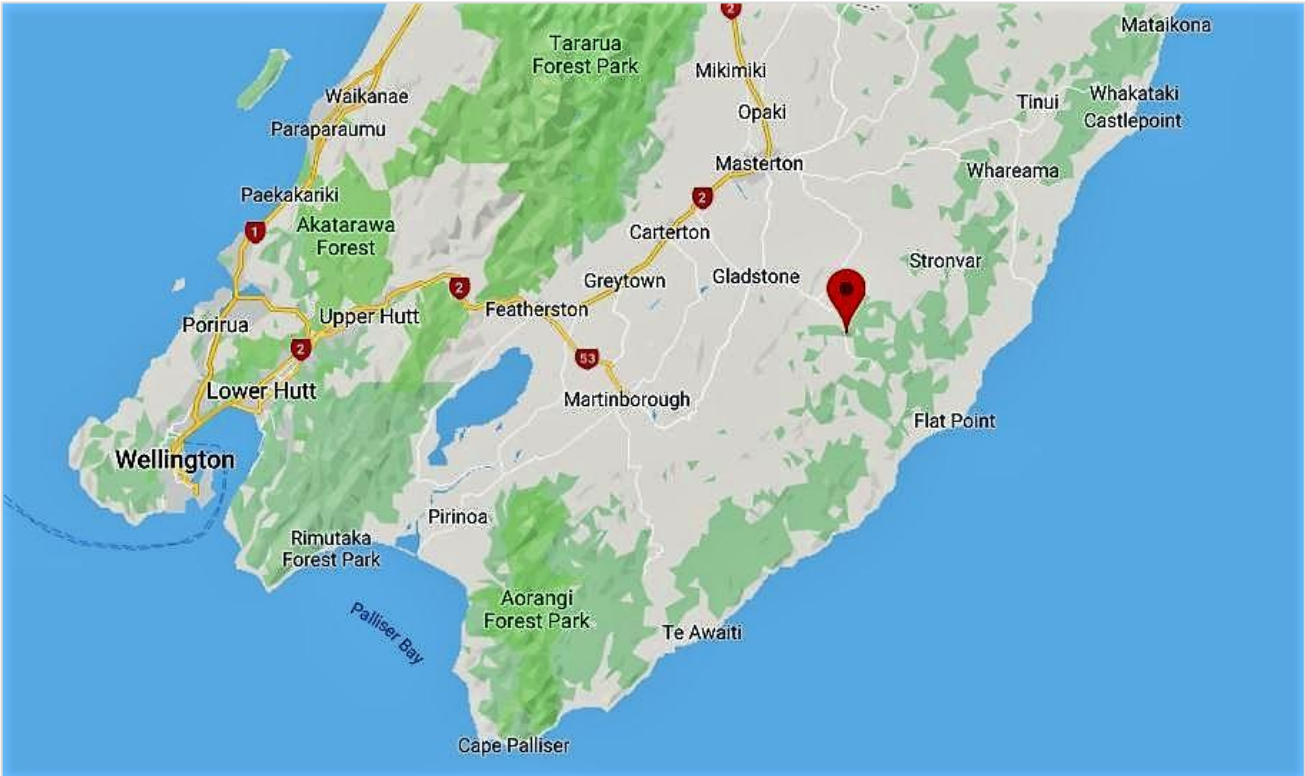
## ABBREVIATIONS

\$GBe	Ground Base Equivalent
\$HBe	Hauler Base Equivalent
AWR	Awaiting Re-stocking
CAA	Carbon Accounting Area
CNI	Central North Island
ETS	Emissions Trading Scheme
FEL	Forest Enterprises Limited
HBU	Highest & Best Use for land
masl	Metres above sea level
Morice	Morice Limited
NES-PF	National Environmental Standards – Production Forestry
NGF	Ngatawhai Group Forest
NPA	Non Productive Area
NSA	Net Stocked Area
NZIF	New Zealand Institute of Forestry
NZU's	New Zealand Unit of Trade in the ETS
OLB	Outside Legal Boundary
PLE	Probable Limit of Error
PPA	Potentially Productive Area
TRV	Total Recoverable Volume

# Section 1: PROPERTY & LOCATION MAPS



Map outlines indicative property boundary outlined in white



Map outlines the approximate location of NGF

## Section 2: EXECUTIVE SUMMARY

<b>Property Address</b>	Te Wharau Road, Te Wharau, Masterton								
<b>Instructing Party</b>	Graeme Tindall of Forest Enterprises Limited								
<b>Instructions</b>	To provide a market valuation of land and improvements (excluding tree crop) of the Ngatawhai Group Forest under Section 60 of the Financial Markets Conduct Act 2013.								
<b>Related Parties</b>	None known								
<b>Date of Inspection</b>	Not inspected for the purpose of this valuation. Previously inspected 16 September 2015.								
<b>Date of Assessment</b>	9 August 2019								
<b>Brief Description</b>	<p>A 909 hectare forest situated on Te Wharau Road, Te Wharau, some 38 kilometres southeast of Masterton. NGF contains some 474 hectares of established radiata planted 1998-2018 along with some 97 hectares awaiting restocking.</p> <p>Inclusive of the estimated area in roads and skids, we have assessed a PPA of 648 hectares all of which is deemed pre-1990 land within the ETS.</p> <p>NGF benefits from significant amounts of easy to medium hill country and it is estimated that 81% of the productive land is suitable for ground base extraction. NGF has benefited from low lead distance (42 kilometres) to domestic processing in Masterton however is disadvantaged by lead distance to export situated at Wellington (124 kilometres) and the nearest pulp processing being at Whirinaki, Napier (281 kilometres).</p> <p>NFG is situated in a proven and desirable forestry area known for good growth rates.</p>								
<b>Methodology</b>	Market approach								
<b>Valuation (NZD)</b>	<table border="1"> <thead> <tr> <th>Valuation Summary</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Improvement Value</td> <td>212,000</td> </tr> <tr> <td>Land Value</td> <td>1,680,000</td> </tr> <tr> <td><b>Total Land &amp; Impts Value</b></td> <td><b>1,892,000</b></td> </tr> </tbody> </table> <p><b>ONE MILLION EIGHT HUNDRED &amp; NINETY TWO THOUSAND DOLLARS (\$1,892,000)</b> Plus GST, if any</p>	Valuation Summary	\$	Improvement Value	212,000	Land Value	1,680,000	<b>Total Land &amp; Impts Value</b>	<b>1,892,000</b>
Valuation Summary	\$								
Improvement Value	212,000								
Land Value	1,680,000								
<b>Total Land &amp; Impts Value</b>	<b>1,892,000</b>								
<b>Conditions of Valuation</b>	<ul style="list-style-type: none"> <li>• Forestry is considered the highest and best use for the land</li> <li>• It is assumed all stocked areas are accessible</li> <li>• Land is valued in a hypothetical cutover state suitable for replanting with harvest roading network in place</li> <li>• It is assumed there is no contingent deforestation liabilities associated with pre-1990 land</li> </ul>								
<b>Key Valuation Parameters</b>	<ul style="list-style-type: none"> <li>• Legal area 909.2ha</li> <li>• PPA area (including roads) 648.6ha</li> <li>• Ground base percentage 81%</li> <li>• Pre-1990 \$GBe \$2,650/ha</li> <li>• Pre-1990 \$HBe \$2,120/ha</li> <li>• Unproductive \$100/ha</li> </ul>								
<b>Valuer</b>	<p><b>M H MORICE</b>  B.Com.Ag (VFM), Dip.Fore., SPINZ, ANZIV, RMNZIF  Registered Valuer &amp; Registered Forestry Consultant</p>								

## Section 3: SCOPE

### 3.1 SCOPE OF VALUATION

#### 3.1.1 VALUER CONFIRMATION

1 The Valuer is in a position to provide an objective and unbiased valuation, has no material connection or involvement with the party commissioning the valuation and is competent to undertake the valuation exercise.

#### 3.1.2 ASSETS VALUED & PURPOSE OF VALUATION

2 To provide a market valuation of land and improvements (excluding tree crop) located on Ngatawhai Forest Group, Te Wharau Road, Te Wharau, Masterton under Section 60 of the Financial Markets Conduct Act 2013.

#### 3.1.3 CURRENCY

3 New Zealand dollar.

#### 3.1.4 CLIENT & RESTRICTIONS OF REPORT

4 The valuation has been prepared for FEL for the purpose outlined.

5 We do not accept any responsibility to the client for this report for any purpose other than for the specific purpose for which it was commissioned. No person other than the client may rely on this report for any purpose without the written consent of the writer. The report is to be read in conjunction with our Statement of Valuation Policies.

#### 3.1.5 INFORMATION RELIED UPON

- Information obtained at time of previous property inspections
- Maps, area statements and Forest Management Plan provided by FEL
- LINZ GIS spatial and related data
- Record of Title information
- Google Earth and QuickMap cadastral and aerial photography
- District Planning and Resource Consent/Land Use zoning and planning data
- Morice Ltd internal and third party sales data

6 It is assumed this information is accurate and we reserve the right to amend our assessment if the information proves to be erroneous.

#### 3.1.6 MORTGAGE RECOMMENDATION

7 In compliance with the Australian and New Zealand Valuation Standards and Guidance Notes (ANZVGN), unless an intending lender expressly requests or has a stated policy requirement that such recommendation be provided by the Valuer, no specific recommendations 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.

#### 3.1.7 VALUATION STANDARDS

8 The valuation has been undertaken with reference to the International Valuation Standards (IVS), the Australian and New Zealand Valuation Standards and Guidance Notes (ANZVGN) and New Zealand Institute of Forestry (NZIF) Forest Valuation Standards 1999. We have given particular note to:

IVS 101	"Scope of Work"
IVS 102	"Investigation & Compliance"
IVS 103	"Reporting"
IVS 104	"Bases of Value"
IVS 105	"Valuation Approaches & Methods"
IVS 400	"Real Property Interests"
ANZVGN 1	"Valuation Procedures Real Property"
ANZVGN 10	"Valuation of Agricultural Properties"

### **3.1.8 EXTENT OF INVESTIGATIONS**

- 9 The report has been prepared for valuation purposes only.
- 10 We have not sighted a current Land Information Memorandum (LIM). Unless stated this report is subject to there being no outstanding requisitions or adverse factors affecting the property.
- 11 We have not taken undertaken any environmental or geotechnical survey, nor land survey and assume all improvements lie within the Title boundaries.
- 12 No allowance has been made to reflect the balance of any outstanding mortgages, capital, interest or any expenses for realisation.
- 13 We have not been provided with an environmental audit with the assessment on the assumption no contaminative use has been carried out on the property.

### **3.1.9 ASSUMPTIONS & SPECIAL ASSUMPTIONS**

- 14 Refer to Extent of Investigations and Statement of Limiting Conditions and Valuation Policies for Standard Valuation Assumptions.

### **3.1.10 VALUATION APPROACH ADOPTED**

- 15 In assessing the current market value of the land and improvements, we have taken into account the forest location, productivity, local authority zoning and development potential relative to the comparable sales evidence.
- 16 We have primarily adopted the market approach where land classes have been compared against recent sales of properties following adjustment for size, ETS status, productivity, altitude, locality, timing of sale and contour. Productive land has been valued on the basis of being in a hypothetical cutover state after the harvest and removal of all plantation trees. Improvements have been assessed on their added value to the Forestry Unit.



