

Inghams Hatchery Scheme

Prospective Financial Statements

PROSPECTIVE FINANCIAL STATEMENTS

As the Scheme and ownership of the Property has not yet commenced, no appropriate financial information exists for the Property other than as set out in the prospective financial statements.

Prospective information in respect of the Scheme for the first accounting period of 5 Months ending 31 March 2024 and for the 12 months ending 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028 are set out below.

These statements comprise the Prospective Statement of Comprehensive Income, Prospective Statement of Financial Position, Prospective Statement of Changes in Equity and Prospective Statement of Cash Flows, which comply with Financial Reporting Standard 42 (FRS-42: Prospective Financial Statements) and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements.



Inghams Hatchery Scheme
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PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

(In New Zealand Dollars)

	Note	5 Months ending 31 March 2024	12 Months ending 31 March 2025	12 Months ending 31 March 2026	12 Months ending 31 March 2027	12 Months ending 31 March 2028
		\$	\$	\$	\$	\$
Income						
Rental Income	10	945,744	2,288,701	2,334,475	2,381,164	2,428,788
Capitalised Fixed Rental Growth	3	203,325	469,066	423,292	376,603	328,979
		1,149,069	2,757,767	2,757,767	2,757,767	2,757,767
Less Expenses						
Administration Expenses						
Accounting Fees		20,000	10,000	10,000	10,000	10,000
Audit Fees		36,000	16,560	17,140	17,739	18,360
Statutory Supervisor Compliance Fees (incl. Syndex exchange)		26,167	10,000	10,000	10,000	10,000
		5,235	12,565	12,565	12,565	12,565
General Administration Costs		417	1,000	1,000	1,000	1,000
Operating Expenses						
Valuation Costs		40,000	15,525	16,068	16,631	17,213
Scheme Management	11	36,667	88,000	88,000	104,000	104,000
Total Administration & Operating Expenses		164,486	153,650	154,773	171,935	173,138
Net Operating Income		984,583	2,604,117	2,602,994	2,585,832	2,584,629
Finance Expenses						
Bank Fees		1,944	4,667	4,667	2,722	0
Interest on Loan Advance		329,494	786,048	786,048	786,048	788,202
Net Profit		653,145	1,813,402	1,812,279	1,797,062	1,796,427
Revaluation of investment property	3	2,509,115	(469,066)	(423,292)	(376,603)	(328,979)
Total Comprehensive income		3,162,260	1,344,336	1,388,987	1,420,459	1,467,448



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PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(in New Zealand Dollars)

	Note	31-Mar-24 \$	31-Mar-25 \$	31-Mar-26 \$	31-Mar-27 \$	31-Mar-28 \$
Equity						
Capital	8	18,037,467	18,037,467	18,037,467	18,037,467	18,037,467
Retained earnings	8	2,554,447	2,440,033	2,370,270	2,331,979	2,340,677
Owner's Equity		20,591,914	20,477,501	20,407,737	20,369,447	20,378,145
Represented by:						
Current assets						
Cash and cash equivalents	9	257,530	149,012	86,196	54,104	65,210
Debtors and Prepayments		12,055	7,389	2,722	-	-
GST receivable						
Non-current assets						
Investment property	3	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
Total Assets		32,269,585	32,156,401	32,088,917	32,054,104	32,065,210
Current liabilities						
GST payable/ (receivable)	12	53,356	54,840	55,998	56,779	57,983
Accounts and Interest payable	12	110,752	110,495	111,618	114,314	115,517
Distribution Payable	12	121,563	121,563	121,563	121,563	121,563
Non-Current liabilities						
Bank loan	13	11,392,000	11,392,000	11,392,000	11,392,000	11,392,000
Total Liabilities		11,677,671	11,678,900	11,681,180	11,684,657	11,687,065
Net Assets		20,591,914	20,477,501	20,407,737	20,369,447	20,378,145

Authorised by:
Silverfin Capital Limited



.....
Donald Murray Douglas Cleverley
Chairman



.....
Paul Macaulay
Independent Director

Dated: 12 September 2023



Inghams Hatchery Scheme
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PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

(in New Zealand Dollars)

	Note	Capital \$	Retained Earnings \$	Total \$
Opening Balance 1 November 2023		-	-	-
Total comprehensive income/(Loss)		-	3,162,260	3,162,260
Investors' capital contribution	8	18,037,467	-	18,037,467
Less distribution to investors	8	-	(607,813)	(607,813)
Balance as at 31 March 2024		18,037,467	2,554,447	20,591,914
Opening Balance 1 April 2024		18,037,467	2,554,447	20,591,914
Total comprehensive income/(Loss)		-	1,344,336	1,344,336
Less Distribution to Investors	8	-	(1,458,750)	(1,458,750)
Balance as at 31 March 2025		18,037,467	2,440,033	20,477,500
Opening Balance 1 April 2025		18,037,467	2,440,033	20,477,500
Total comprehensive income/(Loss)		-	1,388,987	1,388,987
Less distribution to investors	8	-	(1,458,750)	(1,458,750)
Balance as at 31 March 2026		18,037,467	2,370,270	20,407,737
Opening Balance 1 April 2026		18,037,467	2,370,270	20,407,737
Total comprehensive income/(Loss)		-	1,420,459	1,420,459
Less Distribution to Investors	8	-	(1,458,750)	(1,458,750)
Balance as at 31 March 2027		18,037,467	2,331,979	20,369,447
Opening Balance 1 April 2027		18,037,467	2,331,979	20,369,447
Total comprehensive income/(Loss)		-	1,467,448	1,467,448
Less Distribution to Investors	8	-	(1,458,750)	(1,458,750)
Balance as at 31 March 2028		18,037,467	2,340,677	20,378,145



The attached notes and assumptions form an integral part of these prospective financial statements.

