

Inghams Portfolio Scheme

Other material information

28 May 2019

1. GENERAL

This other material information document has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 and clauses 48 and 50 of schedule 5 to the Financial Markets Conduct Regulations 2014 in relation to an offer of interests in the Inghams Portfolio Scheme, as set out in a product disclosure statement (PDS) dated 28 May 2019.

Terms capitalised but otherwise undefined in this document have the meanings given to them in the PDS. This document must be read alongside the PDS, the Statement of Investment Policy and Objectives (SIPO) for the Scheme and any other information held on the Scheme's Disclose Register entry at disclose-register.companiesoffice.govt.nz.

2. TOTAL ESTIMATED COSTS OF OFFER AND ISSUE

Description of cost:	Amount paid, or agreed to be paid:	Cost paid to:	Reason for cost and description of services:
Silverfin's offeror fee	\$1,505,000	Silverfin Capital Limited (Silverfin)	The offeror's fee is payable to Silverfin for arranging and establishing the Scheme.
Brokerage fee	\$932,000	Silverfin	The brokerage fee is payable to Silverfin for it to distribute to selling agents, being Colliers International New Zealand Limited ('Colliers International') or any others.
Accounting fees	\$10,000	Silverfin	Payable to Silverfin for the preparation of the prospective financial statements.
Legal fees	\$160,000	Anthony Harper and Anderson Lloyd (Silverfin's solicitors), MinterEllisonRudd Watts (BNZ's solicitors), and MinterEllisonRudd Watts (Supervisor's solicitors)	Legal fees are payable for the costs of all of the legal due diligence on the Properties, negotiation of the sale and purchase agreement, preparing the Scheme documentation, advising on legal compliance, settlement of the purchase, and in connection with the Scheme's financing arrangements, and to the Supervisor's solicitors for their costs in relation to reviewing the PDS, the Deed of Participation and all related documentation.
Audit fees	\$20,000	KPMG	Audit fees represent KPMG's fee for carrying out a limited assurance engagement on the prospective financial statements contained on the offer register.
Valuation fees	\$19,000	Bayleys Valuations Limited	Payable to Bayleys Valuations Limited for preparing the valuation report on the six properties.
Chattels valuation fee	\$20,000	Provider to be determined	Estimated fee for chattels valuation
Supervisor's fees	\$12,000	Trustee Executors Limited	These fees relate to the Supervisor's costs in relation

			to reviewing the PDS, the Deed of Participation and all related documentation.
Underwriters' fees	\$550,000	Silverfin Underwrite Investment Fund (SUIF) and another underwriter	Payable to the underwriters for partially underwriting the offer. This total fee is the maximum amount of underwrite fees payable to SUIF and other persons (in aggregate).
Marketing	\$220,000	Various	Marketing costs reflect the costs of both preparing and producing advertisements in relation to the offer and the costs for preparing and printing the PDS.
Bank fees	\$43,000	Bank of New Zealand Limited	The bank fee is payable to BNZ in connection with its provision of the loan facility to the Scheme.
Inspection fees	\$16,000	Foster Maintain Limited and Stiles & Hooker Limited	Payable to Foster Maintain Limited for a property inspection report and Stiles & Hooker Limited for an initial seismic assessment report
Other fees, contingency and working capital	\$93,000	Various	The other fees, contingency, and working capital allowance covers issue and production expenses, incidental expenses arising in connection with the offer (including but not limited to postage, regulatory costs, registration fees), and the initial working capital to be held by the Scheme for operational matters.

All of the above fees are charged to the Scheme or, alternatively, have been or will be paid by Silverfin and will be reimbursed to Silverfin following settlement.

FEE ASSUMPTIONS

Establishment fees

Silverfin's fees and the fees payable to the Supervisor, the auditor, and the valuer, as well as bank fees are fixed and cannot be increased. The bank, audit, valuation and Supervisor's fees have all been negotiated with the relevant third party by Silverfin and, in Silverfin's view, represent reasonable levels for the services provided. They cannot be increased.

The underwriter's fees in respect to SUIF consists of a fixed fee of \$156,000 plus a fee of 4.0% of amounts underwritten up to a maximum underwrite of \$5.2 m (i.e. a maximum additional fee of \$208,000) totalling \$364,000. There is a further allowance of \$186,000 of fees for an additional underwriter if required for a total underwrite fee of \$550,000. Any cost over \$550,000 will be met by Silverfin while any lesser amount will be to the benefit of the Scheme.

The amount of the 'other establishment fees' are Silverfin's best estimates, based on experience and the information known at the date of the PDS, but may be subject to change. The actual amount charged to the Scheme will reflect the amount ultimately invoiced by the relevant third party.

Ongoing fees and expenses

The amounts of ongoing fees and expenses are set out at section 8 of the PDS.

The annual management fees payable to Silverfin has been set at 0.275% per annum of the Properties' gross asset value, based on their most recent valuations

The accounting fees are set at \$10,000 per annum.

No fees other than those described in the PDS are payable to Silverfin or its associated persons.

The bank loan funding is an interest only facility from Bank of New Zealand Limited secured by way of first registered mortgage over the Properties for an initial term of 36 months' subject to annual review before extension. The expected interest rate for the Scheme is 4.00% per annum.

The fees payable to third parties have been estimated by the relevant third party, and, in Silverfin's view, represent reasonable levels for the service of the relevant third party.

All fees are subject to GST where applicable.

3. VALUER

Independent valuations of the Properties have been provided by Carl Waalkens and Nick Thacker of Bayleys Valuations Limited at a combined market value of \$86,000,000 plus GST (if any) as at 21 May 2019 in accordance with the International Valuation Standards (IVS) 2017 and PINZ Valuation and Property Standards. The valuations were prepared using both a capitalisation of income approach and a discounted cash flow analysis.

Carl Waalkens' qualifications are BProp MPINZ and Nick Thacker's qualifications are BBS (VPM) MPINZ. Bayleys Valuations Limited's address is Bayleys House, 30 Gaunt Street, Auckland 1150.

The valuations were made by the valuers as independent valuers. The valuers made the valuations for the purposes of the Scheme and for use by prospective investors in the Scheme. The valuers have consented to the distribution of the valuation report to prospective investors in the Scheme and, as at the date of the PDS, have not withdrawn that consent.