

## SILVERWOOD UP-DATE.

17<sup>th</sup> April 2020

Dear Silverwood Unit Holder,

First and foremost we recognise that many of our limited partners are in the same age category as Peter B, Tony, and me and that you are also in isolation as we are. We worry about all of you and hope you stick to the bubble rules so you and yours stay healthy! We are OK.

So is Silverwood. However, COVID-19 also affects Silverwood as everything has stopped, the Transmission Gully Motorway will not open this year, the Land Valuation Tribunal court case has been postponed with no known resumption date and, on top of that, Porirua City Council (PCC) is giving confusing contradictory indications re our land zoning. Of course, these developments affect our resources.

As prudent directors we must take appropriate steps to avoid potential issues, therefore we inform you of the following decisions we have made:

A. Limited payment moratorium:

For the reasons set out below Silverwood Corporation Limited, General Partner of the Silverwood Land 2015 Limited Partnership, has proposed, and key creditors have accepted, a limited payment moratorium starting from 1 April 2020.

This includes all payments to its directors and commercial suppliers. It will apply until such time Silverwood receives funds due to it from the Crown as compensation for the land taken from it for James Cook Interchange and Link Roads. This claim is now in the hands of the Land Valuation Tribunal (LVT). The Crown's assessed compensation to date, owed to Silverwood, is more than enough to settle our supplier's costs for the court case plus to make a small distribution to you, our unit holders.

Exceptions to this limited moratorium include legal required payments such as PCC rates, Covenant statutory supervisor costs, statutory required filing fees and the KPMG statutory audit currently in progress.

It is proposed that invoicing proceeds as normal and, that instead of paying on the 20<sup>th</sup> of the month following, payments be delayed until Crown payments have been received, after which creditors will be paid, inclusive of a 5% interest from the normal invoice due date to date of payment.

Note: All pre 11 May 2020 court hearing costs have been incurred and paid prior to 31 March 2020; further 11 May 2020 hearing costs are to be invoiced post hearing, whenever that date maybe but which is around the date we will be advised of and receive compensation, therefore interest is expected to be minimal.

The main reasons for implementing the moratorium are:

1. Prior to COVID-19 and Level 4 came on the scene, the opening of Transmission Gully Motorway and Link Roads had already been delayed from the official opening on 31 March 2020 to an opening sometime in December 2020. However, since COVID-19 all work has stopped. The Link Roads sever access to our land and interested parties (in that remaining land) are backing off, waiting to see what happens after COVID-19.
2. The Land Valuation Tribunal has advised that the hearing of our land compensation claim, originally set for January and recently changed to 11<sup>th</sup> of May 2020, is now postponed, due to COVIC-19, with no known resumption date. This hearing was to be followed with a further hearing regarding compensation for the costs we have incurred and interest, the date of which has not yet been set.
3. Recently, Porirua City Council has started a District Plan review. Silverwood had made submissions to the fore runner to this process, the *Porirua Growth Strategy 2048*. PCC's decision based on those submissions indicated that the balance of Silverwood's land was suitable for a future urban zoning. However, there are now indications that a landscape protection zoning may be preferred. This is contrary to the PCC's earlier recommendations and, if implemented, would have a major effect on property value. To achieve a commercially sensible, balanced, and sustainable zoning result would involve further expensive submissions.
4. Silverwood had carefully planned its last distribution and had left, with a wide safety margin, enough funds to see the LVT case through. The cash flow calculations come in three categories:
  - (a) regulatory costs being rates, audit, and other statutory costs; and
  - (b) normal running costs for board meetings, AGM, administration, Land value improvement costs, etc.; and
  - (b) LVT claim costs.

As at 31 March 2020 Silverwood has ample funds to meet in the year to come (a) costs, it has also sufficient funds to meet (b) costs but that would not be fair to what we ask the (c) cost creditors to carry.

Therefore all (b) & (c) costs will be paid from funds received following the LVT hearing. By far the largest costs in the 2020 Financial Year related to court costs, the same is likely to apply to the 2021 Financial Year, except that it now relates directly to the hearing with the judge making a decision as to how much and this is followed by a payment. All close together.

B. Silverwood proposes a new wind up date from 31 March 2021, now 31 March 2022

The events described under A above clearly indicate that our earlier FMA mandated wind-up date of 31 March 2021 is no longer a viable option. As a result, the directors of the General Partner propose a one-year postponement, this to be addressed with the supervisor (Covenant) and the FMA.

Whilst COVIC-19 affects Silverwood and undoubtedly will have the effect of postponing the next distribution to you, we believe the situation remains reasonable and well manageable. The directors all believe your health is more important to you than the timing of the next Silverwood distribution, so please 'look after yourself', *Dum vita est, spes est*, while there is life, there is hope.

As usual, I am happy to take your call if you have a concern or would like to discuss the above in more detail,

Kind Regards,  
Peter Tiedemann  
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