

GREEN PLAN

FOREST NEWS
AUTUMN 2018

Welcome to the
autumn 2018 edition
of the Greenplan
Forestry Newsletter.

PUTTING INVESTORS FIRST

Our theme for this issue.

CHANGES IN FORESTRY

How we intend to deal with the ever-
changing forestry industry.

REALISING FOREST INVESTMENTS

Realising investor assets through
harvesting the trees

GROWING TEAM

All about the new faces in our office.

MORE...

FOR MORE INFORMATION ON YOUR FOREST CHECK OUT
GREENPLAN.CO.NZ

WELCOME



John Barton the head of the Barton Family, which established Greenplan Forestry in 1992, was a pioneer in the forestry investment industry, a visionary and a man of high principles. In setting up Greenplan his focus was on ensuring the company always looked to put investors first. This principle makes good sense given obtaining a good return on growing trees for investment is in everyone's interest including the Government, regulators, the environment and the community in general. This principle continues today and will endure into the future. Our trees are in very good condition, they provide opportunities for employment of people who can look after them well, the trees protect us against climate change and their value is currently soaring. Log prices are at high levels and in our opinion, based on current circumstances, we can expect to realise good value for investors when the trees are ready for harvest.

Greenplan also provides added assurance for investors through its licencing as a managed investment scheme manager under the Financial Markets Conduct regime. The first trees, planted by Greenplan in 1994, are now 24 years old and are expected to reach full growth after another 4 or 5 years or so. It may however be economically viable to realise the value of the trees before or after this time and we are looking at such possibilities. Realising value is a complex and involved matter but with your participation we aim to find optimum ways from the investors' perspective of achieving this. This edition will cover what the principle of 'Putting Investors First' means in practice, it will touch on how Greenplan is tackling the current forestry sector changes and the regulatory environment and will explore the exciting investment opportunities we see ahead. We believe there is something for every investor in this newsletter. It marks the start of a new initiative to engage with you in fresh ways as we kick the Greenplan 'Putting Investors First' principle into a higher gear. We look forward to receiving your valuable comments, suggestions and general feedback along the way.



Arapito 2 and Arapito 3 pictured left.

THE FUTURE OF YOUR INVESTMENT

In the beginning, Greenplan consulted widely on what investors wanted and using that information to shape its forestry investments. Greenplan believed putting investors first meant doing the right thing for investors such as engaging, keeping costs down, being accessible, quick, easy and friendly to deal with, open to requests from investors and fulfilling them as best as it could. This principle has been further enhanced by the new Financial Markets Conduct regime. As a licensed manager of managed investment schemes (the forestry partnerships) under the Financial Markets Conduct Act 2013, Greenplan is now subject to the statutory duty in exercising its powers and performing its duties to act in the best interests of investors and to treat investors equitably. In this regard, Greenplan wishes to ensure it continues to understand the needs of its investors in owing partnership units. To that end, Greenplan would like fresh input from investors in respect of their investment expectations, including preferences about how they could be realised. In managing the partnerships Greenplan is dealing with many different investors with different wants and needs. Given this Greenplan has set itself the challenge of finding optimum ways of ensuring investors realise the value they have in the partnerships. The process we have in mind is to enter into closer dialogue with investors to aim to arrive at the best solution for investors as a whole. The process we have in mind goes something like this:

1. Solicit your views
2. Analyse your views to guide research into ways the interests of investors can be best served
3. Seek your feedback on research results
4. Repeat the above steps until we have reached a view as to the most appropriate way forward
5. Proceed with the best way forward.

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Continued. We recognise that some investors will not have the time, interest or the inclination to take part in this process. On the other hand, others may feel they want to play a role in shaping the future of their investment. Whatever the case may be, we are working on ways to make this process work for you as simply and effortlessly as possible through the opening up new channels of communication, for your use. We do encourage you to participate in some form. One channel to use right now is to respond to each of the articles presented in this, and subsequent editions of, Greenplan Forestry News. You can do this by emailing your general feedback to us. The Greenplan website, www.greenplan.co.nz is also in the process of being upgraded. Some work has already been completed with further changes planned to make it easier for you to engage and communicate with Greenplan, to enhance the channels of communication and to keep you better informed about what's happening at Greenplan, the forest industry, the regulatory environment and in respect of other areas which may affect your investment. A small advisory panel will be established later this year to help gather and analyse investor views and use them to enhance the way Greenplan Puts Investors First. Should you have the time and inclination to volunteer as a member of the advisory panel, please email invest@greenplan.co.nz detailing how you think you could make a positive contribution.