## Section 4: VALUATION OVERVIEW & VALUATION

### 4.1 FORESTRY SALES EVIDENCE

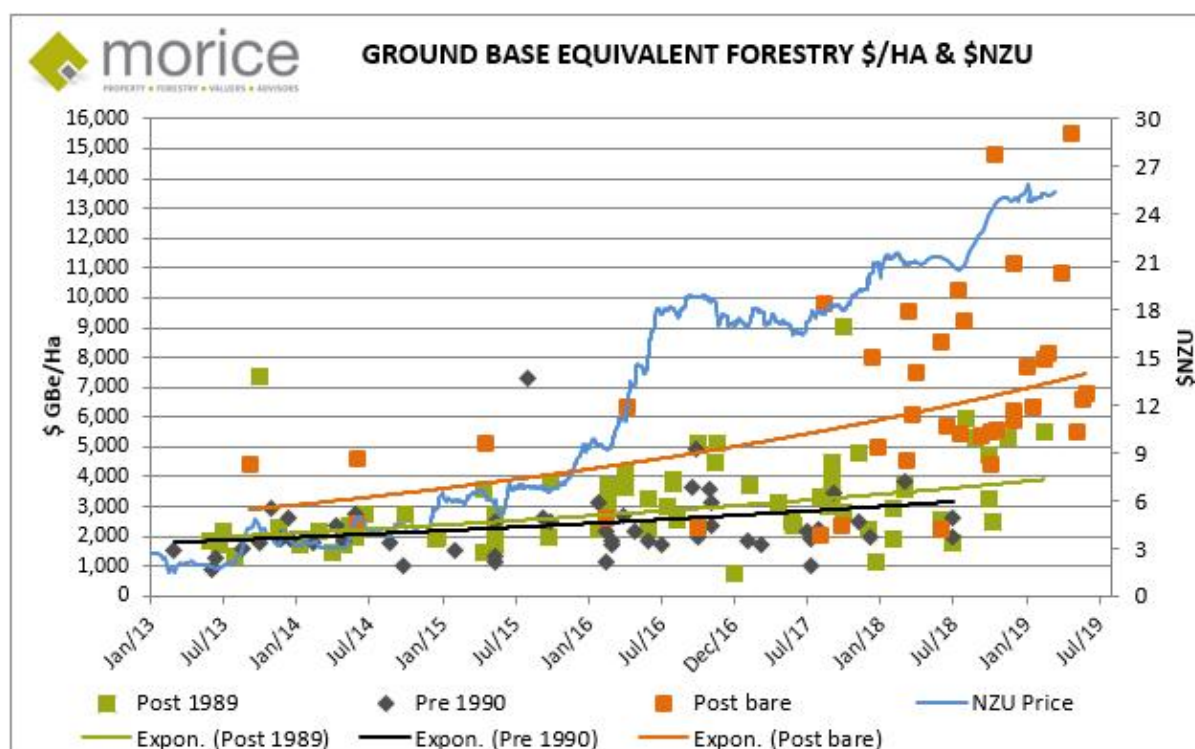
#### 4.1.1 PREAMBLE

- 1 Appendix 2 "Forestry Sales Evidence" contains a schedule of recent forestry transactions. They have been segregated to include the following:
  - ETS status – pre-1990 or post-1989 as different land rights occur under the ETS
  - Use – whether bare land (farmland acquired for planting), land and trees, Forestry Right, cutover or ETS offsetting
  - \$GBe – analysed ground base equivalent value per hectare
  - \$HBe – analysed hauler base equivalent value per hectare (generally 80% of \$GBe)
- 2 \$GBe and \$HBe values have been analysed for each transaction based off the expected quantum of land for each harvest method, primarily based off contour. \$HBe has been assessed at 80% of \$GBe acknowledging higher harvest costs for this land type, along with increasing environmental risk and constraints with the NES-PF.
- 3 When comparing land transactions it is imperative to determine its classification under the ETS (pre-1990 or post-1989) and what influence the ETS has had on these sales. Pre-1990 land is more aligned with traditional forestry returns pertaining to the tree crop. Deforestation penalties occur on change of land use however where forestry is the highest and best use (HBU) of the land, we are of the view the market does not discount for this.
- 4 Post-1989 land has the ability to earn NZU's from carbon sequestration. Further ETS benefit occurs from Greenfields land and land under young, first rotation tree crop due to the ability to realise "risk free" carbon from the decay of above ground residual wood and below ground roots.
- 5 There is currently a proposal with MPI for an "averaging" carbon approach whereby in the first rotation the long term average carbon sequestration can be realised. Currently this is estimated at around 600NZU's per hectare by age 20. No more carbon can be earned beyond this period and no associated liability through harvesting.
- 6 A further influence of the ETS is with a high NZU price; post-1989 Greenfields land is being acquired for carbon offsetting to enable conversion of high value pre-1990 forestry land to an alternative use.

#### 4.1.2 FORESTRY EVIDENCE

- 7 The following graph is a summary of the analysed \$GBe per hectare pre-1990, post-1989 afforested and post-1989 bare land transactions from the schedule. We also overlay the historic NZU price which has an influence on the value of post-1989 land.

Figure 1: \$GBe Forestry Land Values



8 Further analysis of the sales is provided in the following tables.

#### 9 Post-1989 Sales - Afforested

The following table is a summary of analysed post-1989 afforested sales.

**Table 1: Summary of Post-1989 Afforested Sales**

Year	No Sales	Avg \$Gbe	Avg \$Hbe	Avg \$/Ha	Min \$GBe	Max \$Gbe
2013	6	2,801	2,241	2,449	1,335	7,396
2014	12	2,088	1,670	1,796	1,480	2,758
2015	10	2,353	1,883	2,215	1,453	3,851
2016	15	3,621	2,897	3,136	2,243	5,150
2017	18	3,390	2,712	2,990	740	9,043
2018	12	3,621	2,897	3,286	1,813	5,927
2019	2	6,944	5,555	6,773	5,514	8,374

10 Points to note:

- sale numbers tracking relatively consistent 2016-2018
- increasing post-1989 land values predominantly due to the increase in NZU price
- renewed interest in forest blocks with young age class for "risk free" carbon and potential onset of "averaging" approach

#### 11 Post-1989 Sales – Bare Land

The following table is a summary of analysed post-1989 bare land sales.

**Table 2: Summary of Post-1989 Bare Land Sales**

Year	No Sales	Avg \$Gbe	Avg \$Hbe	Avg \$/Ha	Min \$GBe	Max \$Gbe
2013	2	3,076	2,461	2,565	1,994	4,158
2014	2	4,685	3,748	3,823	4,633	4,737
2016	3	3,783	3,027	3,128	2,313	6,400
2017	4	6,487	5,190	5,817	2,144	9,820
2018	15	6,792	5,433	6,154	2,177	10,308
2019	8	7,745	7,254	7,923	0	15,527

Points to note:

- high number of sales in 2018
- renewed interest in "Greenfields" forestry land due to potential onset of the "averaging" approach
- some recent high land values

## 12 Pre-1990 Sales

The following table is a summary of analysed pre-1990 sales.

**Table 3: Summary of Pre-1990 Sales**

Year	No Sales	Avg \$Gbe	Avg \$Hbe	Avg \$/Ha	Min \$GBe	Max \$Gbe
2013	10	1,845	1,476	1,659	905	2,944
2014	6	1,922	1,537	1,762	1,007	2,761
2015	7	2,712	2,169	2,328	1,149	7,299
2016	16	104,574	83,659	104,339	1,161	1,635,112
2017	9	2,096	1,676	1,863	992	3,468
2018	6	3,419	2,735	2,948	1,954	5,229
2019	1	3,798	3,039	3,646	3,798	3,798

13 Points to note:

- reduced number of sales in 2017 and 2018 to date (this can distort the average land values when compared to other years due to the lower sample size)
- 2018 included a "blue chip" forestry property located in the CNI with the average sale price well above the average of previous years
- high number of sales for 2016
- number of sales with established tree crops
- land value influenced by productivity, lead distance and terrain
- land values significantly less than post-1989 transactions

## 14 Sale Analysis Summary

After taking into account the transactional evidence, the following table is a summary of our opinion of current ground base equivalent forestry land values taking into account the influence of the ETS and lead distance.

**Table 4: \$GBe Land Values/ha Summary by Type**

Land Type	Post-1989 Greenfield	Post-1989 Established	Pre-1990
Good site 50km lead	9,000-12,000	4,500 - 5,500	3,000 - 4,000
Good site 50-100km lead	7,000-9,000	3,500 - 4,500	2,000 - 3,000
Average site 100-200km lead	5,000-7,000	2,750 - 3,500	1,500 - 2,000

15 It is acknowledged that exceptions have occurred to the above land value range and are often driven by other factors such as access, neighbour premium and regional adjustment.

16 In general, the value of land has lifted on the back of strong log and NZU price.

#### 4.1.3 MARKET SUMMARY

17 In general the forest market is lifting with there being significant acquisitions from offshore interests. Larger corporates are increasing their land holdings due to forestry currently being seen as a relatively sound investment when compared to other asset classes.

18 The sales analysis outlines the importance of determining the ETS status of the land. Pre-1990 land is largely influenced by the economics of growing a tree crop and is mostly shaped by key variables such as recoverable volume, harvest and cartage costs.

19 At a high carbon price, post-1989 land values are less influenced by economic variables of the traditional growing of a tree crop due to the ability to earn additional income from carbon sequestration. Carbon sequestration benefit is influenced by the age of the tree crop at the commencement of the ETS which impacts on the level of "risk free" carbon from the above ground residual wood and below ground roots.

## 4.2 VALUATION CONSIDERATIONS

### 4.2.1 SWOT ANALYSIS

#### 20 **Strengths & Opportunities**

- proven forestry area with good growth rates
- relatively short lead distance to domestic processing
- roading infrastructure in place for next harvest
- predominantly ground base (81%) extraction
- low NES-PF risk
- historic strong log prices

#### 21 **Weaknesses & Threats**

- disadvantaged by lack of pulp processing in the Wairarapa
- disadvantaged by lead distance to export
- increasing limited availability of establishment, tending and harvest contractors

### 4.2.2 PRE-1990 SALES

22 As all of the productive area has a pre-1990 ETS status, we have placed most reliance on these sales.

23 We refer to Appendix 2 "Forestry Sales Evidence" which is a detailed list of the comparable sales taken into consideration.

24 There has been a general paucity of pre-1990 sales, and in particular, sales within the Wairarapa region. We refer to sale benchmarks in the following table from a wider geographical area.

**Table 5: Summary of Pre-1990 Comparable Sales**

Sale#	Date	Locality	PPHA	\$GBe	\$HBe	Notes
58	07/17	Whangarei	395	1,888	1,510	Contains cutover land harvested in 2015 - 2017. Located 82 km to Marsden Point. Mainly hauler land - Proven forestry area.
59	07/18	Glentunnel	891	1,954	1,563	Established second rotation forestry block located in the Canterbury foothills. 300-400masl. 60 HB. 68% pre-1990
60	12/17	Otorohanga	215	1,992	1,593	Contains mainly second rotation radiata 2-6 years of age with 29 ha of 23-25 ha radiata. Land predominantly hauler base. 143km to export.
61	07/17	Masterton	143	2,173	1,738	A smaller property located southeast of Masterton being the purchase of the land with the tree crop subject to a Forestry Right expected to expire in the next four years. Presents generally steeper land with a lead distance of some 134km to export at Wellington.
62	08/17	Northland	156	2,229	1,784	A second rotation forest containing young to mid-range aged trees with a favourable balance of ground base contour. Located in relatively close proximity to Marsden Point being 36km. Land provides for relatively good growth rates.
63	11/18	Whanganui	219	2,313	1,850	2nd rotation forest, containing 220 ha of 2012-2016 Pinus radiata, all hauler base, 163 km export remotely located, roads in place.
64	11/17	Galatea	164	2,507	2,006	The sale of a second rotation forest with regen tree crop. Varied opinion as tree crop added value. Located in a desirable forestry area.
65	09/17	Masterton	529	2,546	2,036	Sale of cutover land acquired by a forestry investment company for syndication. Premium paid for this aspect. One of the better production forests within the Wairarapa region. Location 129km from the Port of Wellington. Strong sale.
66	06/19	Kaitaia	425	2,554	2,044	Otagarua forest, mainly ground base, 1986 - 2011 plantings, 2nd rotation crop, 39 km Kaitaia 156 km Marsden Point.
67	07/18	Wellington	94	2,598	2,078	Contains mainly 2nd rotation tree crop. Located close to Wellington Port (35km). Mainly hauler country. Some areas of difficult harvest.
69	04/19	Kinleith	140	3,798	3,039	Sale comprising the land of a 140 hectare forestry block situated within an existing forest in the Kinleith area. Favourably located to pulp (21km) and saw log (69km), with export at Tauranga some 109km distant. Land is 100% Pre-1990, with roads in place.
70	03/18	Mangakino	933	3,817	3,053	A high sale of very desirable forestry land situated between Kinleith and Mangakino. Acquired by a large saw milling company looking to secure supply. Sale at the upper end of pre-1990 evidence.

