

CARBON UPDATE

12 May 2010

The ETS is heating up (so to speak) and we at Greenplan are gearing up to hopefully take advantage of it.

Prior to Christmas we attempted to outline our thoughts as to what we should do with the Carbon Credits (NZU's). We had a little feedback which was positive so we have been further defining the plan. This has involved a little more than expected, however we are making progress. We have done some financial modelling work which is currently under review by Deloitte (Accountants) as to its workability and accuracy, we have received some taxation advice in regards to the proposed structure that we envisage will take place, we have gained conditional support from Perpetual Trust for the proposed plan and have also managed to register most of the forests and secured some 300,000 NZU's.

As mentioned in the last newsletter the downside is that these NZU's have to be paid back at harvest, so it is imperative we are cautious as to what we use the proceeds from the NZU's for.

Our Financial Model will give us the ability to forecast what impact selling the NZU's and subsequently planting and/or purchasing forests has on the so called "liability line". This model will prove invaluable to assist us in our decision making. We also still believe we will be in a position to pay some form of dividend to you the partners.

Possible purchasers of NZU's are numerous and if you visit the website www.eur.govt.nz and click on the "Register" then click "List of Participants" Registered in the NZETS, you will see what companies are potentially required to purchase NZU's.

You may have read that the emitters do not have any obligations until July this year from which date they will start reporting their emissions. They further don't have to purchase NZU's to offset their emissions until May 2011. Hopefully they will pre-empt the price cap and purchase the required NZU's from participation forestry owners well before their deadline i.e. Greenplan.

For further information on the ETS visit www.maf.govt.nz

Important Dates for Entry into ETS

- 1-Jan-2008 Forestry
- 1-Jul-2010 Stationary energy and Industrial processes
- 1-Jul-2010 Liquid fossil fuels and transport
- 1-Jan-2013 Waste and all remaining sectors
- 1-Jan-2015 Agriculture

We will continue to work on the proposal and hope to have something to you in the near future.

And Remember "Wood is Good"

The Greenplan Team