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2003 PROSPECTUS

SILVERWOOD

FOREST CORPORATION LIMITED AND COMPANY

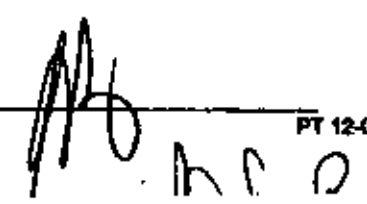
- LAND PARTNERSHIP

INVESTMENT STATEMENT AND PROSPECTUS

For an offer by Silverwood Forest Corporation Limited and Company – Land Partnership to existing holders of Land Partnership units of one additional Land Partnership Unit for every one unit held at an issue price of \$4,000 per new unit, payable on application by 12 June 2003

This investment statement and prospectus is dated 14 May 2003.

Following the completion of the issue directors propose to make a one for one bonus issue to all unit holders.



1 - OFFER

INVESTMENT STATEMENT AND PROSPECTUS

For an offer by Silverwood Forest Corporation Limited and Company – Land Partnership (SLP) to existing holders of Land Partnership units of one additional Land Partnership Unit for every one unit held at an issue price of \$4,000 per new unit, payable on application by 12 June 2003

This investment statement and prospectus is dated 14 May 2003.

SLP GROWTH IN EQUITY

In 1990/1 SLP issued 262 Land Partnership units of \$2,200 each, thus providing a capital of \$576,400.

The audited SLP financial statements for the year ended 31 March 2003 shows equity to have grown to \$2,536,814 or \$9,682 per unit, a growth of 13.1 % pa for the twelve years to March 2003.

EFFECT OF ISSUE ON UNIT VALUES

Providing all unit holders pay \$4,000 on 12 June 2003, SLP capital will increase by 262 new units and \$1,048,000 to 524 units with an equity value of \$3,584,814, that is \$6,841 per unit.

Following the completion of the issue directors propose to make a one for one bonus issue to all unit holders, increasing units to a maximum of 1048.

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Attached:

Schedule A – Deed of Participation

Schedule B – Accounts and Reports for 6 years ending 31 March 2003

**3 - INDEX OF INFORMATION SET OUT IN THE THIRD
SCHEDULE OF THE SECURITIES REGULATIONS 1983 AS
REQUIRED BY REGULATION 4.**

Matters Required in a Registered Prospectus for Participatory Securities

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4 – KEY DATES

Indicative entitlements determined	5pm, 21 April 2003
Entitlements confirmed	5pm, 28 April 2003
Prospectus issued	14 May 2003
Offer Opens	16 May 2003
Offer Closes	by 5pm, 12 June 2003*
Units Allotted	by 30 June 2003*

Note: * unless extended by directors

This Investment Statement And Prospectus is dated 14 May 2003.

5 – IMPORTANT INFORMATION

The information in this section is required under the Securities Act 1978.

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the questions under the following headings: (see Investment Statement commencing page 9)

What sort of investment is this?
Who is involved in providing it for me?
How much do I pay?

What are the charges?
What returns will I get?
What are my risks?
Can the investment be altered?
How do I cash in my investment?
Whom do I contact with inquiries about my investment?
Is there anyone to whom I can complain if I have problems with the investment?
What other information can I obtain about this investment?

In addition to the information in this document, important information can be found in the current registered Prospectus for the investment set out on pages 13-25. You are entitled to a copy of the Prospectus on request. *

Choosing an investment adviser

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- Whether the adviser gives advice only about particular types of investments; and
- Whether the advice is limited to the investments offered by one or more financial organizations; and
- Whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within 5 working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition:

- If an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- If an investment adviser receives money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

* This is the wording required by the Securities Regulations 1983, which contemplates a separate Prospectus and Investment Statement. In the case of this offer, both documents are combined and accordingly the Prospectus available on request is the same as this document.

6 – LETTER FROM SLP DIRECTORS

Dear Silverwood Land Partnership Unit Holder

In the accounts attached to our August 2002 Newsletter and at our AGM of 23rd September 2002, we made references to loans made to SLP which fall due in the year ending 31 March 2003.

Mortgage due 31 March 2003 to Bradwood Forest Ltd.	\$ 500,000
Loan from Silverwood Forest Partnership	\$ 244,807
Mortgage due 31 March 2003 to Whitby Corporation Ltd.	\$ 100,000
Creditors for services and interest	\$ 174,853
Total Due	<u>\$ 1,019,660</u>

Two loans are secured by way of mortgage over the Whitby land and are held by:

- Bradwood Forest Ltd., a company managed by Arbor Management Limited, similar to Silverwood Forest Corporation Limited and Company (SFCL). Three of its directors are directors of Silverwood Forest Corporation Limited and Company.
- Whitby Corporation Limited is the original vendor of the Whitby land to SLP and the Whitby forest to SFP. Whitby Corporation Limited holds 50% of all SLP units and 15% of all SFP units. Its directors are also SFCL directors.

The third Loan has come from Silverwood Forest Partnership, please note all SLP unit holders also own SFP units. The two mortgage holders and SFP have agreed to extend their loans until after payments for this issue has been received. If units subscribed and paid for provide insufficient funding to pay debts due, the directors have agreed to maintain a reduced level of debt secured by mortgage from a party or parties yet to be confirmed.

This SLP Prospectus is sent to you together with the advice of a \$4,000 per unit distribution to Silverwood Forest Partnership unit holders from funds in excess of SFP requirements.

SFP has started harvesting the tree crop at Whitby, therefore bare land sale(s) and/or developed land sale(s) has become a commercial possibility. To capitalize on the commercial value inherent in the land a number of negotiations need to be started and or completed.

Approximately:

- 16 % of our land is designated by Transit for the proposed Transmission Gully motorway
- 45 % of our land is designated by Transit because the proposed motorway designation will land-lock parts.
- 61 % of our land is therefore currently under negotiation with Transit NZ

- 28% of our land is contracted to a Stage II residential development in joint venture with Seventh City Finance Ltd. and Carrus Corporation Ltd.
- 9 % of our land is contracted to a Stage I residential development in joint venture with Seventh City Finance Ltd. and Carrus Corporation Ltd.
- 37 % is in joint venture for development in residential sections and rural sites.

2% of our land will be retained by SLP for Porirua City Council (PCC) designation and or Stage III development and is subject to contract with Seventh City Finance Ltd.

Our land has an area of 212 hectares and is located adjacent to the established urban area of Whitby. Some 123 hectares of the land has a residential zoning and, upon clearing of the forest, could be subdivided for a standard density Residential development. The balance of the land is zoned Whitby Landscape Protection with a minimum subdivision size of one hectare, and Rural with a minimum subdivision size of 5 hectares.

Transit:

In 1996 Transit New Zealand placed a designation over part of our land to facilitate the possible construction of the Transmission Gully motorway. This designation causes considerable parts of our land to become land-locked. Including these so-called severance's, the Transit land take area is about 130 hectares (326 acres) which is more or less 61 % of our property.

Under the Public Works Act compensation will be payable by the Crown for the land taken and for any "injurious affection". Both SLP and Transit have had valuations prepared using an agreed process of 'Before' and 'After' valuations, the difference being the value of the compensation. The two compensation values under discussion are significantly different. Whilst parts of our costs have been repaid by Transit NZ, we will need funding to employ appropriate advisors so that we can argue our position in either arbitration or a court of law such that we receive fair compensation for the land taken, and recover compensation for costs incurred.

PCC:

The directors have also reported that a further designation to link the Transmission Gully motorway proposed by Transit to Whitby township is under discussion with Porirua City Council.

Designations Summary:

Both designations may mean land is taken which is currently in forest or in scrub. A good proportion of this land however is elevated and sun drenched. It has been judged by experts to be valuable, as it overlooks the Pauatahanui Arm of the Porirua Harbour, Karehana Bay and the high per capita income area of the beautifully landscaped Whitby township. It will therefore take funding to protect our rights and obtain fair value from the institutions concerned.

