Valuation Report

Del Rios Vineyard
Coghill Road
KENLEY VIC 3597

December 2010

Under Instructions from:

Regenal Investments Pty Ltd

Reference: V19522.03

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Valuation Summary

Property Address:	Del Rios Vineyard, Coghill Road, KENLEY VIC 3597

Description:

The property comprises an established large scale vineyard with a total land area of 1,047.9 hectares and an established vineyard of approximately 904.75 hectares. The property is situated within Swan Hill Wine Region and was established over a number of years starting in 1998 with plantings through to 2003. The property comprises a range of varieties with the majority of the vineyard planted to Chardonnay, Merlot, Sauvignon Blanc and Shiraz.

The property is situated approximately 60 kilometres south east of Robinvale approximately 21 kilometres north of Tooleybuc, both of which are towns situated on the Murray River. Tooleybuc is situated approximately 385 kilometres north of Melbourne CBD and approximately 500 kilometres east of the Adelaide GPO.

The property is subject to a lease agreement to Australian Vintage Limited formally known as McGuigan Simeon Wines Limited. The lease expires on the 26th June 2016 with three (3) further five (5) year options.

The current passing rental amount is $6,776,639.26 p.a. as at the date of valuation and the rent is considered to be above a market rate.

The property has Water Share ID Numbers WEE0045927, 036572 and 036571 which is associated with this property and has a permanent allocation of 5,178.2 megalitres per annum of which 100% is currently available.

Discounted Cash Flow Approach:

Derived Value “subject to Lease Agreement”	$42,950,000
Initial Yield:	15.9%
Rate per hectare:	$47,472/ha

Date of Inspection:	17 November 2010
Date of Valuation:	31 December 2010

Client:

Regenal Investments Pty Ltd as nominee of
CK Life Sciences Int’l (Holdings) Inc
C/- Thomson Playford Lawyers
Level 25, 264 George Street
SYDNEY NSW 2000
Attention: Ms Bonita Ho

Instructions:	To assess the market value of the subject property, assuming a sale of the freehold interest, subject to the existing lease, as detailed herein, with continuation of existing use, relevant to prevailing levels of value as at the date of inspection for major transaction purposes.

Further Consultancy

- *Nil*

Verifiable Assumptions:

- *Section 2.7* — *Environmental Considerations*
- *Section 2.8* — *Native Title Claims*
- *Section 5.2* — *Passing Rent $6,776,639.26 p.a. as at 27th June 2010*

Opinion:

- *Section 6.2* — *Market Position of Property*
- *Section 7* — *Risk Analysis*
- *Section 8* — *Valuation Rationale*
- *Section 11* — *Valuation Certification*

Valuation:	Subject to the overriding stipulations contained within the body of this report, we are of the opinion that the market value of the subject property, assuming a sale of the freehold interest, subject to the lease as detailed herein, with continuation of existing use, excluding all plant and machinery, but including irrigation Water Share ID Numbers WEE0045927, 036572, 036571, and all irrigation fixtures such as underground pipelines and drippers, storage tanks and pumps etc., relevant to prevailing levels of value as at 31 December 2010 for major transaction purposes was:

Market Value

(Subject to existing lease and inclusive of Water Share ID WEE0045927, 036572, 036571)

$42,950,000 exclusive GST

(Forty Two Million Nine Hundred and Fifty Thousand Dollars)

Knight Frank Valuations SA

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CERTIFIED PRACTISING VALUER

This valuation has been prepared in accordance with the Australian Property Institute and International Valuation standard instructions. The information in this summary is derived from and should be read in conjunction with the full context of our valuation report contained herein.

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1. Introduction

1.1. Instructions

We have been instructed by Regenal Investments Pty Ltd, as nominee of CK Life Sciences Int'l (Holdings) Inc (CKLS) a subsidiary of CK Life Sciences Int'l Inc, by letter dated 2 December 2010, to assess the market value of the subject property inclusive of the Water Share ID Numbers WEE0045927, 036572, 036571 for inclusion in the major transaction circular.

Our valuation has been prepared in accordance with the Australian Property Institute and International Valuation property reporting standards and Hong Kong Stock Exchange checklist to be included within the Major Transaction Circular to the CKLS shareholders. In completing the valuation we have assumed continuation of existing use.

A copy of the letter of instructions is appended.

1.2. Basis of Valuation

Freehold Title subject to the existing lease as detailed herein, assuming continuation of existing use. Included in the amount of this valuation are all normal fixtures and fittings, including Water Share Number WEE0045927, 036572, 036571 with a total permanent allocation of 5,178 megalitres which is currently at 100% allocation for the 2010/2011 irrigation season. Also included in the valuation is the existing irrigation infrastructure.

We advise that we have carried out an inspection of the subject property, and have undertaken market research with respect to comparable property sales, prepared our calculations and report formally herein. The valuation has been prepared in conformity with the Code of Professional Ethics and Conduct laid down by the Australian Property Institute and the Hong Kong Stock Exchange checklist.

1.3. Date of Inspection

17 November 2010

1.4. Date of Valuation

31 December 20101

1.5. Market Value Definition

For the purposes of this assessment, Market Value is defined as:

> *"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".*

1.6. Pecuniary Interest Declaration

The valuer has no pecuniary interest in the said property, past, present or prospective, and the opinion expressed is free of any bias in this regard. The company warrants under the provisions of Section 74 of the Trade Practices Act, to prepare this valuation in accordance with the instructions given, however, the quantum of value cannot form part of the warranty being related to prevailing market conditions and ethical opinion.

1.7. Qualifications

1. This report is prepared for the private and confidential use of our client, Regenal Investments Pty Ltd as nominee of CK Life Sciences Int'l (Holdings) Inc (CKLS) a subsidiary of CK Life Sciences Int'l Inc, for major transaction purposes, and should not be reproduced in whole or part, or relied upon by any other party for any use without the express written authority of Valuation Services (SA) Pty Ltd, trading as Knight Frank Valuations (SA).
2. Knight Frank Valuations (SA) has consented to this summary being included in the Major Transaction Circular, but Knight Frank Valuations (SA) is not providing advice about a financial product, nor the suitability of any investment set out in the Major Transaction Circular. Such an opinion can only be provided by a person that holds an Australian Financial Services Licence. Knight Frank Valuations (SA) does not hold such a licence and is not operating under any such licence in providing its opinion of value as detailed in this summary and our valuation report.

3. In the case of advice provided within this report which is of a projected nature, we must emphasise that specific assumptions have been made which appear reasonable based upon current market perceptions. It follows that any one of the assumptions set out in the text of this summary may be proved incorrect during the course of time and no responsibility can be accepted in this event.
4. This valuation represents the valuer's opinion of value at the date of valuation. It must be recognised that the real estate market fluctuates with internal and external influences and the risk that the property's value may change under varying market conditions is a fact that the parties should understand and accept. No liability is accepted for any loss or damage (including consequential or economic loss) suffered as a consequence of fluctuations in the property market subsequent to the date of valuation. The valuation should not be relied upon by any party after a maximum period of three (3) months from the date of this valuation, or if there has been a significant change to the property and/or the general market conditions in the period since the valuation was performed.
5. The Summary of Valuation appearing at the commencement of this report should be read in conjunction with our complete Valuation Report.
6. Reliance on this report should only be taken upon sighting a signed original document that has been counter-signed by an executive of Knight Frank Valuations (SA). The counter-signatory verifies that this report is genuine, and issued and endorsed by Knight Frank Valuations (SA). The opinion of value expressed in this report, however, has been arrived at by the prime signatory acting as the Valuer in accordance with instructions given.
7. We draw your attention to the various qualifications contained within relevant sections of this report. These qualifications are an integral part of this report and can be identified by the "italics" print within each relevant section of this report.
8. Where the plantings are irrigated it is assumed that all existing or proposed water licences and agreements will remain linked to the property. To ensure continuity of water supply, any party relying on this valuation must maintain some form of charge or other security over these licences or agreements.
9. Vineyards and horticultural plantings are assessed on the assumption that they are and will continue to be competently managed, and are free from irremediable disease or structural or design deficiency that affects yields and hence value. Unless noted at the time of inspection, we reserve the right to reassess our valuation should it become evident that the property was not, or did not continue to be properly managed, or if disease or management affecting vine health was not rectified or not known to be present at the time of our inspection.

