Delegat's Trust
Rarangi Vineyard
Neal Road
MARLBOROUGH

Fair Value Assessment prepared for:

Regenal Investments Pty Ltd
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Level 25
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Sydney
New South Wales
AUSTRALIA 2000

As at 4 November 2010

CRIGHTONSTONE
PROPERTY ▪ INFRASTRUCTURE ▪ VALUATION

EXECUTIVE SUMMARY

Property Address:	Flaxmill and Neal Roads, Marlborough, New Zealand
Brief Description:	Rarangi comprises a 142.1 hectare parcel of land adjoining Neal Road on its south-western boundary and bisected by Flax Mill Drive. The property is in two distinct parcels, the northern side of Flax Mill Drive and the southern side of Flax Mill Drive. The vineyard has predominantly been established in 2004 with the final planting completed in 2005. Redevelopment of a portion of the vineyard then occurred in 2009 as a management decision to remove the Pinot Noir. The vineyard is now solely planted in Sauvignon Blanc variety. Other improvements on the property include irrigation well and reticulation, access tracking throughout the vineyard and recently constructed office/workshop and yard facilities. The vineyard being a recent development has established well and has been subject to a good standard of project management.
Instructing Party:	Regenal Investments Pty Ltd
Name of Trust:	Delegat's Trust
Registered Proprietor:	Challenger Beston Limited and Directors of the Challenger Listed Investments Limited
Purpose of Report:	To assess the current "Fair Value" of the property for major transaction purposes.
Reliant Parties:	Regenal Investments Pty Ltd
Date of Inspection:	4 November 2010
Date of Valuation:	31 December 2010
Interest Valued:	Fair Value, subject to existing lease
Annual Rental:	$1,655,993.93
Lease Expiry:	29 September 2014
Lease Term:	Ten (10) Years
Discount Rate:	10.4%
CPI Escalation:	1.0%
Vacancy Rate:	Single tenant
Key Assumptions:	The assessment is to be based on a willing, not anxious, buyer and seller and that a reasonable period has been allowed for the sale, having regard to the nature of the property and the state of the market for property sales of the same kind. The key assumptions are based on the current lease to expire in 2014. These rentals make no allowance for any variations to the property and further capital expenditure that may be incurred during the lease term. The terminal value is based on the market value at expiry of lease calculated at December 2010 plus allowances for market sentiment until September 2014. While it is likely that Delegat's will exercise their Right of Renewal for a further four (4) x five (5) year terms, there is possibility that lease terms and conditions may be renegotiated. Until such time as the Lessee has disclosed their intention and the lease terms finalised we have placed no weight on any renewals.

Land Value Assessments:	$11,370,000
Vines & Integral Infrastructure Value Assessment:	$10,125,000
Freehold Valuation:	$21,495,000
Terminal Valuation:	$18,000,000
Rental NPV:	$10,191,459
Reversionary NPV:	$6,864,822
Valuation:	$17,080,000
Valuer:	Boyd A Gross B Agr (Rural Val), Dip Bus Std, FNZIV, FPINZ

INTRODUCTION

We refer to the notice from CK Life Sciences Int'l., (Holdings) Inc. (the "Company") and a proposed circular to its shareholders on or before 31 December 2010 (the "Circular"), unless the context otherwise requires, terms used herein shall have the same meaning as defined in the Circular.

The valuations have been completed in accordance with the Fair Value definition and the AIFRS determination that *Fair Value* be assessed utilising a Discounted Cashflow Approach and the Property Institute of New Zealand Practice Standard Number 3 – *The Valuation of Rural Properties,* International Valuation Standards IVS 1 – *Market Value Basis of Valuation*, Guidance Note ANZVGN1 - *Valuation Procedures for Real Property,* Guidance Note 3 – *The Valuation of Rural Properties,* AASB 140 - *Investment Property* and the Fair Value definition and the AIFRS determination that *Fair Value* be assessed utilising a Discounted Cashflow Approach.

Rarangi comprises a 142.1 hectare parcel of land adjoining Neal Road on its south-western boundary and bisected by Flax Mill Drive. The property is in two distinct parcels, the northern side of Flax Mill Drive and the southern side of Flax Mill Drive. The vineyard has predominantly been established in 2004 with the final planting completed in 2005. Redevelopment of a portion of the vineyard then occurred in 2009 as a management decision to remove the Pinot Noir. The vineyard is now solely planted in Sauvignon Blanc variety. Other improvements on the property include irrigation well and reticulation, access tracking throughout the vineyard and recently constructed office/workshop and yard facilities. The vineyard being a recent development has established well and has been subject to a good standard of project management.

VALUATION CONCLUSIONS

In assessing the Fair Value of the properties, we have considered sales of other properties that have transacted recently and have adjusted these sales to reflect the location, standard of improvements, plantings, mixed age of plants and productive capacities compared to the subject property. When analysing the sales we have paid particular attention to the varieties contained on the vineyard, the age of the vines, quality and also the size of the vineyards being transacted. All these factors contribute to the value attributed by the purchasers.

One of the key factors in the market at present is the paucity of vineyard transactions, large or small. This is partly due to large properties being tightly held by the wine companies that own a large percentage of this size property, but also partially due to the capital required to purchase these vineyards and the limited desire of banks to finance this sector at the present time.

The vineyard is well established and located in the Rarangi District an area to the east of Blenheim township and close to the coast. The current softening in the Real Estate market and easing returns in the wine sector has resulted in the current rentals for the property being high creating an over rented situation. This creates a disconnect between the market value, unencumbered and the encumbered value as derived by Discounted Cashflow, which overstates the later. Buyers would be weary of this situation and the likely chance of the tenant renewing under the same terms and conditions presently contained in the lease. As a result there is higher perceived tenant risk which has been reflected in the Discount Rate applied and the exclusion of any renewal periods in the Discounted Cashflow model. This risk could be further compounded by the size of the property in the current climate and the lack of market activity over recent times as buyers hold back to try and gauge the bottom of the market.

The investor market, being the market sector for these properties and instruments would consider the current yield from the investment, particularly from countries with low returns, as attractive. Though this would need to be balanced against the liquidity of the asset and likely eroding value, particularly over a short to medium term hold and the current uncertainty of the Lessee's intention.

We are also cognisant of the option held by Delegat's Wine Estate that allows them to purchase the assets at a pre defined level and the Right of last Refusal. Over recent years this has been favourable to Delegat's Wine Estate in that it had been below market levels (un encumbered) meaning Delegat's Wine Estate would have immediate positive impact to the balance sheet. As the market conditions soften the incentive of the option will erode and if there is no benefit to Delegat's they may elect to not exercise the right of renewal. If the market softens significantly the market value may ease below the option assessment. Introducing the possibility that the Lessee may wish to exit the lease or renegotiate the terms and conditions. While these options are possible the unknown is how reliant Delegat's are on the subject property for grape supply and would relinquishment compromise their overall business model.

The valuations have also been assessed utilising a Discounted Cashflow Approach method. The income stream is based on the current and projected rental stream of the asset for the remainder of the lease term together with an estimated terminal value at the lease expiry.

The terminal value has considered the Option Agreement and also the likely market value for the property at next renewal with the later being adopted.

As part of the cashflow agreement we have assessed the likelihood of the Lessee renewing the lease at the next renewal and/or the Lessee negotiating a new market based rental.

To determine the individual values we have analysed those components as it relates to market and depreciated replacement costs. We have analysed where possible the actual depreciated replacement cost or market value as derived by market evidence. We consider that the Land and Water are not easily separated for trade at the present time and the water asset in not easily traded in the current market.

We have therefore derived a market value for the combined value of the Land and Water. Building values can also be derived by market evidence and the added value of buildings will be calculated as such. To determine the value of the infrastructure, we have adopted a depreciated replacement cost method. The balance is the value of the vines, as these provide the method for generating income.

To determine the value of the land, we have analysed a number of sales of vacant parcels and land suited to vineyard development. This is discussed further in Section 2.1 of this report.

With regard to the infrastructure and the Discounted Replacement Cost (DRC) method we have adopted a useful economic life of 35 years. This includes the trellis and irrigation system in situ. We have taken an average age over the infrastructure of each vineyard and depreciated the infrastructure with a "straight line" method over the life of the infrastructure at 2.86% per annum.

We have analysed the replacement cost for several vineyards to determine the infrastructure costs excluding the costs associated with the vines. We consider that the estimated total cost of establishing a vineyard, including all trellising, posts, wire, irrigation, labour and vines is $35,000 to $50,000 per hectare dependent on vine density. Of this approximately 30 to 40% can be attributed to the infrastructure.

In assessing the value of the property we have undertaken an analysis of the property in the market particularly looking at the strengths and weaknesses specific to this property and how this relates to the wider market and economic conditions prevailing at date of the valuation and over the short term that may influence the demand and value levels.

Strengths & Opportunities	Weaknesses & Threats
➢ Large Scale	➢ Size would limit market
➢ Fully Planted	➢ Initial lease term four years to run
➢ Yet to reach a steady state of production	➢ Tenants desire to remain
➢ Resource Consents	➢ Over rented
➢ Standard of Buildings	➢ Wine sector imbalance
➢ Strong rent	➢ Foreign Exchange position
➢ Strong tenant	➢ Ability to raise finance
➢ Location	➢ Small buyer pool
	➢ Receiverships and mortgagee sales in market
	➢ Strength of tenant

MARKET VALUATION

After examining all factors and subject to the overriding conditions we conclude the Fair Value of the Lessor's Interest in accordance with the International Financial Reporting Standard, as at 4 November 2010 is:

SEVENTEEN MILLION AND EIGHTY THOUSAND DOLLARS
($17,080,000)

Apportioned as follows:

Value of Improvements			
–	Productive Buildings	$180,000	
–	Biological	$5,582,000	
–	Non Biological	$2,474,000	
			$8,236,000
Land Value – Lessor's Interest			$8,844,000
Market Value – Land & Buildings			$17,080,000

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

Overriding Conditions

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

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

Our valuation has been completed in compliance with International Valuation Standard 1 and 3. We confirm that:

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

- No one except those specified in the report, has provide professional assistance in preparing the report.

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

Yours faithfully
CRIGHTON STONE LTD

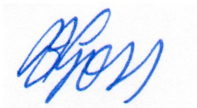

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TABLE OF CONTENTS

APPENDICES

1.0 VALUATION METHODOLOGY

The valuations have been completed in accordance with the Fair Value definition and the AIFRS determination that *Fair Value* be assessed utilising a Discounted Cashflow Approach and the Property Institute of New Zealand Practice Standard Number 3 – *The Valuation of Rural Properties,* International Valuation Standards IVS 1 – *Market Value Basis of Valuation*, Guidance Note ANZVGN1 - *Valuation Procedures for Real Property,* Guidance Note 3 – *The Valuation of Rural Properties,* AASB - 140, *Investment Property* and the Fair Value definition and the AIFRS determination that *Fair Value* be assessed utilising a Discounted Cashflow Approach.