Joint Venture:

The board has entered into a joint venture (JV) agreement with Seventh City Finance Limited and Carrus Corporation Limited who are experienced land developers and are developing, amongst others, the Aotea Block in Porirua. The JV is attractive to the SLP board for the synergies in relationships around Porirua and their all-inclusive experience in land developments. SLP has contributed Stages I + II land value and Carrus is contributing the equivalent in cash to pay for the development costs. SLP benefits are an agreed land value and 50% of the net returns.

Timing and risks:

The proposed Transmission Gully motorway decision is in the end a political one. One moment it appears imminent, the next it is years away, it may even go away. Whilst Transit NZ is willing to settle now, they wish to discount any settlement substantially because of 'early settlement' and uncertainty involved.

The JV was signed in September 2002 and is in the process of reviewing options as to how best to utilise land made available to it by the agreement. Issues to be resolved include access and connectivity with neighbours, finding best return options, establishing resource consents, overcoming elevations and gradients and other land formation features of geo-technical and seismic nature.

Conclusion:

The Silverwood Forest Partnership has started harvesting trees at Whitby and has a programme that will take about eight years to complete. That means the Whitby land owned by Silverwood Land Partnership becomes progressively available for sale.

The board has considered its options and has agreed to address the land available for development by entering into a JV agreement. Furthermore it has agreed to enter a process which will see designated land realise a fair value for its unit holders in due course.

To-date all SLP funding to purchase access, establish the JV and negotiate with Transit and PCC has come from loans secured by mortgages. These loans carry an interest cost and, with no income expected for some time, the board has decided that the prudent course is to repay these loans and to provide a small amount of working capital by making this issue.

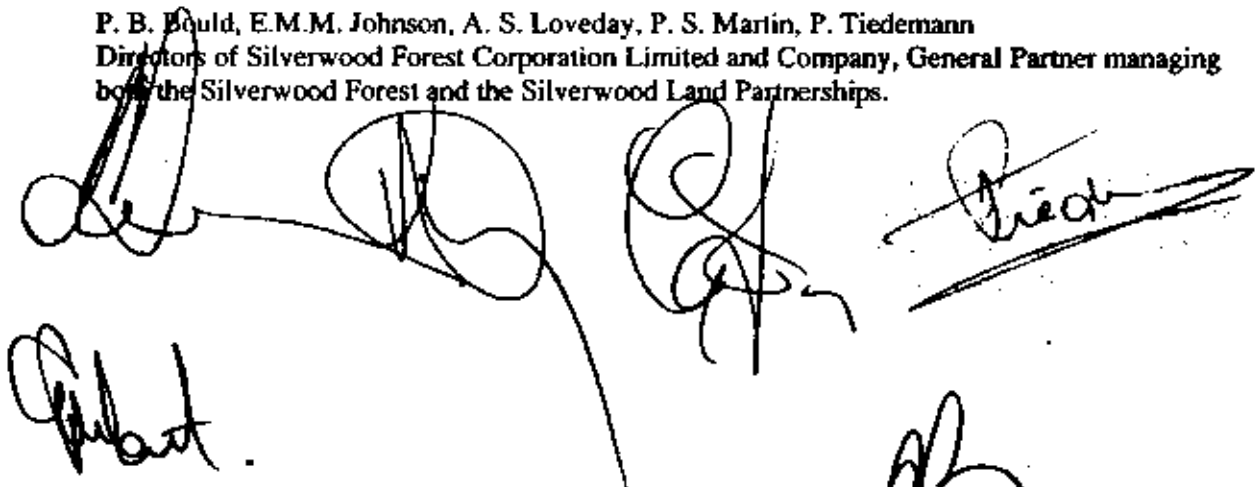
The SLP Directors and Whitby Corporation Limited will all accept (and pay for) the units they are entitled to under the offer set out in this Prospectus.

61% of existing SLP unit holders have pre-agreed to take up their entitlements offered in this Prospectus.

This letter should be read in conjunction with the "Business Risks" and "Other Risks" and all other data provided in the Investment Statement and Prospectus attached.

Yours sincerely

P. B. Gould, E.M.M. Johnson, A. S. Loveday, P. S. Martin, P. Tiedemann
Directors of Silverwood Forest Corporation Limited and Company, General Partner managing both the Silverwood Forest and the Silverwood Land Partnerships.



7 – Investment Statement

Introduction

This section of this document is an Investment Statement for the purpose of the Securities Act 1978. The Special Partnership, Silverwood Forest Corporation limited and Company – Land partnership, ('SLP' or the 'Partnership') was formed in 1990 as a Special Partnership under the Partnership Act of 1908. SLP started out with an issue of 262 units costing \$2,200 each.

As of 14 May 2003 SLP offers to all existing unit holders one unit for every one held at 21 April 2003.

This Investment Statement is dated 14 May 2003. SLP has also issued a Prospectus dated 14 May 2003 (the 'Prospectus'). The Prospectus is set out later in this document (see page 13-25). Investors should carefully read the Prospectus, which contains a more detailed description of the offer.

Special Partnership

A Special Partnership allows more than 25 persons to be partners in its formation in contrast to an ordinary partnership, which allows only up to 25 persons to be partners.

A Special Partnership provides limited liability to all special partners beyond the specific capital to which each special partner is committed. This is in contrast to an ordinary partnership where all partners are liable for all debts and obligations of the partnership.

What sort of investment is this?

The securities offered in this Investment Statement and the Prospectus are 262 units for \$4,000 each payable on or before 12 June 2003.

In 1990 the Silverwood Forest Corporation limited and Company – Forest & Land Partnership Prospectus issued 262 Land units.

SLP's sole purpose in purchasing the property situated at Whitby, Wellington, in 1990 was to ensure Silverwood Forest Partnership (SFP) retained control over the land until the forest it purchased had matured. SFP is now willing to release progressively rights it holds under the respective Partnership Deeds. Until now the SLP has not traded and land costs (rates) were borne by SFP in turn for SFP using the land to grow its 178 hectares forest. From completion of harvesting the land use is returned to SLP and so are the costs. The General Partner of SLP now has the sole objective to realise the best possible return from this land as soon as it becomes available after logging and to optimise returns to its unit holders.

Your entitlement to SLP units

Your entitlement to units is shown in the Application Form distributed with this document. Unit holders may apply for units in excess of the number to which they are entitled. There is no limit to the number of additional units that may be applied for. In the event that applications for additional units plus applications relating to entitlements are received for more than the maximum number of units on offer, allocations of additional units (over and above applications relating to entitlements) will be allocated by directors of the General Partner at their discretion.

Over-subscriptions in excess of the 262 units on offer will not be accepted. Application monies on over-subscriptions will be returned to applicants within seven days following allotment.

Underwriting

The SLP unit issue is not underwritten.

What are the charges?

There is no charges payable by unit holders to the Partnership arising from the unit issue. Unit holders selling units in the future may be liable for legal and/or brokerage costs.

What returns will I get?

The returns unit holders may receive on their investment will be determined by any appreciation in the value of the units, and/or from any distributions paid to unit holders by the Partnership.

Any appreciation in the price of the units will depend on a number of factors relating to the Partnership's operational and financial performance. The section headed 'What are my risks' below, and the 'Business Risks' section of the Prospectus, describe matters which may affect the Partnership's performance.

Any distributions payable by the Partnership will depend on the performance of the Partnership and no assurance can be given that any such distributions will be approved. In the event that any distribution is approved, the Partnership is the person legally liable to pay it.

What are my risks?

The principal risk to unit holders is that they will be unable to realise any value, or receive the returns referred to above, from their investment. Any returns unit holders will receive will depend on the financial performance of the Partnership, which will in turn in part reflect the outcome of negotiations regarding designations, the financial

result of the JV it entered into and any other property development opportunities it may enter into in the future.

A description of the various risk factors which may affect the Partnership are set out in the Prospectus, which is part of this document, under the headings "Business Risks" and "Other Business Risks". In liquidation, a unit holder would not receive any return of capital until the Partnership had first paid its secured and unsecured creditors.

Can the investment be altered?