10. Properties are valued on the basis that plant items normally associated with continuing use will remain, and are included in the valuation amount. Such items would include vineyard and horticultural irrigation and trellis systems, water pumps for buildings and the like, but not mobile or removable processing or agricultural plant.
11. This valuation assumes that all necessary approvals have been obtained and compliance with any conditions has been met.

1.8. Goods and Services Tax

The GST became law on 8 July 1999 and commenced operation on 1 July 2000. From this time, rental payments for non-residential leases generally became subject to GST. The sale of non-residential property may also be subject to GST, the amount of tax payable being dependent on the tax status of the parties, available input tax credits and the operation of the Margin Scheme.

The supply of farmland is GST free if:-

a) the land on which farming business has been carried out on for at least a period of five years preceding the supply; and

b) the recipient of the supply intends that a farming business be carried out upon the land.

Our valuation of this property has been prepared on a GST exclusive basis with no provision for the payment of GST by the supplier (vendor) on the hypothetical sale of this property as at the date of this valuation. GST is an important and complex issue and we strongly recommend that you consult a duly qualified tax expert to ensure that your financial interest in this property is not compromised.

We have assumed that the land qualifies as farming land, and will continue to operate as a farming enterprise, and we have therefore undertaken the valuation on a **GST exclusive basis**.

2. Property Search Details

2.1. Registered Proprietor

In accordance with our recent Title searches, the Registered Proprietor is shown in all instances as CHALLENGER BESTON LTD.

2.2. Title Description

In accordance with our recent title searches the property is the whole of the land contained within the following Certificates of Title:

- Certificate of Title Volume 10379 Folio 724 Crown Allotment 31A Parish of Piambie.
- Certificate of Title Volume 09479 Folio 006 Allotment B on Plan of Subdivision 140338.
- Certificate of Title Volume 09568 Folio 789 Allotment 4 on Plan of Subdivision 145138.
- Certificate of Title Volume 10708 Folio 833 Allotment 1 on Plan of Subdivision 507822F
- Certificate of Title Volume 10708 Folio 834 Allotment 2 on Plan of Subdivision 507822F
- Certificate of Title Volume 08712 Folio 332 Crown Allotment 31G Parish of Piambie.

Copies of the Certificates of Title are appended to this report.

We advise that we have not sought further encumbrance advice in relation to the properties and have, for the purpose of this assessment, assumed the properties to be unaffected by any other easements, encumbrances, covenants or caveats which may affect our valuation assessment contained herein, and have not been disclosed on the title information recently searched.

2.3. Identification

The property is situated on the southern side of Coghill Road and has been identified to both street detail and Title particulars.

We are not qualified surveyors and therefore cannot state conclusively that there are no encroachments to or from the subject. We note however, that from our inspection and a comparison with the legal plan the improvements appear to be constructed within the title boundaries.

We advise that we have not carried out a detailed site survey and we have, of necessity, assumed for the purposes of this valuation, that all structural improvements have been erected within the Title boundaries.

2.4. Easements and Encumbrances

From reference to the Certificates of Title there are the following easements, encumbrances, covenants or caveats listed on the above titles.

- Registered Mortgage No. AC536154T to Australia and New Zealand Banking Group Ltd.
- Registered Lease No: AC536153V to McGuigan Simeon Wines Ltd commencing on 10.12.2003 and expiring on 27.06.2016.
- Registered Caveat No: AC536152X to McGuigan Simeon Wines Ltd

Certificate of Title Volume 09568 Folio 789 also notes;

- Registered Covenant K115897.

This covenant relates to a drainage easement.

We have searched a copy of the Caveat placed over the Title by McGuigan Simeon Wines Ltd as it relates to an option deed dated 27June 2003. It relates to the signed deed for the option to purchase of the property if offered for sale by Challenger Listed Investments Ltd. We have assumed this will not be affected by the current share purchase and remain upon the Title.

We advise that we have not sought further encumbrance advice in relation to the property and have, for the purpose of this assessment, assumed the property to be unaffected by any other easements, encumbrances, covenants or caveats which may affect our valuation assessment contained herein, and have not been disclosed on the title information recently searched.

2.5. Local Authority

Swan Hill Rural City Council

2.6. Existing Council Zoning

From investigations of the zoning within the Swan Hill Rural City Council area we have identified the property to be situated within a "Farming" Zone.

The main objectives of the Farming zone are as follows;

Objective 1: To implement the State Planning Policy Framework and the Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies.

Objective 2: To provide use of the land for agriculture.

Objective 2: To encourage the retention of productive agricultural land.

Objective 3: To ensure that non-agricultural uses, particularly dwellings, do not adversely affect the use of land for agriculture.

Objective 4: To encourage use and development of land based on comprehensive and sustainable land management practices and infrastructure provision.

Objective 5: To protect and enhance natural resources and the biodiversity in the area.

The existing use of the subject property as a large commercial vineyard is considered to be a complying land use under the intentions of the said zoning.

A copy of the Planning Regulations is appended.

2.7. Environmental Considerations

Site Contamination

We are not aware of the property being listed by the Swan Hill Rural City as a contaminated site.

The current use of the subject property as a commercial irrigated vineyard is not considered to expose the property to potential risk of contamination, however, we do note that the Australian Property Institute does note horticulture properties to be a potentially contaminating site. However, we do not consider the subject property warrants a heightened risk for potential contamination and did not observe any other signs of potential contamination upon our inspection and do not believe the property should be regarded as contaminated. The most likely previous land use was for cropping and grazing land and we are not aware of any previous land uses prior to that.

We did not observe any other signs of potential contamination upon our inspection and do not consider the current or previous land uses should be regarded as contaminated.

We draw to your attention that Knight Frank Valuations (SA) is not an expert in identifying environmental hazards and compliance requirements affecting properties.

Whilst we have attempted to identify all matters of environmental concern and the effect they may have on the value of the property, we accept no liability for failure to identify all such matters of environmental concern and the impact which any such related issue may have on the property or its value including loss arising from;

a) Site Contamination; or

b) The non-compliance with any environmental laws; and

c) Costs associated with the clean-up of the property in which an environmental hazard has been recognised, including action by the Environmental Protection Authority to recover clean-up cost pursuant to the Environment Protection Act.

We have found no information during our enquiries however which we consider is of a nature to necessitate the instigation of a detailed environmental audit, however we are unable to give any assurances that the site is free of contamination. We therefore reserve the right to amend any valuation accordingly, should the presence of contamination above acceptable levels be established by analysis.

Comment on Asbestos

The Occupational Health, Safety and Welfare Act 1986 require that where asbestos is present, an Asbestos Register be completed. We do not believe there are any asbestos products with the property and therefore we have assumed that there no inherent risk from asbestos and reserve the right to review our valuation should risk assessment conclusions differ.

2.8. Native Title Claims

In undertaking this valuation assessment, we have not commissioned a search of the Register of Native Title Claims, which is administered by the National Native Title Tribunal. This valuation assumes that there are no current or pending claims which will affect the subject property.

3. Land and Locality

3.1. Location

The property is situated approximately 385 kilometres north of the Melbourne CBD and approximately 500 kilometres east of the Adelaide CBD. More particularly the property is situated on the southern side of Coghill Road within the area named Kenley which is situated approximately 21 kilometres north of the Murray River township of Tooleybuc. The property also has frontage along its southern boundary to Kenley Road which adjoins directly to the Murray Valley Highway being the main east west connector road along the southern side of the Murray River.