TACKLING FORESTRY CHANGES

It should have been easy to plant some trees, nurture them ready for harvest and maintain the Investor First Principle. But nothing worth doing is ever easy. Too many things change, not least when it comes to politics, law, markets, technology and environmental considerations. Probably the most significant change to the Greenplan forestry investments, and financial investments everywhere in New Zealand for that matter, has been the introduction of the Financial Markets Conduct Act together with the Anti-Money Laundering and Countering Financing of Terrorism Act.

Licensed managers, such as Greenplan, are obliged to comply with these pieces of legislation which require ongoing compliance with numerous additional obligations. While the intention behind such legislation is worthy, protecting investors and ensuring appropriate due diligence is undertaken to identify investors and to detect and deter money laundering and the financing of terrorism, compliance is costly. The question is who pays the cost of such compliance? The answer, unfortunately, is the financial scheme manager and its investors. Please be assured that Greenplan is focused on efficiently managing the partnerships and minimising the costs to investors wherever it can. Investor fees however fund the services Greenplan provides as manager of the partnerships ensuring compliance with relevant laws and duties, the quality and integrity of which Greenplan cannot compromise. As a licensed manager Greenplan's compliance is monitored both by its Supervisor, Covenant Trustee Services Limited and the Financial Markets Authority.

Please email invest@greenplan.co.nz to respond and comment on this article. We are interested in anything you have to say about the legislative change referred to and the enhanced compliance regime with which Greenplan must comply on behalf of investors.



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GREENPLAN SECONDARY MARKET

5th June 2018

Partnership	No.	Status	Units Available	Price	Year Planted
Aratoro	20	PER	1	\$14,900.00	1996
Slab Hutt	21	RESERVED AFTER PER	1	\$14,500.00	1996
Brakeside	23	RESERVED AFTER PER	1	\$13,000.00	1996
Rim Rock	33	RESERVED AFTER PER	1	\$6,950.00 (1/2 Ha)	1997
Miners Creek	37	RESERVED	1	\$10,900.00	1998
Jones	39	PER	1	\$8,250.00 (1/2 Ha)	1999
Jones	39	PER	4	\$6,900.00 (1/2 Ha) each	1999
Boltaway	41	RESERVED	1	\$11,500.00	1999
Wild Boar	43	OM	2	\$5,700.00 (1/2 Ha) each	1999
Millennium	44	OM	1	\$12,000.00	2000
Tunnel Rock	46	OM	2	\$13,000.00 each	2000
Minormore	49	OM	1	\$6,900.00 (1/2 Ha)	2001
Jubilee	50	OM	1	\$11,500.00	2001
Headwaters	52	OM	1	\$11,500.00	2001
Headwaters	52	OM	1	\$12,000.00	2001
Big Valley	55	OM	2	\$11,500.00 each	2002
Greatwood	57	OM	1	\$9,750.00	2003
Wayleggo	62	OM	3	\$11,500.00 each	2004

Want to buy? To arrange purchase of secondary market units, or more information about the secondary market, please contact the Greenplan office (invest@greenplan.co.nz), or free-phone 0800 800 154 within New Zealand.

Government has signalled intent to support the reforestation of New Zealand. This represents an exciting opportunity for the forestry investment industry. Before we get to why, here's a little background.