The rights and obligations of unit holders are set out in the Deed of Participation of the Land Partnership and this Deed is part of the Prospectus, which is part of this document. The General Partner manages SLP. Special Partners are not involved in SLP management. It requires a 90% vote of the nominal value of the Partnership Capital to change the General Partner. The Statutory Supervisor shall exercise reasonable diligence to ascertain whether or not any breach of the terms of this Deed or of the terms of offer of the participatory securities has occurred and, except where it is satisfied that the breach will not materially prejudice the interests of the Special Partners, shall do all such things as it is empowered to do to cause any breach of those terms to be remedied. (Cl.24 (2))

How do I cash in my investment?

Unit holders are free to sell their units in the Partnership, subject only to compliance with the Deed of Participation and applicable securities laws and regulations.

See also the paragraph above headed "What are my risks" for further information regarding the tradability of the units, and the paragraph "What are the charges" for information on charges payable on a sale of LPS units.

Whom do I contact with enquiries about my investment?

Enquiries about the investment should be directed to Peter Tiedemann, Silverwood Land Partnership, P.O. Box 84 101, Westgate, Auckland 1250 or Phone: 021 764 664 Fax: 09 360 2180, Email: pect@xtra.co.nz, after hours Auckland 09 833 7929.

Is there anyone to whom I can complain if I have problems with the investment?

A complaint about your investment may be made to:

The Solicitor of Silverwood Forest Corporation Limited and Company,
Castle / Brown Barristers & Solicitors, attention Mr. Miles Brown LLB.
PO Box 9670 - Auckland.

What other information can I obtain about this investment?

Further details about the terms of this SLP unit issue and additional important information about the Partnership and its activities are contained in the Prospectus set

out in pages 13-25 of this document. Copies of the Prospectus may be obtained from SLP. A copy of the Prospectus, financial statements and other documents of or relating to the Partnership is also filed on the securities register on the public file at the Companies Office, Business and Registries Branch, Ministry of Commerce, 3 Kingston Street Auckland. They can be inspected between 9 a.m. and 5 p.m. on business days on payment of the prescribed fee charged by the Companies Office.

Unit holders will be sent copies of all unit holder communications

Unit holders may also request copies of the most recent annual report of the Partnership, incorporating its financial statements, at any time, free of cost, on written request to SLP, c/- Arbor Investments Ltd., P.O. Box 4269 Wanganui.

8 – PROSPECTUS

Matters Required in Registered Prospectus for Participatory Securities

8.01. Main terms of offer

The offer set out in this Prospectus is made by Silverwood Forest Corporation Limited and Company – Land Partnership (SLP or Partnership) having its registered office at The Offices of Peter Bould C A Limited
Level 7, SIL House
Cnr. Wellesley & Albert Streets
44 – 52 Wellesley Street West
Auckland

The securities offered in this Prospectus are units ranking in all respects *pari passu* with the existing units in the capital of this Partnership formed as a Special Partnership under the provisions of Part II of the Partnership Act 1908 ('The Act'). On 14 May 2003 this Prospectus offers 262 units at \$4,000 each. The capital of the Partnership shall be increased from 262 units to 524 units.

The 262 units offered on 14 May 2003 to unit holders for subscription may, if not fully subscribed, first be allocated to unit holders requesting subscriptions in excess of their entitlements, and may subsequently be offered to members of the public for subscription at the same terms offered to existing unit holders.

The consideration to be paid for the units is \$4,000 per unit.
The subscription price of \$4,000 per unit must be paid with the application for units and is due 5 p.m. 12 June 2003.

This Prospectus is dated 14 May 2003.

Prince & Partners have been the Statutory Supervisors of the Partnership since inception in 1990 and continue to be so. Prince & Partners do not guarantee the repayment of the securities offered or the payment of interest thereon.

8.04 Description of scheme and development thereof.

The Land Partnership was formed in 1990 for the sole purpose of ensuring the land situated at Whitby is retained by the members of the Forest Partnership. This was considered necessary because the potential value of the land, due to its location and zoning, could influence the premature felling of the forest.

Harvesting Resource Consent for felling our mature trees was received in 2002 and logging started late last year. The land harvested will become available for sale.

After due enquiries made, it became apparent that the sale of bare land would not provide the best returns to the unit holders. In studying the available options the directors elected the following courses of action to maximise the value of the available land.

1. Proceed with the process to obtain best possible returns for our unit holders from the designation placed over our land by Transit NZ for the building of the Transmission motorway. (Transit)
2. Proceed with the process to obtain best possible returns for our unit holders from the designation planned to be placed over our land by Porirua City Council for the building of the Transmission Gully motorway – Whitby township link. (PCC)
3. Proceed with the process to obtain best possible returns for our unit holders from the zoning placed by council over the balance of our land. (JV)

Re 1 – Transit

In 2001, SLP and Transit discussed the 'Transmission Gully' designation placed over SLP's Land. This resulted in the board commissioning a draft valuation report in October 2001 to assess current market value as part of a compensation exercise for the significant slice of SLP land being a corridor that runs a full length of the property.

Under the Public Works Act, compensation will be payable by the Crown not only for the land taken, but also for a detrimental affect or 'injurious affection' on the residual block. The land take, including areas which will become land locked (severance) has been calculated at 130 hectares or some 61% of the existing property.

The accepted method of establishing compensation under this scenario is a 'Before' and 'After' valuation with compensation representing the difference between the two.

A 'Before' and 'After' scenario was agreed with The Property Group (TPG), which represents Transit NZ in this process. The parties agree the appropriate basis on which compensation can be calculated and the engineering consultants acting for each of the parties achieved consensus as to the form of subdivision and likely costs.

Because of the size of the Silverwood block, the potential total development time frame is likely to be in the order of 8 – 10 years and would take place over a series of stages. Fortunately these stages correspond closely with the maturity of the various plantings within the forest. Please note that the Partnership that owns the forest (SFP) is quite separate from the Partnership, which owns the land (SLP).

At this stage SLP directors and TPG are evaluating issues including:

- Treatment of severance's
- Timing
- Betterment
- Injurious affection from motorway proximity

The directors favour continuing with negotiations aided by experienced independent advice preferably from jointly instructed experts.

Re 2 – PCC

If the 'Transmission Gully' motorway proceeds, the Porirua City Council will want to establish a linkage between the motorway and Whitby town ship.

The Partnership has been approached, together with our neighbour Whitby Coastal Estate Limited by PCC to see whether the three parties could work together on establishing this link. The directors have agreed to await the outcome of discussions with TPG and PCC re developments and have set aside approximately 4 hectares. In the meantime, if the outcome was negative, this land could be subdivided in rural blocks and sold on completion of access through Stage II.

Re 3 – JV

In September 2002 the directors signed a Joint Venture Agreement between Silverwood Forest Corporation Limited, Seventh City Finance Limited and Carrus Corporation Limited. The objectives of the JV are to

- Develop and market sections for the optimum return to the JV
- Complete the project and use the parties' best efforts to sell all sections within 5 years of the commencement of this agreement.

No party shall be liable for any cost, risk or liability arising from any unauthorised act, omission, default or neglect of the other. SLP contributes agreed land at an agreed

value providing an agreed minimum yield in lots is achieved. In addition to the agreed land value SLP is to receive 50% of the net profit from developments.

The board entered into a joint venture agreement with Seventh City Finance Limited and Carrus Corporation Limited because they are reputed to be experienced land developers and are developing, amongst others, the Aotea Block in Porirua. The attractions to the SLP board include Carrus' synergies in relationships around Porirua and their all-inclusive experience in land development.

The Land Partnership will continue to own all its land at Whitby until sold to Transit and/or PCC and/or purchasers of developed sections.

8.05 Subscriber's liability

The Deed of Participation attached in Schedule A 3 (6) states 'The personal liability of each Special Partner in respect of the Partnership shall be limited to the amount of their contribution to the capital of the Partnership.'

The amounts payable by each of the Special Partners as their capital contribution shall be paid by the Special Partners in cash to the Partnership and shall be used for the purpose of the Partnership.

8.06 Summary of financial statements

Financial Statements for the six consecutive accounting periods preceding the date of the last balance sheet for YE 31 March 2003 are attached in Schedule B and have been summarized from audited financial statements for those six periods.