Highest and Best Use

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

Market value is defined as:

In assessing the market value of the subject property we have had regard to the New Zealand Property Institute Professional Practice Standards 2008 and the International Valuation Standards 2003 which provide the following definition;

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

The International Valuation Applications and Standards state:

IVA1 4.9 *The Market Value of real estate is a representation of its market-recognised utility rather than its purely physical status. The utility of assets to a given enterprise or individual may differ from that which would be recognised by the market or by particular industry. Therefore it is necessary that asset valuation and reporting for accounting, under the convention, which reflects the effects of changing prices, distinguish between values recognised in the market, which should be reflected in financial reporting and non-market types of values. Depreciated Replacement Cost (DRC) can be considered an acceptable method use to arrive at a surrogate for Market Value.*

IVA1 5.1	*The concept of Market Value reflects the collective perceptions and actions of a market and it's the basis for valuing most resources in market-based economies.*
IVA2 4.1	*The concept of Depreciated Replacement Cost, where used as a surrogate for a market-related value, is generally not appropriate for the valuation of property for security purposes.*

Of importance in determining the market value of a property is the concept of highest and best use. IVA1 6.1.1 states *the Market Value of land based upon the "highest and best use" concept reflects the utility and the permanence of land in the context of a market, with improvements constituting the difference between land value alone and total Market Value as improved.* Highest and Best Use is defined as *the most probable use of a property which is physically possible, financially feasible and which results in the highest value of the property being valued.*

In completing the valuation of the vineyard we have investigated recent sales of vineyards recorded predominantly in Hawke's Bay but have also considered other wine growing regions within New Zealand that have occurred over the past two to three years. An analysis of the sales has been completed, allowing for variables such as extent of structural improvements, areas of vine plantings, spacing, age and variety of vines, shelter and site development.

From the sales evidence we have analysed the value of land and vines from where we have deducted the value of the land to ascertain the value of the vine plantings and trellis structures. Improvements have been allowed for on a replacement less depreciation basis with adjustment where appropriate for obsolescence, both economic and physical.

In support of this approach we have also analysed sales of undeveloped land that has been purchased for viticulture development.

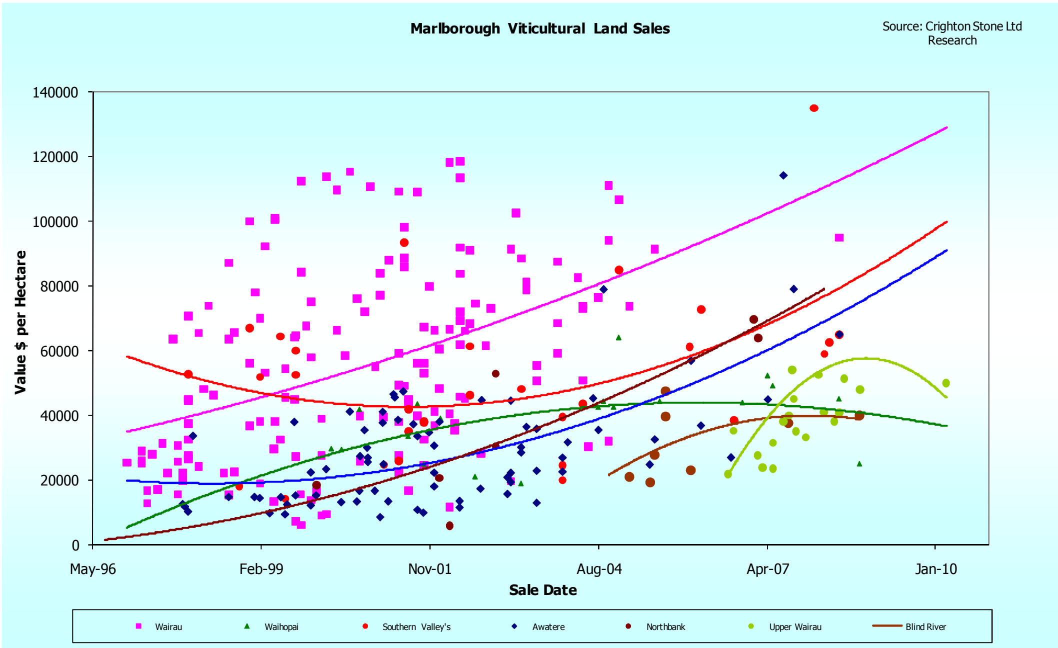
1.1 Land Value

We have analysed sales of undeveloped viticulture sites, pastoral property and established vineyards that have been transacted throughout the Marlborough District. The demand for viticulture land eased after the 2008 vintage and has ceased at present due to the current over supply situation this industry has found itself in. It is our view that the historical market activity particularly for larger parcels of land for development will be subdued for at least 2 -3 years if not longer if the supply and demand of grapes is unable to be balanced. Any activity that does occur later in 2010 and to mid 2011 will be possible under duress. This is particularly so for land classes that has historically demonstrated the ability to crop to high levels that have now had production yield caps enforced under these supply contracts.

LUC	Sale Value Range	Subject Property
Ivs11	$70,000 - $120,000/ha	$80,000/ha

The above values exclude any lifestyle allowance that may be paid in addition to the productive value.

The following chart specifically focuses on the various growing areas within the Marlborough District. This chart shows the general value growth over recent years and price variation between areas. The key to this chart is that the land values are now starting to level off in all areas.



The chart shows a steady increase in values for viticulture land suitable for development with a wide range of values depending on their geographical location.

The last sales to occur indicate an easing or levelling of values. It is anticipated that land values will soften generally with remote sites or sites requiring higher management inputs (financial and technical) also easing as the market focuses on quality and consistency. It is also likely that buyers of bare land will look very seriously at buying developed vineyards in lieu of bare land if the cost of development and land purchase is not too dissimilar to purchasing established.

The above chart still shows an upward trend line due to lack of sales in recent times to adjust these trends. The trends show the historical increase in value of viticulture land in Marlborough over recent years averaged at $60,000 to $80,000 per hectare prior to the current market correction. There were also been a number of sales in Marlborough being transacted at over $125,000 per hectare and one sale at $184,000 per hectare in the Wairau Valley in 2008. In the Awatere Valley the historical average was $60,000 to $80,000 per hectare with one sale at $100,000 per hectare. South of Seddon historical vineyard land sales averaged $40,000 to $50,000 per hectare and $40,000 to $53,000 per hectare in the Upper Wairau. The current market sentiment is that values have eased, generally 10-25% with some sites now not deemed suitable for vineyard reverting to alternate highest and best use value.

We have also analysed sales of undeveloped viticulture and lifestyle sites that have been transacted throughout wider Waipara region. The demand for viticulture land has all but ceased due to the uncertainty within the wine industry with only some areas easing due to alternate uses underpinning some areas and not others.

1.1 Vine and Trellis Values

We have analysed sales of undeveloped viticulture sites that have been transacted throughout Marlborough.

The following table provides vineyard producing areas, in hectares, by region.

TABLE I - VINEYARD PRODUCING AREA (hectares)											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
Auckland	409	457	461	591	514	504	533	534	550	556	573
Waikato/Bay of Plenty	126	136	142	151	148	150	145	147	147	147	147
Gisborne	1,848	1,963	2,003	1810	1890	1913	2133	2142	1850	2197	2203
Hawke's Bay	2,800	3,072	3,074	3873	4249	4346	4665	4899	4928	4945	4963
Wairarapa	363	430	595	737	79	777	827	855	871	882	885
Marlborough	4,354	5,228	6,831	8539	9944	11488	13187	15915	16682	16787	17347
Nelson	256	297	485	548	646	695	782	794	842	861	880
Canterbury	485	485	601	641	853	925	1034	1732	1754	1760	1764
Otago	352	433	703	844	978	1253	1415	1552	1540	1561	1598
Other	282	321	341								

* forward estimate.

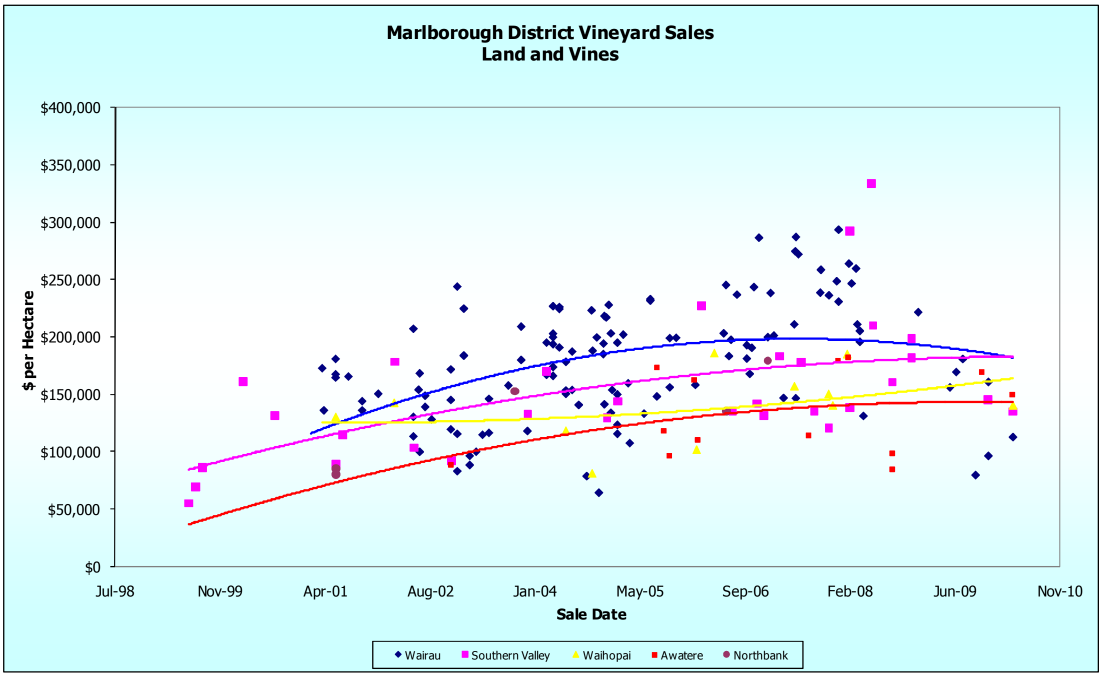
The planted area in Marlborough is significantly ahead of any other growing area due to the recognition of Marlborough's Sauvignon Blanc in the international marketplace and the boom phase this region experienced due to years of super profits between 2004 and 2008.

The increase in plantings and the combined "on" production years has resulted in a swing from an under supply of fruit to an over supply situation. The main influence that appears to impact on the level of production being climate based. This has raised some debate on wine company and grower contracts and the robustness of contracts in particular cropping levels. The 2009 and 2010 vintages have resulted in significant reductions in prices paid to contract growers to wine companies. The oversupply has also resulted in un-contracted fruit or the spot market prices varying considerably to some fruit being un-saleable.