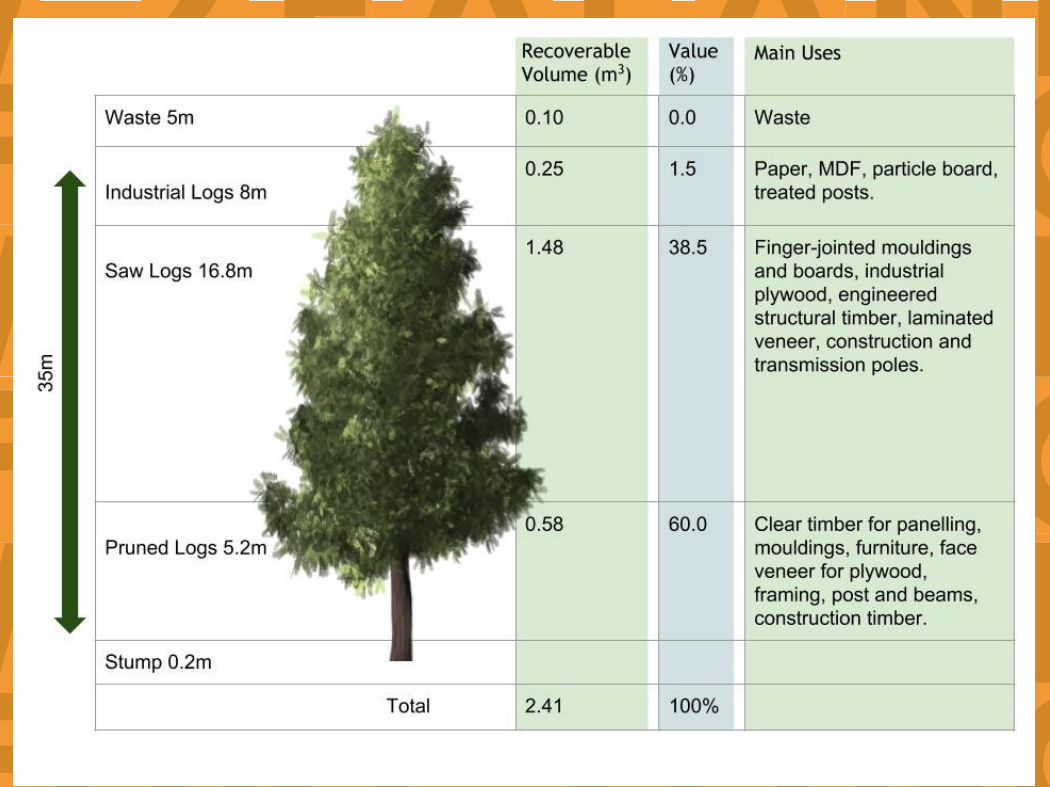
Forest covered 80% of New Zealand before it was inhabited by humans. Only remote crags, mountain tops and dry desert land which could not support trees was available to the first human inhabitants to thrive. And thrive they did through clearing trees from vast tracts of land to create the treeless land they needed to build homes, cultivate food, and generally live. Subsequent waves of incoming peoples did the same thing. So began the deforestation of New Zealand. No different, it must be said, from anywhere else in the world where trees grow well. Existing planted production forests cover approximately 1.70 million hectares as at 1 April 2016 and indigenous forests cover 6.4 million hectares. That's not much forest cover considering the country's total land area is approximately 27 million hectares. It's also not much considering that New Zealand forestry provides:

- \$3.55 billion GDP
- \$5.47 billion of exports
- 20,000 direct jobs
- A significant counter for climate change through sequestration of carbon in wood.
- An essential habitat for New Zealand's rich and diverse fauna and flora
- Recreation
- Other uses.

While the country contributes only 1.1% of the worlds total supply of industrial wood and 1.3% of the worlds trade in forest products, it is a significant industry in New Zealand. Wood products are New Zealands third largest export earner – behind dairy and meat. And there is plenty of scope for growth to satisfy massive national and international demand for wood products. Home building is only part of that market. Wood is good for all sorts of other applications e.g. paper, pulp and disposable clothing... the list is endless for this natural product. It's no wonder Government currently mourns the loss of trees in New Zealand and is looking to see new ones planted. With the benefit of hindsight Government could have taken more steps to reduce deforestation. While steps were taken to protect indigenous forests, exotic forests now also need support. The question is what should now occur.

There are a number of options available to see New Zealand re-forested with the production of wood products increased. Much depends on the style the new coalition Government adopt as it turns its mind to this matter. The new government has signalled an intention to plant one billion more trees. That is a good start but the devil will be in the detail. Greenplan hopes to hear further news on this initiative and we will keep you informed as we look to see how this exciting re-forestation initiative could benefit investors.