8.07 Plans, prospects and forecasts

SLP wishes to realize the best possible value of its land for the benefit of its unit holders, consistent with the resources at its disposal.

The Partnership is involved in land sale and land development, which, of itself, means that the Partnership is a high-risk investment. The most recent Statement of Financial Position for the Partnership is set out in the audited Financial Statements as at 31st March 2003, see Schedule B. The Financial Statements were prepared on a going concern basis, which depends on the Partnerships' ability to raise further working capital from this issue. The Partnership has no working capital except borrowed funds secured by way of mortgages over its land. The March 2002 accounts indicate that total liabilities represent 22% of the value of the land mortgaged. However activities during the 2003 financial year, planning and negotiating designations and JV, has seen costs rising and a further mortgage loan was arranged for \$ 100,000 from Whitby Corporation Limited increasing this ratio to 29%. Funds received from this issue will be applied to debt reduction in the first instance.

If fewer funds than the amount sought are raised, the Partnership may not be in a position to pursue all projects intended. Because the Partnership has received no income from its land to-date and is now incurring costs to realize the land, tax losses have accumulated but these cannot be utilized until land is developed and sold at a profit. This paragraph should be read in conjunction with the 'Business Risks' and 'Other Business Risks' below.

8.08 Minimum subscription

The minimum subscription is 200 units or 76% of units offered, as required to be specified by section 37 (2) of the Securities Act 1978. Under section 37 A (2) 100 % of the security or \$4,000 is payable on application.

All directors will take up their entitlements and the directors of Whitby Corporation Limited, Greenoch Forest Limited and Company and others have agreed to take up entitlements. That means 61% of units offered will be applied for, providing the 200-unit threshold is passed.

8.09 Guarantors

There are no guarantors.

8.10 Acquisition of business or equity securities

The only business interest the Partnership has is in the JV where it has provided the right of access to develop its land in return for an equivalent value in development and where it has agreed to a value for stages I + II for the land in addition to a 50% share in JV development profits.

8.11 Securities paid up otherwise than in cash

No securities have been allotted within five years of the last audited balance sheet of 31 March 2003 or have been subscribed for and are to be allotted as fully or partly paid up.

8.12 Options to subscribe for securities of the scheme

Not applicable

8.13 Manager's interest

The directors of the General Partner receive directors' fees and charge for work completed on an hourly or contract basis. The directors are minority unit holders in SLP. Two directors are also directors of Whitby Corporation Limited which owns half of the Land Partnership units, both are minority shareholders of that company. Three directors are also directors of Bradwood Forest Limited which has provided a loan secured by mortgage over SLP land.

8.14 Promoters' interest

Not applicable

8.15 Material Contracts

No material contract has been entered into by SLP at any time in the two years preceding the Prospectus date or for that matter preceding 31 March 2003, that does not relate to the ordinary course of business of Silverwood Forest Corporation Limited and Company - Land Partnership.

8.16 Pending proceedings

There are no proceedings pending but a number of negotiations have started where it may lead at some stage in the future to the board having to decide whether to enter into arbitration or legal proceedings to ensure its unit holders receive fair value for the land under negotiation.

8.17 Issue expenses

Issue expenses, including printing and mailing costs, registry expenses, legal and other costs to prepare are estimated at \$ 25,000 and are payable by the Partnership. No commission is payable in respect of the issue.

8.18 Terms of deed of participation

A copy of the deed of participation is attached to this prospectus in Schedule A.

8.19 Other terms of offer and securities

This Silverwood Land Partnership unit issue is made to all existing unit holders determined registered as holders in the Partnerships' applicable securities register and confirmed at 5 p.m. on 28 April 2003.

Your entitlement is shown in the Application Form distributed with this Prospectus.

Purchase of additional units

Unit holders may apply for units in excess of the number to which they are entitled. There is no limit on the number of additional units that may be applied for except the total number, which is available under the issue. In the event that applications for additional units plus applications relating to entitlements are received for more than the maximum number of units on offer, allocations of additional units over and above applications relating to entitlements will be made by directors at their sole discretion.

Over-subscriptions in excess of the 262 units on offer will not be accepted.

Application monies for over-subscription will be returned to applicants within seven days following allotment.

Entitlements not taken up

Rights not exercised in accordance with the terms of the offer set out above will be dealt with at the discretion of the directors and in accordance with the Partnerships' Deed of Participation.

Payment

Payment per unit is \$4,000. This must be made with the application for units on or before 12 June 2003.

Deferred payment

Payments are due 12 June 2003. If a payment is not made or only made in part, the number of units allocated to the Special Partner will be adjusted accordingly and unpaid units will be forfeited and offered for sale by the Partnership. All costs incurred will be at the expense of the defaulting Special Partner.

Investors should be aware that, if a liquidator were ever appointed to the Partnership, the liquidator would have the power to make an immediate call on unit holders to contribute all monies unpaid on their units. Furthermore, if SLP charges its uncalled capital (for example, by granting a debenture or general security agreement), then the receiver, if appointed, would have the same power as the board to make a call on the charged unpaid capital.

Forfeiture & Lien

If a unit holder fails to pay, or any other amount remaining unpaid on a unit, having been given 14 days notice specifying the time for payment, the board may levy interest not exceeding 18% per annum.

Investors should be aware that, if a unit holder fails to pay, the board may give notice demanding payment of the amount remaining unpaid on a unit on the date specified for payment and may specify a period of 14 days to comply. If a unit holder does not comply with the notice then the unit holders units on which a payment remains outstanding may be forfeited. Any forfeited units may be sold or reallocated by the board, provided that if a unit is sold within 12 months of forfeit the proceeds are paid first to satisfy the installment or other amount remaining unpaid on the unit and any excess to the unit holder. Even if a unit holder forfeits a unit, the unit holder remains liable to pay the Partnership all money payable to it at the date of forfeiture including interest until the Partnership receives payment in full.

Application

Those unit holders who wish to take up all or any units to which they have an entitlement or who wish to apply for additional units should complete the enclosed Application Form distributed with this Prospectus in the manner indicated on the form and post it, together with a cheque crossed 'not transferable' in favor of Silverwood

Land Partnership c/- of Arbor Investments Limited, 219 Victoria Avenue, P.O. Box 4269 Wanganui, to be received not later than 5 p.m. on 12 June 2003 (unless extended by the directors).

Rights non-renounceable

The rights to units not applied for cannot be sold or transferred to any person including any other unit holder.

Allotment of units and issue of unit certificates

Allotments of units issued pursuant to the offer contained in this Prospectus is intended to be completed by 30 June 2003 unless the offer extended at the discretion of the directors of the General Partner. Unit Certificates will be sent to subscribers as soon as possible after allotment of the units.

Requirements in respect of Financial Statements

8.20 Application

The Land Partnership was set up in 1990 for the sole purpose to purchase land on which the Silverwood Forest Partnership owns a forest.

To-date land costs have been carried by the Forest Partnership as a cost towards its expected revenue from logging. Land costs not carried by SFP include management and administration costs and costs relating to protect zoning, to provide access, and to establish land value.

To be able to pay for these costs the Partnership has gone into debt secured by way of mortgages over its land.

8.21 Balance Sheets

Schedule B attached includes audited balance sheets details giving a true and fair view of the state of affairs for the last six years to 31 March 2003 being the most recently completed year.

8.22 Participants' funds

See Schedules B attached

8.23 Deferred taxation

Not applicable

8.24 Term Liabilities

See Schedules B attached

8.25 Current Liabilities

See Schedules B attached

8.26 Commitments and contingent liabilities
Not applicable

8.27 Fixed assets
See Schedules B attached

8.28 Investments
Not applicable

8.29 Current assets
See Schedules B attached

8.30 Intangible and other assets
Not applicable

8.31 Profit and loss accounts
See Schedules B attached

8.32 Contents of profit and loss account
See Schedules B attached

8.33 Statements of changes in financial position
See Schedules B attached

8.34 Other information
Requirements have been included with financial statements provided in Schedules B attached.

Miscellaneous Requirements

8.35 Places of inspection of documents
Copies of the financial statements and reports were attached to this Prospectus for the purpose of its registration as required by Regulation 7 (1) of the Securities Regulations 1983.