25 Sale 58 is situated west of Whangarei and was of cutover forestry land. We are of the view this forest is inferior. In addition is an older sale which we are of the view the market has moved since this transaction.

26 At the lower land value range was a sale in the Canterbury foothills (Sale 59) containing 68% pre-1990 land with assessed \$GBe of \$1,954/ha. Considered inferior.

- 27 Sale 60 situated near Otorohanga and of relative long lead distance (143km to export) with \$GBe assessed at some \$1,992 per hectare. An older sale.
- 28 Sale 61 was of a smaller property located south-east of Masterton with part of the tree crop subject to Forestry Right. \$GBe assessed at \$2,173 per hectare. Generally steeper block considered inferior.
- 29 Sale 62 occurred in the latter part of 2017 being a second rotation forest with mid-rotation trees. Close locality to Marsden Point (36km). \$GBe assessed at \$2,229 per hectare. We are of the view the market has moved since this sale. Inferior.
- 30 Sale 63 is located in the Whanganui area being 163km from export. \$GBe assessed at \$2,313/ha. Considered inferior.
- 31 Sale 64 was an older transaction in the Galatea area being highly sought after for forestry given the number of forestry corporates. \$GBe assessed at \$2,507/ha. An older sale considered inferior.
- 32 Sale 65 was for one of the better forests located in the Wairarapa region occurring in the latter part of 2017. Premium paid by investment syndicate for land. \$GBe assessed at \$2,600/ha.
- 33 Sale 66 is a recent transaction situated between Kaitaia and Kerikeri being established forest 1986-2011 plantings. Considerable areas of easier land. Longer lead distance to Marsden Point (156km) and closer proximity to domestic at Kaitaia. \$GBe assessed at \$2,554 per hectare. Slightly inferior.
- 34 Sale 67 occurred in the mid part of 2018 for a smaller forest located in the Wellington hills some 35km from CentrePort. Mainly hauler country with some difficult areas of harvest. Considered slightly inferior.
- 35 Sales 69 and 70 occurred in the Mangakino region for Blue Chip forestry land in close proximity to Kinleith. Acquired by a large sawmilling company. Very high sale. Considered superior.

#### 4.2.3 LAND VALUE BENCHMARKS

- 36 After taking into account the above sales evidence along with ETS classification and terrain, we have adopted the following land value benchmarks for NGF.

**Table 6: Land Values Adopted \$/ha**

Type	\$/ha
Pre 1990 GB	2,650
Pre 1990 HB	2,120
Non Productive	100

- 37 We have adopted pre-1990 \$GBe rates of \$2,650 per hectare. This takes into consideration the historical sales through the Masterton and Wellington regions along with the more recent sale located at Kaitaia. The land values are somewhat less than the Central North Island sales at Mangakino, driven by corporate demand in close proximity to domestic processing.

#### 4.2.4 CARBON VALUATION

- 38 The land has a pre-1990 status and therefore has no value associated with the potential carbon trading opportunity. We have not placed any value on the pre-1990 NZU allocation.

#### 4.2.5 VALUE OF IMPROVEMENTS

39 NGF contains a good network of forestry roads which have been assessed at \$300/ha based on the analysis of second rotation forestry sales. We have also included the added value of fences where they adjoin farmland.

#### 4.2.6 VALUATION

40 Under the set of assumptions outlined in this report through adopting the market approach, we assess the land and improvements as at 7 August 2019:

**Table 7: Summary of Values**

Valuation Summary	\$
Improvement Value	212,000
Land Value	1,680,000
<b>Total Land &amp; Impts Value</b>	<b>1,892,000</b>

**ONE MILLION EIGHT HUNDRED & NINETY TWO THOUSAND DOLLARS (\$1,892,000)** plus GST, if any.

## Section 5: PROPERTY REPORT

### 5.1 LEGAL DESCRIPTION

#### 5.1.1 REGISTERED OWNERS

41 The Trustees Executors and Agency Company of New Zealand Limited

#### 5.1.2 LEGAL DESCRIPTION

42 An Estate in Fee Simple held with eight Records of Title in the Wellington Land Registration District.

**Table 8: Record of Title**

Identifier	Legal Description	Area (ha)
WN26A/360	Section 271 Pahaoa District	258.1894
WN27C/841	Lot 1 Deposited Plan 58704	52.6000
WN32A/228	Part Section 267 Pahaoa District	100.8806
WN32A/227	Part Lot 3 Deposited Plan 1070	117.9368
WN18A/449	Part Section 248 Pahaua Block	82.4946
WN20B/1493	Lot 2 Deposited Plan 44333	43.583
WN953/84	Section 9 Block VIII Wainuioru Survey District	176.0028
WN31D/696	Part Section 317 Pahaoa District	77.5395
Total		909.2267

#### 5.1.3 INTERESTS

##### WN26A/360

- Subject to Section 8 Mining Act 1971
- Subject to Section 5 Coal Mines Act 1979
- 8858573.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - 9.9.2011 at 3:27 pm

##### WN27C/841

- Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am  
*This relates to NGF being the dominant tenement of surrounding lifestyle properties with regard to compliance around fire, building setbacks and holding adequate Public Liability and Forest and Rural Fires Act Insurance cover. In summary the covenant indemnifies NGF from all costs, expenses and damages incurred from any breach of the covenant by the lifestyle properties.*
- 9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am

##### WN32A/228

- Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am
- 9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am

##### WN32A/227

- Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am
- 9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am

##### WN18A/449

- Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am



- 9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am

#### **WN20B/1493**

- Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am
- 9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am

#### **WN953/84**

- 8772056.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - 24.5.2011 at 7:00 am

#### **WN31D/696**

- Subject to Section 8 Mining Act 1971
- Subject to Section 5 Coal Mines Act 1979
- Subject to water supply rights over part marked A on DP 63733 created by Transfer 940587.1 - 15.8.1 988 at 1.51 pm

### **5.1.4 RESOURCE MANAGEMENT**

#### **43 Wairarapa Combined District**

**Zone:** The property has a "Rural Primary Production" Zone as identified in the proposed Wairarapa Combined District Plan last amended 26 August 2006.

**Activities:** Plantation forestry is a Permitted Activity provided there is a 20m setback from the centre line of any formed public road, 10m from any boundary, 35m from Residential Zone, 20m from high voltage transmission line and 10m planting setback from the margin of any permanent flowing water body with a bed of 1m or more.

**Subdivision:** Within the "Rural" zone, Section 20 outlines subdivision rules and standards and states that no form of subdivision is a Permitted Activity under the Plan. Section 20.1.4 relates to standards for restrictive discretionary activities, where the Rural (Primary Production) Zone states that any subdivision requires a minimum average Lot area of 1.0 hectare (where Lots are larger than 10 hectares these Lots will be given a nominal size of 10 hectares when calculated in the average Lot area), no more than two front Lots shall have a road frontage of less than 100m, three or four more rear Lots must share a single vehicle access way and each Lot is able to contain a building area outside a buffer distance of 25m from existing boundaries of the parent property, including road front boundaries.

Further rules and standards for the "Rural" zone include dwellings must have a minimum setback of 25m from all other boundaries, only one dwelling per Certificate of Title under 2.0 hectares allowable with two dwellings per Certificate of Title 2.0 hectares and over. Forestry plantation is to be setback 10m from any boundary.

#### **44 Greater Wellington Regional Council**

**Zone:** The properties also fall under the jurisdiction of the Greater Wellington Regional Council.

**Soil Conservation:** Soil disturbance and vegetation clearance are controlled in the Regional Soil Plan and are only applied to steep, erosion prone land.

Rule 3 of the Soil Plan permits vegetation disturbance on erosion prone land subject to conditions specified in the Rule including:

- that the soil conservator is notified at least 21 days prior to vegetation disturbance
- the area of vegetation disturbance will be re-established in woody vegetation within 18

months from the start of the vegetation disturbance operation

- where ground base methods are used, best management practices as described in the New Zealand Forest Code of Practice are adopted
- no vegetation or slash with a diameter of greater than 100mm shall be allowed to remain near any water course.

Any vegetation disturbance activity which is provided for by Rule 3 but does not comply with any of the conditions in Rule 3 is a restricted Discretionary Activity.

### 5.1.5 NATIONAL ENVIRONMENTAL STANDARDS – PLANTATION FORESTRY

45 The NES-PF came into effect 1 May 2018 creating a nationally consistent set of regulations for any forest larger than one hectare that has been planted specifically for commercial purposes and harvest. Forest activities regulated by the NES-PF are afforestation, pruning, thinning to waste, earthworks, river crossings, forest quarrying, harvesting, mechanical land preparation and replanting.

46 Most forestry activities are permitted by the NES-PF as long as foresters meet specific conditions to prevent significant adverse environmental effects. The regulations are based on existing good practice standards within the forestry industry.

47 If foresters are unable to meet these conditions, they will need to apply for resource consent.

48 All land has been given an erosion susceptibility classification with there being four categories:

- |    |        |   |                           |
|----|--------|---|---------------------------|
| 1. | Green  | - | low risk of erosion       |
| 2. | Yellow | - | moderate risk of erosion  |
| 3. | Orange | - | high risk of erosion      |
| 4. | Red    | - | very high risk of erosion |

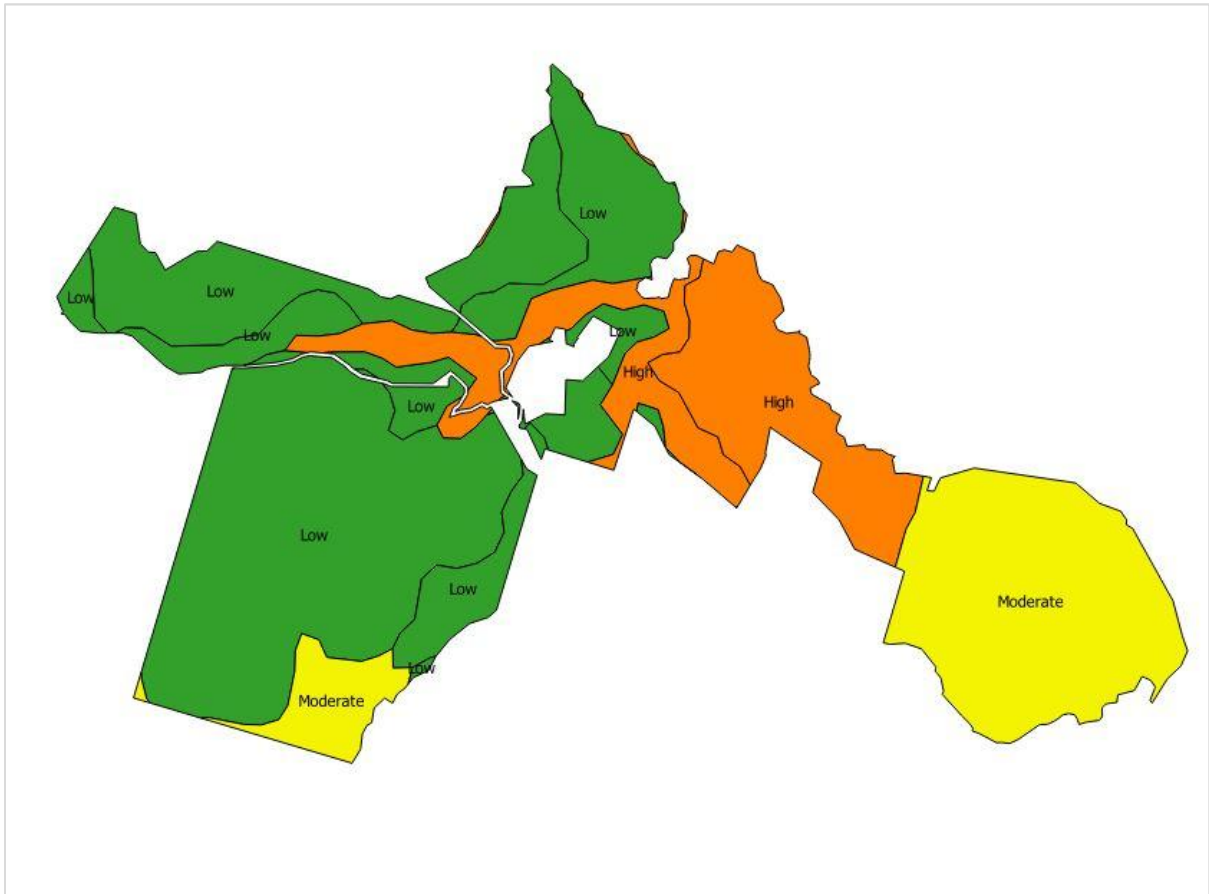
49 Green and yellow risk classifications have lower erosion susceptibility and forest activities are permitted. Orange and red are more susceptible to erosion and stricter requirements apply and some forest activities cannot be carried out without resource consent.