Radiata Pine Value Index



REALISING FOREST INVESTMENTS

Realising forest investments is not only about the process of cutting down trees and delivering them to the market in a saleable form but can include the replanting of the land. While the cutting down of trees, logging them into convenient lengths and carting them off to a mill or shipment to somewhere may represent the most dramatic, visibly exciting, and hazardous part of realising forest investments, there are many other considerations and steps involved in doing so. These include everything from developing a detailed plan to suit the market, to undertaking geological surveys, installing roads and yards, and determining methods of felling to suit market demands. Greenplan is starting to look into all dimensions of realising the value of the Greenplan forestry investments.

Harvesting techniques have advanced considerably since the Greenplan trees were planted and mechanisation has significantly changed the way trees are cut down. Improved logistics and processing have made it more effective to meet changeable market demands. While improved worker health and safety measures have added some costs these hazards can be managed, minimised or eradicated through advances in mechanisation of the harvest process. An example of this is the option of removing humans from the ground during felling operations, which obviously has a lot of merit.

Markets for wood have also evolved significantly since the Greenplan trees were planted. For example Westpac reported in its February 2018 Economic Overview that "Slower construction growth in China is expected to weigh on demand for New Zealand Logs". Other pundits however, forecast increasing demand for wood product from other countries and our own domestic markets, especially the markets for housing timber.

Under the Deed of Participation Greenplan Forestry is obliged to "market any forest produce to the best commercial advantage of the Partners". This could involve putting mature trees, say, about 28 to 29 years old, out to tender. The successful tender would be the one which offered the best outcome for partners.

Greenplan wishes to consider other ways of realising forestry assets and invites you to let us have your views on the matter.



Arapito 1, 1994
24years



Slab Hutt 21, 1996
22years



Boltaway 41, 1999
19years



Pinegrove 61, 2003
15years



Our New Staff.

We are very fortunate to welcome three new faces into our office since late 2017, we introduce to our team;

Joanne (Jo) Knighton

Jo joined Greenplan in April of 2018 as Office Administrator. Jo is the first port of call for all our investors and those with enquiries. With an extensive office administration background, Jo is the ideal candidate for the job. Jo currently lives in Te Awamutu with her husband and their three adult children. Jo commutes to our office in Te Kuiti daily.

Jordaane Tangihaere

Jordaane joined Greenplan in March of 2018 as Securities Registrar. Jordaane has a breadth of knowledge and experience in Business and is already proving to be a great asset to our team. Jordaane is a local to Te Kuiti.

Charlotte Barton

Charlotte joined Greenplan in November of 2017 but is not a new face to our team. Being the granddaughter of Founder John Barton, Charlotte has known Greenplan since before she could walk. Charlotte's main role is Compliance Officer.



Disclaimer

Things you need to know:

Greenplan Forestry Limited is a licensed manager of the Greenplan forest partnerships, it is not authorised to provide financial advice. The contents of this newsletter are for information purposes only and should not be considered financial advice. We recommend that you seek advice from an authorised financial advisor before you make any decision of a financial nature.

Greenplan Forestry News

The intention of Greenplan Forestry News is to provide a mechanism to promote dialogue and understanding between Greenplan and its investors as part of Greenplan's aim to ensure better communication. It is not intended for any other audience. Nevertheless, there is no restriction on Greenplan and investors sharing the Greenplan Forestry News publication with anyone else.

Your Input

A good deal of correspondence from investors is anticipated and encouraged in response to the Greenplan Forestry News articles. While we cannot personally reply to every communication received we will collate the responses, on an anonymous basis, to consider and will provide a summary of the views of investors in ongoing publications.

TREE PLANTING IN NZ

Not many new trees have been planted in New Zealand since 2004 when Greenplan itself ceased planting. The main reason for that at the time was the significant increase in land prices mainly due to incentives for land to be converted for dairying and other intensive land use industries. Tree planting in New Zealand could not compete and was effectively crowded out by such incentives. As a consequence, planting trees in New Zealand became uneconomic for Greenplan and the forest industry in general. For more on this subject, refer to the article entitled 'Reforestation New Zealand'.

Many things have changed since the Greenplan forests were planted. These include the available markets for wood products, harvesting techniques and the economy in general. In such times of change it is important investors review their investments and to consider how their investment needs are being met. There are many helpful websites where you can find good information to assist you to consider and review your overall investment needs.