Copies of the financial statements and reports may be inspected free of charge at the office of the General Partner c/- Arbor Investments Limited 219 Victoria Avenue, Wanganui, between 9am and 4pm on business days, or on the public file at the Companies Office, Business and Registries Branch, Ministry of Commerce, 3 Kingston Street Auckland between 9 a.m. and 5 p.m. on business days on payment of the prescribed fee charged by the Companies Office.

8.36 Other material matters

No person or company or Partnership mentioned in these Prospectus guarantees the units offered in this Prospectus. No person may offer, sell, or deliver the units or distribute any documents (including this Prospectus) to any person or in any jurisdiction other than in compliance with any applicable laws and regulations.

No documents other than a copy of the financial statements dated 31 March 2003 and the reports required to be annexed or attached to this Prospectus are required by section 41 of the Securities Act 1978 to be attached to this Prospectus for the purpose of its registration.

Business Risk

Transit

Both parties have accepted the methodology of achieving a fair compensation for the Transit Land take using the 'Before' and 'After' process. A number of differences have come up which need pursuing either now or later. The process has already taken some eighteen months and market conditions, inflation, developments at our boundaries, etc will continue to change values. The best that can be said is that the end realization of the compensation is of a speculative nature. Our neighbour Whitby Coastal Estate limited has recently offered the following blocks for sale:

See page 46 March 14, 2003 – The National Business Review:

- Resolution Neighbourhood 27.6 hectares for \$275,000+gst per hectare
- Endeavour Neighbourhood 16.7 hectares for \$300,000+gst per hectare
- Spyglass Lane extension 4.3 hectares for \$375,000+gst per hectare

PCC

This realization is depending on the above 'speculative' outcome and therefore can be considered doubly speculative.

JV

Transit value and timing issues could possibly become less significant if we can demonstrate speed and value in the development stages currently proposed by the JV. While the board is confident it is working with some of the most experienced JV partners in its field in New Zealand, the normal issues re land formation, neighbours, access, services, consents have yet to be resolved. Land development by its nature is speculative.

Accordingly, there can be no assurances that steps taken by the Partnership will in the end realise valuation. Current values for rating purposes are based on a rural use classification; the land use is forestry.

Other Business Risks

- The Partnership is incurring costs with uncertain revenue forecast.
- With the Forest being harvested, SLP fixed costs will no longer be carried by SFP.
- Time delays, for whatever reason, affect discounted returns.
- Shortfall in funds sought by way of this issue may mean some borrowing needs to continue and this establishes a fixed cost the directors prefer to avoid. It may accordingly result in investors being subject to increased business risks than those which would be faced if all funds were received or the issue had been underwritten.
- While demand for sections has been such that prices have been rising, there is no guarantee that this will continue. World political instability may affect economic outcomes, which in turn may affect New Zealand economic outcomes, which may affect demand for sections, which may affect section prices.

8.37 - DIRECTORS' STATEMENT

The recent history and financial statements of the business and operations of the Partnership mean that it is exposed to the various risk factors described earlier. Subject to those factors and the comments made in that regard, the directors of Silverwood Forest Corporation Limited and Company, the General Partner managing the Silverwood Land Partnership, state that, after due enquiry by them in relation to the period between 31 March 2003 and the date of this Prospectus, there have, in their opinion, arisen no circumstances that materially adversely affect the value of the Partnerships' assets, or the ability of the Partnership to pay its liabilities due within the next 12 months.

It should be noted the successful completion of the offer set out in this prospectus is important to the partnership. It enables settlement of loans and creditors, it improves its position to negotiate from strength and it allows focus on getting the best possible land sales. Note also that this is in line with the nature of operations of this type.

This Prospectus has been signed by each of the Directors or his agent authorised in writing of Silverwood Forest Corporation Limited General Partner and Manager of the Land Partnership.

Peter Bradney Bould
Anthony Sydney Dowd
Peter Tiedemann

Peter Scott Martin
Eoin Malcolm Miller Johnson.....

8.38 Auditors' report
See Schedule B attached

2001
2001

SCHEDULE A – DEED OF PARTICIPATION LAND PARTNERSHIP

- The Deed of Participation of the Silverwood Land Partnership attached here is a direct copy of the original deed included in the 1990 Prospectus of Silverwood Forest Corporation Limited and Company Forest & Land Partnership.
- An up-date to current names and addresses is listed in the Prospectus, item 8.02 on page 14 of this document.

WFOV



DEED OF PARTICIPATION FOREST PARTNERSHIP

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY — FOREST PARTNERSHIP

THIS DEED made this 10th day of September 1990

SILVERWOOD FOREST LIMITED AND COMPANY —
FOREST PARTNERSHIP.

BETWEEN WHITBY CORPORATION LIMITED a duly incorporated Company having its registered office at Lower Hut ("the initial Special Partner") together with the several other persons who join in this Deed by Deed of Accession (referred to below collectively as "the Special Partners")

AND SILVERWOOD FOREST CORPORATION LIMITED a duly incorporated Company having its registered office at Auckland (referred to below as the "General Partner")

AND PRINCE & PARTNERS TRUSTEE COMPANY LIMITED a duly incorporated trustee corporation having its registered office at Auckland (referred to below as the "Statutory Supervisor").

WHEREAS

1. THE General Partner and the initial Special Partner (the General Partner and the Special Partners together referred to as "the Partners") wish to form a partnership (now referred to as the "Partnership") to be constituted as a Special Partnership under the provisions of Part II of the Partnership Act 1908 ("the Act"), to carry on the business as set out below.
2. THE General Partner will carry out the management functions for and on behalf of the Partnership.
3. THE principal object of the Partnership will be to purchase plantation forests of mainly radiata pine by way of forestry rights suitable for the production of timber, to manage the forests and to harvest and sell the trees either as logs or timber.
4. THE initial Special Partner will provide the initial capital and will subsequently be joined by further special partners who will contribute the balance of the capital of the Partnership.
5. THE Special Partners will be required to contribute towards the capital of the Partnership.
6. THE General Partner and the initial Special Partner have appointed the Statutory Supervisor and the Statutory Supervisor has accepted such appointment to act as Statutory Supervisor in respect of the interests of the Special Partners.

NOW THEREFORE IT IS HEREBY AGREED AS FOLLOWS:

1. BUSINESS OF PARTNERSHIP

The business of the Partnership will include but shall not be limited to the following, namely:

- (a) To carry on the business of forestry, this will include the development of land, establishment of trees, silviculture, and to own, manage, operate, harvest, process, market and sell forests and trees of all kinds.
- (b) To also carry on the business of agriculture and farming.
- (c) To purchase, lease, take, hire or by other means acquire any freehold or leasehold property and rights privileges or easements over or in respect of any property.
- (d) To maintain, lease, sell or otherwise deal with or dispose of any property either real or personal acquired by the Partnership.
- (e) To invest in any other properties or securities or in the shares bonds or debentures of other partnerships or companies, to enter into partnership or joint venture arrangements with any other person partnership or company, and otherwise do all such things that may seem conducive to the benefit of the partnership.

