



**SILVERWOOD  
FOREST  
CORPORATION LIMITED AND COMPANY**

# **NEWSLETTER**

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30 JULY 2010

## **Silverwood Land Partnership Receives Compensation**

The directors of Silverwood Forest Corporation Limited and Company are pleased to advise that, earlier this month, Silverwood Land Partnership (SLP) received compensation for the taking of land designated for the Transmission Gully Motorway development. This follows complex and lengthy negotiations between New Zealand Transport Agency, (previously known as Transit New Zealand) and Silverwood directors together with their respective valuers, town planning engineers, lawyers and other advisors. Salient details of the settlement are as follows

- ✓ **Land taken 54.81 hectares**
- ✓ **Gross settlement proceeds \$7,250,000 (excl.GST)**

This transaction has enabled SLP to repay the two loans SLP used for working capital purposes, one received from Silverwood Forest Partnership (\$1.2M) and one received earlier this year from our supportive major SLP unit-holder Whitby Corporation Limited amounting to \$114,000 including interest.

The directors have also resolved to make a payment to each SLP unit-holder of \$500 per unit. This payment will be made together with the mail out of this Newsletter. The address label on the envelope is also attached to your mailed copy of this Newsletter and shows the number of units you hold in SFP (F) and SLP (L) as at 26 July 2010.

A small \$ balance will be retained in the company to provide necessary working capital. The majority of the settlement proceeds will be used to substantially reduce the liability SLP has with its land development Joint Venture (JV).

To-date SLP had contributed only land to the JV and its JV partners had contributed all \$ loan support in bringing the first 150 sections to market. The JV loan is in the order of \$18M and, after our payment made early July; a significant part of this loan is now owed to SLP and the part owed to our JV partners has become less by the same amount. The loan currently earns interest at the rate of 11% pa.

The Global Financial Crisis has impacted section sales. This has been a negative factor because of the growing holding costs involved. Your directors believe that section sales will pick up as a result of a return to more normal economic conditions aided by a pent up demand for new housing and underutilized capacity in the building and related industries.

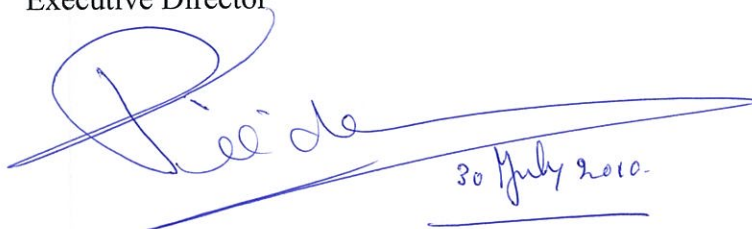
SLP has further claims for costs on NZTA, including under Section 66 of the Public Works Act 1981, which will cover not only all the advisory costs involved in the negotiation but also some of the costs incurred by SLP and the JV directly as a result of, amongst others, the stop-start nature of the negotiations with NZTA. In the mean time SLP directors believe this significant settlement represents excellent progress in the execution of its ten year plan for enhancing Land Value initiated in 2005.

## **SFP**

As a result of the sale earlier this year of Silverwood Forest Partnership's (SFP) forestry right at Titaramonga and after the receipt of the SFP loan proceeds referred to above, SFP can now be closed and be wound up as projected last year. Directors estimate SFP unit-holders will receive in the range of \$6,000 to \$7,000 per unit (before tax) with payment expected to be made later in 2010 following conclusion of statutory requirements, an audit review and the company's Annual General Meeting scheduled for late September.

If you have questions re this, kindly email me. The 2010 accounts are with our auditors and are expected ready for distribution in August, the tax letter is expected early August.

Kind Regards,  
Peter Tiedemann  
Executive Director



30 July 2010