Inghams Hatchery Scheme
Prospective Financial Statements

PROSPECTIVE STATEMENT OF CASH FLOWS

(in New Zealand Dollars)

	5 Months ending 31 March 2024	12 Months ending 31 March 2025	12 Months ending 31 March 2026	12 Months ending 31 March 2027	12 Months ending 31 March 2028
Cash flows from Operating activities					
Cash provided from:					
Rental receipts	1,087,606	2,632,006	2,684,646	2,738,339	2,793,106
GST received/(paid)	(86,812)	(341,995)	(349,014)	(356,194)	(363,114)
	1,000,794	2,290,011	2,335,632	2,382,145	2,429,992
Cash disbursed to:					
Operating Expenses	(122,187)	(153,731)	(153,650)	(169,439)	(171,935)
Interest and Commitment fees	(276,734)	(786,048)	(786,048)	(786,048)	(788,202)
	(398,921)	(939,779)	(939,698)	(955,487)	(960,137)
Net cash inflow from Operating activities	601,873	1,350,232	1,395,934	1,426,658	1,469,855
Cash flows from Investing activities					
Cash disbursed to:					
Purchase of investment property	(29,287,560)	-	-	-	-
Net cash inflow from Investing activities	(29,287,560)	-	-	-	-
Cash flows from Financing activities					
Cash provided from:					
Investors contributions	19,450,000	-	-	-	-
Bank loan	11,392,000	-	-	-	-
	30,842,000	-	-	-	-
Cash disbursed to:					
Issue Costs	(1,412,533)	-	-	-	-
Distributions to Investors	(486,250)	(1,458,750)	(1,458,750)	(1,458,750)	(1,458,750)
	(1,898,783)	(1,458,750)	(1,458,750)	(1,458,750)	(1,458,750)
Net cash inflow from Financing activities	28,943,217	(1,458,750)	(1,458,750)	(1,458,750)	(1,458,750)
Net increase (decrease) in cash held	257,531	(108,518)	(62,816)	(32,092)	11,105
Cash and cash equivalents at start of period	-	257,530	149,012	86,196	54,104
Cash and cash equivalents at end of period	257,531	149,012	86,196	54,104	65,210

The attached notes and assumptions form an integral part of these prospective financial statements.



Inghams Hatchery Scheme
Prospective Financial Statements

RECONCILIATION OF PROFIT TO CASH FROM OPERATING ACTIVITIES

(in New Zealand Dollars)

	5 Months ending 31 March 2024	12 Months ending 31 March 2025	12 Months ending 31 March 2026	12 Months ending 31 March 2027	12 Months ending 31 March 2028
	\$	\$	\$	\$	\$
Reported Profit/(Loss)	3,162,260	1,344,336	1,388,987	1,420,459	1,467,448
Less: Capitalised Fixed Rental Adjustment	(203,325)	(469,066)	(423,292)	(376,603)	(328,979)
Less: Revaluation of investment property	(2,509,115)	469,066	423,292	376,603	328,979
Add/(Less) Movements in Working Capital Items:					
Increase/(Decrease) in GST Payable	53,356	1,484	1,158	781	1,204
(Increase)/Decrease in Debtors/Prepayments	(12,055)	4,667	4,666	2,722	-
Increase/(Decrease) in Creditors	110,752	(256)	1,123	2,696	1,203
Net Cash Inflow (Outflow) from Operating Activities	601,873	1,350,232	1,395,934	1,426,658	1,469,855

The attached notes and assumptions form an integral part of these prospective financial statements.

Inghams Hatchery Scheme Prospective Financial Statements

THE INGHAMS HATCHERY SCHEME

NOTES AND ASSUMPTIONS TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE PERIODS ENDING 31 March 2024, 31 March 2025, 31 March 2026, 31 March 2027 AND 31 March 2028

1. GENERAL INFORMATION

The Inghams Hatchery Scheme (“Scheme”) will be a scheme established, domiciled and registered in New Zealand.

The Scheme will be a commercial property investor that owns property at:

- 115 and 142 Brown Road, Tuakau, Waikato
- 87 Andrews Road, Onewhero, Waikato

Silverfin Capital Limited (“Silverfin”) is the Promoter of the scheme, offeror of interests in the scheme, and manager of the scheme.

The Offeror is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Assumptions

These prospective financial statements assume all 389 interests will be fully subscribed by 11 October 2023.

The rentals used in the prospective financial statements are based on the expected rental level from the lease below. The amount payable under the lease increases based on a fixed yearly growth for the duration of the initial term by 2%.

Operating expense recoveries are assumed to be paid direct by the tenant and have not been included separately.



Inghams Hatchery Scheme Prospective Financial Statements

Silverfin has assumed a fixed amount for interest rates on the Term Loan Facility for the purposes of these prospective financial statements, being 6.90% (being 5.00% plus the bank's current lending margin of 1.90%) at the commencement of the scheme. This assumption is underpinned by Silverfin entering into a 5-year Interest Rate Swap (IRS) commencing 31 October 2023.

After the initial five-year term, the interest rate adopted is 6.90% (being 5.00% plus the bank's current lending margin of 1.90%); this assumption is underpinned by Silverfin entering into a further three-year IRS commencing 1 November 2028.

