# Silverwood Land 2015 Limited Partnership

**Annual Report for the year ended 31 March 2021 ("2021 accounting period")**

**Introduction**

The Financial Markets Conduct Act 2013 requiresthe manager of the Silverwood Land 2015 Limited Partnership to prepare an annual report on the affairs of the scheme during the accounting period ending on the balance date. The contents of the annual report are prescribed by the Financial Markets Conduct Regulations 2014 and should be read in conjunction with the Limited Partnership’s 2021 audited annual financial statements which were placed on our website ([www.silverwoodcorporation.co.nz](http://www.silverwoodcorporation.co.nz)) and circulated to all our unitholders and the statutory supervisor on 14 May 2021.

**Details of the Scheme (SCH11747)**

The name of the scheme is **Silverwood Land 2015 Limited Partnership** (the “**Limited Partnership**”). It is a managed investment scheme under the Financial Markets Conduct Act 2013 ("**FMC Act**"). The Limited Partnership is managed by its general partner, Silverwood Corporation Limited which, in turn, contracts the day-to-day management to Wholesale Products Trading Limited (the “**Manager**”). The statutory supervisor of the Limited Partnership is Covenant Trustee Services Limited (the “**Statutory** **Supervisor**”).

The Limited Partnership is a closed scheme which was established in 1990, long before the FMC Act came into effect and is not open for new investment. As a result, there is no product disclosure statement for the Limited Partnership and the Limited Partnership is eligible for the exemptions from certain governing document, licensing, independent custody and other compliance obligations under the FMC Act provided by the Financial Markets Conduct (Silverwood Land 2015 Limited Partnership) Exemption Notice 2016. Note that the 2016 exemption notice expired at the end of the 2021 financial year and has been replaced by the Financial Markets Conduct (Silverwood Land 2015 Limited Partnership) Exemption Notice 2021 which was promptly circulated to all the Limited Partnership unit holders.

The Limited Partnership's latest financial statements and auditor's report for the 2020/21 accounting period were lodged on the Disclose Register on 19 May 2021 and, as noted above, was made available to all unit holders by email attachment 14 May 2021 and placed on the [www.silverwood.co.nz](http://www.silverwood.co.nz) website on 8 May 2021.

**Description of the scheme**

The Limited Partnership is a closed scheme which was established under the Securities Act 1978, by a registered prospectus dated 10 September 1990, as a special partnership under the (then) Part 2 of the Partnerships Act 1908. Due to changes in laws it transitioned from being a special partnership to become a limited partnership from 1 April 2015 under the Limited Partnerships Act 2008.

Two special partnerships were originally established to invest in both forests and a forested land block. Subsequently, the forests were sold and/or harvested and the forest special partnership was wound up. The land scheme is now in wind up mode with its sole activity being to dispose of its remaining land assets at Whitby, Porirua, near Wellington.

The Limited Partnership was originally an investment in a single block of land which provided a forestry right to its associated special forest partnership. Investors have received all returns of the forest investment and, as a result of sales of land, also partially from its land limited partnership. Further returns will arise from the sales of the balance of the Limited Partnership’s land and possible settlements of land taken by the Porirua City Council and New Zealand Transport Agency. For full details please see the 2021 audited annual financial statements which were placed on our website and circulated to all our unitholders and statutory supervisor in May 2021.

**Information on composition of the Scheme**

The Limited Partnership is closed to new investment. The number of limited partnership units on issue at the start of the 2021 accounting period was 1,013,851; this has not changed during the 2021 accounting period.

**Changes relating to the Scheme**

The Limited Partnership transitioned to the FMC Act compliance regime on 9 December 2016.

Material changes to the nature of the Limited Partnership, the investment objectives and strategy, or the management of the Limited Partnership during the 2021 accounting period are as follows:

* **Governing documents:** As a result of the Limited Partnership being able to rely on the exemptions provided by the Financial Markets Conduct (Silverwood Land 2015 Limited Partnership) Exemption Notice 2016, no changes were made to the governing documents (being the Limited Partnership Agreement and Deed of Participation) as part of the transition to the FMC Act compliance regime.
* **The terms of offer of interest in the Scheme:** The Limited Partnership is a closed scheme and, as a result, there is no product disclosure statement for the Limited Partnership, the Limited Partnership is not open for new investment and there have been no changes to the terms of offer of interests (LP Units) in the Limited Partnership during the 2021 accounting period.
* **The investment objectives and policy of the Scheme's Funds (“SIPO”)**: A SIPO was lodged at the time the Limited Partnership transitioned to the FMC Act compliance regime. A SIPO up-date was filed on 01/09/2020 and is registered on the Disclose Register on that date (refer SCH11747).
* **Related party transactions:** The Limited Partnership paid or accrued a total of $400,374 to related parties during the 2021 accounting period (2020 $251,263). The full breakdown for these amounts can be seen in Note 7, page 16 of the 2021 audited annual financial statements for 2021.