The current growers' sentiment in the market place is that the low returns are likely to continue into 2011. The lower price per tonne will result in an ease in values overtime as the market absorbs the changes and the 'capping' of yields on properties where a high level of cropping has been undertaken. As the supply and demand equalises, prices per tonne are likely to stabilise and lift. Our view is this will take 3-5 years excluding climate events, with prices for Sauvignon Blanc likely to range between $1,500 to $1,800 per tonne. Varieties such as Pinot Noir, Chardonnay and other aromatics will also vary between a tight price band as their supply and demand increases and decreases.

We have firstly analysed the value of the land and vines from where we have deducted the value of land to ascertain the value of the vines and trellis. In Marlborough, market sentiment and list prices are indicative that land and mature vines now have a value of approximately $90,000 to $175,000 per hectare in the Awatere Valley and ranging from $120,000 to $180,000 in the Wairau Valley. These value levels having eased 15% to 40% since early 2008, which was the peak in the market. This range excludes sales that have occurred under duress.

Our analysis also indicates that the market appears to be recognising a value and differential between vines planted on their own roots and grafted plants and quality of development and management generally overlooked in more buoyant times. As buyers have more choice they will become more discerning and harder on property not developed, managed or presented to at least expected industry standards.



1.2 Improvements

The improvements have been assessed on the basis of three methodologies:

Replacement Cost Approach

We have summated our estimate of the cost to replace the buildings and other improvements less an appropriate allowance for depreciation to reflect the unexpired portion of the economic life due to physical depreciation, functional obsolescence and any relevant external or environmental factors so as to arrive at a value.

Added Value Approach

The Added Value Approach determines the added value of the buildings and other improvements to the property as determined by the current market situation. As the improvements are of a specialist nature and would have limited alternate uses.

Sales Approach

The Sales Approach is based on sales that have occurred throughout the area to determine what the market would pay for these assets. Sales provide a guide as to the market depth and where the market perception of value is for similar based assets.

1.3 Market Evidence

The valuation has been determined by comparison to known sales of similar properties in this locality. These sales have been adjusted for land and floor areas, age, condition, location, plantings and date of sale.

From the available market evidence, the following transactions are considered to be the most relevant to the subject property.

COMPARABLE SALES EVIDENCE		
Address	**Sale Date**	**Sale Price**
West Coast Rd	October 2010	$2,300,000
Property Description: Gravitas wines comprises a 22.89ha vineyard with two homes with wine business. Land is flat in contour and contained on a high profile site on the corner of Lanark Lane and SH 63. The vineyard is an established property containing four grape varieties. A property with good brand recognition and quality of product. Sold under mortgagee sale.		
Staces Rd	October 2010	Price Confidential
Property Description: This 13.34ha (32.95 acre) property is located in Lower Wairau region within close proximity to Blenheim. A three bedroom refurbished home with swimming pool is set on easy care park-like grounds amongst with established shrubs, trees and citrus. The 6.1ha Sauvignon Blanc vineyard planted 2004 and 6.7ha of productive fertile bare land generates multi income streams. With a 474m3/day irrigation consent assists in the production of process crops of corn, peas, garlic, wheat, barley and intensive livestock grazing. This property is complimented with a woolshed, sheep yards and a full range of outbuildings.		

Rapaura Rd	May 2010	$2,644,800

An 11.7 hectare parcel of land of near regular shape planted in vineyard. Improvements include a larger shed at the rear of the property with informal access of Selmes Lane. The property is split in two by an open drain. The vineyard is of mature plantings with two main varieties. Plantings are older spacing and trellis on heavier soils. The sale includes crop and plant and was sold as part of a larger merger to associated parties.

138 Bells Rd	November 2009	$1,775,000

An 8.2 hectare property situated on a rear site with modern home and shed and young vineyard. Land is heavy soils and close to Blenheim with irrigation water in place. House is set in established grounds.

Paynters Road	July 2010	$1,040,000

The property is 16.2 hectares small farmlet located 3 kilometers from the Fairhall Golf Course. Improvements include a three bedroom dwelling. The property is set at the end of Paynters Road in a private setting

Ferry Rd	December 2009	$3,000,000

Property Description:
An 18.3 hectare property situated at Spring Creek. The property is fully planted and at a mature state of production. Property adjoins residential property along the Ferry Road frontage and is irregular in shape due to these adjoining properties.

Selmes Land	August 2009	$2,060,000

Property Description:
An 11 hectare property situated on a rear site off Selmes Road. The property is of a regular shape and near fully planted in mature vineyard. There is a natural water course that cuts through the southern end of the property that increases unplanted area together with an unplanted house site. The property ahs power and water connected. Sale included management contract.

Terrace Rd	July 2009	$1,200,000

Property Description:
A 6.9 hectare rear parcel of land contained in two titles. Property is fully developed in Sauvignon Blanc vineyard or mature age and production. Property has some appeal for lifestyle with a stream bounding part of the property. Limited other improvements.

Godfrey Rd	June 2009	$1,790,000

Property Description:
A 9.2 hectare property which offers potential for cellar door or restaurant as well as wine production. The property has produced many award winning wines, has an 'A' class water right and is being sold with or without a grape supply contract. Improvements include a dwelling and swimming pool also a large shed used for winery and retail. The vineyard is contained in two distinct blocks of mixed soil types.

128 Bedford Rd	June 2009	$1,798,045

Property Description:

A 12.67 hectare property situated west of Renwick. The property comprises a two storey "Tudor" style dwelling set in established grounds together with shedding. The balance of the property is fully planted in vineyard which is mature and at a steady state of production. Land is irregular in shape due to following Gibson's Creek on its northern and southern boundaries.

1.4 Plant and Equipment

The valuation of the property excludes all items and plant and equipment associated with the operation of this property.

2.0 RENTAL METHODOLOGY

In undertaking the valuation we have also considered the market rentals that would be assessed in the current market, on the basis that the lease was to be renewed at this point in time. We have only considered this to consider the variation to the contracted rent and the market rent that might be applicable in the event that at the end of the current term the Lease was not renewed.

Rental value is defined as:

"The amount for which an asset should be rented for on the date of valuation between a willing lessor and a willing lessee in an arms-length rental transaction after proper exposure wherein each of the parties have each acted knowledgeably, prudently and without compulsion and there is no restrictions or limiting covenants contained within the lease document."

In determining the market rental we have considered the following approaches:

2.1 Rate Per Area

In brief, this approach is based on a negotiated rental per area, commonly dollars per hectare. It is determined by analysis and comparison of other known rentals within the same location or of similar type properties to the subject.

These rentals have been analysed and adjusted for size, soil type, productive capacity, terms and locality. These rentals include properties that are leased on both short and long term leases. Often these rentals are freely negotiated rentals at the time of leasing or at renewal. These rentals have then been analysed to arrive at a raw base rental level.

Under this approach rentals range from $6,000-$12,000 per hectare per annum for similar type properties in this locality. The range reflects the various aspects that the specific property contains. The higher end of the range are from leases that had the rental levels struck pre 2008 and are subject to ratchet clause provisions. More recent leases are tend to lie at the lower to mid point of this range.

2.2 Percentage of Value

This methodology firstly determines the market value of the lease property or the parts of the property that are offered by the Lessor for lease. The lease document will often have a prescribed percentage rate that is to be applied to this assessed value which determines the rental value. Depending on the type of lease and assets included in the lease, this can either be based on the market value of all the property, including non productive influences to value, or the market value of the productive land and buildings of the property or the market value of the productive land only. In today's market the percentage assessment of value should reflect a fair return to the lessor for the asset in relation to the opportunity cost of that capital that could be invested elsewhere. While still being affordable to the Lessee in respect of what the property can produce. This in reality is challenging to achieve particularly when non productive value influences area included in the assessment.

The ability to convert this theory into practice on the open market faces some difficulty as the realistic return that should be received is quite often excessive in relation to rentals being paid for similar parcels of land, based on the rate per area approach, and/or the inability of the lessee due to lower commodity returns being able to pay the rental. This approach should also only consider the productive value and not include any lifestyle values or other intangible values that the property may contain.

Traditionally long term government lease rentals were assessed on the value of land and buildings with a percentage range of 4.0-5.0% return. There are a number of leases in the vineyard market within New Zealand that are using this method with percentages ranging from 4% - 12% of market value or the rateable value of the land. The higher levels in this range tend to be leases that were entered into post 2000 and pre 2006. More latterly where leases have been negotiated the lower end of the range is being used.

This approach removes some of the subjectivity of the Rate per Area approach and also allows both parties to have the rental adjust in line with market values. As in theory the value movement within a property will reflect the economic returns being experienced by that property type and sector.

2.3 Gross Income

The third and least common approach is the rental assessed as a percentage of the Gross Income that the property can generate. This approach varies in respects of the percentage range used which is heavily influenced by the market conditions prevailing at that time. This approach also tends to be overlooked when commodity returns and market values are bullish while in softer times the popularity of this approach increases, particularly from Lessee's. Over recent years percentage range has set between 20% - 30% of Gross Income. Over the past 2 years this approach has softened to between 15% - 20% reflecting the lower earning capacity in this sector.

This approach while considered to provide fairness to both parties, it is extremely volatile and also open to manipulation which contributes to this mechanism being the least preferred of the three.

2.4 Rental Assessment

Utilising the three approaches the subject property would have a rental range of between $240,000 and $1,289,000 per annum.

The lower end of this range is the Income Approach. This is considerably lower than the other approaches due to the current low returns being experienced within this sector and particularly for the Sauvignon Blanc variety. The Rate per Area and the Percentage of Value Approach are within a tighter band of $900,000 and $1,289,000 per annum. The range between these two approaches reflecting that those utilising the Rate per Hectare Approach are negotiating downwards, where possible, to align more with the earnings being received while the Percentage of Value approach is reflecting the resistance in the market to softening values and the lack of market transactions to provide clear price points. The common trend is that these have eased from previous levels which are reflected across all three approaches.

A concern and a factor that needs to be considered is the disparity between the earnings approach and the other approaches. As this is indicating that the rental affordability from the Lessee may be challenging if the higher rentals are adopted. While it is viewed, from growers, that the current price per tonne is low the fundamentals within this sector have changed and it is unlikely that the price per tonne will not return to levels previously experienced (except as a result of prolonged adverse climatic events).

Considering these factors and that the Rarangi Vineyard is yet to reach full steady state of production we would assess the current market rental of the property as at date of this valuation to be **NINE HUNDRED AND TEN THOUSAND DOLLARS ($910,000)** per annum and exclusive of outgoing and Goods and Services Tax.

We are also of the view that there would be no justification from the market to support rental escalation over the next 2 years and only marginal (1%) if any from then the end of the current lease term in 2014. The rental during this period would have a natural increase as it reflects the ageing of the 2009 vines through to a steady state of production.

3.0 DISCOUNTED CASH FLOW APPROACH

As per Australian IFRS, the Fair Value is to be determined utilising a Discounted Cash flow Approach to determine the value due to the long term leases in place with Delegat's Wine Estate Ltd. This approach looks at the earning capacity from each of the properties based on the rental streams that are in place and contracted between the parties.