Based on the interest rate adopted by Silverfin for the purposes of these prospective financial statements, the Scheme will be liable to the bank for interest on the Term Loan Facility tabled below:

31 March 2024 - \$329,494
31 March 2025 - \$786,048
31 March 2026 - \$786,048
31 March 2027 - \$786,048
31 March 2028 - \$786,048

The bank will charge the Scheme an establishment fee of \$14,000 in respect of this loan.

The interest expense is based on no principal repayments (interest only) during the term of the Loan.

The Fair Value of the investment property at 31 March 2024 and carrying amounts for the subsequent reporting dates is tabled below:

31 March 2024 - \$32,000,000
31 March 2025 - \$32,000,000
31 March 2026 - \$32,000,000
31 March 2027 - \$32,000,000
31 March 2028 - \$32,000,000



Inghams Hatchery Scheme Prospective Financial Statements

The summarised lease terms of the tenancies are:

Tenant	Inghams Enterprises (NZ) Pty Limited
Guarantees	Nil
Properties	115 and 142 Brown Road, Tuakau, Waikato. 87 Andrews Road, Onewhero, Waikato
Term	20 years
Commencement Date	1 November 2023
Rights of Renewal	Up to five rights of 10 years each
Rent	\$2,269,786 plus GST per annum
Outgoings	This lease is effectively a 'triple net lease' and all usual outgoings are recoverable from the Tenant in addition to the rent. The Scheme is not permitted to charge any management expenses to the Tenant.
Percentage rent review	2.0% annual increases for the entire term of the lease (except on lease renewal dates, when a market rent review applies).
Market rent review	The lease contains five Rights of Renewal of 10 years each. Market rent reviews are due to occur on the lease renewal dates (i.e. on the 20th, 30th, 40th, 50th, 60th and 70th anniversaries of the commencement date. The market rent cannot be less than 95% of the rent payable immediately prior to the market rent review date. The market rent will be the lower of the market rent and the rent payable immediately before the market rent review date.
Maintenance and Repair Obligations	Tenant responsibilities include: (a) to keep the Properties in good and tenantable repair and promptly repair any damage caused by the Tenant; and (b) to carry out all capital repairs (refer to below).

The administration and operating expenses have been based on previous experience. The establishment costs have been based both on quotes and/or previous experience.

The prospective financial statements have been based on the assumption that there will be no material change in the economic environment, legal requirements or the current tax regulations.

Actual results may differ from prospective financial statements depending on rental increases, change in interest rates, change in tenancies, rates and other expenses. The resulting variance may be material. The Offeror, the Manager, the Supervisor and the Nominee (Silverfin Nominees (Inghams Hatchery) Ltd which has been appointed by the Supervisor to hold the Scheme's assets give no guarantee or assurance that the prospective financial information presented will be achieved.



Inghams Hatchery Scheme Prospective Financial Statements

PURCHASE / OPERATING COSTS

(in New Zealand Dollars)

Details of the purchase and costs involved in establishing the Scheme are as follows:

Purchase price	29,287,560
Establishment costs	1,554,440
Total	30,842,000

To be funded by:

Subscriptions from Investors (389 interests @ \$50,000)	19,450,000
Bank loan	11,392,000
Total	30,842,000

Establishment Costs payable by the Scheme are:

Legal costs	130,000
Offeror's fee	512,532
Brokerage fee	389,000
Marketing costs	100,000
Bank Finance Costs	14,000
Accountancy fee	10,000
Limited Assurance Fee	20,000
Valuation fee	15,000
Chattels valuation fee	10,000
Inspections	5,000
Statutory Supervisor	12,000
Statutory Supervisor Legal Fees	10,000
Underwrite Fee	276,000
Contingency Funds Retained	50,908
Total	1,554,440

Any unspent amounts will be retained in the Scheme as working capital.

The establishment costs specified are all payable by the Scheme.

Silverfin will be transparent about all charges which affect returns to Investors. Particular of these charges will be included in the annual financial statements relating to the Scheme will be sent to all Investors.



Inghams Hatchery Scheme

Prospective Financial Statements

Ongoing annual costs

- (a) An annual scheme management fee payable by the Scheme to Silverfin. The scheme management fees will be paid and calculated on an annual basis at 0.275% of the gross asset value (being the most recent registered valuation of the investment property) for the first three years of the scheme rising to 0.325% in year four. The management fee is payable monthly in advance
- (b) Audit of annual financial statements (estimated at initial amount of \$20,000 plus GST).
- (c) The annual valuation fee (estimated at initial \$15,000 plus GST).
- (d) Annual interest charges payable to Rabobank New Zealand Limited. Estimated at \$786,048 per annum based on an effective interest rate of 6.90% per annum on the initial facility value of \$11,392,000, calculated in the financial statements using an expected fixed (swap) rate.
- (e) An annual registry fee to Syndex (estimated at \$12,565 plus GST).
- (f) Outgoings, property maintenance expenses and costs (to the extent not recoverable from the Tenants).

Third party charges (including those charged by real estate agents, the bank, legal advisors, accountants and valuers) will be set by the relevant third parties and may be subject to change.

MANAGER'S FEES

Silverfin has a simplified scheme management fee structure without additional add on fees. Silverfin has introduced a performance fee to greater align the management of the Scheme with the Investors and to incentivise Silverfin to achieve both revenue and capital growth for Investors. The fees structure is outlined below.

Management Fee

A Scheme management fee equivalent to 0.275% of gross asset value (GAV) (i.e., \$32,000,000 at settlement) for the first three years of the scheme rising to 0.325% in year four. This fee is calculated at \$88,000 plus GST for a full 12-month period, this fee is based on the fair value of the investment property of \$32,000,000.

