



SILVERWOOD
FOREST
CORPORATION LIMITED AND COMPANY

NEWSLETTER

20 August 2009

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 September at 2.00pm* in the Anchor Church, corner of James Cook drive and Joseph Banks Drive in Whitby.

VISIT: The directors invite all unit holders to view the sections for sale at Silverwood Whitby Estate, Endeavour Drive, Whitby and to drive through the streets where the first few houses are going up. Join us at 11.30am at *Silverwood Residential Estate* off Endeavour Drive Whitby followed with nibbles and tea at 1.30pm before we join for the AGM.

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

Annual Accounts: The full accounts for both the Forest Partnership and the Land Partnership have been posted on our website www.silverwoodcorporation.co.nz
NOTE: All our accounts meet NZ GAAP and IFR standards.

SFP:
(158 units) '07 closing equity is \$1,040,000 (Forest \$ 263K and \$777K other)
'08 closing equity is \$1,101,532 (Forest \$ 270K and \$831K other)
'09 closing equity is \$1,136,078 (Forest \$ 278K and \$858K other)
SFP is in profit and RWT \$26,936 tax been paid on behalf of unit holders
\$12,800 per unit paid in, \$6,700 returned

Titaramonga Forest for Sale:

Previous attempts to sell the mature trees only or forestry rights have not succeeded. We have approached Arbor who has listed your Forest Rights for tender – see SFP on our website for details – closing 11 September and results available at the AGM.

SLP loan:

Discussions with NZTA (Transit) re the sale of the Lot 2 Designation are meant to be completed in 2009 and, while progress has been made, the time table is too tight. On completion of this sale SLP is expected to repay the loan.

2010 – 2015:

On completion of the above two steps, SFP will be wound up and paid out.

SLP:
(1048 units)

'04 closing equity is \$3,819,000 (Land \$3,890K and -\$ 71K other)
'06 closing equity is **\$4,845,000 (Land \$5,200K and -\$355K other)**
'08 closing equity is \$4,873,213 (Land*\$5,514K and -\$641K other)
'09 closing equity is \$4,750,208 (Total assets \$11M)

\$1,550 per unit paid in, \$0 returned.

There is a 10 Year Plan from 2005 to 2015 setting out how SLP anticipates to develop its 212ha. The zoning is for 124ha Suburban and 88ha Rural and these areas include 53ha and 37ha respectively of 1ha Whitby Landscape protection areas. They also include 24ha and 11ha respectively designated to the Transmission Gully Motorway. We expect to realise in excess of 500 sections at \$10,000 each in addition to our 50% share of the net gains of the JV, in addition to the sales to NZTA. However, just when the JV investment peaked, sales slowed due to the economic downturn and over supply of sections. Your directors are confident that the quality of the sub division will mean sales will pick up and JV profits will be realised. We do not and did not expect to complete sales by 2015 however we do expect a good return to our unit holders.

JV Lots 1&2

(the six Lots referred to here can be seen on our website SLP Scheme U)

1. Lot 1 – A 20 to 50 rural / residential section subdivision is being evaluated.
2. Lot 2 – A 198 sections RCA has been approved. At the AGM our JV partner will give an overview of Silverwood Section Sales sold and houses under construction etc. Details of section plans, prices, conditions, contracts, sales etc can be found on www.carrus.co.nz The premium show home is expected to be complete in time for the 'Big Spring Launch' planned for October. This is the site we invite you to visit on Tuesday the 29th of September at 11.30 am.

JV Lots 3 to 6

3. Lot 3 (28.2 ha) at the end of James Cook Drive, our neighbour is currently building the James Cook / Navigation Drive intersection.
4. Lot 4 (33.4 ha) at the end of Spy Glass Lane where our neighbour is extending the road to meet Navigation drive.
5. Lot 5 (27.5 ha) is located south east. Our neighbour has received council consent to a private plan change for a cluster rural residential development.
6. Lot 6 (45.5 ha) is located south west and has been replanted or left for re-growth

OTHER:

- SLP has borrowed all SFP available funds
- Please refer your accountant to our website when he/she does your 2009 tax returns, Peter Bould's TAX LETTER will explain the 2009 SFP taxable income, the Resident withholding tax paid on your behalf, and the SLP tax deduction you can claim!
- The Transmission Gully Motorway Designation cuts through our land at Whitby and I am happy to address your questions at the AGM in the normal manner.
- The 2006 director's fees agreement has been posted to our website since 2006 and this year the supervisor's fairness agreement has been added.

Site visitors normally return cheerful and hopeful expecting, as we do, a positive outcome in spite of the current economic slow down. We hope we will see you there.

Kind Regards,
Peter Tiedemann