Swan Hill is situated approximately 60 kilometres south east of the subject property and with a population of over 20,000 is considered to be the nearest regional service centre whilst Mildura, which is a larger regional centre, is situated 130 kilometres to the north west of the subject property. Robinvale is also a reasonable sized township with a population of approximately 4,500 people, being approximately 60 kilometres to the north.

Development immediately surrounding the subject property comprises a range of horticultural and viticultural properties some of which are large scale and have been developed over the last 10 years or so, including a large Timber Corp almond plantation which has been established in recent times. Typically other horticultural uses along the river banks are smaller scale warm climate vineyards and citrus orchards whilst cropping and grazing properties are a further distance from the river.

The property is situated within the Swan Hill Wine District which has approximately 2,500 hectares of planted wine grapes.

A location plan is appended.

3.2. Site Area

The property is contained within 6 Certificates of Title which run between Coghill Road and Kenley Road. The property has an overall east to west axis of approximately 3.4 kilometres and an approximate overall north south axis of approximately 4 kilometres.

In accordance with the title boundaries the total site area comprises 1047.9 hectares, of which 904.75 hectares is planted to vines. A summary of the allotment areas are contained as follows:

Allotment 31A	66.33 hectares
Lot B	313.10 hectares
Lot 4	136.90 hectares
Lot 1	25.09 hectares
Lot 2	489.50 hectares
Lot 31G	17.00 hectares
Total area	**1,047.92 hectares**

3.3. Road Systems and Access

Coghill Road is compacted gravel all weather country connector road which connects directly with Murray Valley Highway being a two-way bitumen sealed road providing a major east west traffic corridor for traffic on the southern side of the Murray River. Kenley Road is a bitumen sealed connector road which also connects directly to the Murray Valley Highway.

3.4. Services and Amenities

Main electricity and telephone are available to the property however there are no other services available. Irrigation water is supplied by water from the River Murray located within close proximity to the subject property.

4. Improvements

4.1. General Description

The property is currently disposed as an irrigated vineyard with associated sundry shedding and irrigation infrastructure.

The vines began their establishment in 1998 with the last vines planted in 2003 having a large number of grape varieties.

The property is currently leased by Australian Viticulture Limited who occupies and manages the vineyard. We have provided a detailed description of each of the various improvements as follows:

4.2. Vineyard Improvements

As discussed the property comprises a total vineyard area of 904.75 hectares. There are a large number of varieties grown with the range of both single wire and two wire vertical VSP trellising which is indicated in the schedule below.

The entire vineyard is machine pruned and operates through large scale efficiencies.

A summary of the planted areas of vineyard as shown as follows:

Variety	Area (ha)	Age
Cabernet Sauvignon	**24.77**	**1998**
Chardonnay	**351.53**	**1998-02**
Crouchen	**12.19**	**1998-02**
Durif	**4.04**	**2003**
Lagrein	**1.3**	**2003**
Merlot	**124.66**	**1998-02**
Nebbiolo	**1.98**	**2001**
Petit Verdot	**10.63**	**1998**
Pinot Gris	**31.70**	**2002**
Pinot Noir	**8.78**	**1998**
Riesling	**27.12**	**1998-02**
Ruby Cabernet	**21.09**	**1998**
Sangiovese	**9.03**	**1998**
Sauvignon Blanc	**177.17**	**1998-02**
Shiraz	**76.70**	**1998-02**
Tempranillo	**4.14**	**1998**
Verdelho	**10.12**	**1998**
Viognier	**7.80**	**2001**
Total Area	**904.75**	

4.3. Topography & Soils

The property consists of predominantly red sandy loam soils over a limestone base at varying depths. The terrain is of a gentle undulation with typically small rises and depressions throughout the area with some depressions having a higher clay content and prone to some water logging during the wet season or excessive irrigation.

The small area toward the river's edge comprises clay loam soils with a high clay content and some black cracking clays to the lower portions.

4.4. Water Supply/Drainage

The district has an annual average rainfall of 350mm per annum. The Swan Hill region has a slightly cooler climate in comparison to the Sunraysia district and therefore has later bud burst, flowering dates and a longer ripening period, estimated to be up to one to two weeks later than the Sunraysia.

The area has an estimated growing season rainfall of 178mm per annum and a mean January temperature of 23.4 degrees Celsius.

The property has an irrigation water licence known as a Water Share with water supplied for irrigation purposes within the Lower Murray Water Authority area under Water Share ID Numbers WEE045927, WEE036572 and WEE036571 and Water Use Licence number WUL009689 for a total permanent allocation of 5,178.2 megalitres which currently has 100% of allocation available this year.

The water is accessed via a pumping station situated on the banks of the Murray River which is delivered to the property via a large diameter main line and 100 megalitre storage dam. The water is then reticulated throughout the irrigation system within the property via five (5) electric Centrifugal pumps, central main lines and Poly pipe dripper line. We have sighted Licence Number 2112525 which authorises the pump to be situated to the river's edge upon Crown Land for a five year rolling term.

The property is watered in 4 sections and a six (6) hour watering shift is mostly used allowing the property to receive a full watering within a twenty four hour cycle. During the height of summer, the pumps will often be running for several days on a continual rotation.

4.5. Historical Production Levels

The Historical production levels for the property from 2008 to 2010 have been supplied, a summary of which are as follows:

Variety	Area (ha)	Tonnes 10	Ave	Tonnes 09	Ave	Tonnes 08	Ave
Cabernet Sauvignon	24.77	744	30.0t/ha	720t	29.1t/ha	704t	28.4t/ha
Chardonnay	351.53	5,742	16.3t/ha	1170t	3.3t/ha	7052t	20.1t/ha
Crouchen	12.19	435	35.7t/ha	440t	36.1t/ha	513t	42.1t/ha
Durif	4.04	63	15.6t/ha	50t	12.4t/ha	60t	14.9t/ha
Lagrein	1.3	20t	15.4t/ha	20t	15.4t/ha	28t	21.5t/ha
Merlot	124.66	3,220	25.8t/ha	2870t	23.6t/ha	2888t	23.8t/ha
Nebbiolo	1.98	27	13.6t/ha	50t	25.3t/ha	41t	20.7t/ha
Petit Verdot	10.63	360	33.9t/ha	380t	35.7t/ha	344t	32.4t/ha
Pinot Gris	31.70	833	26.3t/ha	750t	23.7t/ha	682t	21.5t/ha
Pinot Noir	8.78	297	33.8t/ha	240t	27.3t/ha	267t	30.4t/ha
Riesling	27.12	576	21.2t/ha	620t	22.9t/ha	510t	18.8t/ha
Ruby Cabernet	21.09	827	39.2t/ha	600t	28.4t/ha	645t	30.6t/ha
Sangiovese	9.03	358	39.6t/ha	350t	38.8t/ha	372t	41.2t/ha
Sauvignon Blanc	177.17	3,745	21.1t/ha	3555t	20.7t/ha	4295t	25.0t/ha
Shiraz	76.70	1,650	21.5t/ha	1690t	22.0t/ha	1790t	23.3t/ha
Tempranillo	4.14	17	4.1t/ha	20t	9.7t/ha	15t	7.1t/ha
Verdelho	10.12	207	20.5t/ha	315t	31.1t/ha	347t	34.3t/ha
Viognier	7.80	253	32.4t/ha	230t	29.5t/ha	163t	20.9t/ha
Total Area	**904.75**	**19,353t**	**15.8t/ha**	**14,050t**	**15.8t/ha**	**20,688t**	**23.2t/ha**

The majority of the property with the exception of Chardonnay achieved average yields. The Chardonnay tonnages across the Riverland appear to be down from average.

It is apparent that due to variable weather conditions and possibly the management of the fruit in the previous season that chardonnay during the 2009/10 harvest was also down on its long term average, however is expected a rebound to average tonnages in the coming season. It must be noted that the crop yields can be affected by climatic conditions which are beyond the control or management of the grower.

In the case of the subject property, which is subject to a lease agreement, the income is therefore not directly related to the performance of the vineyard. However the viability of the vineyard is likely to affect the ability and desire for the Lessee to continue to lease the property at the current passing rental in the future.