An administration transaction fee of 2% (on the sale price of the interest sold) plus GST may be charged to a selling Investor if an Interest is sold prior to sale of the Property to facilitate and manage the sale and purchase of a sold Interest. Third party costs (e.g., legal fees) may be payable in addition to this fee.

No additional management charges will be charged for new leases, renewals, rent reviews or minor development work.

Accounting Fee

An annual fee of \$10,000 will be charged for preparation of monthly and quarterly managements accounts, preparation of annual financial statements, and GST returns.



Inghams Hatchery Scheme

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Performance Fee

A performance fee is payable to Silverfin if the Scheme achieves on each Interest a pre-tax equivalent return in excess of 9.0% per annum returned to Investors on termination of the Scheme, whereby Silverfin shares the return to investors above this 9.0% threshold on a 20/80 ratio with Silverfin receiving 20% of the excess return and Investors 80%.

Development Management

In the event the Scheme resolves to undertake any development or capital works to the Property requiring development management expertise Silverfin can elect to undertake this work on behalf of the Scheme for a development management fee at standard market rates, subject to the Supervisor's approval of the rates.

These fees are detailed in full in the Deed of Participation.

PROJECTED INVESTMENT RETURN

(in New Zealand Dollars)

	5 Months ending 31 March 2024	12 months ending 31 March 2024 (annualised)	12 Months ending 31 March 2025	12 Months ending 31 March 2026	12 Months ending 31 March 2027	12 Months ending 31 March 2028
	\$	\$	\$	\$	\$	\$
Amount invested per Interest	50,000	50,000	50,000	50,000	50,000	50,000
Prospective net profit before revaluation and tax	653,145	1,573,584	1,813,402	1,812,279	1,797,062	1,796,427
Total number of Interests	389	389	389	389	389	389
Prospective net profit per Interest	1,679	4,045	4,662	4,659	4,620	4,618
Total Investor cash return per Interest	1,563	3,750	3,750	3,750	3,750	3,750
Forecast cash return per period	3.13%	7.50%	7.50%	7.50%	7.50%	7.50%

The attached notes and assumptions form an integral part of these prospective financial statements.



Inghams Hatchery Scheme

Prospective Financial Statements

Period of Time Expected to Elapse Before Return is Achieved

The projected returns above are based on holding one Interest (at a subscription price of the Subscription Amount) for the duration of each period stated and calculated based on distributions from available cash surpluses. These Projected Returns do not consider any retained profit or loss which may result from rental activities or any increase or decrease in the value of the Property. They do not take tax or depreciation into account. The notes and assumptions assume that settlement will take place on the Expected Settlement Date. The Manager intends to make distributions to the Investors monthly in arrears with payments being made on or about the 20th day of each month. This first distribution will be made on or about 20 December 2023 for first month of operations.

2. STATEMENT OF ACCOUNTING POLICIES

The prospective financial statements presented here are for the reporting entity the Scheme. The Scheme is designated as a for-profit entity for financial reporting purposes. The Scheme will be an FMC Reporting Entity within Tier 1 under the Financial Reporting Act 2013.

The prospective financial statements comply with Financial Reporting Standard 42 (FRS-42: Prospective Financial Statements) and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements.

Accounting Period

The first period of these prospective financial statements for the period ending 31 March 2024 has been determined as 5 months which is based on the expected Settlement Date of 1 November 2023.

The second and subsequent periods of these prospective financial statements for the period ending 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028 are each for a 12-month period.

Measurement Base

The prospective financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below:

Specific Accounting Policies

The principal accounting policies applied in the preparation of these prospective financial statements are set out below. These policies have been consistently applied to both periods presented.

(a) Revenue and Expenses

Rental Income

Rental income is recognised on a straight-line basis over the lease term.

Operating Expenses Recovered

Operating expense recoveries are recognised in accordance with the terms and conditions of the tenancy agreements as and when recoverable expenditure is incurred on behalf of the tenant.



Inghams Hatchery Scheme

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Non-recoverable operating expenses

Non-recoverable operating expenses consist of operating expenses that are not recoverable in accordance with the terms and conditions of the tenancy agreement.

Finance Income

Finance income consist of interest income and is recognised as interest accrues on cash deposits using the effective interest method.

Finance Costs

Finance costs consist of interest expenses and bank loan charges. Interest expenses are recognised as interest accrues on borrowings. Bank loan charges are amortised over the initial 36-month term of the fixed portion of the bank term loan.

(b) Leases

The Scheme is a landlord with operating leases (which are leases in which the Scheme retains substantially all the risks and benefits of ownership of the leased asset).

(c) Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its cost and subsequent revaluations at each reporting date. The cost value was determined based on the sale and purchase agreement. The Scheme assesses the fair value of investment properties at each balance date. Where there is objective evidence of impairment, an impairment loss will be recognised in profit or loss.

(d) Receivables

Trade and Other Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any impairment losses.

Collectability of receivables is reviewed on an ongoing basis at an individual debtor level. An impairment loss is recognised when there is objective evidence that the Scheme will not be able to collect all amounts due to financial difficulties of the debtors or debts more than 90 days are overdue. The provision is recognised in profit and loss and subsequent recoveries of amounts written off are recognised in profit or loss. Trade receivables are non-interest bearing and on 30-day terms.

(e) Payables

These amounts represent unsecured liabilities for goods and services provided to the Scheme prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

(f) Goods and Services Tax (GST)

The prospective financial statements have been prepared using GST exclusive figures except for receivables and payables which are stated GST inclusive.

g) Distributions to Investors

Distributions to Investors are accrued in the period that they relate.