The Discounted Cash Flow methodology requires a forecast of the periodic net cash flow over the period of the investment. This cash flow is discounted at a market derived rate that reflects the risk, opportunity, cost of capital and the investor desired returns to compute its present value. The cash flow will be based on the remaining lease term for the leases. The terminal value has been assessed as per the Option Deed within the lease agreements.

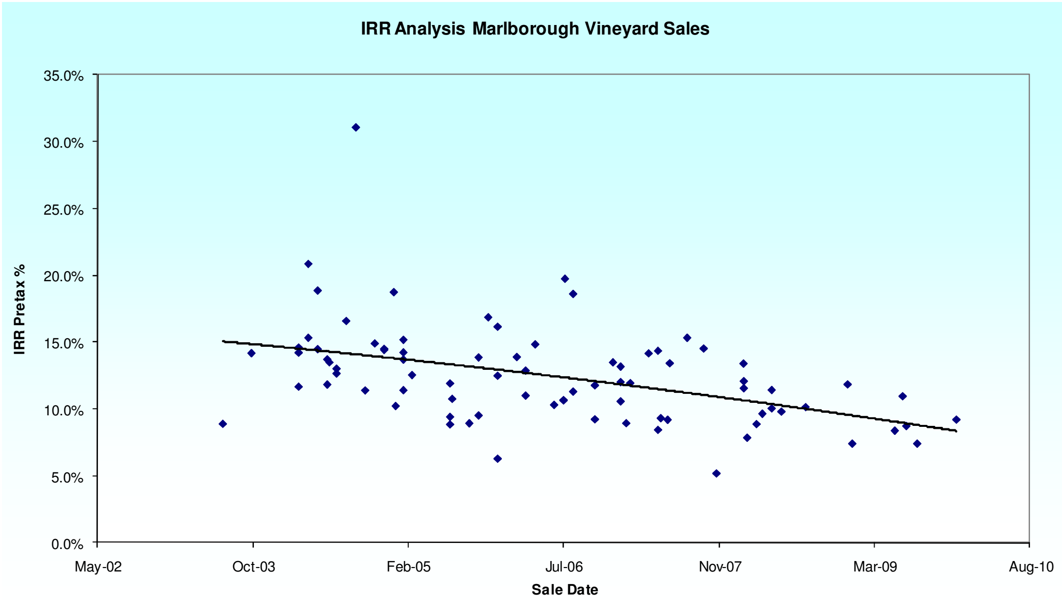
Discounted Cash Flow calculations require the application of an investment rate when discounting the periodic cash flows. The impact of cash flows in the latter period of the assumed investment, therefore contribute relatively less to the present value of the property than earlier similar sized cash flows. A Discounted Cash Flow Valuation is therefore less sensitive to variance and assumptions affecting cash flows in the latter part of the holding period compared to the effect of similar magnitude variations in assumptions affecting the early part of a holding period.

- *Lease costs* – In assessing the lease costs for the model we have used actual lease costs at date of valuation and the forecasted lease amounts as per Challenger Wine Trust assessments. Expiry of the first term is on 29 September 2014 and based on the lease being renewed for a further five years.

- *Discount rate* – The discount rate has been assessed by analysing sales on a Pre – Tax basis within the sector up to 31 December 2010. The analysed sales do not however consider a lease nearing the end of its first term. This in our view would increase risk and impact on the Discount Rate.

Discount rate

The other key input into this assessment is the appropriate discount rate to be utilised. As discussed in the Discount Cash Flow section we have undertaken an analysis of sales and assessments of Internal Rate of Returns for properties within the Marlborough and Hawke's Bay areas being the two main vineyard areas within New Zealand. This has provided a wide range of Internal Rate of Returns that are being achieved for vineyard assets as follows:


IRR Analysis Marlborough Vineyard Sales
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
IRR Pretax %
May-02
Oct-03
Feb-05
Jul-06
Nov-07
Mar-09
Aug-10
Sale Date

4.0 MARKET COMMENTARY

The New Zealand wine sector is showing very mixed signals throughout the wider New Zealand market.

The 2010 vintage saw a reduction in total tonnes harvest from that which was budgeted primarily due to climatic intervention and a concentrated effect to reduce yields. This has reportedly dropped the yield from approximately 285,000 tonnes as a national harvest to approximately 265,000 tonnes nearing the point of equilibrium between supply and demand. This has meant the overhang of 2008 and 2009 vintage is being sold down. The ability to sell down this oversupply will hinge on the industries crop management control for the 2011 vintage. Despite this there is still a large volume of bulk wine and price returns per litre both with bulk and table wine below that which is desirable for the industry. This is having flow on effects to wineries viability and as a result returns to growers. The current bulk wine market is showing an increase in price which is a positive signal within the industry although as mentioned above there is still significant wine volumes to sell under challenging marketing conditions. The early estimates are indicating a high potential higher 2011 vintage from early bud counts. This will require very tight in vineyard management to ensure a production blowout doesn't occur.

As a result property transaction volume is low and listings continuing to increase. This will have an easing effect on values over the short to medium term. The long term view is that with crop management and infrastructural investment combined with the lower than expected 2010 vintage will remove fruit and wine surpluses. The key is that Marlborough and the industry generally cannot continually rely on mother nature to correct volume of over supply

The Hawke's Bay market has been relatively quiet over the past two years although there have been an increasing number of listings. There have been a number of transactions of various property type and localities over recent months. The key to these transactions is that some areas have retained values shown historically while others are showing signs of softening.

There still appears to be a reluctance towards red varietals particularly Merlot even though there are positive signals in the demand for this variety and the Asian, particularly, Chinese demand. The prospective purchasers are not overly excited if there is heavy Bordeaux weighting to the planting at present. The Gimblett Gravels has been an area with a number of transactions and varying value points over a wide price range.

The Otago and Wairarapa Regions are showing similar signs where there has been historically strong lifestyle presence in the market which has tended to under pin the smaller operations, while larger property is not generating interest. This is partly due to the challenging climatic conditions experienced in these regions and the impact this has had on the financial integrity of these entities.

The Otago area is also impacted by the availability of bare land deemed suitable for vineyard development which any larger operator could purchase and develop without paying a developer margin. If Otago fruit is required more quickly than waiting for a development to reach production than consideration of an established property occurs.

Marlborough as a region is experiencing the largest connection partially due to the area of vines planted but also due to the large dependence on Sauvignon Blanc. The change in financial returns due to reduce price per tonne, yield caps and increased crop and canopy management has impacted on this region the most. If vineyard owners are unable to carry the business for the next 2 – 4 years there will be casualties. This is evident at the moment with the number of proprieties listed for sale. There have been minimal transactions despite listing prices being well below previous transaction levels. This is due to buyers holding off and waiting to see where the market will settle. The medium term outlook is that there has been a connection in value levels and are unlikely to return to the super profit levels experienced between 2003 and 2008.

The Gisborne vineyard market has been a main provider to the New Zealand wine sector of Chardonnay and Pinot Noir for sparkling and table wine production. The larger wine companies have indicated that they are not wishing to increase intake from new or increasing crop volumes and in some instances have exited the region. A sale of some key brands focussed on Gisborne to another international beverage company may stabilise this market off a smaller production base.

There have also been some contract growers that have been given notice of termination or non renewal. This phenomenon is not specific to the Gisborne region, it has occurred in Hawke's Bay, Martinborough, Marlborough and Central Otago as Wine Companies only procure crops that they know they can profitably sell into the international and domestic market places. This predominantly is based around the over supply of Sauvignon Blanc in the New Zealand wine sector which is 65% of the New Zealand crop and is the primary focus for a large percentage of New Zealand growers. This is also occurring in the sparkling wine production (Chardonnay and Pinot Noir) mainly from Pernod Ricard in Hawke's Bay and Gisborne.

There has been activity in some of the beverage companies with them selling down parts of companies of trying to internally split different beverages and markets internally. This indicates these companies are trying to rationalise the various components of there business and return profitability to sectors they can and sell underperforming components.

Throughout wider New Zealand there are vineyards establishing in many regions. A number of these are focused around restaurant/cafes and in tourist or, close to, high population centres. These are meeting with mixed success in regards to quality of fruit, wine and financial sustainability.

5.0 PROPERTY DETAILS

5.1 Legal Description

We refer to the attached Computer Freehold Registers ("titles") at Appendix B contained within the Marlborough Land Registration District. To summarise:

Description	Title Identifier	Area	(ha)
Lot 1 Deposited Plan 10404	MB6A/89	81.6770	ha
Lot 2 Deposited Plan 10404	MB6A/90	60.4310	ha
	Total Land Area	**142.108**	**ha**

Lessee's Interest

Description	Title Identifier	Lease Area	(ha)
Lot 1 and Lot 2 Deposited Plan 10404	162261	142.1080	ha

Where applicable the impacts of the interests on the above Titles have been taken into account in our valuation assessment.

Title MB6A/89 is registered in the name of Challenger Beston Limited and title MB6A/90 is registered in the name of Challenger Listed Investments Limited.

Title 162261 is registered in the name of Delegat's Wine Estate Limited.

5.2 Lease Details - Terms and Conditions

The property is leased under a lease agreement. The following is a summary of the principal lease terms and conditions:

Premises:	Rarangi Vineyard – Neal Rd, Marlborough
Term:	10 years
Commencement Date:	30 September 2004
Rights of Renewal:	Four (4) of Five (5) years each
Current Annual Rental:	$1,655,993.93 excl GST
Rent Reviews:	Annually
Permitted Use:	Vineyard
Operating Expenses:	The tenant is responsible for 100% operating expenses associated with the property.

5.3 Resource Management

The land is zoned Rural 3 under the Operative Wairau/Awatere Resource Management Plan which was notified by the Marlborough District Council on the 8 October 1998.

The existing vineyard use is a permitted activity within this rural rezone.