4.6. Grape Supply Contract

The property is currently leased to Australian Vintage Limited and therefore there is no grape supply agreement for the property.

4.7. Building Improvements

The improvements on the property include two dwellings and a large workshop and office together with other sundry items, as briefly described as follows:

Workshop

The workshop is of steel portal frame with galvanised iron cladding and concrete floor. There is a large lean-to constructed to the rear doubling the size of the original shed. Within the workshop there is a large office area with meeting room, reception and lab area. The amenities are detached from the workshop within a purpose built ablution block adjacent the carpark.

Dwelling 1

The dwelling adjacent the sheds comprises a 1970 conventional style dwelling which has been partly updated internally. The dwelling has 3 bedrooms and one bathroom, a living area and kitchen and meals area. The dwelling presents as reasonable accommodation with an attached carport and yard fenced in Colorbond iron.

Phil's Dwelling

The second dwelling close to the river contained within Allotment 31A was constructed circa 1980 and is of a homestead style with front and rear verandah. The dwelling offers 3 bedrooms and two bathrooms and is of a reasonable but near original internal condition. There is an attached paved pergola and a detached "Colorbond" iron garage, established garden etc.

Centrally to the property there is a large 100 megalitre storage dam. The pumps and fertigation are housed on the banks of the dam, within a storage shed of steel frame and "Colorbond" iron construction. There is a chemical/storage shed comprising steel frame with "Colorbond" iron cladding and concrete "bunded" flooring and wash down area.

Building Areas

Description	Area
Dwelling	135.0m²
Phil's Dwelling	158.0m²
Main Workshop	684.5m²
Attached Leanto	684.5m²
Office (within workshop)	108.0m²

4.8. Condition and Repair

Overall the structural and vineyard improvements are considered to be in good condition for their age, and are adequate for their current use.

We point out that we have not undertaken a structural survey nor have we inspected unexposed or inaccessible parts of the improvements. We have assumed that there is no timber infestation, asbestos or other defect. We have not made any investigation for them. We have not inspected the plant and equipment nor obtained any advice on its condition or suitability. We are not aware of any notices currently issued against the property and we have made no enquiries in this regard.

5. Occupancy

5.1. Leasing Details

The property is currently leased and we have summarised the pertinent details as follows:

Status:	Stamped and Registered, Lease Number AC536153V
Lessor:	Challenger Beston Limited
Lessee:	McGuigan Simeon Wines Limited (now trading as Australian Vintage Ltd)
Commencement Date:	28th June 2003
Expiry Date:	27th June 2016
Term:	13 years plus 3 rights of renewal of 5 years each
Passing Rent:	$6,776,639.26 p.a. as at date of valuation
Permitted Use:	Operation of a vineyard
Rent Reviews:	Increases are each anniversary of the commencement date at 1.5% per annum and a market review at every 5 year anniversary of the commencement and at renewal, calculated using R = (G + LM) * (E + UC + ef) Where, R - is Rent and G - is the greater of 4.79% and the Swap Rate for a period of 5 years and LM - is the Lessor's Margin (3.3%). E - is the Expenditure (not including any Post Settlement Water Costs). UC - is the upgrade consideration paid by the Lessor ef - is the escalation factor (2.8%) on the "E" & "UC" calculated from the date payment was made until the adjustment date.
Responsibility of Outgoings:	Lessee is responsible to pay all rates, tax, charges, assessment, contributions, levies and fees including State Land Tax on a single holding basis.
Special Conditions::	The lease has a clause which relates to an Option to Purchase.

5.2. Statutory Assessments

Statutory values adopted by the Swan Hill Rural City Council for the rating taxation purposes for the 2010/2011 financial year are as follows:-

- Site Value $2,225,000
- Capital Value $3,429,000

5.3. Current Passing and Market Income

As discussed earlier, CWT purchased the Del Rios property in 2003, which was significantly smaller than it is today. CWT also acquired a number of other properties and further developed the vineyard and irrigation system to its current state. The market rental for the vineyard was originally determined based on a percentage of the original purchase price and further establishment costs for the property. We understand the total acquisition and development cost for the property over a 5 year period was $51,810,374.78. The rental has recently been reviewed, and adjusted being determined using the equation as detailed below:

$$R = (G + LM) * (E + UC + ef)$$

Where, R - is Rent and
G - is the greater of 4.79% and the Swap Rate for a period of 5 years and
LM - is the Lessor's Margin (3.3%).
E - is the Expenditure (not including any Post Settlement Water Costs).
UC - is the upgrade consideration paid by the Lessor
ef - is the escalation factor (2.8%) on the "E" & "UC" calculated from the date payment was made until the adjustment date.

The current rental of $6,776,639 is now considered to be well above market, however there is a rachet clause within the lease which does not allow the rent to reduce during the initial term. The lease otherwise allows for a rent review annually to 1.5% and using the above method of calculation at each five year anniversary and at renewal.

Given the current rental is well above a market rate and there is a rachet clause effective until the end of the initial term, we consider the first opportunity for the rent to be renewed to a market rate will be 2016.

We have determined the current market rental at this time to be approximately 10% of the market value of the un-encumbered vineyard, which has softened in recent times due to the low returns to growers and an increasing over supply of wine grapes, particularly Chardonnay grapes.

As discussed earlier, there has been significant downward pressure on vineyard values over the last 12 to 18 months in particular. To determine the appropriate market rental at the lease renewal in 2016, we have therefore made a value judgement based upon our expectations of the market value for vineyards making a recovery by 2016. We have adopted a value which is less than what may be considered a longer term average vineyard value for the area of $40,000/ha. To determine or predict the actual capital value of the property in the future is very difficult to do with any accuracy however we have determined a value based on our value judgement.

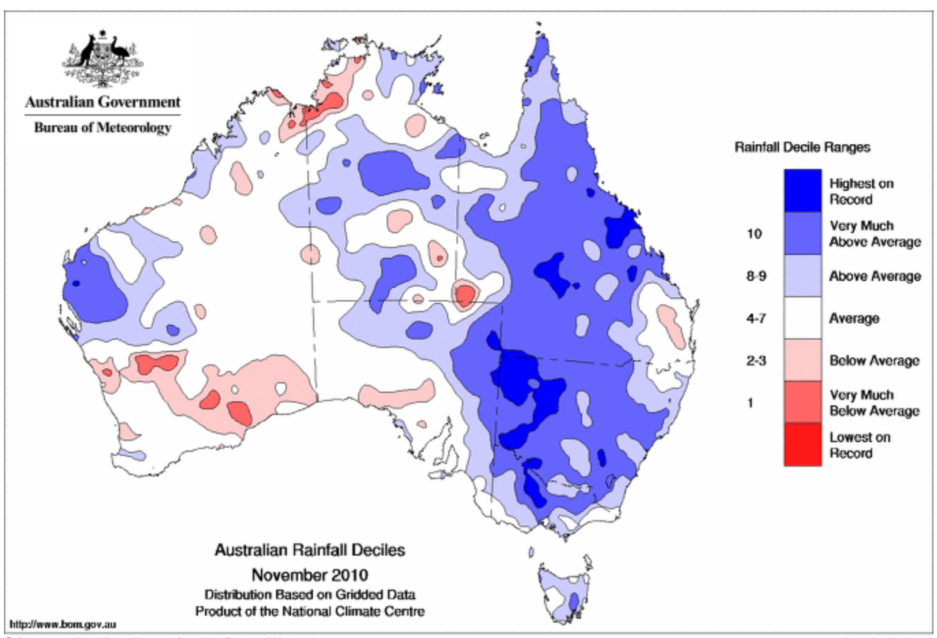
Given the cash flow has fixed annual reviews to 1.5% until December 2016 we have therefore adopted the cash flow until this time. We have then adopted a market rental of $3,654,000 p.a. at the market review in 2016. It is considered reasonable to adopt the passing income for the property until the market review as we have assessed the value by way of a ten year cash flow.