50 Some of the conditions of the NES-PF are:

- For afforestation, permitted activity conditions include setbacks for tree planting from rivers, lakes, wetlands, coastal areas and significant natural areas.
- For harvesting to be a permitted activity, foresters must submit a harvest plan to their local Council if requested. The plan should identify environmental risk and list mitigations to achieve compliance with permitted activity conditions.
- For earthworks – permitted activity conditions include the requirement to install and maintain stormwater and sediment control measures. Spoil cannot be deposited where it may readily enter or deliver sediment into a water body, coastal area or significant natural area.

51 The following image outlines the NES classifications.

**Figure 2: NES Classification**



52 The following table outlines the quantum of land within each classification where 81% of NGF is contained within low to moderate classifications.

**Table 9:**

ESC2018	Ha	Share
Low	527.1	58%
Moderate	212.0	23%
High	170.1	19%
Total	909.2	100%

53 In general NGF benefits from low erosion susceptibility.

54 The NES-PF also has provisions for fish spawning where fresh water species are vulnerable to disturbance during spawning. The NES-PF identifies 33 fish species that require protection from disturbance during spawning. This imposes controls on certain forest activities during these times.

55 There are no identified fish spawning areas within NGF.

**5.1.6 RATES**

56 The following table outlines the Government rating valuation and annual rates. It excludes any value associated with commercial tree crops. **Note:** Greater Wellington Regional Council rates are collected by the Wairarapa Combined District Council.

**Table 10: Rating Details**

Valn Ref	Re Val Date	Ha	Impt \$	Land \$	Cap \$	DC Rates \$	Rates Total \$
18180-12100	09/17	244.0144	50,000	320,000	370,000	2,161	2,161
18180-10600	09/17	153.4806	35,000	185,000	220,000	1,717	1,717
18180-12300	09/17	176.0028	20,000	320,000	340,000	979	979
18180-10800	09/17	258.1894	20,000	265,000	285,000	1,975	1,975
18180-11000	09/17	77.5395	15,000	170,000	185,000	515	515
Total		909.2267	140,000	1,260,000	1,400,000	7,346	7,346

## 5.2 LOCALITY

### 5.2.1 SITUATION & AMENITIES

57 NGF is accessed via Te Wharau Road, all of which is sealed being some 38 kilometres south-east of Masterton in the Te Wharau district. Some 3 kilometres of the Kaiwhata Road which has a gravel surface is used to access the south-eastern corner of the Forestry Unit. Land use in the area is predominantly pastoral farming, commercial forestry along with retired bush/native areas.

58 Below is a table outlining the estimated average lead distance to timber processing and export facilities (including 2km internal).

59 **Table 11: Estimated Average Lead Distances**

Facility	Location	Distance (Km)
Port	Wellington	124
Sawlog	Masterton	42
Pulp	Napier	281

60 Domestic sawlog at Kiwi Lumber Masterton is limited to logs within minimum SED of 20cm and maximum LED of 48cm. The annual production is between 25,000 and 50,000 cubic metres of sawn lumber per annum.

61 CentrePort located in Wellington handles approximately 10.5 million tonnes annually with forestry products being one of the major products handled. There is the benefit of the Waingawa rail yard where logs are delivered by truck, scaled and stored pending rail transport to CentrePort.

62 There is a chipping yard for domestic pulp also situated at Waingawa, however is of marginal return given chip is trucked to Pan Pac Forest Products in Napier.

63 Skilled labour is generally sourced from the wider Wairarapa region.

### 5.2.2 CLIMATE

64 The following table is a summary of the climate for NGF.

65 **Table 12: Climate (source NIWA)**

Average Annual Rainfall	Prevailing Wind	Average Daily Temperature	Comment
1200-1400 mm	West	12-14°C	Generally well distributed rainfall. Ground frosts are expected during winter months. Climate suited to the growing of <i>Pinus radiata</i> and other exotic tree species. Wind damage can occur in exposed places.

## 5.3 LAND

### 5.3.1 PROPERTY USE

66 The current use for NGF is for the growing of exotic tree crops. We are of the view this is the highest and best use for the land.

### 5.3.2 ETS STATUS

67 The title registration outlines the land has a pre-1990 classification within the ETS. This has been confirmed with reference to the MPI LUCAS data set.

68 Obligations of pre-1990 land are outlined below.

69 Pre-1990 forest land is an area that was forest land on 31 December 1989, and that on 31 December 2007 is still forest land and is covered by predominantly exotic forest species. For these forests, Forest landowners can:

- Harvest, and replant or regenerate their forests without joining the ETS or incurring liabilities (no reporting is required);
- If the forest owner owned the pre-1990 land on 20 July 2010, they could apply for an allocation of NZU's which each hectare of eligible pre 1990 forest land receiving:
  - 60 NZU's (23 NZU's by the end of 2012; 37 NZU's during 2013) for land under the same ownership since 31 October 2002; or
  - 39 NZU's (15 NZU's by the end of 2012; 24 NZU's during 2013) if the ownership of the land changes from 1 November 2002; or
  - 18 NZU's (7 NZU's by the end of 2012; 11 NZU's during 2013) for eligible Crown Forest Licence land transferred to an Iwi under a Treaty of Waitangi settlement after 1 January 2008.
- Pre-1990 allocations have been fully paid by the Crown.
- No NZU's are earned for forest growth.
- If an area of more than 2ha is deforested in any five year period from 1 January 2008, the forest landowner automatically becomes a Participant in the ETS unless the area deforested is exempt land. They must notify the deforestation activity, and then submit an emissions return.
- Pre-1990 forest land is considered deforested (and subject to obligations to surrender NZU's for carbon emissions) if after the forest clearance, the following thresholds are met:
  - 4 years after clearing, the forest land does not have at least 500 stems per hectare of forest species;
 and either:
  - if after 10 years the forest species are predominantly exotic species, there is not 30% crown cover from trees that have reached 5 metres in height; or
  - if after 20 years, the forest species are predominantly indigenous species, there is not 30% crown cover from trees that have reached 5 metres in height.
- If a forest landowner becomes a Participant in the ETS as a result of deforestation, they must surrender Emissions Units equal to the amount of CO<sub>2</sub> emissions calculated as resulting from the deforestation. A pre-1990 forest landowner may apply for an exemption from ETS obligations in two situations:
  - the total area owned by the person who owned the land as at 1 September 2007 (with any associated persons) was less than 50ha; or
  - deforestation involves trees designated as weeds.
- Pre-1990 forest landowners have no obligations under the ETS unless the land is deforested – that is, unless they clear non-exempt forest and convert the area to another land use (for example, to dairy farming) or it otherwise ceases to be forest land.

### 5.3.3 COVER SUMMARY

70 The following table outlines the established tree crop comprising radiata on NGF.

**Table 13: Cover Summary**

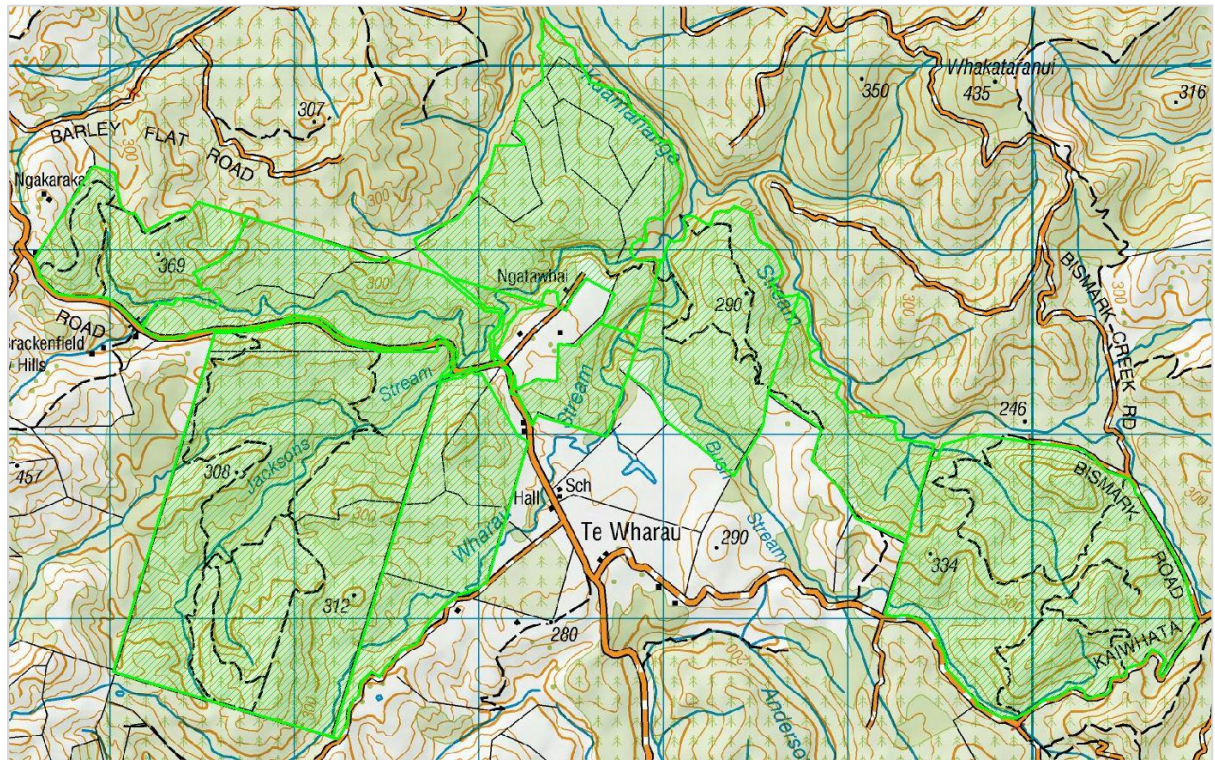
Year	Area (ha)	Share
1998	10.8	2%
2002	8.9	2%
2003	14.6	3%
2005	1.1	0%
2012	50.8	11%
2013	64.7	14%
2014	44.6	9%
2015	32.0	7%
2016	56.1	12%
2017	101.0	21%
2018	89.2	19%
Total	473.8	100%

71 The established tree crop comprises some 473.8 hectares being Pinus radiata plantings established 1998-2018.

### 5.3.4 LAND DESCRIPTION

72 The image below outlines the parcels contained within NGF showing the general shape and contour.

**Figure 3: Topographic Map**



73 NGF benefits from several road frontages with Te Wharau, Driscoll, Kaiwhata and Bismark Roads providing a number of access points for harvest purposes.

- 74 The land contains predominantly easy to medium hill country dissected by a number of steeper gorges which lead to the Kuamahanga Stream.
- 75 Altitude ranges from some 200-360masl with an average estimated at 300masl. It is estimated that 81% of the PPA is suitable for ground base extraction.
- 76 The table below is a summary of the PPA adopted, which is the area of land utilised to run the forestry business. This includes the NSA of planted trees, areas waiting replanting, utilities, roads and landings. Areas outside the legal boundary along with inaccessible stocked areas are deducted. The un-plantable land comprises areas such as power lines, covenant areas, indigenous vegetation, areas not physically able to be harvested and other non-plantable areas.

**Table 14: PPA Area Assessment**

Land Type	(ha)	
NSA	473.8	
AWR	153.5	
Roads/Skids	26.6	
OLB	-5.3	
Inaccessible		
PPA	648.6	
Un-plantable	265.9	
Legal Area	909.2	
Post 1989 Productive (ha)	0%	0.0
Pre 1990 Productive (ha)	100%	648.6

- 77 We have estimated a PPA of 648.6 hectares giving consideration to the NSA, AWR, areas within roads and skids less the NSA outside the legal boundary. The PPA calculation takes into account some 1.1 hectares of inaccessible area that has been excluded from the NSA.