5.4 Resource Consents

Consent No	Type	Source	Rate	Area (ha)	Expires
U011179	Water Permit	Groundwater	2,520m^3/day	81.6770	6 July 2021

5.5 Rating Valuation

The Rateable Values assessed as at 1 July 2008			
Property	*Value of Improvements*	*Land Value*	*Capital Value*
Lot 1 & 2 Deposited Plan 10404	$11,570,000	$5,600,000	$17,170,000

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

5.6 Rates

For the 2010/2011 Year (GST inclusive):	
Property Address	*Marlborough District Council*
Lot 1 & 2 Deposited Plan 10404	$11,777.80

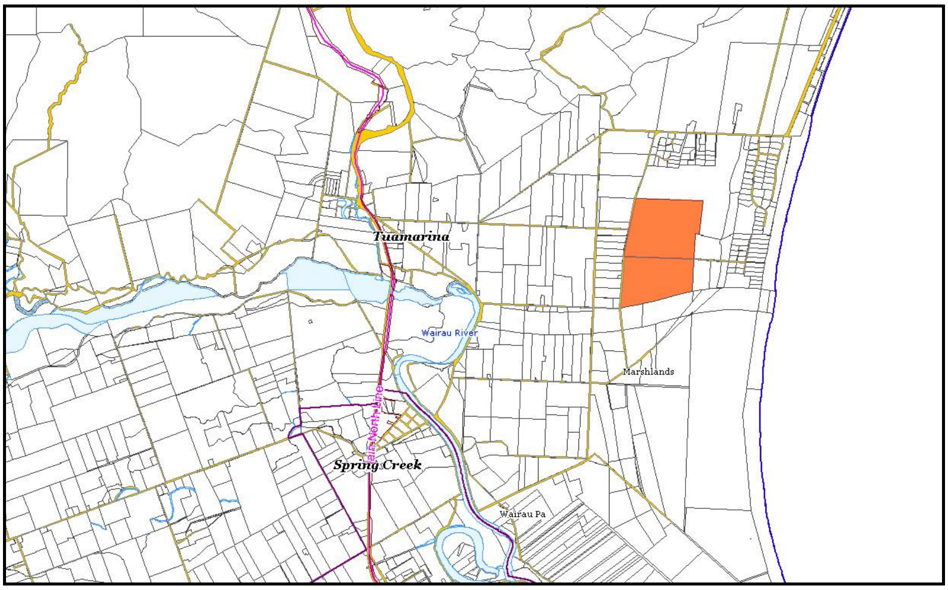
6.0 LOCATION & CLIMATE

6.1 Locality

The property is situated on Neal and Flax Mill Drives in the Rarangi District. The property is a coastal position being within close proximity to Cloudy Bay and the foreshore. Surrounding properties are utilised for a mix of lifestyle, viticulture, grazing and cropping activities.

Distances to services are as follows:

Service/Amenity	Location	Approx Distance
Power and telephone are connected.		
Primary School	Spring Creek	3 kms
Secondary School	Blenheim	10 kms
Main Centre	Blenheim	10 kms
Railway Station	Blenheim	10 kms
Wine Processing	Spring Creek	3 kms



6.2 Climate

The Rarangi District experiences a moderate Marlborough climate with normally hot dry summers and mild winters.

Rainfall Average	600-800 mm per annum
Main Rainfall Months	Main rainfall months being May to August. Generally reliable autumn-spring rainfall but prone to summer dryness.
Temperature Range	-3°-38°
Hazardous Conditions	Minimal
Frost Frequency	Low inter and rare spring
Prevailing Winds	Westerly quarter

7.0 LAND

The Rarangi Vineyard has been created from two parcels of land which are bisected by Flax Mill Drive. Even though the property is bisected by this road it is not a major thoroughfare and therefore operations of the property have minimal disruption. The main features pertaining to the land are summarised as follows:

7.1 Shape & Workability

Each of the lots is of near regular shape and has been developed for intensive viticulture without excessive headland wastage.

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

7.2 Land Use Classification

Unit	Description	Derived from	Erosion		Gradient	Approximate
			Present	Potential*	Range	Area (ha)
IVs11	Coastal sand flats and undulating dunes in relatively sheltered or moist situations. The low fertility and low moisture holding capacity, together with poor soils structure are the main limitations to cropping use.	Sands from various rock types	Negligible to slight wind	Slight to moderate wind when cultivated	0 - 3°, 4 - 7°	142.1

* Assessed as under actual or assumed grassland cover with average management and no soil conservation measures applied.

7.3 Soils

The soil type descriptions have been provided by PALMS Limited and is described as Taumutu soils. This soil dominates the sequence of beach ridges and ridges and swales on the property. The ridges/swales system parallel to the coast and reflect the deposition sequence as the beach is prograded eastwood.

Soils are mostly dark grey to brown gravel and sand and in places sandy silt loam deposits up to 120-200 millimetres deep, overlying olive to grey gravels and a sandy matrix. The lenses of sand are common and stone up to 100 mm in diameter can be uncounted.

Taumutu Soils

These soils are associated with Taumutu soil series and are poorly drained and form from recent alluvium from the water ways traversing the block. They tend to be the swail areas and are generally less than 20 metres wide.

Typical profile in this area are dark grey brown type soils with sandy silt loam texture with grey clay loam subsoils (very thick), and on gravels as for the Taumutu soils.

This soil type represents a very small component in this landscape.

7.4 Aspect

The property contains a predominantly open all round aspect.

7.5 Archaeological

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

7.6 Altitude

The altitude ranges from 2-5 metres above sea level.

7.7 Erosion

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

7.8 Drainage

Due to the soil composition the property has a natural free draining soil.

7.9 Water Table

The Rarangi area has a shallow water table known locally as the Rarangi Shallow Aquifer. Measurements by Marlborough District Council in the coat that the water level varies between 0.70-2.25 metres above men sea level. At the measurement site at Rarangi Golf Course, at 4.1 metres above men sea level, that translates to 1.85 to 3.4 meters below ground level. This is shallow enough especially in the lower lying hollows, that grape vine roots can be expected to reach.

7.10 Weeds and Pests

The property is relatively free of weeds with no weeds being of any economic significance. Pests are controlled by the Hawke's Bay Regional Council.

7.11 Subdivision

The property is contained in two main blocks bisected by Flax Mill Road. Each block is fenced to all boundaries.

In the main construction is of conventional post and 7-8 wire fully battened type fencing found in average condition.

7.12 Environmental Issues

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

The property has been utilised for viticulture activities. This use requires the use of chemicals. There may be some chemical residues in the soil.

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

7.13 Flooding

The southern boundary of the property adjoins the stock bank system for the Wairau Diversion. In a major flood event if the stock bank breached the property would be subject to surface flooding.

8.0 UTILISATION

At date of inspection, the property was planted as a Sauvignon Blanc vineyard. The majority of the property was originally planted in 2004 with final plantings of Pinot Noir in 2005. In 2009 the Lessee redeveloped a portion of the property, 58.98 hectares, from Pinot Noir to Sauvignon Blanc. This redevelopment was to reduce the exposure to Pinot Noir. It also reduced the number of vines on the property due to the Pinot Noir being planted at 1.4 metre spacing and the Sauvignon Blanc at 1.8 metre spacing between the vines. The older plants are at a steady state of production while the younger plants are yet to reach this state. The property has been established on selected rootstock and clone for the varying varieties and variation within soil types throughout the block.

At the date of inspection the vineyard was established with timber post trellis, irrigation wire, one fruiting wire and four foliage wires to all the plantings. The vineyard has been established with four Sauvignon Blanc vines per bay and five Pinot Noir Vines per bay throughout the vineyard. Due to the property being partially redeveloped vine development and cane laid down for cropping varies. The management and development is of a good standard and uniformity in both its varietal types and the establishments of blocks within the vineyard.

Due to the redevelopment it is not expected the vineyard will reach a full steady state of production until the vintage of 2012 subject to management and climatic intervention.

8.1 Schedule of Vine Plantings

Variety	Vine Spacing Between		Within		Age	Net Planted	
Sauvignon Blanc	2.50	m x	1.80	m	2009	3.19	ha
Sauvignon Blanc	2.50	m x	1.80	m	2009	6.11	ha
Sauvignon Blanc	2.50	m x	1.80	m	2009	8.19	ha
Sauvignon Blanc	2.50	m x	1.80	m	2009	12.55	ha
Sauvignon Blanc	2.50	m x	1.80	m	2009	3.45	ha
Sauvignon Blanc	2.50	m x	1.80	m	2009	18.43	ha
Sauvignon Blanc	2.50	m x	1.80	m	2009	7.05	ha
Sauvignon Blanc	2.50	m x	1.80	m	2004	9.55	ha
Sauvignon Blanc	2.50	m x	1.80	m	2004	3.39	ha
Sauvignon Blanc	2.50	m x	1.80	m	2004	3.09	ha
Sauvignon Blanc	2.50	m x	1.80	m	2004	17.67	ha
Sauvignon Blanc	2.50	m x	1.80	m	2004	6.00	ha
Sauvignon Blanc	2.50	m x	1.80	m	2004	4.11	ha
Sauvignon Blanc	2.50	m x	1.80	m	2004	10.25	ha
Sauvignon Blanc	2.50	m x	1.80	m	2004	16.60	ha
	Nett Planted Area					129.63	ha
	Loss to Headlands					12.47	ha
	Title Area					**142.10**	**ha**

8.2 Cover

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

Cover Description	Approx Area	(ha)
Vineyard	129.63	ha
Headlands	9.00	ha
Building area	0.80	ha
Unplanted area	2.67	ha
Title Area	**142.10**	**ha**

9.0 BUILDING IMPROVEMENTS

9.1 Pump Shed

Situated at the southern end of the property is a pump shed of 10 m² and is constructed on a concrete floor with galvanised iron cladding and roofing. This structure houses the irrigation pumps and control units. Situated adjacent to the above pump shed is a small lean to shelter that protects the irrigation headworks and filter units. It is constructed on a concrete pad, galvanised iron piles with long run iron roofing.

9.2 Old Pump Shed

Situated at the north eastern corner of the property is the original pump shed for the property which we were advised it is to be removed in the near future.

9.3 Vineyard Building

This structure was constructed in 2006 and is internally partitioned to provide an office of 28m², staff lunchroom of 28m², staff locker room and amenities of 28m², fully enclosed lockable implement shed of 176m², chemical shed of 45m², a drive through filling area of 60m², an open mixing area of 60m², concrete patio of 33m².

The construction is comprised on a mix of concrete block ring foundation, concrete floor slab, steel framing with timber purlin and truss, feature stone zincalume and timber exterior cladding, aluminium joinery and zincalume roofing. The office and staff areas are plasterboard lining to the walls and ceilings, with the two end walls of the implement shed being lined with plywood, the chemical shed fully lined with plywood and the drive-through spray filling area zincalume lined.

The internal fitments contained in the shed include a stainless sink, dishwasher, hot water unit, cupboard space in kitchen area, a toilet, hand basin and shower and paraplegic toilet, a standard pan and cistern in the second toilet and a hand basin to amenities area, large vehicle sliding doors to implement shed and drive-through spray filler. Electric light and power points and telephone connections throughout together with a monitored security system, and fire sensors. The structure is in new condition and found in a good standard.

While in the course of inspection due care is taken to note building defects, no structural survey has been made and no undertaking is given about the absence of rot, termite or pest infestation, deleterious substances such as asbestos or calcium chloride or other hidden defects. We can give no guarantee as to outstanding requisitions in respect to the subject building(s).

10.0 OTHER IMPROVEMENTS

10.1 Electrical Reticulation

Electricity is reticulated to the administration building and irrigation wells.

10.2 Water Supply

Water for staff purposes is provided from the well and pressure reticulated to the staff facilities.

Water for irrigation and amenity purposes is provided from a 200mm well situated at the southern end of the property which is pumped via a pressure pumping unit through four inline filters. Reticulation is via underground PVC mains and sub mains into alkathene lateral piping with one alkathene lateral per vineyard row. The irrigation from these lateral is by irrigation emitters.