6. Purchase Price

We understand the total consideration for the property and further development costs incurred between 2003 and 2010 was $52,187,529.

7. Market Overview

7.1. Rural Overview

- La Niña conditions have continued to develop across the Pacific and as a result August/September was wet across most of Australia, except the south-west of Western Australia. The three-month outlook for Australia remains generally neutral. Temperatures were mixed across the country with warmer than average conditions across northern and far western areas and cooler than average days throughout central and southeast Australia. However, on average, nationally averaged maximum temperatures were moderately below the long term average.
- The Southern Oscillation Index (SOI) is now above +20 points, indicating that La Niña conditions are well and truly at play. It is now likely that La Niña will persist through spring and into 2011 in both Australia and New Zealand. NIWA National Climate Centre also predicts that the La Niña conditions will strengthen in New Zealand during 2010. It is likely that La Niña will continue to bring above average rainfall to northern and eastern Australia.
- 

- The graph above shows the average rainfall for the 3 months to November 2010. As can be seen by the graph, there have been a number of areas of SA particularly the north eastern areas, and most parts of NSW and VIC which have now received well above average rains for this period, many being the highest September rainfall on record.
- The global economy has continued on an unsteady trajectory with a broad-based recovery remaining elusive. Data from the US has been most concerning, while data from the euro zone has tended to surprise to the upside, and growth remains on a solid footing across Asia. The Reserve Bank of Australia has kept rates on hold at 4.5%, despite better-than-expected Q2 GDP growth, which showed the private sector starting to lift. The Reserve Bank of New Zealand kept rates at 3%, with strong retail figures offset by weak data elsewhere.
- One step forward, one step back best describes economic dataflow in August, as the evidence of a solid broad-based recovery remains elusive. The economic performance in the euro area has been surprising to the upside, especially in Germany. Meanwhile, the tepid performance of the US labour market reignited concerns of a double-dip recession. Rabobank still believes that market pessimism has been overdone in August, and that a double-dip is still likely to be avoided.
- Australia has a new Labor-led minority government and has reasserted itself as one of the best performing economies in the developed world following a blistering Q2 GDP growth rate of 1.2%. In the GDP data, the most encouraging sign was a beginning in the process of the economy rebalancing away from government support toward private expenditure – this has taken longer than expected. A surge in consumption was a surprise because it countered anecdotal reports from retailers that households had cut back spending.
- Weaker US retail and unemployment figures have further heightened fears that the US economy is heading into a double-dip recession. US President Barrack Obama has promised new stimulus measures after a weak August jobs report showed a slight increase in unemployment. The unemployment rate has remained above 9% all year and the prospect of high unemployment for a long period remains a central concern of policy. Goldman Sachs Group reported that the Federal Reserve has the capacity to buy "at least" $1 trillion in Treasury notes, and "sizeable purchases of Treasury securities" later this year or early next year if required. This comes after their first $787 billion stimulus failed to create much needed jobs.
- Share markets around the world continue to experience volatile times from the most recent concerns that the debt levels relating to economies such as the US, Greece, Ireland, Portugal and Spain in particular could threaten global economic recovery. Those countries worst affected by the fiscal crisis are still struggling because of the combination of high unemployment and banks reluctance on lending. In contrast, Germany appears to be in strong economic health. Over the year to June 2010, the German economy grew by 3.7%, its best

result for several years, and the fastest of the major economies. However there is still conjecture over the possibility of a contagion effect resulting from the debt crisis and its potential impact on the Australian economy.

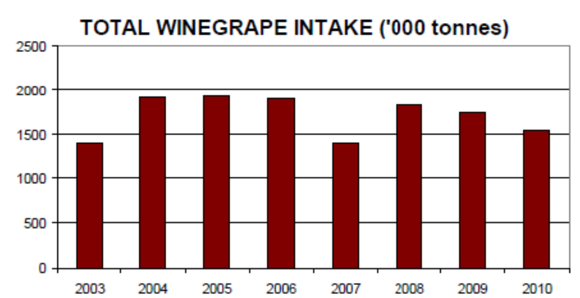
*some information has been taken from the Rabo Bank Agribusiness Review

Wine Industry Overview

The Wine Grape Growers Australia (WGGA) have recently reported that initial estimates of the 2009-10 vintage suggest there will be a very significant fall in the nation's crush – down to 1.53m tonnes, compared with 1.73m tonnes in 2008-09. It is also evident that a significant volume of fruit may be left on the vine or harvested to the ground, due largely to the collapse of the Chardonnay market.

It has been reported that across south-eastern region of Australia, there has been a 24% fall in Chardonnay yields which is due in part to seasonal variations and but also in response to a reduction in the amount of water and fertiliser inputs that growers have been applying to their vines. Although the estimated intake for **Chardonnay** decreased by 24% to 315,000 tonnes, it is still the most crushed variety after Shiraz, representing 44% of white grape intake and 21% of total grapes.

Except for the low 2007 vintage, red grapes have dominated since 2001. The estimate of red intake is 817,000 tonnes or 53% of the total crush and the white intake is estimated to be 715,500 tonnes or 47% of total crush.



Source: ABS Catalogue No: 1329.0 Australian Wine & Grape Industry.
Note: 2010 – WFA estimate

In late 2009 a joint statement labelled the Wine (Industry) Restructuring Action Agenda (WRAA) a report on the wine industry's over-supply, compiled by Australia's four national wine bodies - Wine Grape Growers' Australia, Winemakers' Federation of Australia, the Australian Wine and Brandy

Corporation and the Grape and Wine Research and Development Corporation, was released on 10 November 2009. The report seeks to address the significant oversupply within the wine industry and has identified those wine grape growing areas deemed to offer limited viability.

On the back of this report, the Wine Grape Growers Association (WGGA) has also recently called on the major wine companies to begin shouldering their share of the wine industry restructuring process following recent signs that vineyards around the country are being retired from production – almost solely at the instigation of the grape growing sector. There still appears to be pressure from all levels of the industry to restructure and reduce the overall production of wine.

In recent years, the growth in demand for Australian wine has slowed, as competition in export markets has increased. The high Australian dollar has also significantly affected the competitiveness of Australian wine exports, reaching near parity against the American dollar in the week ending 15 October 2010. The $A has been near 90 cents US for most of 2010 which has placed downward pressure on both wine and wine grape prices.

Following the larger than expected wine grape crop for the last couple of years, albeit, the 2009-10 harvest was a more respectable 1.5million tonnes, and falling wine sales, stocks of Australian wine have increased to record levels. This increase in stocks and ongoing weakness in the demand for Australian wine has seen wine grape prices continue to decline in the 2009/10 harvest. Prices are expected to remain low through the coming 2010-2011 harvest.

It has been widely reported that there is still a massive oversupply of Chardonnay with many growers not harvesting this year's fruit due to the low price offered from the wineries. In many cases, the prices offered fell well short of their annual production costs and freight. It appears that much of the surplus fruit is as a result of many contracted areas coming to the end of their terms, with many thousands of tonnes now uncontracted flooding the market, with little demand from wineries for the fruit. There is also a large quantity of Sauvignon Blanc being imported from New Zealand at in some cases less than the cost of production, further compounding the oversupply of Chardonnay. Grape prices are likely to remain low as long as there is a supply/demand imbalance.

On a more positive note, the High Security, Victorian River Murray irrigation allocations have recently been lifted to 100% because of significantly increased inflows to the Murray-Darling Basin. The 100% allocation is the highest for some time.

7.2. Market Position of Property

The property comprises an established vineyard with a number of varietals including a large portion of Chardonnay vines which remains under massive over supply within the wine industry. The vineyard was originally established by Bruce Chalmers (who more recently established Chalmers Wines via Euston) and was then taken over by McGuigan Simeon (now trading as Australian Vintage Limited AVL) who have leased the property since 2003. At the same time the property was purchased and further developed (over a number of years) by Challenger Wine Trust (formerly known and Challenger Beston Ltd). The majority of the fruit is used by AVL and processed at its nearby winery and therefore there is no formal Grape Supply Agreement (GSA).

