

FOREST NEWS
WINTER 2021

GREEN PLAN

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the winter 2021
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Greenplan Forestry
Newsletter

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WELCOME

MANAGING DIRECTORS NOTE

Welcome to the Winter 2021 edition of the Greenplan Newsletter.

Winter is finally upon us, and it is cold but not as cold as other winters. A beautiful winter's day has dawned on us as I write this.

As mentioned in my previous intro, we were hoping for some normality over the Summer period. This, unfortunately, did not occur, with Covid still making the headlines. As a result, our Summer Field Day was postponed once again, and we now are hoping to be able to hold the event sometime between late 2021 and early 2022. We will keep you informed.

Our new investor portal website is now live, albeit with a few teething problems. This newsletter, amongst other documents, should be easy to access through your Greenplan Portal. Communications with you all should vastly improve.

We are looking forward to hosting the 2021 AGM sometime in September.

I recently had a catch-up with the GIAP (Greenplan Investment Advisory Panel). It was a good, frank discussion, and I urge you to register yourself onto the GIAP Facebook page if you haven't already. To find the Facebook page, search for the "Greenplan Investors Group."

We have had a few staff changes. We welcome Olivia to the team as our new Office Administrator, who will be on the end of the phone if and when you call. We also welcome Michelle, who has also joined the team.

Your forests continue to grow, and will be enjoying the brisk mornings and sunshine.

The Forest Manager (GFM Ltd) has continued to fulfill its obligations and report that all forests are doing well.

Visitors to the Greenplan Office are few and far between. We would like to invite you to call in if you are passing. As we approach the first lot of harvesting (asset realisation), we have more exciting things to discuss. Harvesting is the final phase of the forest's life.

From the Greenplan Team, we look forward to seeing you at the upcoming AGM and Field Day. I am available most of the time so please don't hesitate to call me.

And as always, "Wood is Good."

Regards,

This Newsletters article of interest

A POND THAT SINKS EVERY DRY SEASON

Research scientist and Redditor bradyboh shared this interesting photo of a large pond that drains/sinks every dry season, leaving an eerie horizontal 'wet' line across the tree trunks.

Brady says the pond is somewhere in middle Tennessee but can't share the exact location since it's a biological research site. He adds that the pond 'sinks' with the water table and can go from full to empty in a matter of weeks.

Read more about the pond here: Source: <https://twistedstifter.com/2018/11/this-pond-drains-every-dry-season/>



Photo: Reddit Source: Twisted Stifter

We note that this type of event is not likely to occur in the Greenplan Forests, but is included as an article of interest only.

Log Price Update

Indicative New Zealand radiata pine log prices



March 2021 quarter and weighted average

Note: Weighted averages have been used from June 2017. Take care when comparing them with previous quarters.

Generic log type and pricing point	December quarter 2020	March quarter 2021
EXPORT (NZ\$ per JAS m3 f.o.b.)		
Pruned	151 - 286	170 - 223
Unpruned A Grade	135 - 156	150 - 178
Unpruned K Grade	126 - 145	141 - 166
Pulp	102 - 131	128 - 151
P1	165 - 192	165 - 194
P2	125 - 198	130 - 197
S1	131 - 136	132 - 140
S2	117 - 135	117 - 134
L1 and L2	84 - 121	83 - 126
S3 and L3	102 - 119	99 - 120
Pulp	31 - 75	28 - 65

How the survey is compiled:

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 change when further data becomes available. The sources for this information are MPI's industry contacts.

For more information on the log price collection process, log grade and prices, and availability of log price information please visit the MPI website: www.mpi.govt.nz

Source: www.mpi.govt.nz

Greenplan Secondary Market

1 July 2021

Partnership	No.	Status.	Units	Price (NZD)	Year Planted
Aratoro	14	RESERVED AFTER PER	1	\$25,000	1995
Arapito	28	PER	1	\$30,000	1997
Rim Rock	33	RESERVED AFTER PER	1	\$9,000 (1/2 Ha)	1997
Gateway	36	RESERVED AFTER PER	3	\$12,500 (1/2 Ha) each	1998
Gateway	36	RESERVED AFTER PER	1	\$12,500 (1/2 Ha)	1998
Dunmore West	47	RESERVED	1	\$18,000	2000
Dunmore North	48	RSEERVED	1	\$16,000	2001
Dunmore North	48	RESERVED	1	\$15,500	2001
Dunmore North	48	OM	1	\$15,500	2001
Glen Afton	54	OM	1	\$15,000	2002
Whitecliffs	59	OM	1	\$41,000	2003

Want to buy? To arrange purchase of secondary market units, or more information about the secondary market please contact Holly Koroheke (holly.koroheke@greenplan.co.nz), or freephone 0800 800 154 within New Zealand.