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

10.3 Waste Water Disposal

Effluent disposal is by means of a septic tank. Situated at the main building complex is a drive through spray tank filling facility and machinery wash down area. The waste water from these areas are collected into collection sumps.

10.4 Vineyard Access

The vineyard has good access due to Flax Mill Drive bisecting the block together with recently formed consolidated gravel access through the main headlands and some centre portions of the vineyard.

10.5 Shelter

There are no shelter plantings on the property.

10.6 Yard Area

At the main building complex there is a yard area constructed of consolidated gravel. This yard area allows for all weather access and parking of implements and staff vehicles.

APPENDIX A

STATEMENT OF GENERAL VALUATION POLICIES

1. Our responsibility in connection with this valuation report is limited to the person to whom the report is addressed and we disclaim all responsibility to any other party without reference to us.
2. This report may not be reproduced, in whole or in part, without our prior written approval.
3. This report has been prepared for the purpose stated in the report and may be relied upon for that purpose only. Assumptions made in the preparation of the report are as expressly stated in the report or set out below.
4. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable but we cannot accept responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from Government or other appropriate departments.
5. We have made no survey of the property and unless otherwise stated assume that all improvements lie within the Computer Freehold Register boundaries. No guarantee is given that the land is not subject to statutory rights not recorded on the relevant Computer Freehold Register and not apparent from normal inspection of the property. We assume no responsibility in connection with such foregoing matters.
6. We do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. Unless notified to the contrary, our valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances.
7. Unless otherwise stated our report is subject to there being no detrimental registration(s) affecting the land other than those appearing on the Computer Freehold Register(s) valued in this report. Such registrations may include Wahi Tapu registrations and Historic Places Trust registrations.
8. We have not obtained from the territorial authority a Land Information Memorandum. Our valuation has been made on the basis that such Memorandum if obtained would not have disclosed information which would have affected adversely our opinion of the market value of the property.
9. No environmental audit has been undertaken, although contaminants present on the site and obvious to us on inspection may have been noted in the report. No warrant is given, or is to be implied, in this report that the property is free from contaminants.
10. While in the course of inspection due care is taken to note building defects, no structural survey has been made and no undertaking is given about the absence of rot, termite or pest infestation, deleterious substances such as asbestos or calcium chloride or other hidden defects. We can give no guarantee as to outstanding requisitions in respect to the subject building.
11. In preparing the valuation it has been assumed hot and cold water systems, electrical systems and other devices, fittings and conveniences as are in the building to be in proper working order and functioning for the purpose for which they were designed.
12. Where a property is leased, this report records the nature of the information supplied. That information has been accepted and relied upon at face value. It has been assumed that the information supplied is complete and accurate, and that the lease is fully enforceable.
13. Unless otherwise stated in our report our valuation is on the basis that the property complies with the Building Act 1991, Health and Safety in Employment Act 1992, Evacuation of Buildings Regulations 1992 and Disabled Persons Community Welfare Act 1975 or that the legislation has no significant impact on the value of the property.
14. We certify that Crighton Stone Limited holds professional indemnity insurance.

APPENDIX B

Computer Freehold Registers and Resource Consent

COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **MB6A/89**
Land Registration District **Marlborough**
Date Issued 13 November 1997

Prior References
MB5D/619

Estate	Fee Simple
Area	81.6770 hectares more or less
Legal Description	Lot 1 Deposited Plan 10404

Proprietors
Challenger Beston Limited

Interests

Land Covenant in Transfer 131931.2 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 124724.1 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 124886.1 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 125631.1 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 126224.1 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 126637.1 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 127242 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 127731.1 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 128330 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 128495.1 (affects the part herein previously contained in CT MB4B/530)

Land Covenant in Transfer 147924 (affects the part herein previously contained in CT MB4B/530)

161218.24 Easement Certificate specifying the following easements

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right of way	Lot 14 Deposited Plan 7751 - CT MB5A/618	A DP 7751	Part formerly contained in CT MB5A/615 - herein	

The easement specified in Easement Certificate 161218.24 is subject to Section 309 (1)(a) Local Government Act 1974

189302.6 Easement Certificate specifying the following easements - 7.2.1997 at 10.37 am

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Convey water	Lot 1 Deposited Plan 10404 - herein	B & C DP 9850	Lot 1 Deposited Plan 9850 - CT MB5D/617	
Convey water	Lot 1 Deposited Plan 10404 - herein	B & C DP 9850	Part Lot 3 DP 10404 formerly contained in CT MB5D/620 - CT MB6A/91	

The right to convey water marked C specified in Easement Certificate 189302.6 is subject to Section 243 (a) Resource Management Act 1991

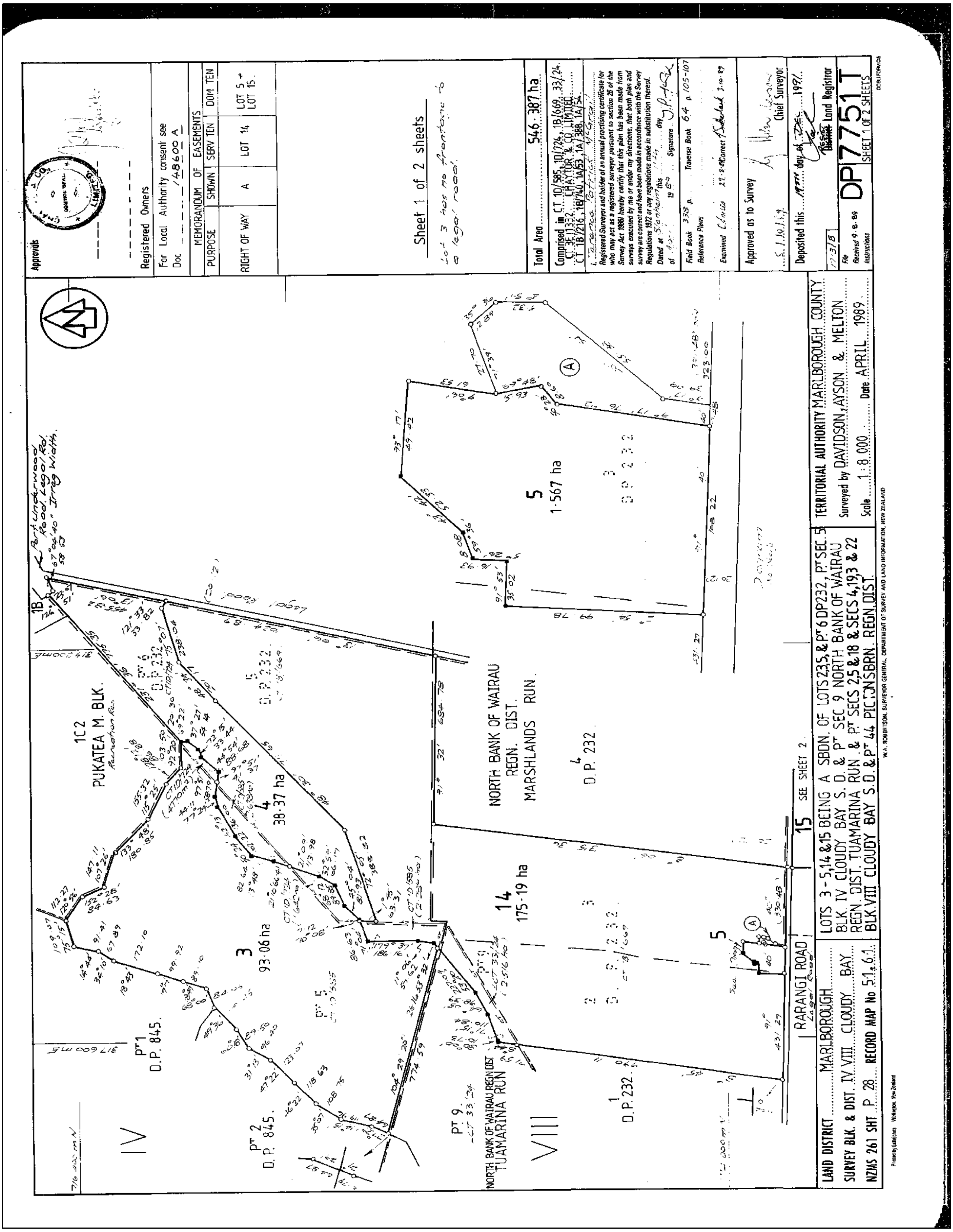
Lease 6068829.3 Term 10 years commencing on 30th September 2004 [Right of Renewal] CT 162261 issued. - 7.7.2004 at 9:00 am

