

Dear Forestlands Shareholder,

We are writing to you further to the December 2017 update posted on the Forestlands website.

Moving forward

It was envisaged that a distribution framework would be presented to the FMA in January, however that was subject to obtaining audited accounts for the Forestlands Companies. It has not been possible to obtain audited accounts while the FMA investigation is ongoing. Accordingly, the Director has commenced an alternative process for determining distributions to investors (which, again, is subject to the agreement of the FMA).

The Director has advised the FMA that he has instructed KordaMentha to undertake an analysis of the funds to be paid to investors. The first step is to review deductions from the sale proceeds, and to undertake a process to advertise for and assess creditor claims (if any), all with reference to independent legal advice. This first step is underway and you may notice an advertisement for creditor claims. Investors do not need to do anything in regard to that advertisement.

It is also expected that KordaMentha will then undertake a shareholder verification exercise, so please be assured that shareholder details will be fully up to date for the distribution of the funds. This second process has not commenced yet, however you will be contacted in due course with a request to provide contact details and confirm your shareholding information.

The Director is fully committed to distributing the funds to shareholders. A distribution cannot be made at this stage, as matters are yet to be resolved to the FMA's satisfaction, however the Director is in regular contact with his advisers in relation to these matters.

We appreciate the delay has caused considerable frustration for Forestlands, its Director and shareholders, and thank you for your continued patience. The Director is doing everything possible to achieve distribution to all shareholders as quickly as possible, however, every step is subject to FMA approval.