The property has a total of 904.75 hectares of vines making it one of the largest vineyards in Australia. The Swan Hill region is regarded as a slightly cooler climate than the Riverland (SA) and the Sunraysia regions and has a slightly softer finish and longer growing season.

As discussed previously, the vineyard is leased by Australian Viticulture Limited (AVL), previously established as Brian McGuigan Wines Ltd, being a local to SA and a long established family winery. Australian Viticulture Ltd has grown significantly from its establishment some 16 years ago, to one of Australia's top five listed wine companies. The company are currently looking to fill its CEO position as Dane Hudson recently stepped down in March 2010. The company is reported to produce over 127 million litres of wine per annum with around 50% sold overseas and annual sales of around $380 million a year selling to more than 20 countries. In 2008 with approval from its board, McGuigan Simeon Ltd was re-branded as Australian Vintage Limited integrating all of the business operations. With regards to the Share performance, AVL has not been immune to the large reduction in its share price in recent times, with the share price falling from about $1.80 in mid 2008 to just under $0.25c April 2009, tracking slightly higher through most of late 2009 and early 2010, being at around 27 cents in May 2010. AVL and Constellation Wines announced on 8th April 2010 they have ceased discussions with regards to a potential merger of the two companies.

The current passing annual rental is $6,776,639p.a. and the lease is subject to a further review in 2013 and at renewal and otherwise increases annually by 1.5%.

The passing annual rental is considered well above the current market rental levels, which is likely to remain under pressure due to a softening of vineyard values. The terms of the lease indicate that the lease has a ratchet clause and the rental cannot be reviewed downward until the lease renewal in December 2016. The lease has a remaining term of 6 years, plus three further rights of renewal of five years each.

The client has advised us that last year it provided a rental subsidy to the tenant over a number of properties of which AVL are the Lessee, given the tough economic times faced over the last couple of years and to in part to offset the significant recent rental increases over recent years. The landlord does not expect to offer any rental subsidies in the future.

There is not an opportunity for the annual rental to reduce until 2016 and we have therefore adopted this income for our calculations. If the tenant defaults and the rent due cannot be recovered, this is likely to have a negative effect on the market value of the property, particularly if there is a long letting up period or rental incentive require to attract a new tenant and the rental is reviewed to market rate well below that currently passing.

With regards to the market conditions in general, the property market has shown some weakening as a result of the continued reaction from the global economic crisis and the financial meltdown which has occurred on the stock markets both overseas and at home. There has been a significant lack of demand for most property classes in the past 12 months or so, with almost no interest shown by institutional investors over this time. There are investment properties which have come to the market, and due to a lack of demand have sold at yields higher than expected. There is now a reasonable body of sales evidence across most commercial asset classes to suggest that yields have come off significantly from the peak in late 2007.

Managed Investment Schemes and notably Timber Corp and Great Southern were placed under administration as late as May 2009, as the attempt to sell down assets and reduce debt failed. This would appear to have the effect of even further reducing the number of potential purchasers from an already very thin market segment for a property of the calibre of the subject.

With regard to the subject property, on one hand it presents as a leased investment property with a reasonably good term and lease covenant. On the other hand, the underlying asset presents as a traditional vineyard property. There has been some modest growth returned to the property investment markets during late 2009 and 2010, although there is continuing over supply issues within the wine industry and a significant lack of demand or vineyards currently on the market at present, which has resulted in the most significant downward pressure on vineyard prices for some time.

Given the large percentage of Chardonnay grapes within the subject property, there may be some opportunity to graft some of the vines to other varieties, which are in more demand to reduce the effects of the current over supply. The glut of Chardonnay may however only last a couple of years as there are currently significant amounts of white wine such as Sauvignon Blanc imported very cheaply from New Zealand which is compounding the oversupply of Chardonnay at present.

Should this level of wine being imported fall, then Chardonnay may regain some of its lost popularity.

The subject property has three Water Share (Water Licences) with a total allocation of 5,178 megalitres of permanent water which in recent years have been severely restricted, however is offered at 100% this year. The full permanent allocation equates to 5.8 megalitres per hectare, which is adequate for the current vineyard plantings and irrigation system in year's of full allocation. Temporary water must be leased in years when water restrictions are in place, significantly increasing the running costs of the vineyard.

The in situ irrigation system operates on a semi automatic basis and provides very efficient water usage. Based on the usage figures provided the annual usage is under 6 mgl's/ha which is equivalent to the longer term average water usage for a warm climate vineyard with drip irrigation in this area. We also note that the irrigation usage is directly related to the prevailing seasonal conditions and therefore will vary according to the season.

We emphasise that the property's value is assessed with continuation of the existing use, assuming that the vineyard is to continue under sound management practices and offered subject to the existing lease agreement.

7.3. Sales Evidence

The subject property is one of the largest vineyards in Australia. As such, there have been no recent vineyard sales, which are of a comparable size to the subject. We have therefore analysed several sales of smaller properties from which we can draw some comparison. We have also discussed herein the increasing downward pressure on vineyard prices as a result of limited purchaser demand and decreasing grape prices. There have been a very limited number of recent transactions from which we can draw any direct comparison. We have researched a range of different wine growing regions for recent sales activity and note a distinct lack of sales for vineyards within southern Australia over $5,000,000 and very little activity within Victorian warm climate wine regions. The sales listed below have limited relevance due to the difference of sale price, which has been considered when making comparison to the subject property.

The majority of vineyard sales which have occurred in late 2009 and early 2010 were properties sold as a part of the Fosters Wine Group sell down of non core vineyard and winery assets. Fosters placed 31 vineyards onto the market earlier in 2009 and 12 of the 16 offered in SA have now sold. Many of the vineyards were offered for sale with only a portion of the vineyard having a Grape Supply Agreement and were not considered to be particularly good quality vineyards.

Given this is a significant sized portfolio, the motivation of the vendor and also the number of other large vineyards offered to the market by Constellation Wines in recent times, it would appear that supply of vineyards offered for sale has for some time far outweighed demand, particularly given wine oversupply at present, which has contributed to the low prices achieved for the majority of the Fosters and Constellation vineyards sold. We understand that the vineyards owned by Great Southern, who are currently in the hands of Administrators, have not yet sold.

The sales data to date considered in our assessment is as follows:

1.	**Property:**	**Clarevale Estate, CLARE**
	Date of Sale:	Apr-2010
	Sale Price :	$3,100,000 (excluding GST)
	Site Area:	400.00 ha
	Rate/ha of site:	$7,750/ha
	Improvements:	'Clarevale Estate' comprises a large vineyard with a total planted area of 221 hectares approximately. The vineyard is considered to be in poor condition with the water licence and storage considered adequate to irrigate the entire vineyard. We understand the majority of the balance land comprises of arable farm land suited to continuous cropping. Improvements to the property include a dwelling, cottage, office and sundry farm shedding.
	Lease Details:	The property sold with a fruit supply contract back to Fosters for a period of 5 years.
	Sales Comments:	Sold by Fosters and purchased by the Jaescke family (a large farming group). After deducting the estimated value of the improvements ($250,000) the land equates to $8,125/ha which is considered to reflect land value. We understand the purchaser plans to remove approximately half of the vineyard and run the balance of the vineyard in the short term.

