

13 October 2010

Dear Investor

Many months ago, in our December 2009 newsletter, we told you we were working hard on the planned entry of Greenplan into the Emissions Trading Scheme (ETS). Since then we have continued our efforts, but are still some way from finalising what is turning out to be a very complex undertaking.

We continue to be totally committed to the basic plan we initially outlined. Our plan had two fundamental features; pooling carbon from Greenplan forests to plant more forests to fully mitigate potential carbon liabilities; and aiming to provide dividends to Greenplan investors from selling carbon.

Essentially this means that our first priority is to ensure we continue to establish new forests, or acquire existing forests, to create carbon that offsets the liabilities that are created when we harvest our investors forests, or sell any carbon.

Once we have established sufficient new forests, or acquired existing ones to offset this risk our intention is then to sell excess carbon, and pay dividends to you, our investors. We believe this is a revolutionary development for forestry investment: a projected annual dividend as well as the expected capital return at harvest. Overall investors can expect a greater return from forestry investment.

We believe these new developments will increase interest in forestry as an investment, allowing us to promote new forest partnerships, which in turn will enable us to plant or acquire new forests to fully hedge future liabilities, and maintain dividend payments. Carbon sales will be used to back up these new issues, to replant after harvest, and to buy established forests to use as a Forest Fix¹ if necessary.

To do all this we are forming a new investment vehicle, which we are calling Greenplan Timberlands Ltd. In exchange for their participation Greenplan investors will be issued two preference shares in this new company, for every one hectare Greenplan unit they own. Owners of half hectare units will be entitled to one preference share.

Greenplan Timberlands Ltd will have a management contract and a management plan with the land owner Greenplan Holdings Ltd. This will be similar to the existing management arrangements Greenplan Forestry Ltd has with the land owners of current Greenplan partnerships, but with the additional function of trading the collective Greenplan carbon pool, and achieving the aims described above, i.e. cover post harvest carbon liabilities and replanting costs, and pay annual dividends.

Much of our effort in the past year has been in assessing the risks and implications of these new developments and building a comprehensive financial model to test and analyse different scenarios. These scenarios have to consider even the most unexpected events, such as volcanic eruptions, to ensure we are always able to cover potential liabilities.

You will recall that in the current Greenplan structure the landowner effectively guarantees the cost of developing your forest. To date this structure has been very effective with no partner being asked to provide more than their initial investment, for services detailed in the forest management

¹ A forest fix is the term used to describe the acquisition of an established mid-rotation forest that can add instant carbon to the pool, instead of waiting for a new forest to grow.

plan. Greenplan has paid for cost overruns, where they have occurred. In return the landowner has a 10% share of the crop at harvest.

Our intention has been to establish a similar structure to enable investors to benefit from the carbon in their forests. However we have found the potential costs to the Landowner in covering the risks associated with carbon are much more onerous than the potential cost overruns associated with establishing a forest. Despite exhaustive research into other possible alternative ways of providing effective cover for potential liabilities we are convinced the provision of a continuum of forest plantings is the only way to satisfactorily cover our liabilities, and is the only way we can agree to the partners selling carbon and registering the liabilities on the title of our land along with the potential to have to surrender credits to satisfy those liabilities.

The upshot of this is that we are now expecting to provide investors with around 75% of the excess carbon. In real terms we expect to pay out over \$43 million in dividends from carbon by 2031, to Greenplan investors (based on a \$20 per NZU price).

Future Greenplan investment partnerships will all include the benefits of participation in the ETS, through Greenplan Timberlands Ltd.

As Greenplan's founder and current Managing Director my purpose in this letter is to provide you a simple explanation of what we are trying to achieve. The final disclosure documents, which we are currently working on, will provide much more detail, in precise legal terms, with input from our various professional advisers, and Perpetual Trust, the Statutory Trustee for all Greenplan partnerships. The Disclosure document will be distributed to all partners.

Our team here at Greenplan has adopted the objectives of planting 1,000 hectares of new forest every year for the next 10 years, and to managing the largest New Zealand owned forest estate. At the same time we aim to pay our loyal partners an annual dividend – something they never dreamed a forest investment would ever give them.

With your support our vision will become a reality, and we can move forward into the carbon world.

Yours faithfully



John Barton
Managing Director

Are you interested in buying units in new Greenplan Forest Partnerships with preference shares in Greenplan Timberlands?

We expect a strong renewed interest in forestry investment when we finally issue details of new partnerships. Your positive answer here will ensure your early receipt of the investment statement.

Please note that an affirmative reply is not an undertaking or obligation to commit to invest but it will help us gauge our partners reaction to our carbon trading proposal.

If you are interested in this new opportunity we would appreciate hearing from you. Please fill in the attached coupon. Replies are FREE-POST (no stamp required).

No money is currently being sought and no applications for securities will be accepted or money received unless the subscriber has received an investment statement.

The following Greenplan Partnerships have not been submitted for registration in the Emissions Trading Scheme because the landowner has not yet agreed to registration and to the possible sale of carbon credits.

- Waipa Forest No.15 – Landowner S J Davidson
- Barkers Forest No.18 – Landowner Mocketenui Farms Limited/Mocketenui Holdings Ltd
- Tin Whare Forest No.26 – Landowner Mocketenui Farms Limited/Mocketenui Holdings Ltd
- Rhodes Forest No.29 – Landowner Mocketenui Farms Limited/Mocketenui Holdings Ltd

Discussions are continuing with the landowners, however it is in our opinion doubtful that they will be successful. We understand these two landowners have sought independent advice and believe that advice was against registration in the ETS. We can understand their aversion to the risks associated with the liability side of carbon trading but don't share their views as to the efficacy of pooling or grouping carbon has on minimising or mitigating that risk.

A brief description of the individual circumstances of each partnership is as follows. Appendix 1 is a list of partnerships where the landowner is Greenplan Holdings Ltd.

In most of Greenplan Forests, the landowner is Greenplan Holdings Ltd or in a few forests surrounding Arapito Station the landowner is either John Barton or another Barton family member these are shown in Appendix 2.

APPENDIX 1

ForestName	Partnership No.
Greenplan (Awakino River 1995) Forest Partnership No.16	16
Greenplan (Awakino River 1995) Forest Partnership No.17	17
Greenplan (Awakino River 1996) Forest Partnership No.19	19
Greenplan (Slab Hut 1996) Forest Partnership No.21	21
Greenplan (Slab Hut 1996) Forest Partnership No.22	22
Greenplan (Brakeside 1996) Forest Partnership No.23	23
Greenplan (River Road 1996) Forest Partnership No.24	24
Greenplan (Smith 1996) Forest Partnership No.25	25
Greenplan (Touchwood 1996) Forest Partnership No.27	27
Greenplan (Coach Road 1997) Forest Partnership No.30	30
Greenplan (Moonlight 1997) Forest Partnership No.31	31
Greenplan (Stockyards 1998) Forest Partnership No.32	32
Greenplan (Rim Rock 1997) Forest Partnership No.33	33
Greenplan (Pig and Whistle 1997) Forest Partnership No.34	34
Greenplan (Cattle Stop 1998) Forest Partnership No.35	35
Greenplan (Gateway 1998) Forest Partnership No.36	36
Greenplan (Miners Creek 1998) Forest Partnership No.37	37
Greenplan (Squires Creek 1998) Forest Partnership No.38	38
Greenplan (Jones 1998) Forest Partnership No.39	39
Greenplan (Huntaway 1999) Forest Partnership No.40	40

APPENDIX 1 CONTINUED

ForestName	Partnership No.
Greenplan (Boltaway 1999) Forest Partnership No.41	41
Greenplan (Clearwater 1999) Forest Partnership No.42	42
Greenplan (Wild Boar 1999) Forest Partnership No.43	43
Greenplan (Millennium 2000) Forest Partnership No.44	44
Greenplan (Centurion 2000) Forest Partnership No.45	45
Greenplan (Tunnel Rock 2000) Forest Partnership No.46	46
Greenplan (Dunmore West 2000) Forest Partnership No.47	47
Greenplan (Dunmore North 2001) Forest Partnership No.48	48
Greenplan (Minormore 2001) Forest Partnership No.49	49
Greenplan (Jubilee 2001) Forest Partnership No.50	50
Greenplan (Twin Rivers 2001) Forest Partnership No.51	51
Greenplan (Headwaters 2001) Forest Partnership No.52	52
Greenplan (Ducksfield 2002) Forest Partnership No.53	53
Greenplan (Glen Afton 2002) Forest Partnership No.54	54
Greenplan (Big Valley 2002) Forest Partnership No.55	55
Greenplan (Hidden Valley 2002) Forest Partnership No.56	56
Greenplan (Greatwood 2003) Forest Partnership No.57	57
Greenplan (Woodview 2003) Forest Partnership No.58	58
Greenplan (Whitecliffs 2003) Forest Partnership No.59	59
Greenplan (Pinegrove 2003) Forest Partnership No.60	60
Greenplan (Pinegrove 2003) Forest Partnership No.61	61
Greenplan (Wayleggo 2004) Forest Partnership No.62	62
Greenplan (Scotts Bush 2004) Forest Partnership No.63	63

APPENDIX 2

Landowner – John Barton:

- Arapito Partnership No's 1 to 12
- Aratoro Partnership No.13
- Aratoro Partnership No.20
- Arapito Partnership No.28

Landowner – Jonathan Barton:

- Aratoro Partnership No.14

Greenplan has negotiated with John and Jonathan Barton to agree to Greenplan Holdings Ltd leasing their land for no rental. This satisfies the ETS grouping requirements and these forests will be treated the same as Appendix 1 forests.