### 5.3.5 SOILS

- 78 Soils have been classified in accordance with the General Survey of the Soils of the North Island (Soil Survey Bulletin (n.s. 5) prepared by the Department of Scientific and Industrial Research Bulletin. The six main soil types are outlined below.

**Table 15: Soils**

Soils	28H	29H	32cH	32d	28cH	116b	Total
Area (ha)	175	247	162	127	120	78	909
Share	19%	27%	18%	14%	13%	9%	100%

- 79 **Tinui silt loam and Waikura sandy loam (No.28H)**  
This soil occurs on rolling and medium contoured hill country. A typical profile comprises 15cm of grayish-brown silt loam, then 30-45cm of yellow clay or stony clay on a argillite parent material. Also some profiles contain 12.5cm of dark brown sandy loam on dark yellow stony silt loam. This soil has medium-low natural fertility and provides a fair response to phosphate fertilisers and lime
- 80 **Atua silt loam hill soil (No.29H)**  
This soil type is formed from mudstone and occurs on moderately steep contoured land. A typical profile comprises 13cm of grey-brown silt loam overlying 30cm of a dull- yellow-brown clay loam on yellow clay loam. The soil has a medium natural fertility and responds well to phosphate fertiliser.

81 **Ngaumu fine sandy loam hill soil (No.32cH)**

This soil has a parent material of sandstone and is found on moderately steep contoured land. A typical profile comprises 15cm of dark greyish-brown fine sandy loam, 8cm yellow-brown sandy loam on light yellow-brown sandy clay loam and sand. It has low to medium fertility and has good response to phosphates.

82 **Te Wharau sandy loam (No.32d)**

This soil has a parent material of alluvium from sandstone and is found on moderately steep contoured land. A typical profile comprises 20cm dark-gray sandy loam, 23cm greyish-yellow mottled sandy clay loam on sandy loam. The soil has low to medium fertility and has good response to phosphates.

83 **Marokopa clay loam hill soil (No.28cH)**

This soil is found on moderately steep to steep country. A typical profile comprises 10-15cm grey-brown moderately compact clay loam on dull brown clay loam with a parent material of banded indurated mudstone. It has medium natural fertility and has very good response to phosphates. It can be prone to repeated slips.

84 **Mangamau silt loam (No.116b)**

This soil type has parent material of mud stone and sand stone and occurs on steep and very steep topography. A typical profile comprises 8cm of dark brown silt loam on yellow-brown heavy silt loam. This soil type has medium to low natural fertility and can be prone to erosion and slips generally heal slowly.

### 5.3.6 WEEDS & PESTS

85 Normal cutover weeds were present which are controlled at time of replanting by desiccate spraying operations.

86 Some goats were noted in the area which require controlling at the time of re-establishment. This is normally undertaken by the landowner in conjunction with the regional council.

### 5.3.7 FIRE RISK

87 NGF is considered to have a low to moderate fire risk predominantly due to being in a relatively reliable rainfall area. There is some additional risk due to bounding public roads.

## 5.4 IMPROVEMENTS

### 5.4.1 FENCING

88 We have included the value of fencing where it adjoins farmland. Internal fencing is considered to be of no added value.

### 5.4.2 ROADS

89 The assessment is on the basis that all internal harvest roads have been constructed and will require normal maintenance during the following rotation along with upgrade at time of next harvest.



## Section 6: STATEMENT OF LIMITING CONDITIONS & VALUATION POLICIES FOR STANDARD VALUATION ASSUMPTIONS

### 6.1 CONDITIONS, POLICIES & ASSUMPTIONS OF VALUATION

#### 6.1.1 BASIS OF VALUE

Our valuation has been prepared on a market value basis which is defined as:

*"The estimated amount for which an asset 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 had each acted knowledgeably, prudently and without compulsion."*

The term "market value" requires that the assets be valued in their "highest and best use". The IVS defines "highest and best use" as:

*"Is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible. This highest and best use may be for continuation of an assets existing use or for some alternative use. This is defined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid."*

#### 6.1.2 VALUATION METHODOLOGY

As per the IVS framework, there are three valuation approaches available.

##### Market Approach

This approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. Forestry sales have been analysed to determine the net sale price after the removal of items such as trees crops, on-sells and adjustments for development costs. Sales are further analysed for productive area and value associated with land and improvements.

Land value benchmarks are formed from sales data taking into account terrain, land cover/use and ETS status, size, locality, productivity, time of sale and general desirability. Where possible, further production benchmarks are derived from parameters such as the 300 Index, Site Index, Land Expectation Value (LEV) and stumpage indices. Less weighting is applied to production benchmarks as they are often influenced by management inputs.

The value of improvements is generally derived from the residual component of the land value. Benchmarks are able to be obtained from this data in terms of values per unit i.e. net rate per metre squared of buildings, length of fencing and roads by type. These benchmark values are then applied with regard to their added value to the subject property taking into consideration functionality and any obsolescence.

##### Income Approach

This approach considers the income an asset would generate over its useful life and indicates a value through a capitalisation process by converting future cashflows to a single current capital value through the application of an appropriate discount rate.

The income stream may be derived under a contract or the anticipated profit. The two main pricing models that fall under the income approach include:

- **Income capitalisation** where all risks or overall capitalisation rate is applied to a representative single period income.
- **Discounted cashflows** where a discount rate is applied to a series of cashflows or future profits to discount them to a present value.

### **Cost Approach**

This approach is based on the principle that the price a buyer in the market would pay for the asset being not more than the cost to purchase and construct an equivalent asset unless undue time, inconvenience, risk or other factors are involved whereby a greater value maybe applied. Often the asset being valued will be less attractive than the alternative that could be purchased or constructed because of age or obsolescence. Where this is the case adjustments may need to be made.

#### **6.1.3 PURPOSE & DISCLAIMER OF LIABILITY**

Our appraisal and report is strictly confidential to the party to whom it is addressed and is prepared solely for the specific purpose to which it refers. No responsibility whatsoever is accepted for reliance on the appraisal report for other purposes. Furthermore, no responsibility whatsoever is accepted to persons other than the party to whom the appraisal and report is addressed for any errors or omissions whether of fact or opinion.

The Valuer accepts no responsibility whatsoever for the accuracy of the statements and opinions expressed in the report. The report has been prepared by the Valuer as an employee of and on behalf of, Morice Limited (Morice) and only Morice accepts responsibility for its contents.

#### **6.1.4 PUBLICATION**

Neither the whole nor any part of our reports, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context of such publication or disclosure. Such approval is required whether or not Morice is referred to by name and whether or not the reports are combined with others.

#### **6.1.5 DATE OF VALUATION**

Unless otherwise stated the effective date of the valuation is the date of the inspection of the property. The 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 comments, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three (3) months from the date of inspection, or such earlier date if you become aware of any factors that have any effect on the valuation.

#### **6.1.6 LEGISLATION**

Unless otherwise stated in our report, we have not obtained a Land Information Memorandum (LIM) or a Property Information Memorandum (PIM) for the property. Unless otherwise stated, it is assumed the property conforms to all the 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 1991, the Building Act 2004 and any Historic Places Trust Registration.

Our valuation is also on the basis that the property conforms to the Health and Safety at Work Act 2015, the Fire Safety and Evacuation of Buildings Regulations 2006, and the Disabled Persons Community and Welfare Act 1975.

#### **6.1.7 INFORMATION SUPPLIED**

Where stated in the report that another party has supplied information, the information is believed to be reliable however we accept no responsibility should it prove erroneous.

Where information is given without being attributed directly to another party the information has been obtained by our search of records and examination of documents, or by inquiry from Government or other appropriate sources.

### **6.1.8 SITE CONDITIONS**

We do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys.

Unless notified to the contrary, our appraisal is on the basis that these aspects are satisfactory and that the site is clear of underground mineral or other workings, methane gas or other noxious substances.

In the case of properties that may have redevelopment potential, we assume that the site has a load bearing capacity suitable for the anticipated form of development without the need for additional expensive foundations or drainage systems.

### **6.1.9 ENVIRONMENTAL CONTAMINATION**

Our appraisal assumes that no contaminative or potentially contaminative use is, or ever has been, carried out on the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists.

### **6.1.10 GOODS AND SERVICES TAX**

In preparing our appraisal, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. When analysing comparable sales/rental evidence, we have attempted to ascertain the GST status of the transaction. If not stated in general terms we refer to residential properties as being inclusive of GST and non-residential properties being plus GST (if any).

### **6.1.11 RECORD OF TITLE**

Where specifically stated in the report, we assume that all improvements lie within Title boundaries and the subject property has a good and marketable Title free from any pending litigation.

We also assume that all documentation is satisfactorily drawn and that there are no unusual or erroneous easements, restrictions, covenants or other outgoing which would adversely affect the value or negotiability of the relevant interest(s). Such registration may include wāhi tapu and Historic Places Trust Registrations.

### **6.1.12 INSPECTIONS**

Our valuation has been assessed conditional upon all buildings and structures being constructed strictly in accordance with recommended practices and free from defect unless otherwise stated. We are not qualified to undertake, nor have we undertaken, a structural survey of the buildings or structures. We accept no liability for any defects that may arise as a result of poor building design, construction methods or building materials. If you have any concerns you should engage a suitably qualified person to report on this matter. Defects revealed by a suitably qualified expert may affect the value of the property.

### **6.1.13 EARTHQUAKE PRONE BUILDINGS**

We are aware that a number of buildings are, or may be, potentially affected by Local Territorial Authority policies for "earthquake-prone" buildings (Earthquake-Prone Building Policies) required to be in place under the Building Act 2004. The Earthquake-Prone Building Policies may require building owners to undertake engineering investigations and subsequent structural upgrading, demolition or other steps to meet the requirements of the Earthquake-Prone Building Policies.

Unless otherwise stated our valuation makes no allowance for any costs of investigation, upgrading, demolition or other steps which may be incurred by the building owner to meet the requirements of Earthquake-Prone Building Policies. We are not qualified to determine the "earthquake-prone" status of the buildings.

Our valuation is therefore subject to review, investigation and assessment of seismic performance of the buildings by a suitably qualified engineer to determine the "earthquake-prone" status of the building and where required, an estimate of any costs for structural upgrading, demolition or other steps required for the building to meet the requirements of Earthquake-Prone Buildings Policies. If the building is found to be "earthquake-prone" this finding is likely to impact on the value of the property, and our valuation may materially alter as a result.

#### **6.1.14 MORTGAGE RECOMMENDATION**

As per Australian and New Zealand Valuation Standards and Guidance Notes (ANZVGN), 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.

It is a matter for the lender to assess the risk involved and make their own assessment in fixing the terms of the loan, such as the percentage of value to be advanced, the provision for repayment of the capital and the interest rate. The valuation report has 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 of the property, to assist in informing the lender. Please note that the market value may change in the future due to market conditions and changes to the state of this property.

Note that the market value as at the date of valuation, on a willing buyer/willing seller basis, does not allow for the consequences and costs of a forced sale.

#### **6.1.15 PROFESSIONAL INDEMNITY**

It is confirmed that Morice holds Professional Indemnity Insurance.

