



SILVERWOOD FOREST

CORPORATION LIMITED AND COMPANY

30 August 2006

To: All Silverwood Forest and Land Partnership partners

Re: Tax losses available to you for deducting from your 2006 income.

Dear Silverwood partners,

Buried in all the tax changes in 2005 was a provision relating to the quarantining of special partnership losses (section HC 1 of the Income Tax Act 1994). This was repealed 1 October 2005 with effect for the 2005/06 and subsequent income years.

It is important to note, however, the potential impact of section IE 1(2B) of the Income Tax Act 1994, which limits the use of special partnership losses where the partner has no assessable income (this was also introduced at the time of the repeal of HC 1)

We regret the late notice of these losses; many of you will already have completed tax returns for 2006. If you have already filed your return we attach below a suggested letter that you could send to the IRD.

For each partnership unit the loss is as follows:

	<i>RWT (if any)</i>	<u><i>Loss per unit</i></u>
Silverwood Forest special partnership (IRD Registration number 44-981-053)	-	\$ 209.20 p/u
Silverwood Land special partnership (IRD Registration number 57-129-751)	-	\$ 158.28 p/u

Yours Sincerely,


Peter Bould
Director

The Inland Revenue Department

[use the address of the IRD where you filed your tax return for 2006]

[enter here your IRD number]

I have only just been informed of tax losses arising from my being a partner in the Silverwood Forest special partnership (IRD Registration number 44-981-053) and in the Silverwood Land special partnership (IRD Registration number 57-129-751).

The losses for the 2006 year are:

	RWT	No units	Loss per unit	Total Loss
Silverwood Forest partnership	-	X \$209.20	= \$.....
Silverwood Land partnership	-	X \$158.28	= <u>\$.....</u>

TOTAL Losses not included in my return \$.....

Would you please adjust my income tax return to incorporate these losses.

Yours faithfully,

Name:

Address: