

GREENPLAN

FOREST NEWS

THE CHINA SYNDROME:



Matthew Barton
Director

The "Wedge of Wood" (right) was created to highlight the fact that wood consumption is relative to population growth and standards of living. With an increasing population and improved standard of living the growth of wood consumption would increase. When it was created the wedge was designed to highlight the average daily consumption per person of the worlds population (in volume terms 1.8 litres or approx. 4 pounds). Half is used as fuel and half is used industrially.



and paper) These are the logs that you see at the major ports around New Zealand. Of the 16 million cubic metres of softwood logs imported in 2004 some 15 million cubic metres was sourced from Russia.

In 1998 the volume of logs imported from Russia was 1 million cubic metres.

Wealthier countries consume approximately three times the average whereas so called third world countries consume only a small proportion. The average Chinese person uses seventeen times less wood than a person in the US. With the emergence of China as an economic power house, China's consumption is increasing and raises the question as to the ability of the world to supply China's appetite for wood. China, with a population in excess of 1 billion people, has currently an economic growth rate of 9% (NZ is 2.5%). This economic growth is improving the populations standard of living and thus increasing the average daily consumption of wood per person.

2: Softwood Lumber: (primarily for furniture, interior finishing and construction. The total volume (2004) of softwood lumber imported into China is some 1.7 million cubic metres. Imports to China from Russia have gone from approx 10,000 cubic metres in 1998 to some 620,000 cubic metres in 2004, over the same period NZ exports of softwood lumber has risen to just over 200,000 cubic metres (source: China customs, wta). By 2010 the total import volume of softwood (lumber and logs) into China is expected to reach 125 million cubic metres, an increase of 706%. To put this in context it is estimated that by 2006 the potential sustainable wood supply available for both domestic and export grades from New Zealand's planted production forests will be some 30 million cubic metres in total.

In wealth terms the proportion of all households in China earning over US\$6,000 per annum is projected to rise from 5% (18 million households) in 2003 to 15% (65 million Households) in 2013. China's per capita annual income is one seventh of the \$38,000 in the United States (source: Asian Demographics). Increased wood consumption in China will be unparalleled.

In addition to the above import figures into China, the American Forest and Paper Association has estimated that in 2004 illegal log and lumber imports into China exceeded 9.4 million cubic metres. (source: CINTRAFOR)

Where is the supply for this increase coming from? Unfortunately for New Zealand wood producers at present the Russians have taken centre stage. With shipping costs reaching record levels, caused primarily by China's increased imports of raw materials (grain, meat, coal and steel), the Russians as geographical neighbours and low labour costs are able to supply wood to China for an average of some US\$23 per cubic metre compared to NZ at US\$101 per cubic metre.

So what does this mean for Greenplan? Obviously the Chinese market, and others, are coming of age and evolving into serious wood consumers. The supply is currently being swamped with both legal and illegal wood, primarily from Russia. This is unable to be sustained as it is estimated that 85% of imports from Russia come from "non-sustainable" resources.

China wood imports are broken into two categories,
1: Softwood Logs: (used mainly for packaging, MDF Board

As an aside the most common trees in Russia are the Siberian Larch, Spruce (whitewood), and Pine (redwood). The normal rotation for these trees is some 100 to 150 years compared to 30 years for New Zealand grown Radiata Pine.

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We believe that the Russians are paving the way for New Zealand's timber. When Greenplan's forests are ready for harvest in the next 15 to 20 years we would hope that the Russians have exhausted their supplies and China will need to increase imports from New Zealand. An interesting fact is that of the 8 to 10 million housing starts each year, only 30,000 were single family dwellings of which only 400 timber houses were built. With increasing energy and construction costs and with the introduction in late 2003 of New Zealand Radiata Pine into the Chinese Building Code as an approved timber, we should see a significant rise in the number of timber houses built annually.

The China of yesteryear has gone and replaced with what one environmental analyst described as "an emerging economic superpower, one that is writing economic history." The benefits of this transition are being felt throughout the world with demand from Chinese consumers gathering strength and testing the worlds supply of raw materials. Like China, many Asian countries are experiencing similar trends.

For New Zealand's sustainable forest growers it is only a matter of time before the China Syndrome is felt in a positive light. As we have said before Wood is Good!!!

KYOTO UPDATE



We recently posted a newsletter, on behalf of the Kyoto Forestry Association detailing the recent actions undertaken by this group. We recommend that you take time to view the website: www.kfa.co.nz and learn more about the largest example of property theft in New Zealand.

MISSING PERSONS

Does anybody know the whereabouts of these people? If so, please contact the Greenplan office on 0800 800 154.

INVESTOR	LAST KNOWN AREA	INVESTOR	LAST KNOWN AREA
Graham White	Cambridge	Keith Grant	Australia
Paul Saville	Auckland	Pamela Arconado	Auckland
Alexandra Howe	Auckland	Sarah Wood	Australia
Karen Knight	Motueka	Craig and Glenda Peters	Marton
Bruce Gilkison	Nelson	Ian & Kimberly Thompson/Pochedly	Invercargill
Philippa & Shaun Millanta/Dalley	Auckland	Warren Bond	Hawkes Bay
Phillip Crawford	Auckland	Richard Doney	Hamilton
Rebecca & Stephan Gussette	Ashburton	Andrea & Gwynifer Napier	Wellington
Kamlesh Nadan	Manukau City	Lindsey D Simpson	Oxford, Canterbury

UPCOMING EVENTS

CYCLETIME CLASSIC

KING COUNTRY CLASSIC MOUNTAIN BIKE RIDE

On Saturday, November 19th this year upwards of 1000 mountain bikers are expected to take part in the King Country Classic, at Pureora Forest Park. The event, which Greenplan is helping to sponsor, is for riders of all abilities. The emphasis is more on participation and personal challenge than on competition. There are two courses, 45km and 65km for adults, as well as an 8km kids event, the Mini Classic.

The King Country has some terrific mountain biking routes. It's hoped that the event will become an annual one, perhaps with a different course each year, sometimes including some of Greenplan's forests.

For more information see www.kcclassic.co.nz



GREENPLAN FIELD DAY - SATURDAY NOVEMBER 12TH 2005.

Mark your calendars now. We have successfully enticed world renowned scientist and "Forestry Guru" Dr Wink Sutton to escort us through the Plantation Museum at Brooklands, Waingaro Springs.

The Museum highlights the past 100 years of Radiata Pine forestry in New Zealand, and as some of you can attest, Winks presentations are enthusiastic, informative and unforgettable. We would highly recommend you mark this day on your calendars and attend, you won't be disappointed. See the registration form on page 5.

FOREST MANAGEMENT DIARY

SEPTEMBER 2005

Winter has now passed in the King Country, although some may be asking whether it was here at all. This past winter has by far been warmer than most. We welcome spring and are looking forward to our busy summer pruning programme.

Pruning and thinning operations have continued at a steady pace throughout winter. While there has been no planting this season contractors have kept busy carrying out pruning operations, mostly first lift. This, an exercise in logistics, as not all parts of some forests are ready for pruning at the same time.

We are now well into the first lift operations in the 2001 forests. Pruning is completed in Dunmore North, Partnership No. 48 and Minormore, Partnership No. 49. Both operations were performed within the pruning requirements set out in our prospectus. Pruned stocking in both forests is around 400 stems per hectare. Trees have been pruned to an average height of 2.3 metres in the Dunmore North No. 48 forest and 2.7 metres in the Minormore No. 49 forest.

First lift operations began in June 2005 in the Twin Rivers No. 51 forest. Contractors have progressively moved though to the Headwaters No. 52 and Jubilee No. 50 forests as the trees have become ready for pruning. We now have one contractor working in the Jubilee No. 50 forest and another in the Headwaters No. 52 forest. These forests make up an area of some 550 hectares so pruning operations will take some months to complete. Current pruned stocking is around 390 stems per hectare in all three partnerships.

Some first lift work is yet to be completed in the Millennium No. 44 forest. This work covers an area of about 80 hectares, in parts of the forest where there is slower growth. We have programmed operations to commence in the first week of October when one of the contractors comes back from a break.

