



SILVERWOOD  
FOREST  
CORPORATION LIMITED AND COMPANY

# NEWSLETTER

July 2006

**AGM:** The directors invite all unit holders to attend the Annual General Meeting for Silverwood Forest Partnership (SFP) and Silverwood Land Partnership (SLP) which will be held on *Tuesday 29 August 2006 at 4.00pm.*

**Location:** Hartnett Room  
Kingsgate Hotel Greenlane  
187 Campbell Road  
One Tree Hill  
AUCKLAND

**PROXY:** Please complete the attached proxy if you are unable to attend the meeting. It is important that this is completed to ensure we have a quorum of registered unit holders present. The proxy is to register your attendance only, not voting rights.

**ANNUAL ACCOUNTS:** A full set of audited accounts for both the Forest Partnership and the Land Partnership is available on our website [www.silverwoodforest.co.nz](http://www.silverwoodforest.co.nz)

**Web site:** [www.silverwoodforest.co.nz](http://www.silverwoodforest.co.nz) is under development and will show this newsletter and 2006 accounts. It will include a 'buy and sell' facility. We strongly recommend you enrol on site to receive reminders for updates. Your feedback is welcome!

**SFP:** (158 units)  
'04 closing equity was \$1,552,000 (Forest \$1,474K and \$ 78K other)  
'05 closing equity is \$ 787,000 (Forest \$ 242K and \$545K other)  
'06 closing equity is \$ 765,000 (Forest \$ 254K and \$511K other)  
A \$1,000 per unit capital repayment was mailed in September 2004.

**Whitby Forest:**

- Harvesting was completed last year, damage to tracks and roads has been repaired, been paid and a % has been refunded. On 30 June we received \$179K net of GST for wind-throw loss from MAF. This will increase our equity shown above to \$944K and reduce losses.
- MAF's Agricultural Recovery Programme closes 30 September 2006; we have some invoices still to pay and claim and some paid and awaiting part refunding. Furthermore replanting of 40 ha will be completed next month.
- I wish to acknowledge the great input from MAF, Peter Martin, Tony Groome and John Turkington to provide some relief from the large losses incurred from storms in February and August 2004.

Titaramonga Forest:

- An independent valuation was received recommending SFP uses a 12% discount rate and a value of \$254,000, an improvement of \$12K over 2005.
- Two interested parties are valuing mature trees for harvesting and will include a price for the whole of our Titaramonga forest rights.

**SLP:**  
(1048 units)

'04 closing equity was \$3,819,000 (Land \$3,890K and -\$ 71K other)  
'05 closing equity is \$4,546,000 (Land \$4,735K and -\$189K other)  
'06 closing equity is \$4,845,000 (Land \$5,200K and -\$355K other)  
(An independent valuer valued the land for accounting purposes 31 March '06 and this was adjusted for our interest in the Silverwood Verplank JV)

The 1990 Prospectus states (p5): "Investors will recognise the potential associated with the land and the opportunities which may arise at the time the land becomes available for development once logging has been completed." The loss of the Whitby forest has brought realization forward. We have acted:

*6 Titles*

A Resource Consent Application (RCA) has gone to council for the 212 ha of our land at Whitby to be subdivided into six titles.

*200 + Titles*

1. Lot 1 (19.6 ha) matches our earlier Stage I and is part of our JV with Verplank Ltd. The JV has completed the purchase of the adjacent block at 68 Exploration Way and 2/3<sup>rd</sup> has now been merged with our title. The balance, including the house has been sold. A RCA for residential development is in progress,
2. Lot 2 – The 167 section RCA has been approved, some replanting has been agreed. The earthmoving contract has been let, equipment is on site.

*More Titles*

- An agreement has been reached with Verplank Ltd for further JV's covering
3. Lot 3 (28.2 ha) includes in part our earlier Stage III. We have been active in this Lot with our neighbours, Transit, PCC and others to agree access and layout.
  4. Lot 4 (33.4 ha) is located in the central part and is zoned suburban.
  5. Lot 5 (27.5 ha) is located south east and zoned mostly rural.
  6. Lot 6 (45.5 ha) is located south west and is substantive rural.

Two RCA's have been approved and two are under negotiation. Each additional RCA crystallises part of our plans and this is a significant factor in the increase of land value this year amounting to \$465K. Of course section price increases do help.

*Remuneration*

SLP has repaid its loans by borrowing from SFP. This allows encumbrances to be lifted and reduces costs during subdivision. As finance is limited costs had to be cut to avoid running out. The directors have agreed to fixed fees instead of monthly billing of time. A bonus plan has been approved by our solicitor and our supervisor which makes up for lost income at the time funds are distributed to all partners.

Kind Regards,  
Peter Tiedemann

