



SILVERWOOD
FOREST
CORPORATION LIMITED AND COMPANY

NEWSLETTER

24 June 2013

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 September 2013 at 'The Community of Saint Luke'* 130 Remuera Road, Remuera, AUCKLAND

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

Please return the enclosed Proxy Letter 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 on 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.
4. Please add your bank account number if you wish to have future SLP payments made directly into your bank account

VISIT: Please join us for afternoon tea at 3.00pm Tuesday the 10th of September so you can browse through plans of our five Lots in Whitby before we start the AGM at 3.30pm. Whitby Corporation Ltd (WCL) shareholders are also welcome to attend; SLP and WCL have agreed to invite their unit/shareholders to their respective AGMs, (SLP in Auckland, WCL in Wellington) as SLP is WCL's only investment and as WCL owns 50% of SLP and as two of the directors are in common.

DISTRIBUTION: The SFCL LP directors are happy to say that the enclosed cheque (or the 26 June 2013 bank transfer made to those who provided their bank account number) represents \$1,050 per unit. This, added to the \$500 per unit distributed in 2010, means that \$1,550 per unit has been returned to the SLP unit holders. This amount is the same as what was paid in by SLP unit holders in 1990 and 2003. Future distributions will therefore be from profits earned.

ANNUAL ACCOUNTS: The DRAFT accounts for the Land Partnership have been posted on www.silverwoodcorporation.co.nz The AGM Agenda, The Proxy Letter, the Tax Letter and this Newsletter are also there. SLP accounts are at the auditors to ensure they meet all new requirements of NZ GAAP and the IFR Standards. It is worth noting here that new accounting requirements added every year since 2007 make comparisons with commercial realities and prior years more complex and less comprehensible to most, including the professionals involved in ensuring these standards are met, as well as being very costly to SLP unit holders. The time has come to speak out against these out of proportion and over expensive, illogical and incomprehensible controls for small entities like SLP. The Financial Marketing Authority has not renewed our 2012 Statutory Supervisor's licence and our 2012 auditor has not renewed his audit licence. These changes have seen costs soar and appointments changed – see our web site. Note: One of these changes means deferred director fees are now part of the 2013 accounts as well as in the notes.

SLP:	'04 closing equity is	\$3,819,000	(Land \$3,890K and -\$ 71K other)
(1048 units)	'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)
	'12 closing equity is	\$9,133,399	(incl. land at 2010 valuation) (in'13 \$8,649,291)
	'13 closing DRAFT	\$8,503,310	(incl land at 2013 valuation)

Notes:

1. Since IFRS was introduced in 2007 land stocks are valued at the lower of cost or valuation. In July 2010 New Zealand Transport Authority (NZTA) paid SLP for its Land Take \$8,156,250 incl GST. However, since this Land Take, NZTA has not yet completed its agreement with SLP re Lots 3 and 4 Titles and Access. As a consequence Land Stock Values have been written down in 2013 accounts by some \$890K. With the Transmission Gully Motorway and its Feeder Roads (TGM&FR) having received its final consent in 2012, we expect this to be resolved, and corrected, within the next twelve to eighteen months. SLP has been reimbursed by NZTA for most prior year consultant costs. Disturbance Claims have not yet been finalised.
2. As a consequence of final approval for the TGM&FR, Porirua City Council (PCC) has changed its District Plan effectively placing a Designation over our Lots 1, 4 and 6 for the Waitangirua Feeder Road and is contemplating a designation over part of our Lot 3 to enable it to complete the James Cook / TGM Feeder Road. SLP is in progress of negotiating compensation by PCC.
3. Lot 1 is under offer for the part north of the northern PCC designation boundary. The PCC designated land and further south will be consolidated with lot 6 on completion of the sale of the northern part. In return Verplank receives one Lot 2 rural residential lot
4. Lot 2 development has been completed, 194 sections were built of which 80 residential sections have been sold by 11 June with a further 6 agreements out for signing and a further 17 sections under option. Silverwood and its JV partner Verplank will retain one rural residential section each to provide SLP access to land beyond Lot 2 for maintenance and future development.
5. Lots 3, 4 and 6, the not designated parts, are work in progress with development plans drawn for selling all or parts from PCC agreed plans. This means titles and accesses need to be finalised with NZTA, PCC and with new neighbours as Whitby Coastal Estate Ltd. has sold and is selling land with a border to SLP land.
6. In January 2013 the Silverwood JV mortgaged its assets (sections and debtors) with Westpac for 5.2% pa to enable the JV partners to largely equalise investments in the JV in 2013 and the balance in 2014. This means that all 2013 and part of 2014 profits go to Verplank as they were by far the largest investor. However a \$1M loan repayment was paid to SLP who placed these funds on term investment with BNZ until late June after which \$1,050 is to be paid to SLP unit holders. It is clearly in every unit holder's interest to refer those wishing to purchase a residential section in the Wellington region to www.carrus.co.nz Help with improving the rate of section sales is always very welcome. Those interested in being involved in the development of Lots 3, 4 and/or 6 should contact the writer.

OTHER:

- The 2013 TAX LETTER is on the website and is also included in this mail out. Note- In 2013 SLP made a small taxable loss.
- The address details on your Proxy Letter shows your number of units recorded under the name and address we have on our record for you. Please ensure these name, address and unit details are correct. Note that, since the 2012 AGM resolution, 'Lost Unit Holders' costs are carried by the lost unit holder.
- If you have any questions and/or suggestions kindly email me at pect@xtra.co.nz .Effective from last month, my Partnership office at 300 Richmond Road has been closed but my work & contact details remain unchanged.

Kind Regards,
Peter Tiedemann
Executive Director