2. PARTNERSHIP NAME

The business of the Partnership shall be carried out under the name and style of:

3. CAPITAL

- (1) The capital of the Partnership shall be divided into 158 units ("units") of \$12,800.00 each ("\$12,800.00 units").
- (2) The initial capital of the Partnership shall be the sum of THREE HUNDRED AND FORTY FIVE THOUSAND, SIX HUNDRED DOLLARS (\$345,600.00) being 27 \$12,800.00 units which shall be contributed by the initial Special Partner as set out against the name of the initial Special Partner in Schedule A of this Deed.
- (3) Notwithstanding that the Partnership will be formed as a Special Partnership under the provisions of Part II of the Act the capital of the Partnership shall, subject to subclause (5) hereof, be immediately increased up to the sum of TWO MILLION, TWENTY TWO THOUSAND AND FOUR HUNDRED DOLLARS (\$2,022,400.00) comprising of the TWENTY SEVEN (27) \$12,800.00 units as mentioned in subclause (2) above, and ONE HUNDRED AND THIRTY ONE (131) \$12,800.00 units which are to be offered for subscription to members of the public.
- (4) The units mentioned in subclause (3) shall be paid up in cash as follows:
\$10,500.00 on application
\$1,000.00 on 30th September 1991
\$800.00 on 30th September 1992
\$500.00 on 30th September 1993
- (5) During the continuance of the Partnership no Special Partner shall be entitled to withdraw or redeem any of any part of their share of the capital. If at any stage during the continuance of the Partnership the capital or any part of the capital is repaid, and at the termination of the Partnership the Partnership assets are insufficient to meet the liabilities of the Partnership, then upon demand being made by the General Partner the Special Partners shall repay to the partnership any sums received by them from the Partnership or an amount equal to the extent necessary to meet any such deficiency in Partnership assets.
- (6) The personal liability of each Special Partner in respect of the Partnership shall be limited to the amount of their contribution to the capital of the Partnership and also any unpaid capital still outstanding.
- (7) The amounts payable by each of the Special Partners as their capital contribution shall be paid by the Special Partners in cash to the Partnership and shall be used for the purpose of the Partnership.
- (8) The capital for the time being of the Partnership shall belong to the Special Partners in the proportions in which it has been contributed by them.
- (9) The Special Partners shall not be required to contribute any other sums towards the capital of the Partnership other than as set Paragraph (3) & (4) of this clause.

4. COMMENCEMENT AND DURATION

- (1) The Partnership shall commence upon the registration of a first Certificate of Special Partnership at the office of the High Court at Wellington pursuant to the provisions of Clause 5 in this Deed and shall continue for seven years, this being subject to Clause 14 of this Deed.
- (2) The Partnership may be renewed after seven years in accordance with Clause 27 of this Deed.

5. REGISTRATION

The General Partner and the initial Special Partner shall each complete, sign and acknowledge as appropriate, a certificate to be in the form of the certificate set out in Schedule B of this Deed. The initial Special Partner will each appoint an attorney for the purposes of completing, signing and acknowledging this certificate. The General Partner shall cause every such certificate to be registered as prescribed by section 54 of the Partnership Act 1908, at the High Court Office at Wellington and Publicised as prescribed by section 56 of this Act. The Special Partners and the General Partner shall comply at all times with the provisions of the Partnership Act 1908.

6. ADDITIONAL SPECIAL PARTNERS

- (1) Where the capital of the Partnership is increased as set out in clause 3 (3) of this Deed, each new Special Partner shall be required:
 - (a) to enter into and execute a Deed of Accession between themselves, the General Partner, the initial Special Partner and the Statutory Supervisor in the form of Schedule C of this Deed. Each new Special Partner will agree to appoint the General Partner to be their attorney in their and on their behalf to execute the deed of accession and the required certificate of registration and
 - (b) together with the General Partner, the initial Special Partner and themselves to complete, sign and acknowledge a certificate to be in the form of the certificate set out in Schedule D of this Deed. The General Partner will complete this certificate by using the given power of attorney from each new Special Partner.
- (2) The Partnership shall not dissolve as a result of the addition of such new special partners, any rule of law or equity notwithstanding.
- (3) Any interest acquired by a new special partner shall accept all existing liabilities of the Partnership.

7. FAILURE TO PAY INSTALMENTS ON CAPITAL

- (1) If a Special Partner fails to pay any instalment of his capital contribution to the Partnership on the due date then the General Partner may forfeit that person's interest in the Partnership at any time after giving that person 14 days written notice sent by registered letter to their last known address. The General Partner shall be entitled to replace a Special Partner whose interest has been forfeited with a new Special Partner.
 - (2) Such new Special Partners will agree to be bound by the terms and conditions of this Deed. The new Special Partner will join the Partnership by executing a deed of accession between themselves, the General Partner and the Statutory Supervisor.
 - (3) A Special Partner defaulting in their payment of capital whose interest in the Partnership has been forfeited shall cease to have any interest in the Partnership, but shall remain liable to pay to the Partnership all money which at the date of forfeiture was payable by them to the Partnership in respect of their capital owing. This liability shall cease if and when the Partnership receives payment in full of the capital contributions attached to such interest, from the new Special Partner replacing the defaulting Special Partner.
 - (4) If the Partnership receives from the new Special Partner, payment in full, of the interest which was held by the defaulting Special Partner, the General Partner may refund to the defaulting Special Partner any contributions of the capital in the Partnership which were paid by the defaulting Special Partner, but only after all costs and expenses incurred by the General Partner and the partnership are deducted from such refund.
 - (5) Any interest acquired by a new Special Partner replacing a defaulting Special Partner shall accept all existing liabilities of the Partnership.

8. MANAGEMENT

- (1) Subject to the provisions contained in this deed relating to the books of the Partnership and to meetings of the Partnership none of the Special Partners shall take part in the management of the Partnership business or shall transact the Partnership business or shall have power to bind the Partnership.
- (2) The General Partner shall be responsible for the management of the Partnership and shall carry on the business or businesses for which the Partnership is established and do all things and enter into all agreements which may be necessary or desirable for such purposes. The General Partner shall also have the following powers and authorities, namely:
 - (a) To give valid and effectual receipts for all moneys coming into its hands on behalf of the Partnership or any Partner.
 - (b) To open and operate a current account with any bank or other lending institution, to deposit all moneys coming into its hands on behalf of the Partnership, or any Partner, to make withdrawals and sign cheques from such accounts on behalf of the Partnership.
 - (c) To enter into any arrangement with any person or company for any purpose as to benefit the Partnership.
 - (d) To borrow raise or secure the payment of money in such manner as it shall think fit.
 - (e) To make loans and grants to any person or company and to subscribe for shares or any other types of securities in any company.
 - (f) To purchase acquire lease exchange hire or otherwise deal in property of any kind both real and personal and to sell or otherwise dispose of or grant any rights over or in respect of any such property.
 - (g) To lend or advance money or give credit to any person or company and to guarantee and give guarantees for the payment of money or the performance of contracts or obligations by any person or company.
 - (h) To employ agents advisers workmen and contractors and other persons or to negotiate and enter into contracts with such agents advisers workmen and contractors and other persons as independent contractors to perform any process duty or service in respect of the Partnership business as the General Partner may consider necessary.

- (i) To pay all outgoing expenses charges and costs to be borne by the Partnership and payable in respect of the Partnership business arising from the General Partner's exercising of the powers and authorities conferred by this Deed.
- (j) To attend and vote for and represent the Partnership at any meeting of creditors in respect of which the Partnership is interested and to prove debts, enter into compositions with other creditors and to take or join in taking proceedings for having any debtor adjudicated bankrupt or for obtaining a winding up order in respect of any company or other body and for all or any of the purposes as aforesaid to sign and do all such documents and things as the General Partner may consider necessary or expedient and for any of the purposes aforesaid to appoint any person as the General Partner's proxy.
- (k) To sign seal execute deliver give and acknowledge in the name of each Partner or in the name of the Partnership any contract agreement memorandum or other document which may be necessary in the exercise of any of the powers or remedies conferred upon the General Partner by this deed.
- (l) Subject to the provisions of this Deed to do or perform any other act matter or thing which may seem to the General Partner in its absolute discretion to be expedient in the interests of the Partnership.

PROVIDED HOWEVER that nothing contained in this clause shall be deemed to confer on the General Partner power to do any act matter or thing which may have the effect of requiring any Special Partner to contribute any capital sum in addition to any sum of sums already committed by that Special Partner.

9. BANKERS

- (1) The bankers of the Partnership will be the National Bank of New Zealand Limited at its Penrose branch or such other bank as shall be determined by the General Partner but all cheques, drafts, or bills of exchange drawn from the Partnership account at the said banks shall only be signed by those persons authorized by the General Partner.
- (2) The General Partner will ensure that in respect of all banking business of the Partnership separate accounts in the name of the Partnership shall be maintained.