Except as described in the preceding paragraph, there have been no material changes to the nature or scale of those related party transactions which comprise directors’ fees payable to the directors of Silverwood Corporation Limited or fees and expenses paid for the day-to-day administration of the Limited Partnership during the 2021 accounting period. For full details see Note7, page 16 of the 2021 audited annual financial statements which was placed on our website and circulated to all our unitholders and statutory supervisor in May 2021.

There have been no related party transactions during the 2021 accounting period not on an arm's-length basis.

There have been no material changes during the 2021 accounting period to the Limited Partnerships’ valuation methodologies. The Limited Partnership’s land assets are recorded at the lower of cost or realisable value. The value of the interest of holders of LP Units in the Limited Partnership is only likely to be realised when the balance of the Limited Partnership’s land stock is sold and settlements (with the Porirua City Council and /or New Zealand Transport Agency) affecting land taken in prior accounting periods are finalised. Regular land valuations provided to the Limited Partnership’s auditors over recent years exceed recorded values.

There have been no material changes during the 2021 accounting period to the Limited Partnerships’ valuation methodologies. Whilst the Limited Partnership is “unitised” in that the interest of investors (limited partners) is denominated into 1,013,851 LP Units - there is no market price of the LP Units. Instead, the annual financial statements of the Limited Partnership disclose a calculation of the net assets of the Limited Partnership as at the balance date ($991,952) – which can then be divided by the number of LP Units on issue (1,013,851) to derive a value per LP Unit. Using this methodology, the indicative book value for the LP Units in the Limited Partnership at the end of the 2021 accounting period was **$0.98 per LP unit**. Directors do not provide or recommend unit values.

**Financial condition and performance of the Scheme**

Because the Limited Partnership has received proceeds of the sale of land plus claim costs and interest during the 2021 and prior accounting periods, the scheme’s financial condition and financial performance notes a continuation of the changes that started to occur during previous accounting periods. This includes:

* further land revenue;
* further recognition of costs to sell and/or settle the land;
* distributions of the Limited Partnership’s net proceeds of sale of land; and
* payment of deferred management fees accrued in respect of the management of the Limited Partnership since April 2006, i.e. for 15 years.

Because the manner in which the Limited Partnership has realised its land assets, including the impact of significant land takings by the New Zealand Transport Agency and the Porirua City Council (primarily for the Transmission Gully motorway development and associated link roads) and associated compensation arrangements, it is not considered feasible to provide a comparison between any prospective information about the scheme or returns on the managed investment products (being LP Units) and actual returns. Unit holders paid $1.55 per unit and, so far, have received $14.60 per unit in distributions and RWT benefits. (Note10, page 18 of the audited annual financial statements for the year ended 31 March 2021).

In any event, any such prospective information was provided in 1990 and 2003 and, because of the material changes that have impacted the Limited Partnership in the intervening periods, any such comparison, even when the balance of the Limited Partnership’s land stock has been sold, is likely to be of little value to scheme participants.

**Fees**

The following fees and expenses were charged in respect of the Limited Partnership in dollars and as the percentage of the Limited Partnership’s total assets ($1,171,293) for the 12-month period to 31 March 2021. (p7 of the 2021 audited annual financial statements)

|  |  |  |
| --- | --- | --- |
| **Fees and expenses** | **Amount ($)** | **% of Total Assets** |
| Administrator fee | 23,030 | 1.97 |
| Accountant fee | 13,241 | 1.13 |
| Audit fee for Financial Statements audit | 13,000 | 1.11 |
| Audit fee for Unit Holder Register audit | 1,200 | 0.10 |
| FMA, Statutory Supervisor and reporting costs | 20,192 | 1.72 |
| Unit Holder admin, distributions (2), filing costs | 34,494 | 2.94 |
| **Fees and expenses charged by the Manager and associated persons** |  |  |
| Other administrative expenses | 58,475 | 4.99 |
| **Total fees and expenses** | **163,632** | **13.97** |

For more information about fees and expenses, please refer to the Limited Partnership’s 2021 audited annual financial statements which are available on the Disclose Register: https://discloseregister.com-paniesoffice.govt.nz-

External administrative and statutory supervision costs and other third party fees, such as audit fees, are subject to agreement on an annual basis. Notice of changes to fees paid to external third parties will be communicated in the Limited Partnership’s annual financial statements.