OM - Available on the open market. The units are available to purchase on the open market at the advertised sale price and have either passed through the pre-emptive right period or are not subject to a pre-emptive right.

PER - Available subject to a pre-emptive right (see below). Initially available for sale only to partners in that partnership until the pre-emptive right period expires. If unsold at that time they will then be available to purchase on the open market at the advertised sale price. Where the pre-emptive right applies non partners can reserve units for purchase if they are unsold at the expiry of the pre-emptive right.

Reserved - These units are in the process of being purchased.

Pre-emptive Right - There is a pre-emptive right of purchase for partners in the partnership in which units are offered for sale in partnerships 1 – 39. This means that partners in those partnerships have a 28 day right of purchase from the date of this advertisement. Only after 28 days can units be sold at the advertised sale price to people not in that partnership. There is no pre-emptive right in later partnerships.

Preliminary Harvest Planning

The trees Greenplan Forestry Limited (Greenplan) manages for its investors are becoming sufficiently mature to start formally planning how their value could be realised. From 63 forests under management, numbers one to eight are anticipated to be ready for clear felling in 2023. However, a great deal of work needs to be done before that date to prepare for the event. We are now in the preliminary phase of preparing a comprehensive harvest plan for these eight forests. It will provide a foundation for good project management and harvest practice during harvesting to be reconciled with the need to put Greenplan investor interests first. Investor interests extend further than simply reducing the cost to them. It includes compliance with central and local government regulations regarding health and safety, environmental consideration, and obtaining consent for certain types of harvest activity.

The scope of the plan depends on Greenplan harnessing the competency and capability of a forest manager and commissioning it to prepare and implement comprehensive harvest plans using its knowledge of:

- Forest history.
- Project managing harvesting activities.
- Forecasting what the forests may yield.
- Topography, existing and planned infrastructure to provide adequate access to trees.
- The National Environmental Standards for Plantation Forestry regulations for managing the environmental effects of harvest.
- Resource Management Act.
- Areas where significant geological challenges exist, such as Tomos, river crossings, or wetlands, must be overcome when developing a transport system or carrying out forest operations.
- Local Council regulations and consent procedures.
- Communities or indigenous populations that could be affected by harvesting or transport operations.
- Harvesting methods, equipment, and other resources necessary to harvest varying areas of forest.
- Managing harvest scope, cost, time, and quality.

Greenplan - harvesting role

- Appoint/engage a forest manager to undertake harvest planning and implementation duties, to be carried out in the best interest of Greenplan investors.
- Employ independent advisors to audit the forest managers harvest plans and activities to ensure compliance with commercial, technical, and sound operational practices.
- Ensure transactions between Greenplan and the forest manager are made at arms-length to ensure compliance with related-party transaction regulations where applicable.
- Arrange for regular audits of the forest managers harvest activity using independent auditors.

Forest Manager - harvesting role

The forest manager will use its resources, augmented by subcontractors and advisors, to:

- Produce harvest plans and implement them to the satisfaction of Greenplan. Independent experts will be employed to ensure plans and activities utilise sound information and good practice.
- Implement harvest plans using the best available techniques not entailing excessive costs, including:
 - A harvest and earthworks management plan.
 - Production of a forest product Prescription Parameter Document (PPD) that sets out the best way for forest product to be sold, in the best interest of Greenplan investors. Selling methods could include:
 - Selling logged timber at the forest gate, FOB, or delivery to a mill.
 - Stumpage (the price a buyer pays for the right to harvest timber from a given land base).
 - Cutting right sale.
 - Other.
- Make necessary notifications to regulatory authorities (for example, local Councils) and gain essential consents to undertake harvest activity.
- Submit to regular audits as required by Greenplan.

Harvesting is the process of realising the value of investor-owned forest assets and marks the end of an approximate thirty-year wait for the good people who placed their trust in Greenplan. Greenplan and the forest manager will need the time between now and when the first trees are expected to be cut in 2023 to craft the final plan. Uncertainty abounds in the forest industry, and effects from that will take significant effort to resolve.

We will keep you updated as the plan evolves.

Customer Due Diligence

As a reporting entity under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (**AML/CFT Act**), we are required to undertake, among other things, certain due diligence checks on each of our investors, their beneficial owners and persons acting on behalf of the investor.