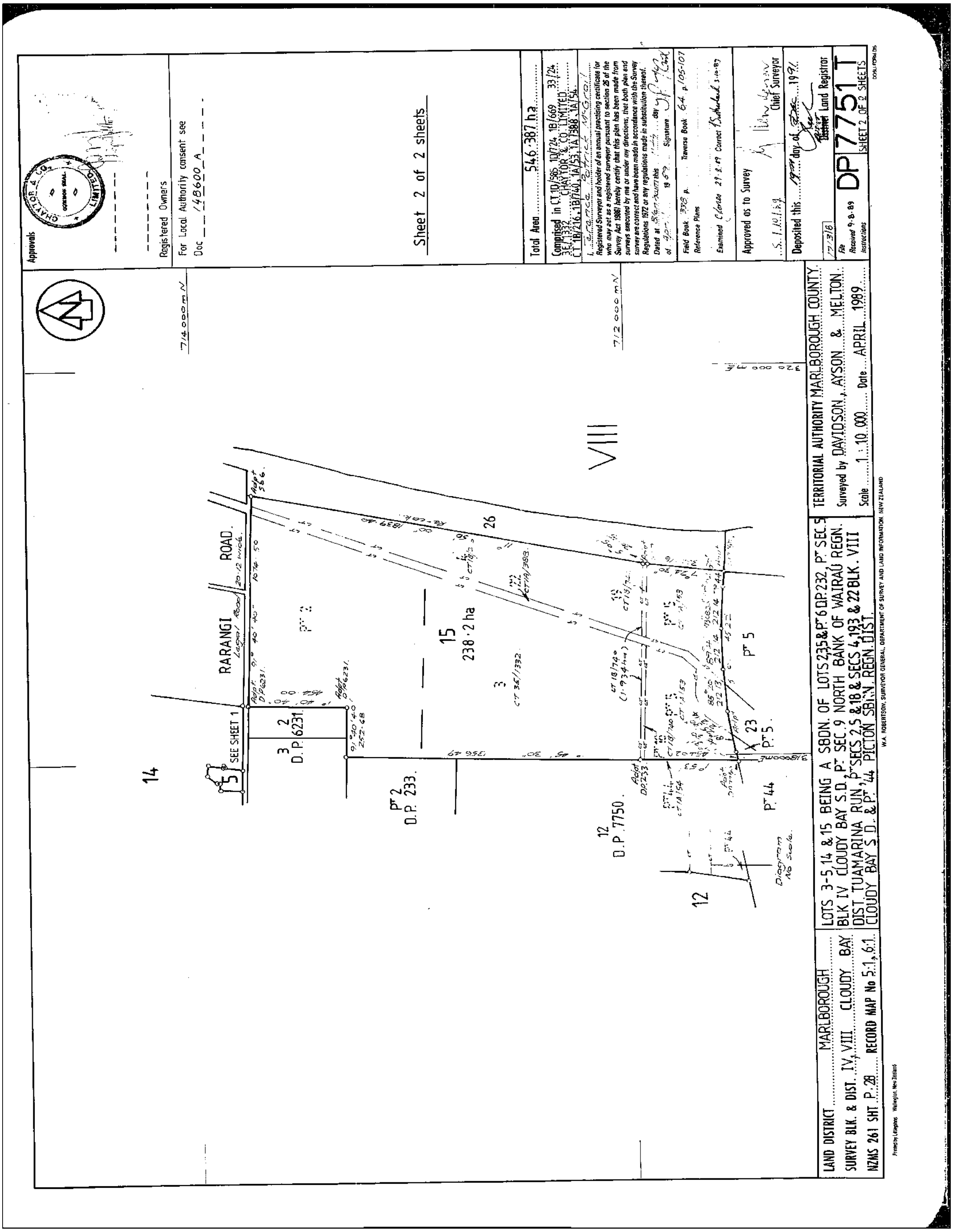
Identifier **MB6A/89**

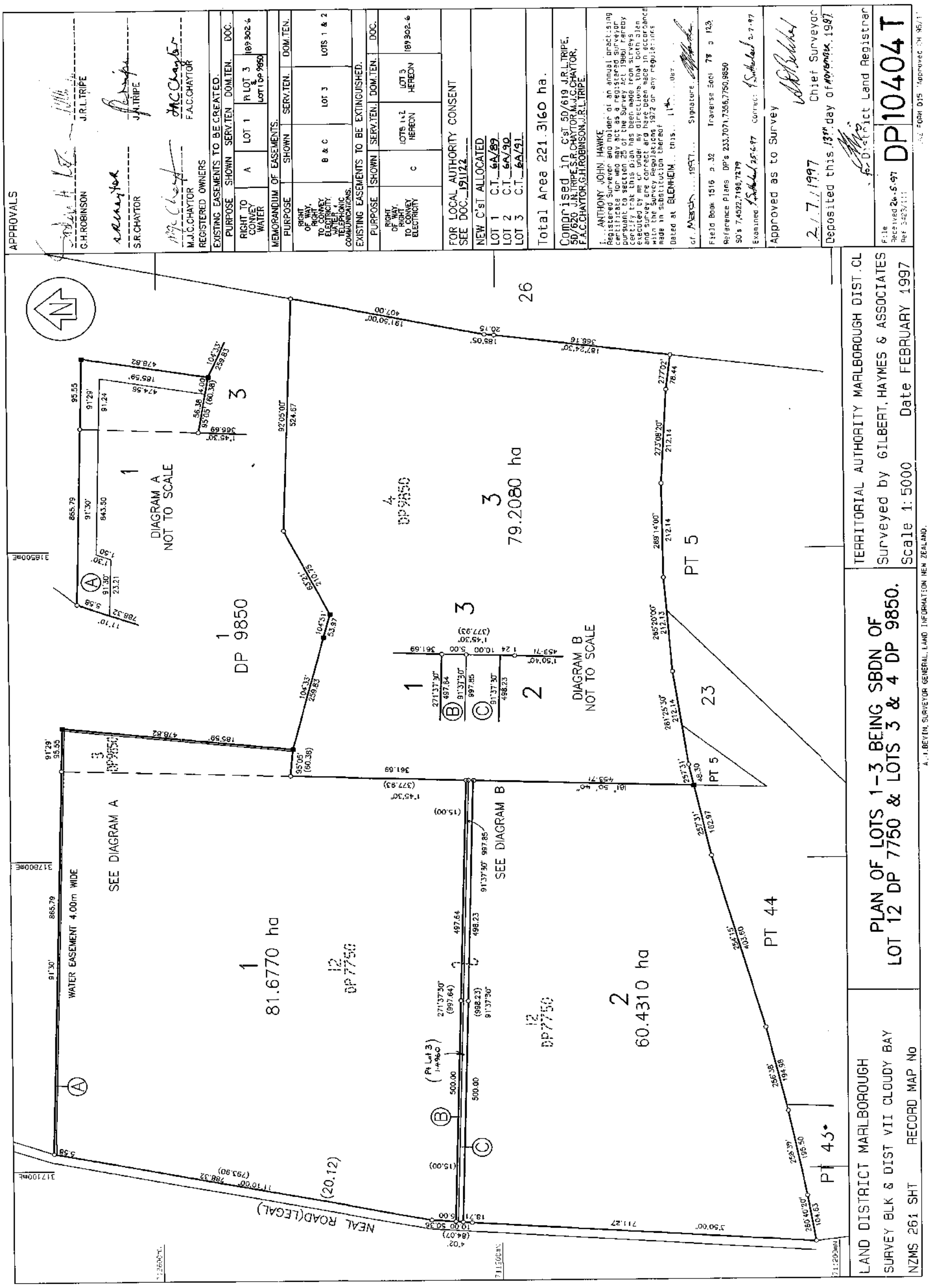
6068829.4 CAVEAT BY DELEGAT'S WINE ESTATE LIMITED - 7.7.2004 at 9:00 am

6324819.1 Encumbrance to Marlborough District Council - 25.2.2005 at 9:00 am

6330295.2 Mortgage to National Australia Bank Limited - 2.3.2005 at 9:00 am




Approvals
Registered Owners
For Local Authority consent see Doc 148600 A
Sheet 2 of 2 sheets
Total Area 546.387 ha
Comprised in CT 10/585 10/124 1B/669 33/24 3E/1332 CHAYTOR & CO. LIMITED CT 1B/216 1B/740 1A/53 1A/388 1A/54
Approved as to Survey
Chief Surveyor
Deposited this 19th day of Dec 1991
District Land Registrar
DP 7751 T
SHEET 2 OF 2 SHEETS
TERRITORIAL AUTHORITY MARLBOROUGH COUNTY
Surveyed by DAVIDSON, AYSON & MELTON
Scale 1:10 000 Date APRIL 1989
LOTS 3-5,14 & 15 BEING A SBDN. OF LOTS 2,3,5 & Pt 6 DP 232, Pt SEC 5 BLK IV CLOUDY BAY S.D. Pt SEC 9 NORTH BANK OF WAIRAU REGN. DIST TUAMARINA RUN, Pt SECS 2,5 & 18 & SECS 4,193 & 22 BLK. VIII CLOUDY BAY S.D. & Pt 44 PICTON SBDN. REGN. DIST.
LAND DISTRICT MARLBOROUGH
SURVEY BLK. & DIST. IV, VIII CLOUDY BAY
NZMS 261 SHT P28 RECORD MAP No 5.1, 6.1
RARANGI ROAD
SEE SHEET 1
15
238·2 ha
VIII
26
14
12
12 D.P. 7750
Pt 2 D.P. 233
3 2 D.P. 6231
Pt 5
23 Pt 5
Pt 44


APPROVALS
REGISTERED OWNERS
EXISTING EASEMENTS TO BE CREATED.
MEMORANDUM OF EASEMENTS
EXISTING EASEMENTS TO BE EXTINGUISHED.
FOR LOCAL AUTHORITY CONSENT
Total Area 221.3160 ha.
Approved as to Survey
DP10404 T
TERRITORIAL AUTHORITY MARLBOROUGH DIST. CL
Surveyed by GILBERT, HAYMES & ASSOCIATES
Scale 1: 5000
Date FEBRUARY 1997
PLAN OF LOTS 1-3 BEING SBDN OF
LOT 12 DP 7750 & LOTS 3 & 4 DP 9850.
LAND DISTRICT MARLBOROUGH
SURVEY BLK & DIST VII CLOUDY BAY
NZMS 261 SHT
RECORD MAP No
DIAGRAM A NOT TO SCALE
DIAGRAM B NOT TO SCALE
1 DP 9850
3 79.2080 ha
4 DP 9850
1 81.6770 ha
12 DP 7750
2 60.4310 ha
WATER EASEMENT 4.00m WIDE
SEE DIAGRAM A
SEE DIAGRAM B
NEAL ROAD(LEGAL)
PT 5
PT 44
26
23

COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier	**MB6A/90**
Land Registration District	**Marlborough**
Date Issued	13 November 1997

Prior References
MB5D/619

Estate	Fee Simple
Area	60.4310 hectares more or less
Legal Description	Lot 2 Deposited Plan 10404

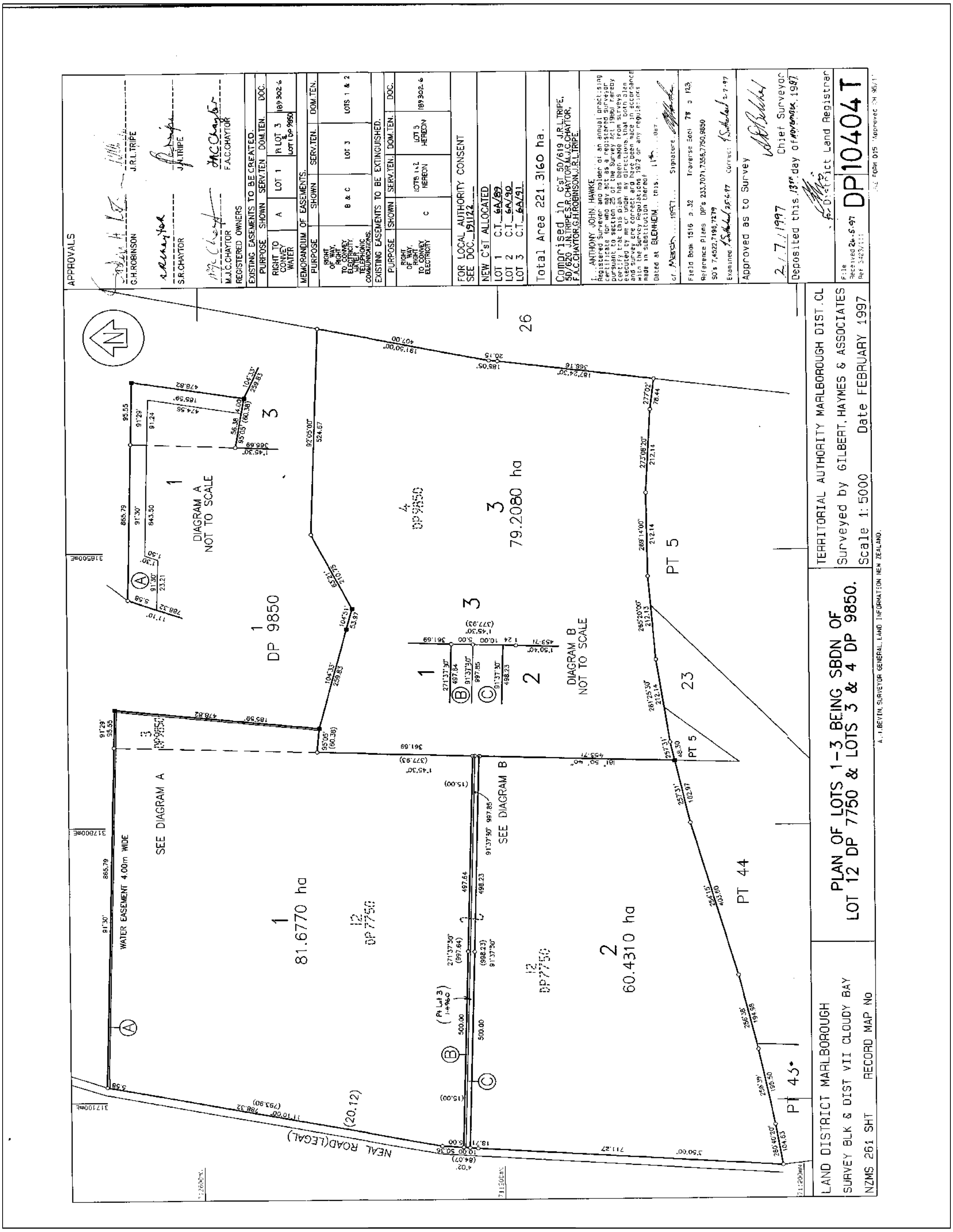
Proprietors
Challenger Beston Limited

Interests

Lease 6068829.3 Term 10 years commencing on 30th September 2004 [Right of Renewal] CT 162261 issued. - 7.7.2004 at 9:00 am

