

# NEWSLETTER

20 July 2016

## **AGM:**

The directors invite all Silverwood partners to attend the Annual General Meeting of Silverwood Land 2015 Limited Partnership (SLP) which will be held on **Tuesday 23<sup>rd</sup> of August 2016 at 'The Community of Saint Luke'** 130 Remuera Road, Remuera, AUCKLAND

*Please reply to the Proxy Email to be emailed next week.*

**Please email a reply to the Proxy Email if you are unable to attend the meeting.**

- 1. The completed Proxy is needed to ensure we have a quorum of registered partners present. The proxy is to register your attendance only, not voting rights.**
- 2. Payment of the YE 2016 \$800 p/u Distribution starts this week. If you wish to make changes to the information we hold about your registration as Silverwood partner and unit holder kindly email me on [pect@xtra.co.nz](mailto:pect@xtra.co.nz) asap**

## **VISIT:**

Please join us for afternoon tea at 3.00pm Tuesday the 23<sup>rd</sup> of August to chat with other partners and your directors before we start the AGM at 3.30pm. Whitby Corporation Ltd (WCL) shareholders are welcome to attend but have no voting rights. (Note: 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:** Our 1990 prospectus had an emphasis on forest and its potential returns. Whilst Silverwood Forest Partnership returns were positive, it cannot be said that they were great. Little was said about the Silverwood Land Partnership but we are hopeful to make this the pearl of your investments, (see note 13 on page 20 of the SLP 2016 Financial Statements), you paid \$1,550 p/u, we distributed \$5,427 p/u That is 3.5 times what you paid and with more to come.

Distr #	Date	\$ TOTAL	\$ per unit
7	Mar 2016 – due for payment in July 2016	838,400	800
6	Mar 2016 – paid	1,089,920	1,040
5	Dec 2015 – paid	1,310,000	1,250
4	Sep 2015 – paid	366,800	350
3	Apr 2015 – paid	419,200	400
2	Jul 2013 - paid	1,100,400	1,050
1	Jul 2010 - paid	524,000	500
	RWT distribution to 31 March 2015	20,764	20
	RWT distribution 31 March 2016	18,113	17
<b>TOTAL Distributed to partners</b>		<b>\$5,687,597</b>	<b>\$5,427 p/u</b>

**ANNUAL  
ACCOUNTS:**

The 2016 audited accounts for the Land Partnership has been posted on [www.silverwood.co.nz](http://www.silverwood.co.nz). KPMG Tauranga completed the 2016 audit and directors are satisfied the changes in equity fairly represent SLP value. The 2016 Tax Letter has been placed on our website. The Proxy Email and this Newsletter will be forwarded to you by email on about the 23<sup>rd</sup> of July 2016, after which it will also appear on our website,

<b>SLP</b> as at: (1048 units)	Year 31/3	Equity \$ Mill	Distributions P/u\$	Accum\$M	<b>Total Equity</b> +Distr to '16	Land* \$M	Profit+ \$(000)	Tax Letter \$ p/unit
	2005*	\$2.5	\$0	\$0	\$ 2.5M	\$4.7	+\$ 727	
	<b>2006*</b>	<b>\$4.8</b>	\$0	\$0	\$ 4.8	\$5.2	+\$ 299	-\$ 158.28
	2007*	\$4.9	\$0	\$0	\$ 4.9	\$5.4	+\$ 100	-\$ 127.09
	2008	\$4.9	\$0	\$0	\$ 4.9	\$5.5	-\$ 70	-\$ 66.46
	2009*	\$4.0	\$0	\$0	\$ 4.0	\$5.3	+\$ 861	-\$ 117.37
	2010	\$2.9	\$0	\$0	\$ 2.9	\$4.8	-\$1,091	-\$1,745.54
	2011*	\$8.7	\$500	\$0,524	\$ 9.3	\$4.8	+\$6,359	-\$ 39.71
	2012	\$9.1	\$0	\$0,524	\$ 9.7	\$4.8	+\$ 388	+\$ 370.40
	2013*	\$8.5	\$0	\$0,524	\$ 9.0	\$3.8	-\$1,041	-\$ 160.37
	2014	\$7.3	\$1050	\$1,624	\$ 8.9	\$3.2	-\$0,068	-\$ 107.22
	2015*	\$9.0	\$420	\$2,043	\$11.1M	\$5.5**	+\$2,120	-\$ 263.67
	2016	\$5.4	\$3457	\$5,688	\$11.1M	\$3.5	-\$ 34	-\$ 197.06