Pre assessment work for the second lift operation has been performed in a few of the 2000 forests. The majority of work is programmed to commence during the summer months once contractors have completed much of the first lift. However we have pruned a small area of 30 hectares in the



Thinning to waste at Rhodes No. 29



Lichfield Agro Forestry Crew from Tokoroa working in Headwaters No.52

Centurion No. 45 forest. This forest is growing on an exceptional site and consequently has excellent growth. The Wild Boar No. 43 forest is yet to be pruned also. Second lift is programmed to commence in the coming months.

Third lift operations in all 1997 forests are now completed and the majority has had the thin to waste operation completed also. Thinning contractors are currently working in the Rhodes No. 29 forest and are expected to be completed in October. At the completion of pruning and thinning an independent assessor is sent to perform the final audit. This satisfies that all operations have been completed to an acceptable standard, as outlined in the prospectus for each partnership. It's like an insurance policy. Audits have been completed in the Arapito No. 28, Coach Road No. 30, Moonlight No. 31, Rim Rock No. 33 and Pig & Whistle No. 34 forests.

The 2005 programme sees the commencement of the final pruning and thinning operations in the 1998 forests. These include Stockyards No. 32, Cattle Stop No. 35, Gateway No. 36, Miners Creek No. 37 and Squires Creek No. 38. Contractors have begun third lift pruning in the Gateway forest and are achieving good quality pruning. Current average pruned height is approximately 6.7 metres.

We have recently completed our annual forest health survey which is undertaken by an aerial and ground survey of all forests. Some of the trees in parts of the forests are infected with *Dothistroma pini*, a needle cast fungus which affects the needles of the tree. The infected areas in each of our forests have been mapped and a dothistroma spraying programme has been planned. Dothistroma is a needle cast fungus that effects the growth of the tree. Spraying involves an aerial application of a copper-oxy-chloride mixture on the infected trees. This is performed in early November when needle growth is prolific.

Now that spring is upon us the trees will begin to shoot up and growth will be quite obvious. There is much work to do and our contractors are looking forward to the busy programme ahead. With a bit of luck this year we may get a longer and warmer summer.

SECONDARY MARKET

The following units are for sale. * these units are subject to the clause two procedure, whereby partners in that partnership have a 28 day first option period in which to apply. The units not marked are available for sale to anyone.

Please contact Corina (invest@greenplan.co.nz) at Greenplan.

PartnershipName	Planted	Number of Units	Price
Arapito No. 8*	1	1994	\$14,000.00
Arapito No. 9*	1	1995	\$11,600.00
Arapito No. 10*	1	1995	\$11,500.00
Aratoro No. 13*	1	1995	\$10,900.00
Aratoro No. 14*	1	1995	\$11,250.00
Waipa Valley No. 15*	1	1995	\$11,500.00
Awakino River No. 16	1	1995	\$11,250.00
Awakino River No. 17*	2	1995	From \$10,900.00
Awakino River No. 17	2	1995	From \$11,000.00
Barkers No. 18*	1	1995	\$11,600.00
Barkers No. 18	1	1995	\$10,000.00
Aratoro No. 20*	3	1996	From \$9,300.00
Slab Hut No. 21*	2	1996	From \$9,200.00
Slab Hut No. 21	1	1996	\$9,800.00
Smiths No. 25*	1	1996	\$9,500.00
Tin Whare No. 26*	1	1996	\$9,650.00
Tin Whare No. 26	1	1996	\$10,000.00
Touchwood No. 27*	2	1996	From \$9,700.00
Touchwood No. 27	1	1996	\$9,800.00
Rhodes No. 29*	2	1997	From \$9,100.00
Coach Road No. 30	2	1997	\$9,100.00
Moonlight No. 31*	2	1997	\$9,100.00
Rim Rock No. 33*	2	1997	From \$4,500.00
Pig & Whistle No. 34*	1	1997	\$4,500.00
Cattlestop No. 35	1	1998	\$4,500.00
Cattlestop No. 35*	1	1998	\$4,300.00
Huntaway No. 40*	1	1999	\$8,000.00
Clearwater No. 42	1	1999	\$8,500.00
Wild Boar No. 43	1	1999	\$4,200.00
Millennium No. 44	3	2000	From \$7,200.00
Tunnel Rock No. 46	6	2000	From \$6,900.00
Dunmore West No. 47	1	2000	\$7,000.00
Minormore No. 49	1	2001	\$4,100.00
Jubilee No. 50	2	2001	From \$7,100.00
Twin Rivers No. 51	2	2001	\$7,200.00
Headwaters No. 52	5	2001	From \$6,900.00
Ducksfield No. 53	4	2002	\$7,300.00
Glen Afton No. 54	4	2002	From \$6,600.00
Big Valley No. 55	2	2002	\$7,300.00
Hidden Valley No. 56	7	2002	From \$6,800.00
Greatwood No. 57	11	2003	From \$6,500.00
Woodview No. 58	1	2003	\$6,600.00
Whitecliffs No. 59	1	2003	\$7,300.00
Pinegrove No. 60	3	2003	From \$6,000.00
Pinegrove No. 61	1	2003	\$7,300.00
Wayleggo No. 62	2	2004	From \$7,000.00