**Scheme property**

The Limited Partnership’s property is comprised of the balance of its land at Whitby, Porirua, near Wellington. All land held by the Limited Partnership is for sale and is classified as land stock for financial reporting purposes.

The remaining land stock is currently carried in the Limited Partnership’s 2021 audited annual financial statements at its deemed historic cost (after allowance for the disposal of land that has occurred). The Limited Partnership has also incurred reductions in its land holdings as a result of land takings by the New Zealand Transport Agency and the Porirua City Council (primarily for the Transmission Gully motorway development and associated link roads) for which advance payments have been received and distributed net of costs – with further compensation possible.

Because the Limited Partnership continues the sale of the balance of its land stock, there have been changes to the composition of the Limited Partnership’s land holdings over the 2021 accounting period which are reflected in the 2021 audited annual financial statements which was placed on our website on 8 May 2021and circulated to all our unitholders and the Statutory Supervisor on 14 May 2021.

**Changes to persons involved in the Scheme**

* **General Partner**: The General Partner has three directors, and its shareholders remain unchanged.
* **Securities registrar, custodian, auditor**: The General Partner maintains the unit register of LP Units in the Limited Partnership.

As a result of the Limited Partnership being able to rely on the exemptions provided by the Financial Markets Conduct (Silverwood Land 2015 Limited Partnership) Exemption Notice 2016 there is no separate custodian of the assets of the Limited Partnership.

There have been no changes to the auditor of the Limited Partnership during the 2021 accounting period.

**How to find further information**

Copies of documents relating to the Scheme, such as the Governing Documents (being the Limited Partnership Agreement and Deed of Participation), SIPO, and annual financial statements are available on the Disclose Register at [www.business.govt.nz/companies/disclose](http://www.business.govt.nz/companies/disclose) scheme number SCH11747.

Investors (Limited Partners) may, at any time, view and/or copy the Governing Documents (being the Limited Partnership Agreement and Deed of Participation), SIPO, most recent financial statements and most recent annual report for the Limited Partnership by viewing [www.silverwood.co.nz](http://www.silverwood.co.nz) or contacting the General Partner at:

Silverwood Corporation Limited  
PO Box 84-101, Westgate  
Auckland 0657  
Attention: Peter Tiedemann  
Telephone: +64 21 764 664  
Email: pect@xtra.co.nz

Copies of the above documents are available on Silverwood’s website [www.silverwood.co.nz](http://www.silverwood.co.nz) and may be copied and/or provided free of charge (except for the Governing Documents (being the Limited Partnership Agreement and Deed of Participation) for which a reasonable fee may apply) on request to the General Partner. These documents are also available for public inspection at the registered office of the General Partner (Geoff Bowker CA, Level 3, 142 Broadway, Newmarket, Auckland, 1023) and on the Disclose Register.

**Contact details and complaints**

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| --- | --- |
| Manager: Silverwood Corporation Limited PO Box 84-101,Westgate Auckland 0657 Attention: Peter Tiedemann Telephone: (021) 764 664 Email: pect@xtra.co.nz | Statutory Supervisor: Covenant Trustee Services Limited Level 14, 191 Queen Street, Auckland, 1010 Attention: General Manager Freephone: [0800 268 362](tel:0800268362) Email: [team@covenant.co.nz](mailto:team@covenant.co.nz) |

The statutory supervisor company and its parent company (Perpetual Guardian) are members of Financial Services Complaints Limited ("**FSCL**") an approved dispute resolution scheme. Under the Perpetual Guardian client charter, members of the Perpetual Guardian group aim to resolve disputes quickly and fairly and set out the steps necessary for a resolution and the timeframe in which the dispute will be remedied. If a client is still dissatisfied with the service provided to them by a member of the Perpetual Guardian group, then the client can refer the matter to FSCL at:

Financial Services Complaints Limited  
Level 4, 101 Lambton Quay  
PO Box 5967  
Lambton Quay  
Wellington 6145  
Telephone: 0800 347 257

Full details on how to access the FSCL scheme can be obtained from its website [www.fscl.org.nz](http://www.fscl.org.nz). There is no cost to use the services of FSCL.