Appendix 1 - Valuation Summary	NGF
Area Allocation	
Post 89 Land	0.0
Pre 90 Land	648.6
PPA (Potentially Productive Area)	648.6
Non Productive	260.6
Adopted CT/Legal Area	909.2
Post 1989 Area %	0%
PPA %	71%
Lead Distances (km)	
<i>Includes internal</i>	2.0
Port	124
Mill	42
Pulp	281
Forest Statistics	
Terrain (Ground Based)	81.0%
PPA Over 600m altitude	-
Site Index est	29
300 Index est	29
TRV (T/ha) est framing 27yr	626
Avg. Altitude m	300
Min Altitude m	200
Max Altitude m	360
PPA by Terrain/ETS Class	
Post 1989 GB	-
Post 1989 HB	-
Pre 1990 GB	525.0
Pre 1990 HB	124.0
PPA	649.0
Land Value Adopted (\$/ha)	
Post 1989 GBe	
Post 1989 HBe	
Pre 1990 GBe	2,650
Pre 1990 HBe	2,120
Non Productive	100
Land Value	
Post 1989 GB	-
Post 1989 HB	-
Pre 1990 GB	1,391,250
Pre 1990 HB	262,880
Non Productive	26,063
Total Land	1,680,193
Improvement Value Adopted	
Fencing (km)	5.6
Fencing (\$m)	3.0
Fencing Value	16,800
Roads	
Roads ha @ \$300	649.0
Roads \$	194,700
Improvements Value	211,500
Valuation Summary	\$
Improvement Value	212,000
Land Value	1,680,000
Total Land & Impts Value	1,892,000



# Ngatawhai Group Forest Harvesting and Roads

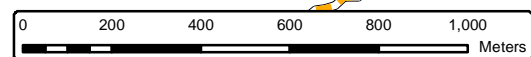
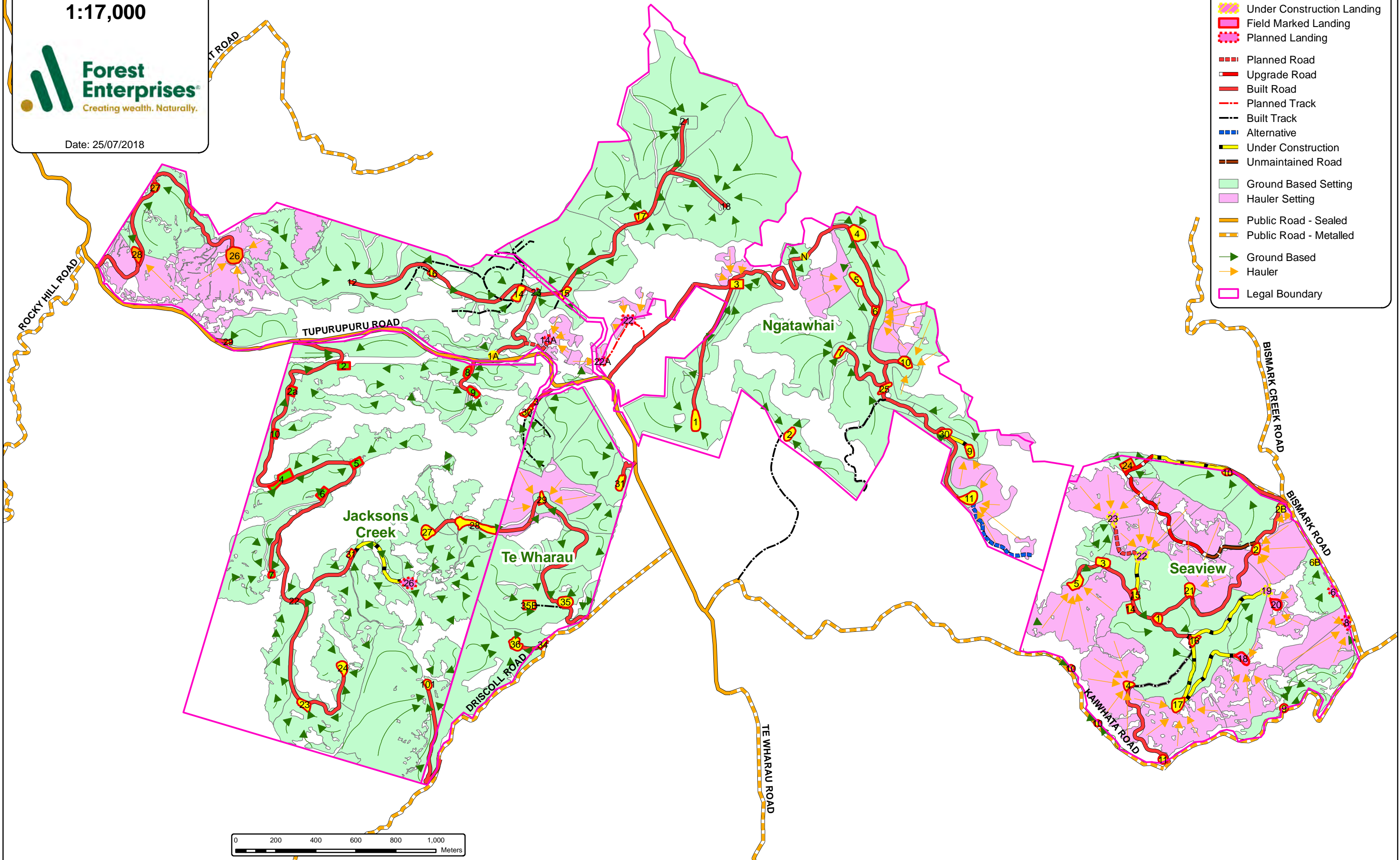
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Date: 25/07/2018

### Legend

- Pad
- Rehabilitated Landing
- Existing Landing
- Built Landing
- Temporary Landing
- Under Construction Landing
- Field Marked Landing
- Planned Landing
- Planned Road
- Upgrade Road
- Built Road
- Planned Track
- Built Track
- Alternative
- Under Construction
- Unmaintained Road
- Ground Based Setting
- Hauler Setting
- Public Road - Sealed
- Public Road - Metalled
- Ground Based
- Hauler
- Legal Boundary





**COMPUTER FREEHOLD REGISTER  
UNDER LAND TRANSFER ACT 1952**



**Search Copy**

*R. W. Muir*  
Registrar-General  
of Land

**Identifier** **WN26A/360**  
**Land Registration District** **Wellington**  
**Date Issued** 02 April 1984

**Prior References**

WNC1/15

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**Estate** Fee Simple  
**Area** 258.1894 hectares more or less  
**Legal Description** Section 271 Pahaoa District

**Proprietors**

The Trustees Executors and Agency Company of New Zealand Limited

**Interests**

Subject to Section 8 Mining Act 1971

Subject to Section 5 Coal Mines Act 1979

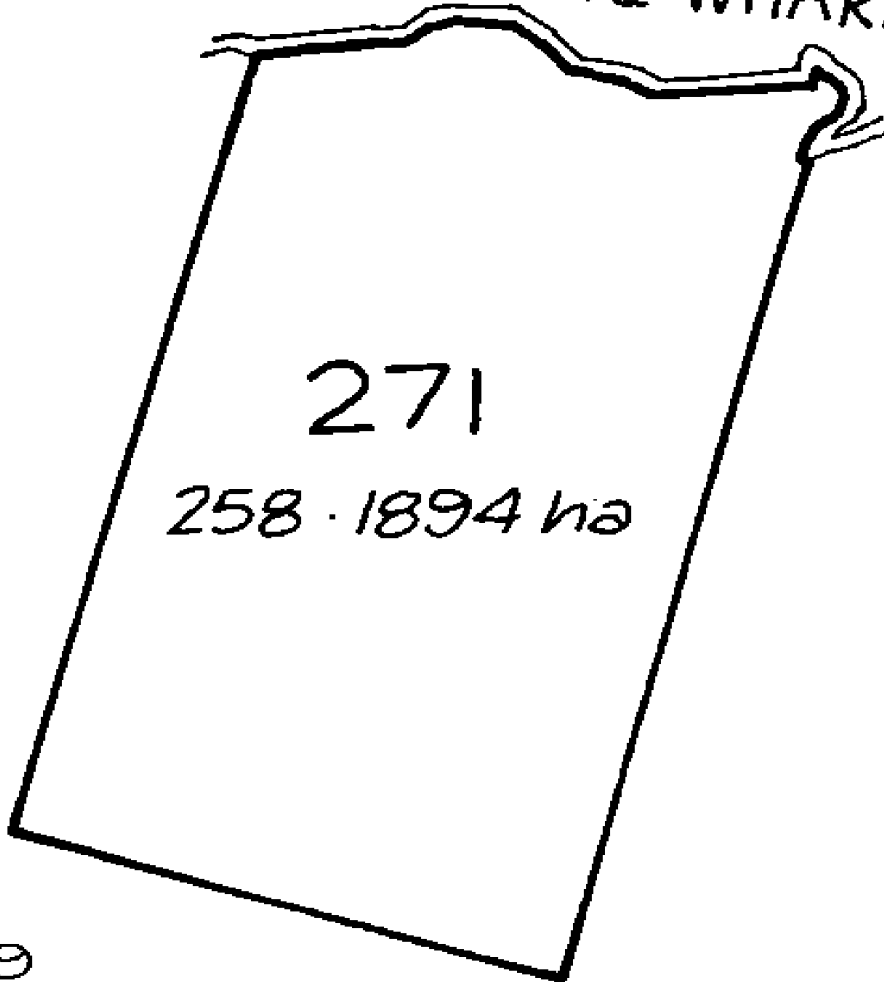
8858573.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - 9.9.2011 at 3:27 pm



Identifier

WN26A/360

TUPURUPURU TE WHARAU RD



39



**COMPUTER FREEHOLD REGISTER  
UNDER LAND TRANSFER ACT 1952**



**Search Copy**

R. W. Muir  
Registrar-General  
of Land

**Identifier** **WN27C/841**  
**Land Registration District** **Wellington**  
**Date Issued** 25 November 1985

**Prior References**

WN18A/435

---

**Estate** Fee Simple  
**Area** 52.6000 hectares more or less  
**Legal Description** Lot 1 Deposited Plan 58704

**Proprietors**

The Trustees Executors and Agency Company of New Zealand Limited

**Interests**

Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am  
9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am

Identifier

WN27C/841

**Approvals**

*Alphonsus & Bernice*  
COUNTESS

*Regeer Kollana*  
OWNER

*Regeer Kollana*  
OWNER

*Regeer Kollana*  
OWNER

Pursuant to a resolution of the Waikato District Council passed on this 31<sup>st</sup> day of June 1985 approving pursuant to Sec. 205 of the Local Government Act 1974 the plan is shown hereon with the requirements and provisions of the operative district scheme in force for the area shown on the survey plan and the scheme of approval of the Waikato District Council was effected hereto in the presence of:

*Richard Cratman*  
County Clerk

52.6000 ha  
PT

PAHAOA DISTRICT

TUPURUPURU - TEWHARA ROAD  
LEGAL SEC. 10A P.W. ACT 1928  
NOW 2012 MIDE

D.P. 44335

C.T. 18A | 435

267

D. P. 11070

SEC. 7

BLK VII

WAIKATO S.D.  
S.O. 22467

TERRITORIAL AUTHORITY WAIRARAPA STH. CTY.  
Surveyed by TOMLINSON & CARRUTHERS  
Scale 1:4000 Date JUNE 1985

I hereby certify that no errors were imposed on this plan by the County Clerk or the Surveyor.

Dated at Hamilton this 31<sup>st</sup> day of June 1985

*Richard Cratman* County Clerk

**Total Area** 52.6000 ha

**Comprised in** C.T. 18A | 435 (PT)

**Reference** Survey Plan S.O. 22467 of Waikato District Council, dated 11<sup>th</sup> day of June 1985.

**Reference** Plans S.O. 22467, S.O. 22468, S.O. 22469, S.O. 22470, S.O. 22471, S.O. 22472, S.O. 22473, S.O. 22474, S.O. 22475, S.O. 22476, S.O. 22477, S.O. 22478, S.O. 22479, S.O. 22480, S.O. 22481, S.O. 22482, S.O. 22483, S.O. 22484, S.O. 22485, S.O. 22486, S.O. 22487, S.O. 22488, S.O. 22489, S.O. 22490, S.O. 22491, S.O. 22492, S.O. 22493, S.O. 22494, S.O. 22495, S.O. 22496, S.O. 22497, S.O. 22498, S.O. 22499, S.O. 22500.