10. PROFITS AND LOSSES

- (1) The net profit of the Partnership as shown in the annual profit and loss accounts arising from all of its investments and all other profits shall belong to the Special Partners in proportion to the total number of units held by each Special Partner in the capital of the Partnership (regardless of the nominal value of such units).
- (2) The Special Partners shall bear all losses of the Partnership (including losses of a capital nature) in proportion to the total number of units held by each Special Partner. HOWEVER the personal liability of each Special Partner will be limited to their contribution of capital and any unpaid capital still outstanding.

11. DISTRIBUTION

All income, other gains and the capital of the Partnership when distributed shall be distributed to the Special Partners in proportion to the total number of units held by each Special Partner.

12. ACCOUNTS

- (1) The General Partner shall keep proper and regular books of account of the Partnership business. Such books shall be available for inspection at all reasonable times by any Special Partner or their agent.
- (2) A profit and loss account and balance sheet for the Partnership shall be prepared by or at the direction of the General Partner for the period ending on and as at the last day of each financial year of the Partnership being 31st day of March in each year. Each such Profit and loss account and balance sheet shall be audited by a firm of chartered accountants which the General Partner shall select and shall then become binding on the Partnership. However any Partner shall be entitled to require the rectification of any manifest error discovered in such profit and loss account or balance sheet within three months of the date when the same was certified by the auditors.
- (3) The General Partner shall be entitled to be reimbursed by the Partnership for all its costs and expenses arising from duties carried out as the General Partner of the Partnership.

13. REPORTING

The General Partner shall prepare an annual report of the activities of the Partnership during the preceding year and such report shall be forwarded to the Special Partners and the Statutory Supervisor with the annual accounts of the Partnership at least one month prior to the Annual General Meeting of the Partnership and shall be laid before the Partnership at the Annual General Meeting of the Partnership.

14. MEETINGS

- (1) The General Partner shall:
 - (a) Call an Annual General Meeting of the Partnership for the purpose

of considering the accounts and balance sheet of the Partnership for its last preceding financial year. The Annual General Meeting shall be held not later than six months after the end of the financial year.

(b) At the request in writing of the Statutory Supervisor or of Special Partners holding in total not less than 10% of the capital of the Partnership, summon a meeting of the Partnership for the purpose of giving to the Statutory Supervisor their opinions or directions in relation to the exercise of its powers.

(2) The Statutory Supervisor:

(a) May on its own volition or at the request of the General Partner and

(b) Shall at the request in writing of Special Partners holding in total not less than 10% of the capital of the Partnership, summon a meeting of the Partners for the purpose of giving to it their opinions or directions in relation to the exercise of its powers or for the purpose of considering the termination of the management of the Partnership by the General Partner as laid out under clause 23 (1)(a) of this deed.

(3) The General Partner shall be responsible for determining the date time and place of every general meeting of the Partnership and shall give notice in accordance with this Deed to the Statutory Supervisor and every Special Partner and shall be responsible for appointing a secretary for each such general meeting.

(4) A general meeting of the Partnership shall not be held unless 28 clear days notice in writing is given to the Statutory Supervisor and each of the Special Partners.

(5) Any notice of a general meeting shall state the date time and place of the meeting, the proposed business of the meeting and a copy of such notice shall be given to the Statutory Supervisor and every Special Partner but an accidental omission to give such notice shall not invalidate the proceedings of the meeting.

(6) In every notice of meeting there shall also appear with reasonable prominence a statement that a Partner entitled to attend and vote at that meeting is also entitled to appoint a proxy to attend and vote instead of them and that a proxy need not be a Partner.

(7) The Statutory Supervisor or any representative of the Statutory Supervisor (being a person authorised to act for the purposes of this clause by the Statutory Supervisor) shall be entitled to attend any meeting of the Partnership, and to be heard at any such meeting which concerns the Statutory Supervisor as such or the Special Partners.

(8) At all meetings each Special Partner shall be entitled to vote on any motion put forward in the ratio of one vote for every unit held in the Partnership.

(9) The quorum for any meeting shall be that number of Special Partners holding in total 16 units in the Partnership. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of the Special Partners shall be dissolved. In any other case the meeting will be held irrespective of the number of units represented.

(10) The Statutory Supervisor may appoint a chairman of the meeting, and in the event that no such chairman is appointed, the Special Partners present at any meeting shall elect one of their number to be the chairman of the meeting.

(11) Any Partner entitled to attend and vote at a meeting may by notice in writing to the General Partner appoint any other (whether a Partner or not) to be their proxy:

(a) to attend for them at any meeting.

(b) to vote for them at any meeting.

(12) Every proxy shall be appointed in writing.

(13) The General Partner shall keep minutes of all proceedings of general meetings.

15. TRANSFER OR ASSIGNMENT OF INTEREST OF SPECIAL PARTNER

(1) A unit may be sold or otherwise disposed of by a partner. The transferee of such a unit shall execute a Deed of Accession between the General Partner, the Statutory Supervisor and the remaining Special Partners. The transferee shall appoint the General Partner to be their attorney in their name and on their behalf to execute any such Deed of Accession.

(2) The General Partner may refuse to enter the name of any transferee in the Register of Partners and shall not be bound to specify the grounds upon which such registration is refused.

(3) Until such time as the transferee has executed a Deed of Accession the transferor shall remain a special partner being bound by this deed.

(4) The General Partner shall be entitled to be reimbursed by the Transferor for all its costs and expenses arising from a transfer of a special partners interest.

16. DEATH BANKRUPTCY OR LIQUIDATION OF A SPECIAL PARTNER

(1) The death, bankruptcy or liquidation of a Special Partner shall not determine the Partnership as between the Partners.

(2) If any person becomes entitled to any interest in the Partnership capital upon the death bankruptcy or liquidation of a Special Partner they shall produce such evidence of their right and title to the same as the General Partner shall require. Upon the production of such evidence and upon

them signing a Deed of Accession between the same parties and on the same terms as that mentioned in clause 15 of this deed, the rights of the Special Partner shall pass onto that person or persons.

17. REGISTER OF PARTNERS

The General Partner shall keep and cause to be kept at the registered office of the General Partner during the term of the Partnership a list of Partners and of all changes that it is notified of. The General Partner shall provide the Statutory Supervisor with the list of the Partners and shall advise of all changes it has been notified of.

18. DISSOLUTION

(1) The Partnership shall be dissolved if at any time during the duration of the Partnership there shall be any significant reasons which in the opinion of the General Partner after consultation with the Statutory Supervisor, would make the continued business of the Partnership or the continued participation of the Special Partners as a group, in the Partnership no longer reasonably practicable. In the event of such dissolution all partners shall be notified.

(2) Upon the dissolution of the Partnership the Partners shall each sign and acknowledge as appropriate a certificate of dissolution as required by Section 52 of the Act and the provisions of clause 5 of this deed shall effect with all necessary changes as if the certificate of dissolution were the certificate required on formation of the Partnership.

19. WINDING UP

As soon as shall be practicable after the date of dissolution of the Partnership the General Partner shall cause final accounts of the Partnership business to be drawn up and shall furnish each Partner with a copy of these AND each Special Partner shall be entitled to receive a share of the net assets of the Partnership equal to each Special Partners' entitlement to a distribution of capital as laid out in Clause 10 of this deed.

20. PLACE OF BUSINESS OF PARTNERSHIP AND NOTICES

(1) The place of business in New Zealand where communications and notices may be addressed and served is Silverwood Forest Corporation Limited, P.O. Box 37-507, Parnell, Auckland.

(2) Any notice to the General Partner or to the Statutory Supervisor which relates to this deed shall be sent in a prepaid letter by registered post to the General Partner or the Statutory Supervisor, as the case may be, at its registered office.

(3) Any notice to any of the Special Partners which relates to this deed shall be sent in a prepaid letter by post to their last known address.