To provide you some background, Greenplan was formed prior to the AML/CFT Act coming into force. We onboarded investors without the need to meet the requirements set out in the AML/CFT Act as it was not yet in force at this time. Now that the AML/CFT Act has come into force, we are required to comply with the obligations set out in the AML/CFT Act. This includes, as noted above, undertaking due diligence checks on our investors (both new and existing).

We are not alone, some of the other entities captured under the AML/CFT Act are: Banks, Accountants, Lawyers, and Real Estate Agents.

How does this effect you?

There are certain “trigger” events throughout the period that you own your Greenplan units at which point we are required to conduct due diligence checks, the most common trigger events being:

Change of Address

Change of Ownership – Sale and Purchase or Transfer of a Greenplan unit

Change of Trustee

In most instances due diligence will be a matter of completing a customer form, supplying a utility bill for proof of address, and providing a copy of your current passport and drivers licence for electronic identity verification (with your consent).

We are also required to conduct due diligence checks at harvest/realisation of the assets of a forestry partnership that you own units in.

You will not be able to acquire units in a forestry partnership, nor will we distribute funds to you at harvest/asset realisation until we have completed due diligence on you to a level satisfactory to comply with the law.

We appreciate that for some of you this will be an onerous task, and we are striving to make the process as easy as possible for you.

You can visit the [FMA website](#) to find out more about AML/CFT and customer due diligence.

Note from the Greenplan Staff:

We understand the frustration at the requirements to comply with more recent legislation. However, we are willing to assist you with finding the best possible solution to ensure these requirements are met.

We are here to help you. We aim to be as polite and helpful as possible, and we would be grateful if you could respond in kind.

Reminder — Overview of changes to New Zealand Securities Law

New Zealand securities law underwent the biggest change in 30 years with the introduction and implementation of the Financial Markets Conduct Act 2013 (**Financial Market Conduct Act**).

The Financial Market Conduct Act and related regulations aimed to raise the standards of New Zealand's financial market service providers by governing how financial products are created, promoted and sold, and regulating those who offer, deal and trade them in New Zealand. Specifically, the Financial Market Conduct Act introduced a new regulatory framework for managed investment schemes, which Greenplan Forestry Limited (Greenplan, we) is required to comply with.

Who is the Financial Markets Authority?

The Financial Markets Authority (FMA) is the regulatory body for New Zealand's capital markets and financial services sector. Their mission is to promote the development of fair, efficient and transparent financial markets.

What did this mean for Greenplan?

Greenplan was required to be licensed as a manager of managed investment schemes (MIS Manager). Our licence permits us to invest solely in forestry assets (excluding managed funds). In addition, each of Greenplan's 63 forestry partnerships became registered managed investment schemes from 25 November 2016.

Please visit the [Disclose Register](#) at the NZ Companies Office for details relating to the forestry partnerships and for copies of, among other things, their respective governing documents, financial statements, and annual reports for the forestry partnerships.

To become a licensed MIS Manager, we underwent an application and assessment process with the FMA. The application and assessment process broadly involved the preparation of an application setting out how we did, and would continue to, satisfy the minimum standards required to obtain a license. These minimum standards relate to all areas of our business including our people, corporate governance, operational infrastructure, financial management, and our risk and compliance frameworks. We also had to, among other things, increase our operational and governance capabilities.

How did the changes benefit you?

Licensed providers are monitored by the FMA

The FMA proactively monitors all licence holders to ensure that they are meeting their obligations. It does this by using a mix of desk-based research, phone discussions and on-site office visits.

Appointed Supervisor

We are also required to appoint a supervisor to oversee our performance as the manager of the forestry partnerships. The appointed supervisor is Covenant Trustee Services Limited (Covenant). Covenant is licensed by the FMA under the Financial Markets Supervisors Act 2011. You can find out more information about Covenant and their contact details on their [website](#).

MEET OUR NEW STAFF

We are very fortunate to welcome Olivia to our team this year;



Olivia Rawlings

Olivia joined Greenplan in April this year as our Office Administrator.

Olivia's main responsibilities include administration and reception duties, and she has already proven to be a great asset to our team.



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 considering 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 a 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 responses, on an anonymous basis, to consider and will provide a summary of the views of investors in ongoing publications.

CONTACT US

EMAIL

invest@greenplan.co.nz

WEB

www.greenplan.co.nz

PHONE

07 878 6730

ADDRESS

PO Box 24

Te Kuiti, New Zealand



GREENPLAN
FORESTRY LIMITED



Greenplan Investor Advisory Panel (GIAP)

Facebook (closed group):

Greenplan Investors Group

Email:

admin@giap.nz or

investorpanel@greenplan.co.nz

Website:

www.giap.nz