2.	**Property:**	**Allotment 4 Glenroy-Bool Lagoon Road, COONAWARRA**
	Date of Sale:	Dec-2009
	Sale Price :	$1,505,000 (excluding GST)
	Site Area:	76.49 ha
	Zoning:	Primary Production
	Rate/ha of site:	$19,676/ha
	Improvements:	'Glenroy Vineyard' is improved with a 68Ha vineyard which is located on the northern side of Glenroy Bool Lagoon Road in the area known as Glenroy approximately 10 kilometres north of Coonawarra. Key varietals include Cabernet Sauvignon, Chardonnay and Shiraz. The property encompasses 76.49Ha which comprises: 68Ha planted to vineyards, 1Ha of vacant plantable land and 7Ha of fallow land, utilities and roads. The elevated areas of the vineyard have terra rossa or red brown profiles to rendzinas in the lower, more western sections. The vineyard is improved with modern trellis and irrigation and infrastructure as well as frost control including a combination of overhead sprinklers, frost protection flipper sprinklers and frost fans. The property has a water allocation for 19.5haIE. Improvements to the property include an administration office, lunch room, implement shed and chemical shed.
	Lease Details:	The sale includes a grape supply contract to Fosters of approximately 410 tonnes (5.8t/ha).
	Sales Comments:	Sold by Fosters as part of a large Australia wide portfolio. The vendor is considered particularly motivated to sell the assets. Offered under Expressions of Interest, there was a limited enquiry during the campaign, with the agent advising a lot of the inquiries were price qualified. After deducting the estimated value of the improvements the sale price reflects $22,059/ha.

3.	**Property:**	**Allotments 2 & 20 Deviation Road, CAREY GULLY**
	Date of Sale:	Dec-2009
	Sale Price :	$1,200,000 (excluding GST)
	Site Area:	32.86 ha
	Zoning:	Watershed (Primary Production)

Rate/ha of site:	$36,519/ha
Improvements:	(Scary Gully Vineyard) comprises two adjoining allotments irregular in shape located on the eastern side of Deviation Road approximately 2 kilometres north east of Carey Gully. The property is improved with a vineyard totalling 15.69 hectares with the varieties including Chardonnay (4.29ha), Pinot Noir (5.27ha), Sauvignon Blanc (2.59ha), Pinot Gris (2.7ha), Riesling (0.49ha) and Gewurztraminer (0.35ha). The vineyard comprises a single wire VSP trellis system with treated pine posts and strainers. The vineyard is irrigated via underground bore water and catchment into the two main dams located within the property and is reticulated throughout by polypipe drip lines. Almost 3 hectares of the vineyard has recently been redeveloped. Other improvements to the property include a steel frame machinery shed, a steel frame galvanised iron workshop/storage shed with timber frame office and wine store constructed internally and other sundry farm shedding. The surplus land comprises of mainly scrub. There were no formal grape supply agreements at the time of sale.
Sales Comments:	Upon analysis of the sale price the established vineyard equates to approximately $65,000/ha overall.

4.	**Property:**	**Robertsons Well Vineyard, COONAWARRA**
	Date of Sale:	Nov-2009
	Sale Price :	$1,650,000 (excluding GST)
	Site Area:	83.00 ha
	Rate/ha of site:	$19,880/ha
	Improvements:	'Robertsons Vineyard' is situated 14 kilometres north of Coonawarra on the Riddoch Highway and is at the northern entrance of the Coonawarra Geographical Indicator. The property comprises 71Ha planted to vineyards with key varietals including Cabernet Sauvignon and Shiraz and there is 2Ha of vacant plantable land and 10Ha of fallow land, with basic utilities and internal roads. Approximately 60% of the soils on the vineyard are sandy loam with the balance red-clay loam. The entire vineyard is drip irrigated. The property has its own administration building and various sheds.

	Lease Details:	The sale includes a grape supply contract to Fosters of approximately 490 tonnes (6.9t/ha) which is only a portion of the fruit produced from the property in an average year.
	Sales Comments:	Sold by Fosters as part of a large Australia wide portfolio. The vendor is considered particularly motivated to sell the assets. Offered under Expressions of Interest, there was a limited enquiry during the campaign, with the agent advising a lot of the inquiries were price qualified. After deducting the value of improvements the vineyard equates to approximately $23,200/Ha.
5.	**Property:**	**Duckpond Vineyard, WRATTONBULLY**
	Date of Sale:	Nov-2009
	Sale Price :	$1,250,000 (excluding GST) - Under Contract Subject to Confirmation
	Site Area:	136.00 ha
	Rate/ha of site:	$9,191/ha
	Improvements:	The property is situated ten kilometres southeast of Naracoorte on the Limestone Coast. The property is improved with 110 Ha planted to vineyards and key varietals include Shiraz, Cabernet Sauvignon and Merlot. Other improvements include an office/amenity building, two pump sheds and a machinery shed. Soils can be categorised as either a red 'terra rossa' over limestone or a sandy loam over clay. Included in the sale is a grape supply contract to Fosters for approximately 210 tonnes (1.9t/ha) which is only a portion of the fruit produced fom the property.
	Sales Comments:	Sold by Fosters as part of a large Australia wide portfolio. The vendor is considered particularly motivated to sell the assets. Offered under Expressions of Interest, there was a limited enquiry during the campaign, with the agent advising a lot of the inquiries were price qualified. After deducting the value of improvements the vineyard equates to approximately $11,000/Ha.

6.	**Property:**	**Sturt Highway, LAKE CULLULERAINE**
	Date of Sale:	Feb-2009
	Sale Price :	$6,900,000 (excluding GST)
	Site Area:	185.70 ha
	Zoning:	Rural
	Rate/ha of site:	$37,157/ha
	Improvements:	The property comprises an established vineyard at Lake Culluleraine which is mid way between Mildura and Renmark. The property has a total vineyard of 172 hectares with Shiraz, Cabernet Sauvignon, Merlot and a small area of Semillon. The vineyard was planted in 1998 and has a total water licence of 1,350 megalitres. Improvements include a modern dwelling and several implement sheds. Offered for sale by Constellation with a Grape Supply Agreement offering an above district average price also including a range of machinery such as harveters, tractors, spray equipment and utes. The sale included the crop, however the purchaser took on the management in late 2008 and therefore we consider the actual value of the crop to be limited given the risk of failure from this early stage.
	Sales Comments:	After deducting the estimated value of the P & E, the crop and improvements, the estimated value of the vineyard equates to $36,000/ha of planted area.

8 Risk Analysis

8.1 SWOT Analysis

A SWOT analysis summarises the outcomes of this assessment. Key points under the headings Strengths, Weaknesses, Opportunities and Threats are outlined below:

Strengths

- Efficient irrigation system and water usage
- Current rent above market offering above market returns until market review at lease renewal
- Long remaining lease term with an attractive lease covenant
- Large scale vineyard offering very good management efficiencies

Weaknesses

- Due to the above market rental, the Lessee would appear to be making an annual loss until either grape prices rise or the rent is reduced
- Water restrictions in some form would appear likely for the 2010-11 irrigation season
- Very large scale vineyard with a very thin market segment
- Rental is significantly above market levels and this may affect the sustainability of the tenant
- A large percentage of the grapes are Chardonnay, which are in significant over supply at present

Opportunities

- Regraft some of the Chardonnay vines to other varieties
- Lessee to take up the option of renewal based on the existing rental calculations

Threats

- Continued low grape prices and vineyard values may affect the market value of the rental at lease expiry
- The possibility of permanent water restrictions in the future
- Tightening lending criteria has had a negative affect on purchase demand which may continue in the short term

- Commodity prices, which are linked to supply and demand, are likely to remain uncertain for the short term
- Reduction in passing rental at renewal of lease of if the option is not exercised by the Lessee

8.2 Purchaser Profile and marketability

The wine industry has been dealing with significant oversupply and severe water restrictions for some time now, however the demand for quality properties until early 2008 was considered reasonably good.

With the exception of the Foster's vineyards sold, the current vineyard market has been characterised by a lack of activity albeit there is a large supply of inferior vineyards currently for sale. Although absent from the market for most of 2009, institutional investors appear to be showing interest in the rural sector in the southern states.

The winery purchasers who were active in the market until 2008 appear to be struggling to survive in many cases from the effects of both the wine over supply and the global financial crisis, which saw share prices plummet and many companies struggle to renew debt. Several wineries in the past year have been placed into receivership including Cockatoo Ridge Wines and the ex Jamiesons winery.