21. ARBITRATION

If at any time during the duration of the Partnership any dispute doubt or question shall arise between the Partners in relation to this deed or the rights and liabilities of either the General Partner, or any one of the Special Partners or over any account, valuation or determination then every such dispute or question shall be referred to the arbitration of a single arbitrator. If an agreement can not be reached in the appointment of an arbitrator then the President for time being of the Hamilton District Law Society shall appoint an arbitrator. Any arbitration held as a result of this clause shall be in accordance with the provisions of the Arbitration Act 1908 or any statutory modification or re-enactment which may take place.

22. COVENANTS BY THE GENERAL PARTNER

(1) The General Partner agrees with the Special Partners that it will-

(a) Use its endeavors and skill to ensure that the affairs of the Partnership are conducted in a proper and efficient manner.

(b) Use due diligence and vigilance in the exercise and performance of its functions, powers and duties as a manager of the business of the Partnership.

(c) Account to the Special Partners for all money that it receives on behalf of the Partnership.

(d) Ensure that any moneys belonging to the Partnership will be dealt with only for those purposes authorized by this Deed.

(e) Upon receipt of reasonable notice from any Special Partner supply to the Special Partners, in general meeting, such oral or written information relating to the affairs of the Partnership as shall have been requested.

23. TERMINATION OF MANAGEMENT BY THE GENERAL PARTNER

(1) The management by the General Partner of the business of the Partnership shall cease and be determined upon the happening of any of the following events:

(a) If the General Partner is in breach of its management obligations under this Deed or fails to carry out its duties to the reasonable satisfaction of the Statutory Supervisor and,

(b) it fails to remedy such breach or failure within a reasonable time after the service of written notice by the Statutory Supervisor requiring the breach or failure to be remedied, and

- (ii) at a general meeting of the Partnership summoned for the purpose of considering such failure to remedy, Special Partners holding in total not less than 75% of the nominal capital of the Partnership vote in favour of the termination of the management by the General Partner.
- (b) The taking of possession by an encumbrancer or the appointment of a receiver of the whole or any part of the property or assets of the General Partner.
- (2) In the event of the termination of the management by the General Partner of the Partnership the Partners shall by resolution at a General Meeting of the Partnership passed by Partners holding in total not less than 75% in nominal value of the capital of the Partnership appoint a new manager.
- (3) The termination of management by the General Partner shall not end the Partnership between the Partners, and the General Partner shall remain a general partner of the Partnership (unless it has been wound up as under (1)(b) above, but will have no power to manage.
- (4) Any new manager appointed under Clause 23(2) of this deed shall enter into a Deed with the Partners and the Statutory Supervisor undertaking to be bound by all obligations of the General Partner as manager as set out in this deed.
- (5) Upon the management by the General Partner ceasing and until such time as a new manager is appointed the Statutory Supervisor shall be entitled to appoint a person as manager of the Partnership and any such person shall be bound by all the obligations of the General Partner as manager as set out in this deed.
- (6) The General Partner shall from the date of termination of its management be released from complying with its obligations as manager under this Deed but shall remain liable for any breach of such obligations prior to its termination.

24. COVENANTS BY THE GENERAL PARTNER AND THE SPECIAL PARTNER

- (1) The General Partner and the Special Partners agree with each other.
- (a) That each will in relation to the conduct of the affairs of the Partnership act in good faith for the benefit of the whole of the Partnership.
- (b) That each of them will make all payments as and when they become due and payable.
- (c) That each of them will punctually pay and discharge their separate debts and obligations and shall at all times ensure that the Partnership is fully indemnified against any claims arising from these.

25. STATUTORY SUPERVISOR

- (1) Prince & Partners Trustee Company Limited is appointed as Statutory Supervisor and its duties and responsibilities are set out in the Seventh Schedule to the Securities Regulations 1983. The Statutory Supervisor will be paid an acceptance fee of Two thousand dollars (\$2,000.00) and annual fees based on time attendance and responsibility involved in the performance of its duties and shall also be entitled to reimbursement by the Partnership of all costs and expenses including legal and accounting costs and expenses incurred by them in their appointment and in the lawful exercise of its powers and duties as required under this deed.
- (2) The Statutory Supervisor shall exercise reasonable diligence to ascertain whether or not any breach of the terms of this Deed or of the offer of the participatory securities has occurred and, except where it is satisfied that the breach will not materially prejudice the interests of the Special Partners, shall do all such things as it is empowered to do to cause any breach of those terms to be remedied.
- (3) The Statutory Supervisor shall be entitled to receive all notices and other communications relating to the Special Partnership which any Special Partner is entitled to receive.
- (4) The General Partner shall from time to time:
- (a) at the request in writing of the Statutory Supervisor, its employees and agents, make available for inspection the whole of the accounting and other records relating to the Partnership, and
- (b) give to the Statutory Supervisor such information as it requires with respect to all matters relating to such records.
- (5) The appointment of the Statutory Supervisor under this Deed will be terminated immediately if:
- (a) a receiver or liquidator is appointed in respect of the business or assets of the Statutory Supervisor, or
- (b) the Statutory Supervisor becomes unwilling or incapable of attending to its obligations as set out in this deed; or
- (c) The Statutory Supervisor ceases to be qualified under Section 48 of the Securities Act 1978 to act as a statutory supervisor.
- (6) The Statutory Supervisor may retire upon giving three months notice to the General Partner of its desire to do so.
- (7) On the termination of the Statutory Supervisor's appointment or on retirement of the Statutory Supervisor the General Partner shall immediately, subject to any approval required by law, appoint some other corporation or person approved by the Securities Commission to be the statutory supervisor.

- (8) Any person or corporation appointed to act as statutory supervisor in place of the Statutory Supervisor shall execute a Deed undertaking to the Partners to be bound by all the obligations of the Statutory Supervisor as set out in this deed. The removed or retiring Statutory Supervisor, shall from such date, be released from complying with its obligations as statutory supervisor under this deed but shall remain liable for any breach of such obligations prior to their removal or retirement.
- (9) Until the appointment of a person or corporation to act as statutory supervisor in place of the Statutory Supervisor, the General Partner may act as statutory supervisor.

26. MODIFICATIONS AND ALTERATIONS

The provisions of this Deed shall not be altered modified or varied except and unless expressly authorised and approved by a resolution of the Partners passed by Partners holding in total not less than 75% of the nominal capital of the Partnership at a general meeting of the Partnership.

27. RENEWAL OF PARTNERSHIP

If the Partnership has not been previously dissolved, the Partners may renew the Partnership at the end of the period of seven years referred to in clause 4(1) of this deed. In the event of such a renewal, the Partnership shall be renewed in accordance with section 57 of the Act for a further term of up to seven years. Every Special Partner and the General Partner shall be liable upon the receipt of notice of such renewal sign and acknowledge an appropriate certificate of renewal that complies with section 58 of the Act. For the purposes of such a certificate, the provisions of clause (5) in this deed shall have effect with the necessary changes as if that certificate were the certificate required to be registered on formation of the Partnership.

28. INDEMNITY

The General partner and its directors, employees, agents, advisors and consultants shall be indemnified by the partnership's assets against all liabilities, claims, costs and expenses incurred by any of them in relation to any acts, omissions or advice made or given by any of them for any purpose connected with the business of the partnership other than those acts, omissions or advice made or given in a grossly negligent or fraudulent manner.

29. INTERPRETATION

- (1) Clause headings appear as a matter of convenience and shall not affect the construction of this Deed.
- (2) In this Deed (including all Schedules) where the context requires or admits:
- (a) The plural number includes the singular number and vice versa.
- (b) Reference to a person shall include a company or a partnership and vice versa.

This deed as written above has been executed by the following persons and signed by them in the presence of:

THE COMMON SEAL of SILVERWOOD FOREST CORPORATION LIMITED was hereto affixed in the presence of:

[Handwritten signatures]
 Director
 (Trustee)



THE COMMON SEAL of PRINCE & PARTNERS TRUSTEE COMPANY LIMITED was hereto affixed in the presence of:

[Handwritten signatures]
 Director
 Director



THE COMMON SEAL of WHITBY CORPORATION LIMITED was hereto affixed in the presence of:

[Handwritten signature]

