



SILVERWOOD
FOREST
CORPORATION LIMITED AND COMPANY

NEWSLETTER

2 September 2014

AGM: The directors invited all Silverwood unit holders to attend the Annual General Meeting for Silverwood Land Partnership (SLP) which will be held on *Monday 22nd September 2014 at 'The Community of Saint Luke'* 130 Remuera Road, Remuera, AUCKLAND

Please Return the Proxy Letter emailed / mailed Monday 25 August, if you haven't done so already.

Please return the 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 check your email address on the Proxy Form is correct to facilitate the coming distribution and legal changes.
3. Please add your bank account number and name for fast tracking the distribution into your account.

VISIT: Please join us for afternoon tea at 3.00pm Monday 22nd of September to chat with other unit holders and your directors before we start the AGM at 3.30pm. Whitby Corporation Ltd (WCL) shareholders are also welcome to attend; SLP and WCL invite unit and 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 they have two directors in common.

DISTRIBUTIONS: Last year's distribution of \$1,050 per unit and 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. The next distribution notice is expected late in this financial year subject to PCC and NZTA realising their respective Land Takes, both now overdue.

ANNUAL ACCOUNTS: The audited accounts for the Land Partnership has been posted on www.silverwoodcorporation.co.nz Directors were not satisfied with some changes required by the 2013 auditor and decided to place the work for 2014 out for tender. KPMG Tauranga completed the 2014 audit and directors are satisfied changes made bring SLP accounts back in line with director's expectations. The 2014 Proxy Letter and Tax Letter have also been, placed on our website. This Newsletter will be forwarded by MailChimp this week, after which it will also appear on our website,

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)

'13 closing equity is \$8,503,300 (incl land at 2013 valuation)
'14 closing equity is \$7,326,820 (incl '13 land valuation and is net of the '13 distribution)

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. PCC and NZTA have met the 2014 operating costs relating to their respective Land Takes.
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 has placed a designation over part of our Lot 3 to enable it to complete the James Cook / TGM Feeder Road. In July we delivered Before & After plans which are currently under consideration by TPG's consulting planners. In return we have just received various Notices of desire to acquire Land under the Public Works Act 1981 as well as Notices of Intention to Take Land from PCC. This gives us clarity as to what land is to be Taken after a year of changes and errors causing us to have to go back to our planners for time consuming and costly adjustments. Upon agreeing the Before and After plans engineering costs need to be agreed before valuers can be appointed to establish SLP's compensation.
3. The JV's Lot 1, for the part north of the northern PCC designation boundary, has been sold. The PCC designated land and Lot 1 further south will revert to SLP, in return Verplank receives one Lot 2 rural residential lot
4. Lot 2 development has been completed, 194 sections were built of which 114 residential sections have been sold with a further 13 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 under review and awaiting finalisation of the PCC and NZTA Land Takes before selling all or part. This means titles and accesses and easements need to be finalised with NZTA, PCC and with neighbours like Todd Corporation and Whitby Coastal Estate Ltd.
6. In January 2013 the Silverwood JV mortgaged its assets (sections and debtors) with Westpac for 5.3% 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, 2014 and part of 2015 profits go to Verplank as they were by far the largest investor. However a \$1M loan repayment was paid to SLP in 2013. SLP placed these funds on term investment with BNZ until late June 2013 after which \$1,050 was paid to SLP unit holders.
By October 2014 the JV mortgage balance will be close to zero.

OTHER:

- The 2014 TAX LETTER is on the website. Note- In 2014 SLP made a small taxable loss.
- PLEASE check, correct and return the 2014 Proxy Letter. *Note that, since the 2012 AGM resolution, 'Lost Unit Holders' costs are to be deducted from the lost unit holder's distribution.*
- If you have any questions and/or suggestions kindly email me at pect@xtra.co.nz
- 90% of our units are tied to an email address but only 65% of our unit holders are!
PLEASE HELP US ALL BY PROVIDING YOUR EMAIL ADDRESS so we can add you to our distribution list for 'first to know' and more importantly 'first to hear about and to receive the next distribution'.

Kind Regards,
Peter Tiedemann
Executive Director