**Examined** P. 15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100

**Approved as to Survey**

*Regeer Kollana* Surveyor

**Deposited this** 25/7/85

**58704**

RECEIVED  
REGISTRAR GENERAL  
25/7/85



**COMPUTER FREEHOLD REGISTER  
UNDER LAND TRANSFER ACT 1952**



**Search Copy**

R. W. Muir  
Registrar-General  
of Land

**Identifier** **WN32A/228**  
**Land Registration District** **Wellington**  
**Date Issued** 19 January 1988

**Prior References**

WN27C/842

---

**Estate** Fee Simple  
**Area** 100.8806 hectares more or less  
**Legal Description** Part Section 267 Pohaoa District

**Proprietors**

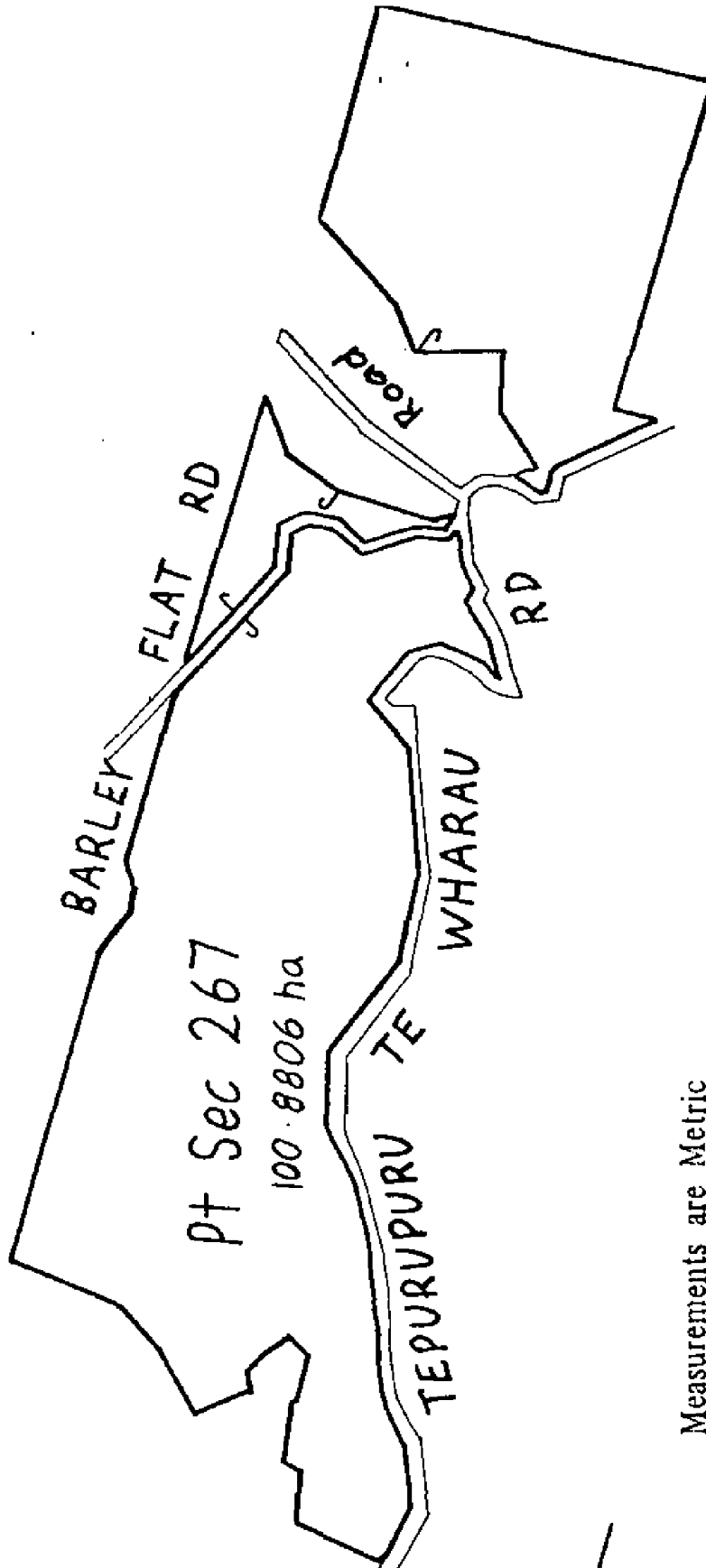
The Trustees Executors and Agency Company of New Zealand Limited

**Interests**

Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am  
9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am

Identifier

WN32A/228





**COMPUTER FREEHOLD REGISTER  
UNDER LAND TRANSFER ACT 1952**



**Search Copy**

R. W. Muir  
Registrar-General  
of Land

**Identifier** **WN32A/227**  
**Land Registration District** **Wellington**  
**Date Issued** 19 January 1988

**Prior References**

WN18A/433

---

**Estate** Fee Simple  
**Area** 117.9368 hectares more or less  
**Legal Description** Part Lot 3 Deposited Plan 1070

**Proprietors**

The Trustees Executors and Agency Company of New Zealand Limited

**Interests**

Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am  
9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am

Identifier

WN32A/227

B.548  
Name  
AMP 1  
Limit

B.548  
Exec  
Zeal  
13.1

Pt 3

117.9368 ha

BARLEY  
RD FLAT

ROAD

Measurements are Metric



**COMPUTER FREEHOLD REGISTER  
UNDER LAND TRANSFER ACT 1952  
Limited as to Parcels**

**Search Copy**



R. W. Muir  
Registrar-General  
of Land

**Identifier** **WN18A/449**  
**Land Registration District** **Wellington**  
**Date Issued** 02 September 1977

**Prior References**

WN403/77

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**Estate** Fee Simple  
**Area** 82.4946 hectares more or less  
**Legal Description** Part Section 248 Pahaua Block

**Proprietors**

The Trustees Executors and Agency Company of New Zealand Limited

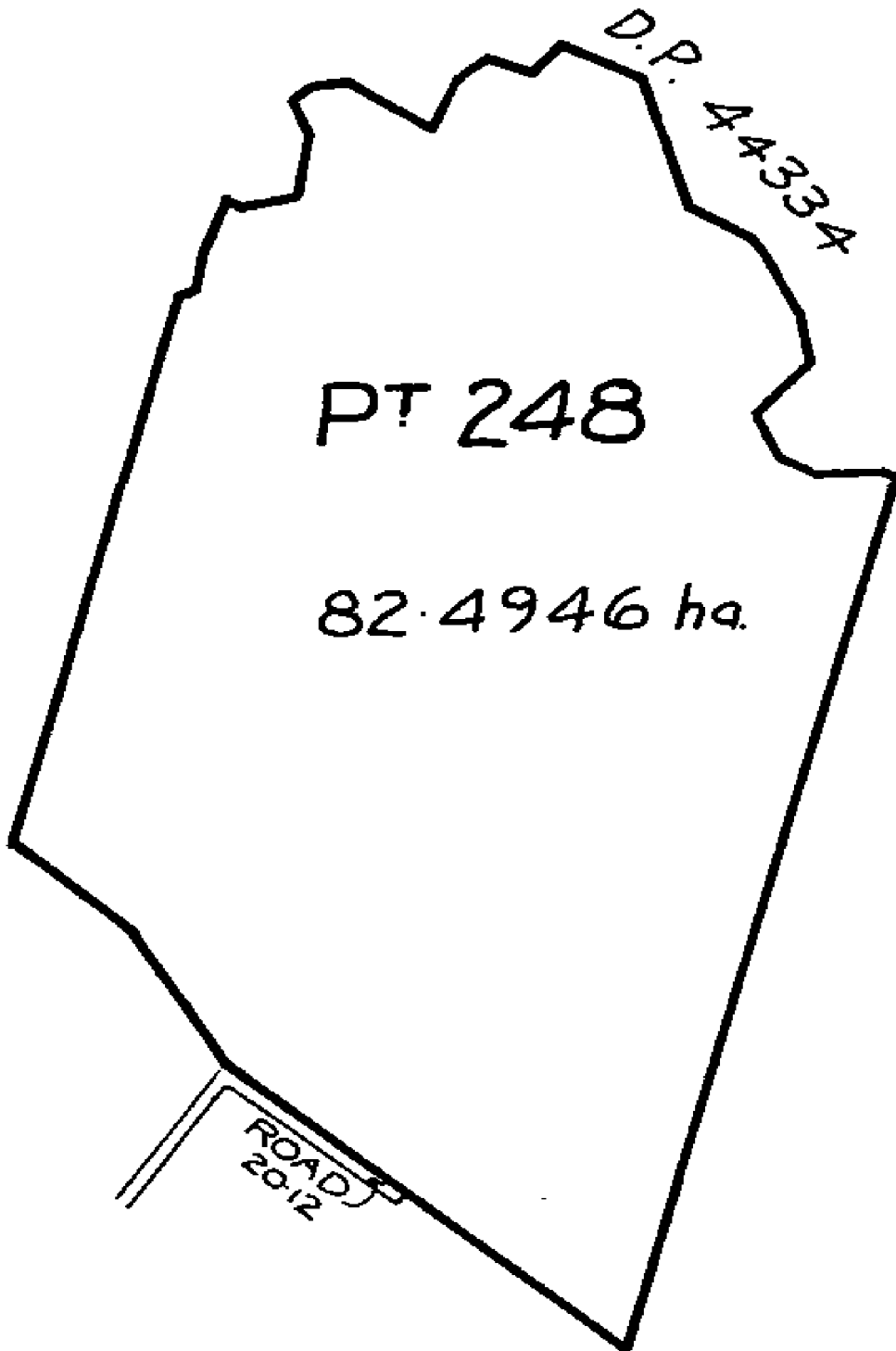
**Interests**

Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am  
9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am



Identifier

WN18A/449





**COMPUTER FREEHOLD REGISTER  
UNDER LAND TRANSFER ACT 1952**



**Search Copy**

R. W. Muir  
Registrar-General  
of Land

**Identifier** **WN20B/1493**  
**Land Registration District** **Wellington**  
**Date Issued** 19 June 1980

**Prior References**

WN19D/1360

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**Estate** Fee Simple  
**Area** 43.5830 hectares more or less  
**Legal Description** Lot 2 Deposited Plan 44333

**Proprietors**

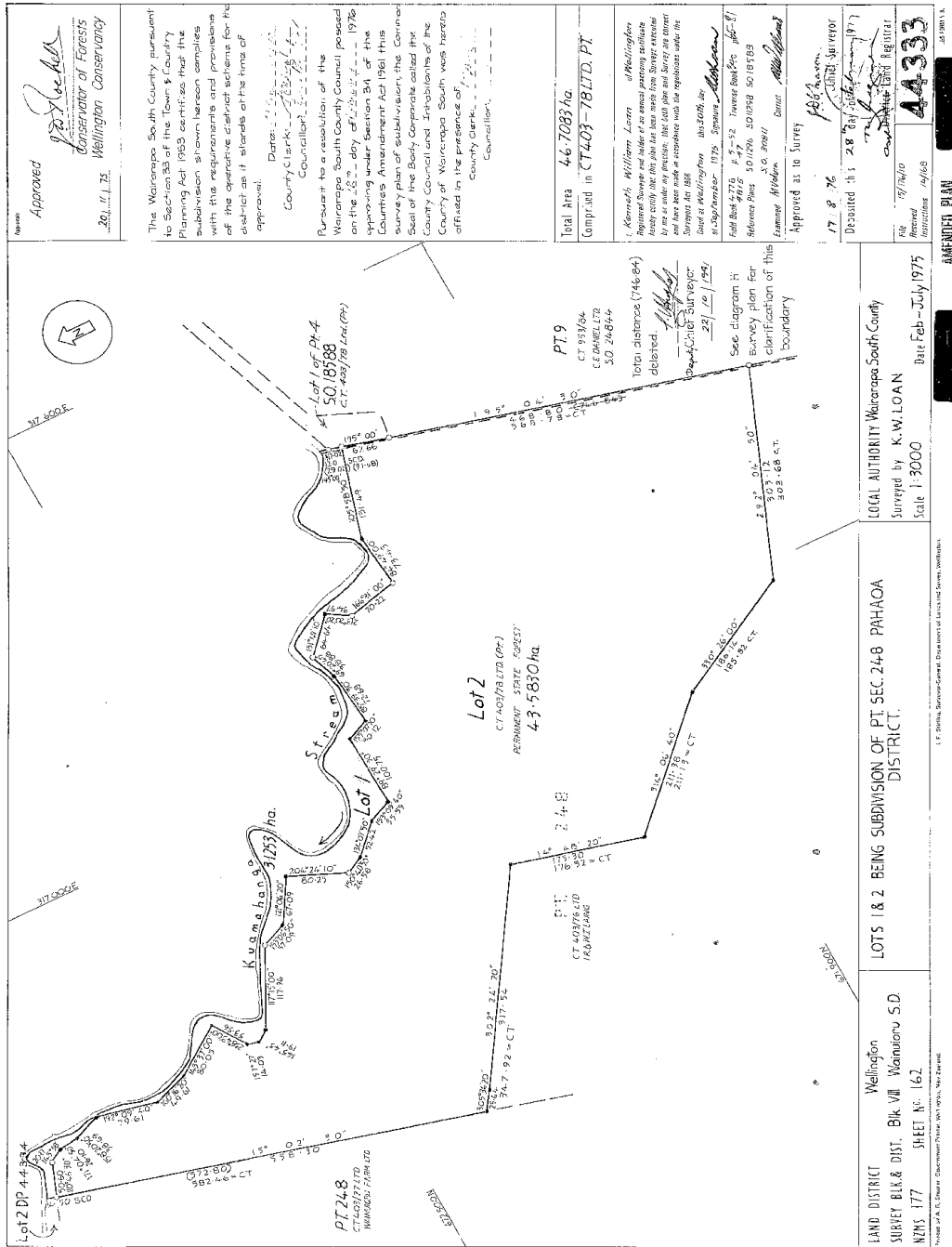
The Trustees Executors and Agency Company of New Zealand Limited