GREENPLAN FIELD DAY 2005

Our Field Day will be on Saturday 12th of November and we welcome you to attend. It is being held at the NZ Forestry Group Plantation Museum at Brooklands Estate, Waingaro Springs.

PROGRAMME

10:30am – Registration and Morning Tea

11:00am – Welcome by John Barton and introduction to Dr Wink Sutton

11:30am – Walk to Plantation Museum, 10min walk, Presentation by Dr Sutton

2:00pm – Lunch served at Headquarters

2:40pm – Question and answer session, conclusion

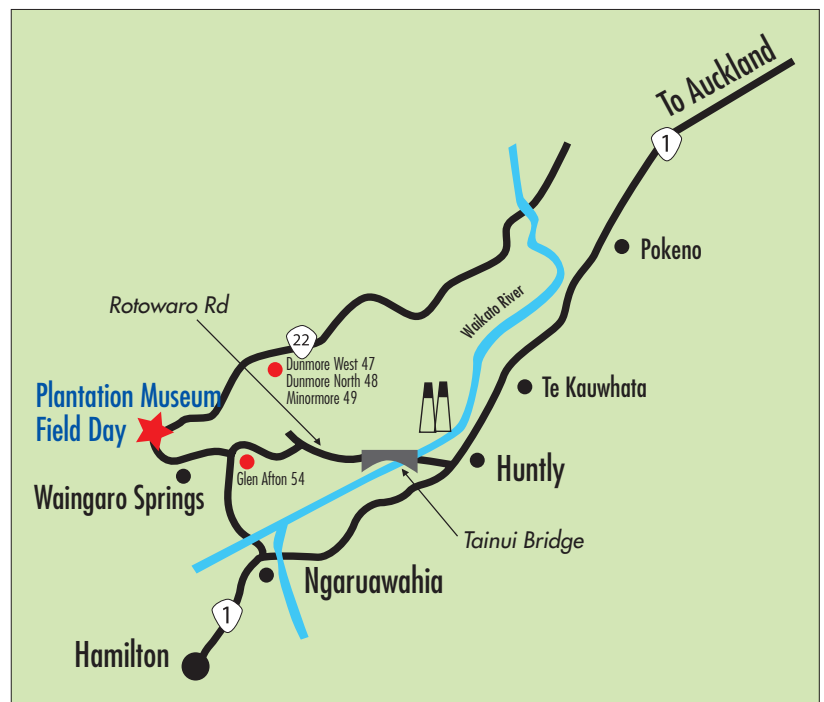
LOCATION OF FIELD DAY VENUE

The Plantation Museum is an easy 80 minute drive from Auckland and 45 minutes from Hamilton.

The Plantation Museum is situated 4km north of Waingaro Springs. Northbound traffic turn left at Ngaruawahia (Waingaro Rd signposted) follow the signs to Waingaro Springs (25 minutes).

Southbound Traffic turn right (Waingaro Rd) just over the bridge at Ngaruawahia. Follow signs as above.

Alternatively turn right at Huntly KFC (Rotowaro Rd) go over Tainui Bridge. Follow Rotowaro Rd to intersection with Waingaro Rd (Glen Afton P/S 54 on the left. Turn right to Waingaro Springs.



REGISTRATION

Get your registration to us as soon as possible. Simply complete the form below and return to Greenplan Forestry Ltd, P O Box 24, Te Kuiti.

Fax to 07 878 6744 or email us at invest@greenplan.co.nz.

Please bring suitable walking shoes and warm clothes (a raincoat is advised). No animals please, stock are grazing on the property.

NAME:

FOREST & CERTIFICATE NUMBER:

CONTACT TELEPHONE:

EMAIL:

NUMBER OF ADULTS: CHILDREN:

SPECIAL REQUIREMENTS:

NEWS CHIPS

BIOFUELS

With the price of petrol and diesel really starting to bite at the pump it is interesting to see a report released by the Energy Efficiency and Conservation Authority suggesting that at least three percent of New Zealand's petrol needs can be competitively met from bio-ethanol from forestry waste, straw and waste paper. Bio fuels are already used in many Western countries including the US, Australia, most European countries and Canada (source: www.fridayoffcuts.com).

An article in the Listener (September 24-30) further emphasises the potential of Radiata Pine as a source of bio fuel. Barry Leay has formed Bio Refineries Ltd, a company created to exploit a Kiwi invention that could turn the pine tree into the nations answer to the fuel crisis. Sugars are extracted from the pine waste products and turned into ethanol which can be blended with or even replace petrol. "The Brazilians look at world sugar-cane prices and decide how much cane to convert to ethanol to run their cars. We could do the same here with trees - the bio-refineries become a hedge against low forestry prices." Could New Zealand one day be joining OPEC and selling ethanol to Saudi Arabia?



INDICATIVE NEW ZEALAND RADIATA PINE LOG PRICES

Returns to small growers may be lower than those recorded here owing to scale and buyers' margins. These log prices are historical and indicative only and may not correspond to actual prices paid, or grades used, in market transactions.

A "best fit" is applied by survey respondents to align company log grade specification with the generic specifications. Direct comparisons with actual market prices may not apply, due to differences between the specification sets. The prices are subject to changes when further data becomes available.

The sources for this information are ministry of Agriculture and Forestry industry contacts.

(Source: www.maf.govt.nz)

2nd Quarter and 12-Quarter Average As at: August 2005		
Generic Log Type & Pricing Point	June 2005 Quarter	12-quarter average
EXPORT (NZ\$ per JAS m3 f.o.b.)		
Pruned	133 - 227	185
Unpruned A Grade	85 - 94	92
Unpruned J Grade	72 - 77	80
Unpruned K Grade	48 - 86	77
Pulp	45 - 55	51
DOMESTIC (NZ\$ per tonne delivered at mill)		
P1	135-147	159
P2	99-102	121
S1	78- 92	88
S2	60- 90	80
L1 and L2	51- 65	62
S3 and L3	51- 76	62
Pulp	35- 49	40

FOREST DAMAGE FROM HURRICANE KATRINA

New U.S. Forest Service Estimates:

- 5,000,000 acres of forest damaged or destroyed
- Enough wood to build 800,000 homes damaged or destroyed
- 25 million tons of paper damaged or destroyed
- Financial loss to timber owners and processors - five billion dollars

(Source www.forestry.about.com)

CONTACT DETAILS

Greenplan Forestry Limited
PO Box 24, Te Kuiti

Internet: <http://www.greenplan.co.nz>

Email: invest@greenplan.co.nz

Greenplan Office

Tel. 07 878 6730

Fax 07 878 6744

Customer Service

Freephone 0800 800 154

After Hours

John Barton - Managing Director

Tel. 07 878 7917

Matthew Barton - Operations Director

Tel. 021 658 565



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FORESTRY INVESTMENTS

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