Given the expected price bracket for which the subject property will fall there is a very thin market segment for such a large holding at present. We believe that the property would be saleable at the valuation figure, although a longer selling period may be required than has traditionally been experienced, to have regard to the thinner number of purchasers in the market at present. The most likely purchaser with the capacity to purchase the property is an institutional purchaser such as an agricultural trust, who have only recently entered the market. Syndicates have been relatively active in recent times in the commercial market space, and we would expect some limited enquiry from this sector. Given the secure income available until 2016, many potential investors would anticipate the vineyard market to have recovered prior to the lease expiry.

9 Valuation Rationale

9.1 Valuation Methodology and Considerations

We have been instructed to assess the market value of the subject property comprising the land and fixed improvements subject to the existing lease agreement. We have assessed the market value of the property assuming that the existing Water Licence will remain linked to the property.

The subject property is subject to a lease agreement to AVL with the initial term expiring in December 2016. Due to the complexity of the cash flow with annual reviews and review the five year anniversary and at renewal, we have adopted a Discounted Cash Flow (DCF) Analysis as the primary method by which to assess the market value of the subject property. Whilst this valuation method is usually adopted for more traditional investment property types, we consider that it is suited to the subject property due to the review mechanisms in the lease.

9.2 Discounted Cash Flow Approach, subject to the existing lease agreement

The Discounted Cash Flow (DCF) approach to valuation is not generally preferred as a primary valuation method for rural property. However, we consider that it is suited to the subject property due to the review mechanisms in the lease.

When using the Discounted Cash Flow approach, the measure of the current market value of the property is the discounted expected future income stream from that property. The income stream is that received by way of rental, less the costs of achieving the rental. The concept of the discounted cash flow acknowledges that there will be cash in-flows and out-flows through the life of the project.

The Discounted Cash Flow Approach incorporates four unknown variables:

1. The appropriate discount rate (target IRR) to be applied to the cash flows.
2. The rental and expenses growth rate.
3. The rate of the escalation to be applied to estimate a likely redemption or Terminal value.
4. The amount of capital expenditure which may be required to maintain the cash flow during the term of the holding period until redemption.

Net operating income has been discounted by a market derived discount rate, together with the terminal value of the property in the last year of the cash flow based upon expected growth having regard to the income at this time.

As discussed previously, the lease agreement extends to 2016 with fixed annual rent reviews as detailed herein. We have therefore adopted the projected future earnings for the cash flow and discounted them to the present value, as at 31 December 2010.

There are several ways we can determine the expected value of the market rental at lease expiry. As we are aware that CLIL have recently leased and re-leased several vineyards based on a rate of between 9.5% and 10% of the market value to tenants including Fosters Wines Ltd and Grant Burge, we have adopted the same method herein. We have adopted a rental equivalent to 10% of the estimated unencumbered capital value.

For the cash flow we have adopted the current passing rental of $6,776,639p.a. indexed to 1.5% annually until 2016 when we have then adopted a market rental of $3,654,000 per annum from 2016 onwards to reflect the reduction in rent to a market level, as detailed within 5.3 Net Market Income. Although the tenant is paying significantly above market rent, it does secure its access to the fruit supply from such a large scale vineyard.

It is also necessary to determine a likely Terminal Value (TV). We have made a value judgement of the TV assuming the current vineyard values which are depressed will recover prior to the end of the cash flow. We have calculated a TV based on a market value with vacant possession, over the life of the DCF of just above the current market value.

We have used a Discounted Cash Flow as the primary method to valuation of this property to incorporate the rental cash flow received until December 2020 as per the lease agreement. The major assumptions of the Discounted Cash Flow are as follows:

1. We have adopted a Discount Rate of 13.25% for the cash flow and 12% for the Terminal Value.
2. We have not adopted any escalation for market rental and terminal value.

Whilst there are no market transactions of other leased vineyards from which a discount rate can be derived, there are a number of investment properties offering different risk profiles, from which comparisons can be made. We have also looked at the returns that are achieved for the Wine Trust investors, which recently have been as much as 25% (based on a $0.085 dividend) however the longer term returns have been mostly around 10% to 15%. The main reason for the increased return is that the share market price has fallen substantially over the last couple of years. A Discount Rate of 13.25% is considered to adequately reflect the risk profile of the cash flow and returns expected from investors.

As stated above, we have adopted a cash flow over a 10 year holding period. As the income is received in quarterly instalments we have discounted the income at both the start and end of each yearly period and then weighted the two values. This gives a close approximate to discounting the cash flow over each quarterly period. We have then added to this the Present Value of the Terminal Value after deducting the selling costs and then deducted acquisition costs at 6.25% of the start value.

This shows a Net Present Value of $42,960,637 exclusive GST. Adopting the rounded NPV of $42,950,000 equates to a rate per hectare of $47,472/ha, which is above the most comparable market evidence, but reflects the added value of the lease covenant offered by AVL.

Discount Rate	13.25%
NPV of cash flow during the holding period	$33,969,011
NPV of Terminal Value	$11,676,665
Total NPV during the holding period	**$46,328,680**
Less acquisition costs (6.25%)	-$2,725,216
Net Present Value	$42,960,637
Rounded to	$42,950,000
Rate per Hectare (subject to lease)	$47,472ha

9.3 Capitalisation Approach, subject to the existing lease agreement

In accordance with our instructions we have also undertaken the capitalisation of the net annual income as a check. There are no sales of comparable leased vineyards that we are aware of, which have been sold in recent times. It is therefore difficult to determine the likely expected returns for an investment of this nature. It is reasonable to expect that returns would be higher than those currently achieved for more conventional property types.

The current rental is considered to be above a market level and there is a possibility the lease may be reviewed downwards to market in accordance with the lease agreement. We have therefore chosen a capitalisation rate, which appropriately reflects the risk of this scenario.

Given there is a lack of any directly comparable leased vineyard sales, it is difficult to determine a benchmark capitalisation. Adopting the derived value as in the above DCF approach, the initial return equates to 15.9%. Whilst this is above the range of most other commercial asset classes, it is reflective of:

- the fact that the current market rental is well above market,
- the perceived covenant provided by the tenant
- the over supply of the grape market
- the ongoing water restrictions
- the future expected income returns and
- the likelihood of AVL renewing its lease.

After due consideration of both approaches, we have adopted the rounded figure of $42,950,000 as the market value, subject to the existing lease as detailed herein and exclusive GST.

10. Valuation Certification

Acting under instructions from Regenal Investments Pty Ltd, as nominee of CK Life Sciences Int'l (Holdings) Inc, Knight Frank Valuations (SA) has undertaken a valuation of the Del Rios Vineyard, Coghill Road, Kenley VIC. We confirm that we have inspected the property as described herein and have prepared this report.

Subject to the overriding stipulation's contained within the body of this report, we are of the opinion that the market value of the subject property, assuming a sale of the freehold interest, subject to the lease as detailed herein, with continuation of the existing use, including Water Share ID Numbers WEE0045927, 036572, 036571 relevant to prevailing levels of value as at 31 December 2010 for major transaction purposes was:

Market Value
(Subject to existing lease and inclusive of Water Share ID WEE0045927, 036572, 036571)
$42,950,000 exclusive GST
(Forty two Million Nine Hundred and Fifty Thousand Dollars)

This certificate of valuation forms part of, and should not be used or read independently from, the complete report.

Knight Frank Valuations SA

JASON OSTER
B. Bus. Prop. (Val.) A.A.P.I.
Dip. App. Sc. (Farm Management)
Associate Director – Agribusiness
Specialised Water Valuer
ASSOCIATE DIRECTOR & CERTIFIED PRACTISING VALUER

ALEX SMITHSON
EXECUTIVE

The counter-signatory verifies that this report is genuine, and issued and endorsed by Valuation Services (SA) Pty Ltd, trading as Knight Frank Valuations (SA). The opinion of the value expressed in this report, however, has been arrived at by the prime signatory acting as the valuer in accordance with instructions given. This valuation report is for the use of and may be relied upon only by the party to whom it is addressed. No other party is entitled to use or rely upon it and the valuer shall have no liability to any party who does so.