\*years of land revaluation

\*\*valuation exceeds land cost applied in FS

**NOTES:**

1. Land stocks are valued at the lower of cost or valuation; costs tend to be lower to valuations in years past.
2. In July 2010 New Zealand Transport Authority (NZTA) paid SLP for its Land Take \$8,156,250 incl GST.
3. In 2015/16 land has been taken from SLP for Transmission Gully Motorway and related Feeder Roads and a total of \$775,000 advanced compensation has been received. This falls well short of what SLP considers fair value. SLP has therefore engaged highly experienced and respected consultants who estimate fair value to be around \$8.3M.
4. In 2016 Land Stock is assessed at \$1.9M less compared with 2015. This is firstly due to land taken by NZTA and PCC (2016 cost of \$1.7M) and, secondly, by section sales on Lot2 (2016 cost of \$0.2M). Whilst the JV produced a profit in 2016 this was offset by a slightly larger 2016 loss in SLP mainly due to the cost of land stock taken by NZTA and PCC in 2016 being higher than the 2016 advanced compensation received from NZTA and PCC. We expect that a future settlement will reverse this loss.
5. New land titles have been issued and, subject to negotiations with NZTA and PCC, SLP will progress to re-establishing physical access to our various Lots:
  - a. Lot1(S): Little can be done with this title until 2020/21 as the Waitangirua Link Road land taken by PCC effectively blocks access in the meantime.
  - b. Lot 2: all but 1 of the 194 sections have been sold and the JV will formally close on the 30<sup>th</sup> of September 2016. Thereafter, for about eighteen months to two years, SLP will receive its share of deferred section payments after deduction of associated maintenance costs and these receipts will form part of distributions to partners.
  - c. Lot 3: With boundaries and access defined we have set up a team of local experts to take Lot3 through a resource consent application, and, on completion, place it on the market with a Resource Consent in place.



**SILVERWOOD  
CORPORATION** LTD  
General Partner of and managing  
Silverwood Land 2015 Limited Partnership

- d. Lot 4: Access to Lot 4 via Navigation Drive is being built by Todd over their land and is expected to be in place coming summer, A resource consent application is now well underway and this therefore is the most likely Lot to be offered for sale first, followed by Lot 3 above.
- e. Lot 5: was sold to and formed part off the NZTA 2010 compensation
- f. Lot 6 (N): This lot is adjacent to Lot 4 and plans are in place to also do a resource consent plan for this land once the gas pipe changes and the Waitangirua Link Road have been completed. These delays mean SLP has to wait until 2020/21.
- g. Lot 6 (S): This Lot is adjacent to Lot 1(S) and also has to wait until 2020/21 before we can make progress.

### **OTHER:**

- The 2016 TAX LETTER is on the website.
- **PLEASE email your reply to the 2016 Proxy email** unless you intend to attend the AGM
- Since the 2012 AGM resolution, *'Lost Unit Holders' tracing costs can be deducted from outstanding distributions*. It is the responsibility of the partner / Unit Holder to advise changes of email address, bank account details etc. SLP exclusively uses direct credits and email.
- The Annual Financial Statements, Tax Letter and other up-dates continue to be posted on our website.
- We will also inform you on our website when we receive clarity re the new FMA requirements that become effective later in 2016. Current proposals include horrendous costs for SLP partners for further controls. Current annual costs of statutory supervision, compulsory valuation, audit and reviews are in the order of \$50Kpa. The lowest FMA suggestion doubles this. Real added value to partners is being questioned by your directors and current negotiations with the FMA may evolve into exemptions to part, or all, of these costs. We will keep you informed.
- Partners regularly ask the question 'when will we propose to wind the partnership up?' The answer includes a discussion around value and designations. In 1995 Transit placed the Transmission Gully Motorway (TGM) designation right across our land. Discussions to acquire designated land started in 2003 and the first settlement was reached in 2010. The second NZTA designation and the first PCC designation followed the 2012/13 consents to proceed with the TGM build. Parts of our land were taken in 2014/5. Physically this splits our land in blocks without access and, to receive fair value for you, we not only have to negotiate to receive fair value for land taken, but we also have to negotiate to regain title to the balance of land left and access to the new Lots created by these designations. We also have to wait for NZTA & PCC to build their new roads and physically create new accesses into our various blocks to re-establish a reasonable value. I cannot see us winding up your partnership until after 2021, when, on current announcements, the TGM will become operational, our land will have regained access and therefore can be sold at a fair price to a developer.
- Our website has some pages under development.

If you have suggestions and/or questions kindly email me at [pect@xtra.co.nz](mailto:pect@xtra.co.nz)

Kind Regards,  
Peter Tiedemann  
Executive Director