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h) Contributions from Investors

Contributions from Investors consist of the initial contributions received from Investors. Incremental costs directly attributable to the issue of equity are shown in equity as a deduction from the proceeds.

(i) Income Tax

The forecast returns outlined in the PDS and this prospective financial information are pre-tax. The Scheme intends to register as a multi-rate Portfolio Investment Entity (PIE), meaning investors in the Scheme will be subject to tax on their share of the taxable income of the Scheme at rates approximating their marginal tax rates, which are capped at 28%. Tax will be deducted at investors' nominated prescribed investor rates (PIR's), which may be at 0% if notified by an investor.

(j) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade and other receivables, cash and cash equivalents, trade and other payables, and borrowings.

Initial recognition and measurement

Financial assets and financial liabilities are initially recognised at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through profit and loss, which are measured at fair value.

Financial assets and financial liabilities are recognised when the Scheme becomes a party to the contractual provisions of the financial instrument.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Subsequent measurement of financial assets

The scheme classifies financial assets at amortised cost.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- The financial asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise to cash flows that are solely payments of principal and interest.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Financial Liabilities

The Scheme's financial liabilities include trade and other payables and loans and borrowings.

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The Scheme classifies its financial liabilities as financial liabilities at amortised cost. The classification of financial liabilities is determined on initial recognition.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, include directly attributable transaction costs. All financial liabilities of the Scheme are subsequently measured at amortised cost.

(k) Finance Expenses

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that takes six months or longer to prepare for its intended use or sale. Other borrowing costs are expensed when incurred. As the Scheme does not have any qualifying assets, all borrowing costs are expensed as incurred.

(l) Depreciation

Depreciation will be claimed by the Scheme prior to calculation of income tax. On settlement we will engage a valuer to value the components of the investment properties and will calculate depreciation annually at the relevant rates.

3. INVESTMENT PROPERTY

The Scheme's investment property as at 31 March 2024, 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028 has been initially measured at cost and subsequently measured at fair value of \$32,000,000. The cost value was determined based on the sale and purchase agreement and the fair value as at 31 March 2024 is based on the independent valuation per Note 15.

	2024	2025	2026	2027	2028
Balance at beginning of financial year	-	32,000,000	32,000,000	32,000,000	32,000,000
Acquisition of properties	29,287,560	-	-	-	-
Investment Property Additions	-	-	-	-	-
Straight line rental adjustment	203,325	(469,066)	(423,292)	(376,603)	(328,979)
Revaluation	2,509,115	469,066	423,292	376,603	328,979
Balance at the end of financial year	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000

4. CAPITAL AND OPERATING LEASE COMMITMENTS

The Scheme does not anticipate having any capital commitments as at 31 March 2024, 31 March 2025, 31 March 2026, 31 March 2027 or 31 March 2028, other than those stated in Note 3.

5. CONTINGENT LIABILITIES

The Scheme does not anticipate having any further contingent liabilities as at 31 March 2024, 31 March 2025, 31 March 2026, 31 March 2027 or 31 March 2028.

Inghams Hatchery Scheme

Prospective Financial Statements

6. FEES PAID TO AUDITORS

Audit fees of \$16,000 plus GST per annum have been accrued for the audit of the 2024 financial statements, \$16,650 for 2025, \$17,140 for 2026, \$17,739 for 2027 and \$18,360 for the 2028 financial statements. An amount of \$20,000 has also been included in the costs for the year ended 31 March 2024 for the limited assurance review fee for the prospective financial information.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit Risk

To the extent the Scheme has a receivable from another party there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject the Scheme to credit risk principally consist of cash and cash equivalents.

The Scheme will hold no collateral or any other security over the Scheme's financial assets subject to credit risk. However, the Scheme's funds will be held by a well-established bank within New Zealand therefore reducing possible credit risk. The Scheme's tenant will pay rental monthly in advance and as such there is no anticipated credit risk exposure at 31 March 2024, 31 March 2025, 31 March 2026, 31 March 2027 or 31 March 2028. As a result, the Scheme does not anticipate non-performance by the counterparties.

Maximum exposures to credit risk at balance date are (in New Zealand Dollars):

	2024	2025	2026	2027	2028
Cash	257,530	149,012	86,196	54,104	65,210
Sub Total	257,530	149,012	86,196	54,104	65,210

Liquidity Risk

Liquidity risk represents the Scheme's ability to meet its financial obligations on time. The Scheme projects to generate sufficient cash flows from its operating activities to make timely payment to meet these obligations. The table below represents all contractual and fixed pay-offs for settlement and repayments resulting from expected financial liabilities.



Inghams Hatchery Scheme Prospective Financial Statements

As at 31 March 2024

	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1-2 Years	2-5 Years	5 Years +
Payables	(97,348)	(97,348)	(97,348)	-	-	-
Interest Payable	(66,760)	(2,358,144)	(786,048)	(786,048)	(786,048)	-
Commitment Fee	-	-	-	-	-	-
Bank Loan	(11,392,000)	(11,392,000)	-	-	(11,392,000)	-
Distributions	(121,563)	-	-	-	-	-

As at 31 March 2025

	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1-2 Years	2-5 Years	5 Years +
Payables	(98,575)	(98,575)	(98,575)	-	-	-
Interest Payable	(66,760)	(1,572,096)	(786,048)	(786,048)	-	-
Commitment Fee	-	-	-	-	-	-
Bank Loan	(11,392,000)	(11,392,000)	-	(11,392,000)	-	-
Distributions	(121,563)	-	-	-	-	-