**Interests**

Land Covenant in Easement Instrument 7788296.1 - 18.4.2008 at 9:00 am  
9097228.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - - 15.6.2012 at 10:47 am

Identifier

WN20B/1493



LAND DISTRICT Wellington  
 SURVEY BLK & DIST. Blk VIII Waimanuku S.D.  
 SHEET NO. 162

LOCAL AUTHORITY Waikarepa South County  
 Surveyed by K.W. LOAN  
 Scale 1:3000

DATE Feb - July 1975

44333

Approved  
 J.S. Lockhart  
 Conservator of Forests  
 Wellington Conservancy  
 20.1.11.75

The Waikarepa South County pursuant to Section 33 of the Town & Country Planning Act 1959 certifies that the subdivision shown hereon complies with the requirements and provisions of the operative district schemes for the district as if stands at the time of approval.  
 Date: 21.02.1975  
 County Clerk: *[Signature]*  
 Councillor: *[Signature]*

Pursuant to a resolution of the Waikarepa South County Council passed on the 20th day of February 1975 approving under Section 34 of the Counties Amendment Act 1961 this survey plan of subdivision the Common Seal of the Body Corporate called the County Council and Inhabitants of the County of Waikarepa South was hereat affixed in the presence of:  
 County Clerk: *[Signature]*  
 Councillor: *[Signature]*

Total Area 46,708.3 ha.  
 Comprised in CT 403-78 LTD. PT

*Kenneth William Lucas* of Wellington  
 Licensed Surveyor  
 hereby certifies that this plan has been made from a survey conducted by me or under my direction. This plan and survey are correct and have been made in accordance with the regulations under the Survey Act 1959.  
 Date at Wellington 20.02.75  
 S. 1-3-4-5-6-7-8-9-10-11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32  
 Field Book 401/19  
 Reference Plans: SD 1924, SD 1948, SD 1958, SD 1963  
 J.W. Loan  
 Licensed Surveyor

Approved as to Survey  
 17.8.75  
 Debited to: 288 (by 288/1975)  
 44333

AMENDED PLAN



**COMPUTER FREEHOLD REGISTER  
UNDER LAND TRANSFER ACT 1952**



**Search Copy**

R. W. Muir  
Registrar-General  
of Land

**Identifier** **WN953/84**  
**Land Registration District** **Wellington**  
**Date Issued** 17 May 1961

**Prior References**

WNPR24/193

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**Estate** Fee Simple  
**Area** 176.0028 hectares more or less  
**Legal Description** Section 9 Block VIII Wainuioru Survey  
District

**Proprietors**

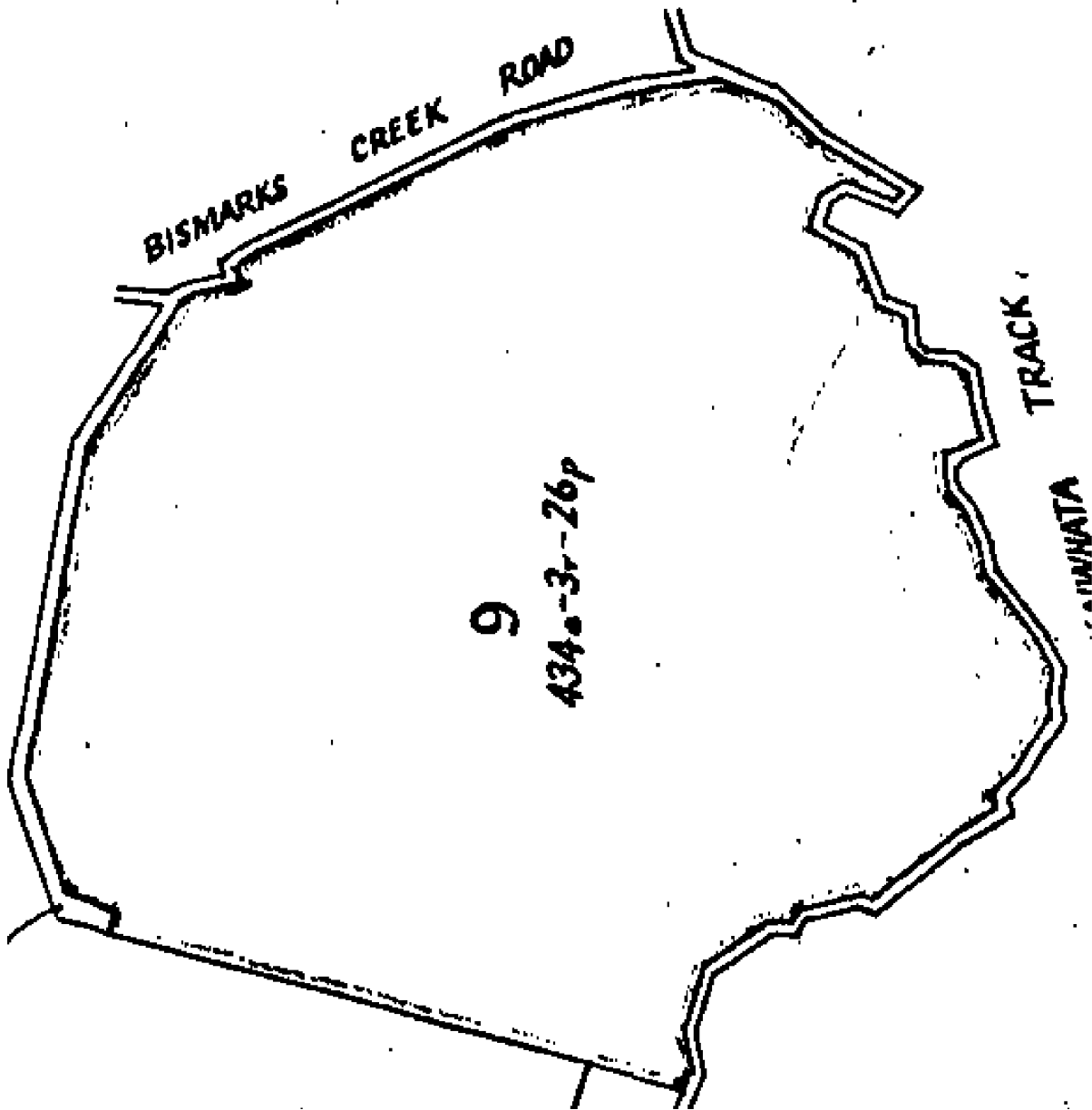
The Trustees Executors and Agency Company of New Zealand Limited

**Interests**

8772056.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - 24.5.2011 at 7:00 am

Identifier

WN953/84





**COMPUTER FREEHOLD REGISTER  
UNDER LAND TRANSFER ACT 1952**



**Search Copy**

*R. W. Muir*  
Registrar-General  
of Land

**Identifier** **WN31D/696**  
**Land Registration District** **Wellington**  
**Date Issued** 15 April 1988

**Prior References**

WN31B/608

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**Estate** Fee Simple  
**Area** 77.5395 hectares more or less  
**Legal Description** Part Section 317 Pahaoa District

**Proprietors**

The Trustees Executors and Agency Company of New Zealand Limited

**Interests**

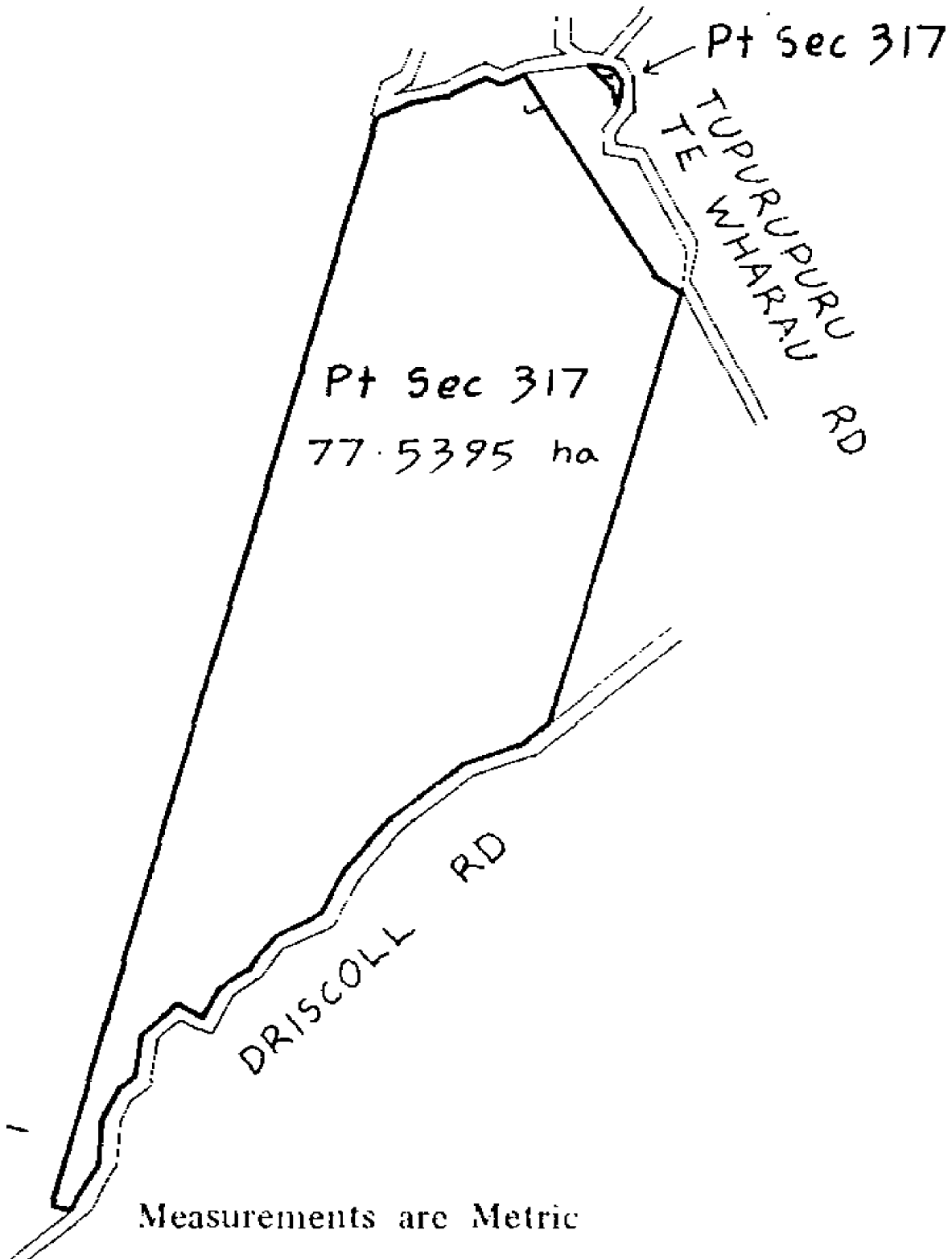
Subject to Section 8 Mining Act 1971

Subject to Section 5 Coal Mines Act 1979

Subject to water supply rights over part marked A on DP 63733 created by Transfer 940587.1 - 15.8.1988 at 1.51 pm

Identifier

WN31D/696



Measurements are Metric