



SILVERWOOD
FOREST
CORPORATION LIMITED AND COMPANY

NEWSLETTER

8 June 2012

AGM:

The directors invite all unit holders to attend the Annual General Meeting for Silverwood Land Partnership (SLP) which will be held on **Tuesday 10 July at 4.00pm** in the Grey Lynn Community Centre, 510 Richmond Road, Grey Lynn, AUCKLAND

Please Return the Proxy Letter enclosed if you can not attend.

The attached proxy letter needs to be returned if you are unable to attend the meeting.

- 1. The completed Proxy is needed to ensure we have a quorum of registered unit holders present. The proxy is to register your attendance only, not voting rights.**
- 2. Please ensure your address label attached to the Proxy Form is correct for future cash distributions.**
- 3. Please add your email address which helps us to find you if / when the next distribution is to be made.**

VISIT:

Please join us for afternoon tea at 3.30pm Tuesday the 10th July 2012 so you can browse through plans of our five Lots in Whitby before we start the AGM at 4.00pm. This is the chance for those unit holders close to Auckland to have their questions answered as next year the AGM is likely to be back at Whitby.

**Annual
Accounts:**

The accounts for the Land Partnership have been posted on our website www.silverwoodcorporation.co.nz
(NOTE: All our accounts are audited and meet NZ GAAP and IFR Standards.) The AGM Agenda is also there.

SLP:

(1048 units)

'04 closing equity is	\$3,819,000	(Land \$3,890K and -\$ 71K other)
'06 closing equity is	\$4,844,773	(Land \$5,200K and -\$355K other)
'08 closing equity is	\$4,873,213	(Land \$5,514K and -\$641K other)
'10 closing equity is	\$2,920,882	(incl. land at 2007 valuation + cost since)
'11 closing equity is	\$8,749,024	(incl. land at 2007 valuation + cost since)
'12 closing equity is	\$9,133,399	(incl. land at 2007 valuation + cost since)

Note 1: A total of \$1,550 per SLP unit was paid into SLP by SLP unit holders in 1990 and in 2003 and \$500 was returned to unit holders in August 2010 leaving you with a net of \$1,050 per SLP unit invested.

Note 2: Since IFRS was introduced in 2007 land and land stock are valued at 2007 valuation and only costs that can be capitalised are added since, all other costs such as site maintenance, administration and interests are expensed. As a consequence our 50% JV loan liability could grow faster than our JV asset unless section sales exceed running costs.

Note 3: In July 2010 NZTA paid for its Land Take from SLP. Incl. of GST SLP received \$8,156,250. Since then Silverwood has been reimbursed for most of current and prior year consultants costs. Further claims are expected to be met for disturbance costs. The Land Take was part of the ten year plan approved by directors in 2005.

Note 4: As a consequence of settling the NZTA Land Take and Reverse Sensitivity claims NZTA, after many years of delays, finally gave consent to our six Lot subdivision resource consent application and the six titles were received on settlement. This has two material impacts. Firstly it, belatedly, reduces the unsecured JV interest rate from 13% to a mortgage secured rate of 11%. Secondly the titles add definition to our financial negotiating position as titles can be used to sell, provide security over, can be developed, is positively reflected in value assessments, etc. Our Lot 5 was partially designated and partially severed and has passed to NZTA in full. This leaves SLP and its JV partners with five Lots to develop. At this stage we have developed Lot 2. All Lots opportunities and challenges will be discussed at the AGM.

Note 5: The \$7¼ M cash left after paying GST was used to pay off loans and we paid \$500 per unit to unit holders and we have lent \$5M to our JV.

Note 6: NZTA has passed all obstacles and can now finalise plans for its Transmission Gully motorway development. This includes two feeder roads which will add a new designation over our land this time from Porirua City Council (PCC). Details will be shown at the AGM.

The Lot 2 194 section development has been completed and forty seven sections have been sold with a further three under contract. Sales are still slow but a further thirty sections are on hold and enquiries have picked up and with eighty sections sold, under contract or on hold your directors are confident that the quality of the sub division will mean JV profits will be realised. It is clearly in every unit holder's interest to refer those wishing to purchase a residential section to www.carrus.co.nz Help with improving the rate of section sales is always very welcome.

OTHER:

- The 2012 TAX LETTER is on the website and is also included in this mail out. Note- In 2012 SLP made a small taxable profit after many years of deductible losses.
- The address label on the envelope and on your Proxy Letter shows the number of units recorded under the name and address on the label. Please ensure the details shown on the label on the Proxy Form are correct.
- Please give us your email address as tracking 'Lost Unit Holders' is very costly and time consuming
- If you have any questions kindly email or phone I and I will try to answer you.

Kind Regards,
Peter Tiedemann
Ph: 021 764 664