As at 31 March 2026

	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1-2 Years	2-5 Years	5 Years +
Payables	(100,856)	(100,856)	(100,856)	-	-	-
Interest Payable	(66,760)	(786,048)	(786,048)	-	-	-
Commitment Fee	-	-	-	-	-	-
Bank Loan	(11,392,000)	(11,392,000)	(11,392,000)	-	-	-
Distributions	(121,563)	-	-	-	-	-

Inghams Hatchery Scheme Prospective Financial Statements

As at 31 March 2027

	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1-2 Years	2-5 Years	5 Years +
Payables	(104,333)	(104,333)	(104,333)	-	-	-
Interest Payable	(66,760)	(2,358,144)	(786,048)	(786,048)	(786,048)	-
Commitment Fee	-	-	-	-	-	-
Bank Loan	(11,392,000)	(11,392,000)	-	-	(11,392,000)	-
Distributions	(121,563)	-	-	-	-	-

As at 31 March 2028

	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1-2 Years	2-5 Years	5 Years +
Payables	(106,739)	(106,739)	(106,739)	-	-	-
Interest Payable	(66,760)	(1,572,096)	(786,048)	(786,048)	-	-
Commitment Fee	-	-	-	-	-	-
Bank Loan	(11,392,000)	(11,392,000)	-	(11,392,000)	-	-
Distributions	(121,563)	-	-	-	-	-

Inghams Hatchery Scheme

Prospective Financial Statements

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk will be mitigated for this scheme by entering into interest rate swaps which will fix the interest rate. The interest rate used in the prospective financial statements is 6.90% (comprised of a swap rate of 5.00% and the banks margin of 1.90%) for the period 1 November 2023 to 31 October 2028, and 6.90% (comprised of a swap rate of 5.00% and the banks margin of 1.90%) for the period 1 November 2028 to 31 October 2031.

The principal or contract amounts outstanding are estimated to be:

- 31 March 2024 - \$11,392,000
- 31 March 2025 - \$11,392,000
- 31 March 2026 - \$11,392,000
- 31 March 2027 - \$11,392,000
- 31 March 2028 - \$11,392,000

Capital Risk

The Schemes capital consists of investor capital contributions and retained earnings.

The Scheme's objectives when managing capital are to safeguard the Scheme's ability to continue as a going concern in order to provide returns for Investors and maintain sufficient cash reserves to meet obligations as they fall due. In order to meet these objectives, the Manager may change the level of distributions to investors.

The Scheme is not subject to externally imposed capital requirements.

Fair Values

The carrying value is expected to approximate the fair value for all financial instruments and accordingly they are not scheduled out in this note to the accounts.

8. EQUITY

	2024	2025	2026	2027	2028
Number of Interests issued	389	389	389	389	389

The holders of Interests will be entitled to receive distributions and are entitled to one vote per Interest at meetings of the Scheme, and rank equally with regard to the Scheme's residual assets



Inghams Hatchery Scheme Prospective Financial Statements

Investor's Capital Contribution is calculated as follows:

(in New Zealand Dollars)

Investor Capital Contribution

389 interests at \$50,000 per interest	19,450,000
<i>Less Non-Deductible Establishment Costs</i>	
Legal Fees	(130,000)
Marketing Costs	(100,000)
Offerors Fee/Brokerage Fee	(512,532)
Brokerage Fee	(389,000)
Inspections	(5,000)
Underwriters Fees	(276,000)
Sub Total Establishment costs	(1,412,533)
Net Investor Capital Contribution	18,037,467

Distributions

The following distributions are forecast for the financial year.

	2024 (NZD\$)	2025 (NZD\$)	2026 (NZD\$)	2027 (NZD\$)	2028 (NZD\$)
Per Interest	1,563	3,750	3,750	3,750	3,750

Inghams Hatchery Scheme Prospective Financial Statements

Investor cash distribution is calculated as follows:

(in New Zealand Dollars)

	5 Months ending 31 March 2024	12 Months ending 31 March 2025	12 Months ending 31 March 2026	12 Months ending 31 March 2027	12 Months ending 31 March 2028
	\$	\$	\$	\$	\$
Reported Comprehensive Income/ (Loss)	3,162,260	1,344,336	1,388,987	1,420,459	1,467,448
Less: Straight Line rental adjustment	(203,325)	(469,066)	(423,292)	(376,603)	(328,979)
Plus/ (Less): Revaluation of Investment Property	(2,509,115)	469,066	423,292	376,603	328,979
Add back: One-off expenses paid at settlement included in comprehensive income					
Loan fees included in Finance Expenses	1,944	4,667	4,667	2,722	-
Information Memorandum Valuation	25,000	-	-	-	-
Prospective Financial Information Assurance Fee	20,000	-	-	-	-
Information Memorandum Accountancy	10,000	-	-	-	-
Supervisors Fees	12,000	-	-	-	-
Supervisors Legal Fees	10,000	-	-	-	-
Adjusted Profit/ (Loss)	528,764	1,349,003	1,393,654	1,423,181	1,467,448
Add/(deduct): Funds retained for Contingency	(42,515)	109,747	65,096	35,569	(8,698)
Total Cash Distributions	486,249	1,458,750	1,458,750	1,458,750	1,458,750
<i>Number of Units Prescribed</i>	389	389	389	389	389
Per Interest	1,250	3,750	3,750	3,750	3,750

The attached notes and assumptions form an integral part of these prospective financial statements.



Inghams Hatchery Scheme Prospective Financial Statements

9. CASH AND CASH EQUIVALENTS

	2024 (NZD\$)	2025 (NZD\$)	2026 (NZD\$)	2027 (NZD\$)	2028 (NZD\$)
Current Account	257,530	149,012	86,196	54,104	65,210

10. RENTAL INCOME

	2024	2025	2026	2027	2028
Less than 1 Year	2,269,786	2,315,182	2,361,485	2,408,715	2,456,889
Between 1 and 5 Years	12,048,298	12,289,264	12,535,049	12,785,750	13,041,465
More than 5 Years	40,498,616	40,212,255	39,920,166	39,622,235	39,318,346

The operating lease commitments have been adjusted for fixed contractual increases.

11. RELATED PARTIES

Silverfin Capital Limited is the Promoter of the Scheme, Offeror of Interests in the Scheme, and Manager of the Scheme. The Board of Silverfin is Murray Cleverley (as Chairman), John Bishop (Independent Director) and Paul Macaulay (Non-independent Director).

Silverfin will be paid an offeror fee of \$512,532 plus GST which is calculated as 1.75% of the capital value of the property's purchase price, being \$29,287,560, being a fee for locating the Property and negotiating the contract to purchase the Property, and for developing this investment opportunity and establishing the Scheme.

Silverfin will also receive a brokerage fee of \$389,000 plus GST which is calculated as 2.0% of equity raised. From that fee, Silverfin is responsible for paying any commissions payable to third party agents, financial advisers and brokers responsible for arranging the sale of Interests. The Scheme has no liability for any such commissions. The Scheme's sole liability is for the fee payable to Silverfin.

Silverfin Capital Limited as manager will be responsible for the management and administration of the Property and the Scheme.

Silverfin Capital Ltd will be paid a scheme management fee of \$88,000 plus GST per annum on a pro-rata basis which will be paid monthly.

There are four underwriters for the scheme, Silverfin Underwrite Investment fund and three external parties. The Manager of the fund is Silverfin Capital Ltd. and the nominee is SUIF Nominees Ltd. The Directors of SUIF Nominees Ltd are Murray Cleverley, John Bishop and Paul Macaulay. The underwriter will be paid up to \$104,000 for underwriting the Scheme, on the basis of the amount of underwrite required.



Inghams Hatchery Scheme Prospective Financial Statements

The following is a schedule of the fees to be paid to related parties during the periods ending 31 March 2024, 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028.

	2024 (NZD\$)	2025 (NZD\$)	2026 (NZD\$)	2027 (NZD\$)	2028 (NZD\$)
Silverfin Capital Limited					
Offeror's fee	512,532	-	-	-	-
Brokerage Fees	389,000	-	-	-	-
Scheme Management	36,667	88,000	88,000	104,000	104,000
Accounting	20,000	10,000	10,000	10,000	10,000
Total	958,199	98,000	98,000	114,000	114,000

	2024 (NZD\$)	2025 (NZD\$)	2026 (NZD\$)	2027 (NZD\$)	2028 (NZD\$)
Silverfin Underwrite Investment Fund					
Underwrite fee	104,000	-	-	-	-
Total	104,000	-	-	-	-

There are not expected to be any fees outstanding to any related parties as at 31 March 2024, 31 March 2025, 31 March 2026, 31 March 2027 or 31 March 2028.

Outstanding balances at reporting date are unsecured and are to be settled in cash within one month of the reporting date.

12. TRADE AND OTHER PAYABLES

	2024 (NZ\$)	2025 (NZ\$)	2026 (NZ\$)	2027 (NZ\$)	2028 (NZ\$)
GST Payable	53,356	54,840	55,998	56,779	57,983
Interest Payable	66,760	66,760	66,760	66,760	66,760
Accounts Payable	43,922	43,735	44,858	47,554	48,756
Distribution Payable	121,563	121,563	121,563	121,563	121,563
Total	285,671	286,898	289,179	292,656	295,063

13. BORROWINGS

	2024 (NZ\$)	2025 (NZ\$)	2026 (NZ\$)	2027 (NZ\$)	2028 (NZ\$)
Bank Loan	11,392,000	11,392,000	11,392,000	11,392,000	11,392,000

The initial term of the bank loan is for a period of 3 years. It is assumed in these prospective financial statements that the term loan will be extended for a further 3 years prior to 31 March 2026.

The terms are based on a discussion paper provided by Rabobank.



Inghams Hatchery Scheme

Prospective Financial Statements

Loan Security

The loan will be secured by way of a registered first mortgage over the records of title for the Properties. The bank will be granted a first registered General Security Agreement over all present and after acquired personal property at:

- 115 and 142 Brown Road, Tuakau, Waikato
- 87 Andrews Road, Onewhero, Waikato

The loan is a facility with a term of 36 months (3 years) from date of drawdown. It is assumed that the loan will be replaced with a loan on similar terms at the repayment date.

The loan will be a Limited Recourse loan with no personal guarantees given by any party including Investors. The loan will be interest only where no principal repayments are required to be made until the repayment date specified in the loan agreement which is the expiry of the loan term (provided the Scheme is not in default of the bank's covenants).

The interest rate payable by the Scheme is BKBM plus a margin of 1.90% per annum for the loan term of 36 months (assuming the interests are fully subscribed).

Silverfin has adopted a 6.90% per annum interest rate on the Term Loan Facility for the purposes of the prospective financial information. This is 5.00% plus the bank's current lending margin of 1.90%.

14. BANK COVENANTS

The loan to value ratio (LVR) is to be 45% or lower. Interest cover is at all times must exceed 1.75 times, calculated as net operating income /interest expense.