6068829.4 CAVEAT BY DELEGAT'S WINE ESTATE LIMITED - 7.7.2004 at 9:00 am

6330295.2 Mortgage to National Australia Bank Limited - 2.3.2005 at 9:00 am


PLAN OF LOTS 1-3 BEING SBDN OF
LOT 12 DP 7750 & LOTS 3 & 4 DP 9850.
TERRITORIAL AUTHORITY MARLBOROUGH DIST. CL
Surveyed by GILBERT, HAYMES & ASSOCIATES
Scale 1: 5000
Date FEBRUARY 1997
LAND DISTRICT MARLBOROUGH
SURVEY BLK & DIST VII CLOUDY BAY
NZMS 261 SHT
RECORD MAP No
DP10404 T
APPROVALS
REGISTERED OWNERS
EXISTING EASEMENTS TO BE CREATED.
MEMORANDUM OF EASEMENTS
EXISTING EASEMENTS TO BE EXTINGUISHED.
FOR LOCAL AUTHORITY CONSENT
NEW C/ST ALLOCATED
Total Area 221.3160 ha.
Approved as to Survey
Chief Surveyor
District Land Registrar
1
81.6770 ha
2
60.4310 ha
3
79.2080 ha
DIAGRAM A
NOT TO SCALE
DIAGRAM B
NOT TO SCALE
SEE DIAGRAM A
SEE DIAGRAM B
WATER EASEMENT 4.00m WIDE
NEAL ROAD (LEGAL)
PT 5
PT 44
PT 45
26
23

COMPUTER INTEREST REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **162261**
Land Registration District **Marlborough**
Date Registered 07 July 2004 09:00 am

Prior References
MB6A/89 MB6A/90

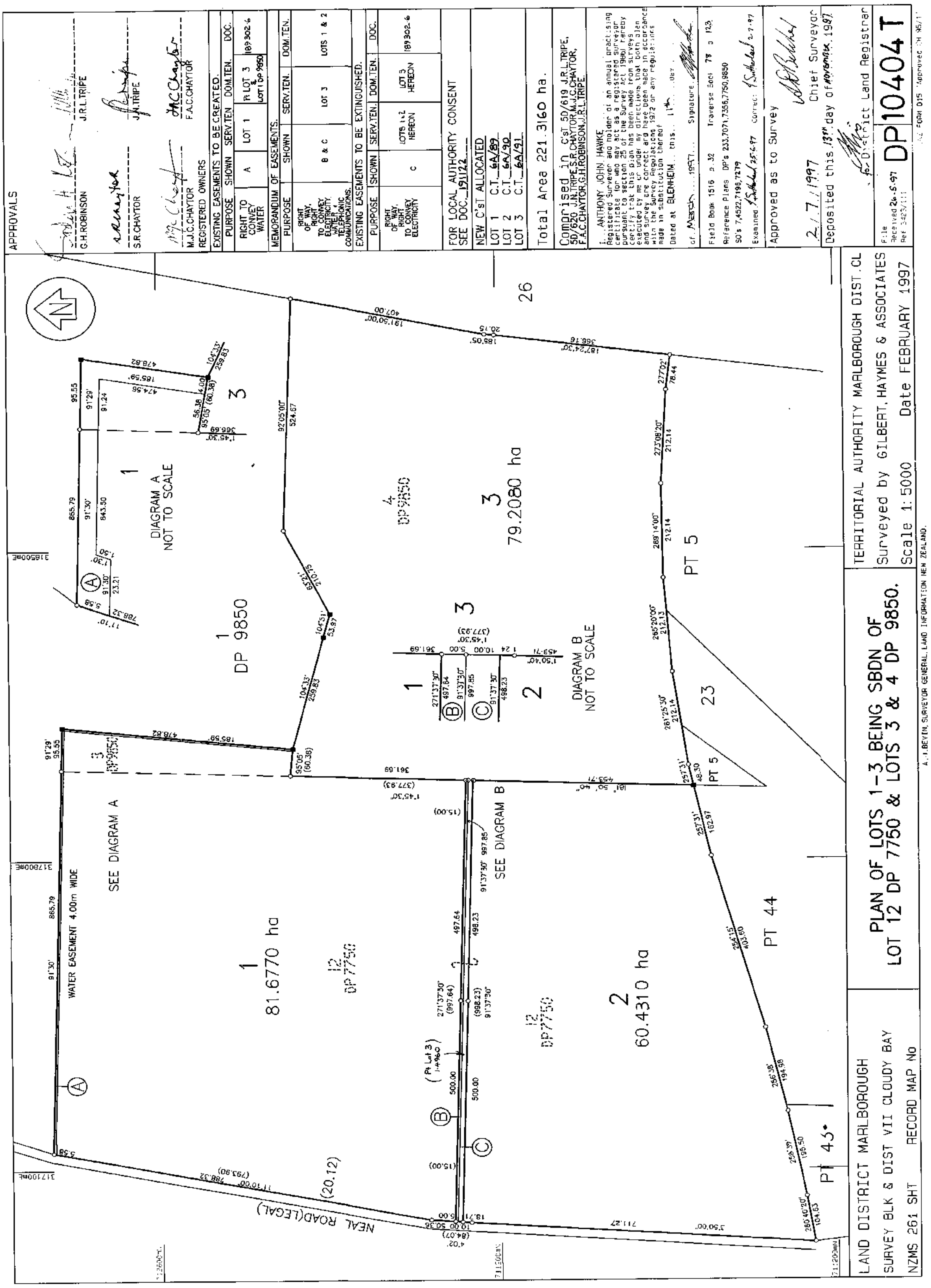
Estate	Leasehold	**Instrument**	L 6068829.3
Area	142.1080 hectares more or less	**Term**	10 years commencing on 30th September 2004 [Right of Renewal]

Legal Description Lot 1 and Lot 2 Deposited Plan 10404

Proprietors
Delegat's Wine Estate Limited

Interests

Identifier **162261**



MARLBOROUGH DISTRICT COUNCIL

Resource Management Act

Resource Consent No: U 011179

Applicant **Delegat's Wine Estate Limited**

Proposal: Transfer of water permit U010200 to take underground water for irrigation purposes.

Date of Site Visit

RC No:U 011179

DECISION

Pursuant to the Resource Management Act 1991 consent is hereby granted to the application for a resource consent.

Water Permit - Take Underground Water

Location: Neal Road, Marshlands, .

Grid Reference **E** 2594352 **N** 5973572

Groundwater

Subject to the following condition(s)

01 That the point of abstraction authorised by this water permit is well P28w/3566 and the abstraction authorised by this permit shall not exceed 2520m3 per day.

02 The water abstracted shall be used for the purposes of irrigation of grape plantings on the land described as:

Firstly, 81.6770 hectares more or less being Lot 1 Deposited Plan 10404, being the land in Certificate of Title Volume 6A Folio 89 (Marlborough Registry); and

Secondly, 60.4310 hectares more or less being Lot 2 Deposited Plan 10404, being the land in Certificate of Title Volume 6A Folio 90 (Marlborough Registry).

03 That this consent shall expire on the 6th day of July 2021.

04 That the consent holder shall install a water meter with an accuracy of ± 5% after installation, and the meter shall be maintained by appropriate personnel and properly calibrated as and when necessary to ensure the accuracy level aforesaid.

05 The consent holder shall for the duration of this permit keep records of all water abstracted for the purposes of irrigation on a weekly basis, and shall supply such records to the Manager, Regulatory Department, Marlborough District Council, on a weekly basis.

06 Weekly measurements of conductivity in well P28w/3566 shall be recorded on those weeks when the well is being pumped, and such measurements shall be recorded and shall be provided to the Manager, Regulatory Department, Marlborough District Council, on a weekly basis. In the event that the conductivity level raises above 75mS/m (trigger level), then the consent holder shall reduce abstraction by 50% and in the event that the conductivity level in well P28w/3566 shall reach 100mS/m (trigger level), then the consent holder shall reduce abstraction by 66%.

For the purposes of the above conditions mS/m means millisiemens per metre, and the reference to the reduction of abstraction shall relate to actual rates of abstraction at the time the trigger levels referred to in the above conditions are reached.

07 In the event that the conductivity level in the Marlborough District Council sentinel well 3667 shall reach 75mS/m (trigger level) the consent holder shall reduce abstraction by 50%, and if the conductivity in the Marlborough District Council sentinel well 3667 reach 100mS/m (trigger level) the consent holder shall reduce abstraction by 66%.

For the purposes of the above conditions mS/m means millisiemens per metre, and the reference to the reduction of abstraction shall relate to actual rates of abstraction at the time the trigger levels referred to in the above conditions are reached.

08 In the event that the water level in the Wairau aquifer in the vicinity of well P28w/3566 drops below a level of 0.65m above mean sea level (trigger level), then the consent holder shall immediately notify the Manager, Regulatory Department, Marlborough District Council, and in the event that the water level drops below 0.5m above mean sea level (trigger level), then the consent holder shall reduce abstraction by 30%, and in the event that the water level drops below 0.25m above mean sea level (trigger level), then the consent holder shall reduce abstraction by 50%.

For the purposes of the above condition the reference to the reduction of abstraction shall relate to actual rates of abstraction at the time the trigger levels referred to in the above conditions are reached.

09 That the applicant shall surrender resource consent U000183 prior to exercise of this resource consent to the intent that this consent shall not be exercised in addition to consent U000183.

Note: The applicant in the letter accompanying the application, and in Counsel's submissions confirmed the substance of this condition.