Calculation of bank loan covenants at 31 March 2024, 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028:

	2024	2025	2026	2027	2028
Net Operating Income	945,744	2,288,701	2,334,475	2,381,164	2,428,788
Funding costs	329,494	786,048	786,048	786,048	788,202
<i>Interest cover (times)*</i>	2.87	2.91	2.97	3.03	3.08
Loan balance	11,392,000	11,392,000	11,392,000	11,392,000	11,392,000
Asset value	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
LVR	35.60%	35.60%	35.60%	35.60%	35.60%

Inghams Hatchery Scheme

Prospective Financial Statements

15. VALUATION

An independent valuation of the Property on a market value basis has been provided by Carl Waalkens, BProp, MPINZ of Bayleys Valuations Limited at a value of \$32,000,000 plus GST (if any) on 12 September 2023. The valuation was prepared using both a capitalisation approach and a discounted cashflow analysis, as well as available market evidence.

The table below represents some further sensitivity with regard to applied yields or capitalisation rates.

Capitalisation approach

Market Capitalisation rate	7.38%	7.13%	6.88%
Market Capitalisation Value	30,776,758	31,856,644	33,015,068
Rounded Market Capitalisation Value	30,800,000	31,900,000	33,000,000

Discounted Cash Flow approach

		Discount Rate				
		9.50%	9.25%	9.00%	8.75%	8.50%
TerminalYield	7.88%	30,282,613	30,772,007	31,272,450	31,784,233	32,307,652
	7.63%	30,754,651	31,254,959	31,766,594	32,289,854	32,825,045
	7.38%	31,258,890	31,770,855	32,294,446	32,829,967	33,377,733
	7.13%	31,798,723	32,323,170	32,859,561	33,408,208	33,969,436
	6.88%	32,378,042	32,915,883	33,466,008	34,028,742	34,604,418

16. CHANGES IN ACCOUNTING POLICIES

There are no expected future changes in Accounting Policies.



Independent Limited Assurance Report to the Directors of Inghams Hatchery Scheme

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, for the 5 month period ended 31 March 2024 and year ended 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028 (the “relevant period”), nothing has come to our attention that would lead us to believe, in all material respects that:

- The Directors’ best-estimate assumptions used in the preparation of the Prospective Financial Information (‘PFI’) do not provide a supportable and reasonable basis, as defined in Financial Reporting Standard No.42 *Prospective Financial Statements* (FRS-42), for the preparation of the PFI; and
- The PFI:
 - Is not prepared based on the Directors’ best-estimate assumptions as described in the Prospective Financial Statements; and
 - Is not prepared in accordance with the stated basis of preparation, as described in the Prospective Financial Statements, being the FRS-42 and Generally Accepted Accounting Practices in New Zealand (‘NZ GAAP’) as it relates to prospective financial statements.

The PFI have been prepared by management and adopted by the directors for the purpose of inclusion in the Prospective Financial Statements. There is a considerable degree of subjective judgement involved in preparing prospective financial information since it relates to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the prospective financial information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

We express no opinion as to whether the prospective financial information will be achieved.

Information subject to assurance

Prospective Financial Information being the:

- Prospective Statements of Comprehensive Income for the 5 month period ending 31 March 2024 and year ended 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028;



- Prospective Statements of Cash Flows for the 5 month period ending 31 March 2024 and year ended 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028;
- Prospective Statements of Changes in Equity for the 5 month period ending 31 March 2024 and year ended 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028;
- Prospective Statements of Financial Position as at 31 March 2024, 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028; and
- Notes and assumptions to and forming part of the prospective financial statements;,, total debt, total debt including leases and net cash flows from operating

Standards we followed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements 3450 *Assurance Engagements Over Financial Information Prepared in Connection with a Capital Raising*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Disclaimer

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Scheme, which are detailed in the Prospective Financial Statements. We disclaim any assumption of responsibility for any reliance on this report, or on the prospective financial information to which it relates, for any purpose other than that for which it was prepared.

We have assumed, and relied, on representations from certain members of management of the Scheme, that all material information concerning the prospects and proposed operations of the Scheme has been disclosed to us and that the information provided to use for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Restriction of distribution and use

Our report is made solely for Directors of Inghams Hatchery Scheme. Our assurance work has been undertaken so that we might state to the Directors those matters we are required to state to them in the assurance report and for no other purpose. No other third party is intended to receive our report.

Our report should not be regarded as suitable to be used or relied on by any party's other than Directors of Inghams Hatchery Scheme for any purpose or in any context. Any party other than Directors of Inghams Hatchery Scheme who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Directors of Inghams Hatchery Scheme for our work, for this independent reasonable assurance report, or for the opinions we have reached.



Management's responsibility for Prospective Financial Information

Management of the Scheme are responsible for the preparation and presentation of the PFI in accordance with the FRS-42. This responsibility includes compliance with applicable laws and regulations and such internal control as management determine is necessary to enable the preparation of the PFI that is free from material misstatement whether due to fraud or error.

Management of the Scheme are responsible for the preparation and presentation of the PFI and for the determination of assumptions that have a reasonable and supportable basis, as required by FRS-42.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the PFI based on the procedures performed and evidence we have obtained.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for the preparation of the financial information and applying analytical and other procedures that we considered necessary to enable us to reach our limited assurance conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are substantially less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Additionally, a limited assurance engagement does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the PFI.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other than in our capacity as assurance provider, we have no relationship with, or interest in, Inghams Hatchery Scheme.

The engagement partner on the audit resulting in this independent auditor's report is Trevor Newland.

For and on behalf of

KPMG
Hamilton

12 September 2023