

INTERNATIONAL TIMBERLANDS OWNERSHIP AND INVESTMENT REVIEW

2010 Edition



Indian Sandalwood (*Santalum album*) plantation in Ord River West Australia (Source: TFS Ltd)

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2010
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International Timberlands Ownership and Investment Review: 2010 Edition

This **270 page** Review is the fifth edition of the DANA Timberland (T/L) Review series. It is a major expansion and update on the 2009 edition. It highlights recent changes in T/L ownership in North America and an increasing number of international players with their resources, recent transactions with buyers, sellers and (mostly) prices, and other material, to provide a comprehensive analysis of this important and rapidly growing investment sector.

The 2010 Review is an essential information resource for investors, banks and other financial institutions, timberland (forest-land) owners, managers, advisors and consultants, universities and government departments involved with timberland investment, ownership and management.

- **Introduction:** Statistics. **26 tables and charts** illustrate the T/L industry performance and trends. The reasons why so many new investors have been enamored by T/L investment in the last decade. Is T/L a good bet in recessionary times?
- **North America:** **>200 owner profiles**. Rise in TIMO to TIMO sales and conservation "investment" transactions in 2009 - 2010. Trends.
- **Overseas Countries:** **Almost 400 owners-fund managers** profiled in **>50 countries** in Africa, Asia, Europe/Russia, Latin America, and Australasia. Trends.
- **Pension Funds/Endowments:** **>100 T/L investor funds** profiled.
- **Interesting (and not so interesting) Countries-Regions:** **20 identified**. Risk profiles.
- **Tree Based Carbon:** Action since early- 2009 and status in mid- 2010. ETS progress.
- **Returns:** Expected and possibly achieved. Recent changes in (and reasonable) mid-2010 country-region-species discount rate risk premia: **44 "case study" examples**.
- **Conclusions:** A **9- page** summing up section.
- **Appendix:** **>500** timberland transactions which occurred 1996-2008.
- **STOP PRESS:** This chapter captures news-events received since publication date.

More than 750 timberland owners, fund managers and funds are profiled:
TWICE the number profiled in the 2009 Review.

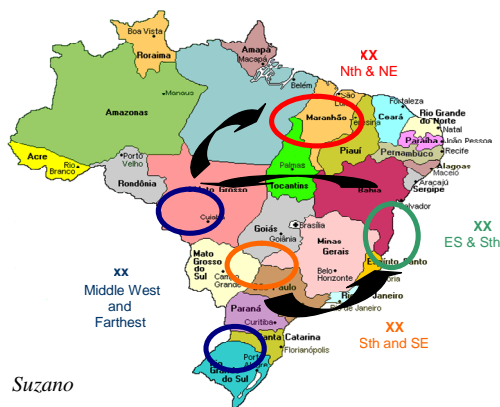
This Review would be (now by far) the most complete analysis of the international timberland ownership & investment industry that is publicly available.

About the Author:

Dennis Neilson is a Director of DANA Ltd., a New Zealand-based timberlands & forest products consulting and publishing company. He has published and/or co-authored over 40 multi-client Reviews – recent ones include: *The 2007 Global Tree Farm and Managed Forest Industry Review* (published by RISI); the *2007 Russian Forest Industry Sector Review*; the *2008 Global Tree Based Carbon Offset Industry*; the *2009 Australian MIS Agribusiness Tree Plantation Industry*; the *2010 New Zealand Forest Products Industry* and the *2009 & 2010 International Pulpwood Trade Reviews* (published by RISI). He has spoken at a number of international conferences in 2008-20110 including: each year at the world's largest timberlands "World Forestry Centre" conference in Portland OR (he is a Director of WFC); and recent timberland investment (and sawmilling and wood fiber trade) conferences in New York, Vancouver, Munich, London, Singapore, Auckland, Sao Paulo, Rotorua (NZ) and Melbourne. His consulting and research enables him to personally visit many traditional and exotic/frontier timberland investment regions and projects. Mr. Neilson is also a partner in an international conference company which organizes regular and very successful meetings on global timberlands investment and wood fiber trade trends.

Review Profiles								
T/L Owners - Investor Mgrs	2009	2010	% Change	Funds	2009	2010	% Change	
Africa	10	44	340%	Sovereign Wealth Funds	20	54	170%	
Asia	35	48	37%	US Pension-Endowment Funds	44	62	41%	
Europe	40	86	115%	Other Country Pension Funds	28	41	46%	
North America	152	205	35%					
Latin America	21	167	695%					
Oceania	27	47	74%					
TOTAL	285	597	109%	GRAND TOTAL	377	754	100%	

Brazil has become a major 2010 sizzle timberland investment country. The review identifies 74 T/L Owners-Funds in the Brazil section alone -- and others ready to invest.



Investors are turning to new countries-regions and to new tree species-varieties. What is up? We discuss in Chapter 5: Interesting New Timberlands Investment Regions – Products.

Countries-Regions	Countries-Regions	Species/Varieties
Angola	Vietnam	African Mahogany
Mozambique	Eastern Europe	Redwood (NZ)
South Africa	Russia	Mega Tree (P*Hwd)
Tanzania	Colombia	Paulownia
West Africa	Cuba	Freeze Tolerant Eucs
China	NE Brazil	<i>E. globulus</i> cross
Cambodia	N - NW Aust.	<i>E. pelita</i> cross
Indonesia	Species/Varieties	Acacia cross
Laos	Teak	Indian sandalwood
Malaysia	Big Leaf Mahogany	Australian sandalwood
Philippines	Red Mahogany	Robinia

A continually updated STOP PRESS Section will keep the Review topical until at least end- Q3 2010.

Unsolicited responses to previous editions include:

- Major International Company: *"It is very useful indeed".*
- Major Institutional T-L Investor: *"Interesting stuff as always".*
- Major USA Purchaser: *"The material you have compiled here is beyond exceptional and well worth the \$. You guys have really done your homework. No one else even compares!"*
- Asian Timberlands Company: *"Thank you for your Timberland report. We find it very useful".*
- International Company: *"I am enjoying reading your report. Well done".*

The huge Australian MIS retail agribusiness industry funded the establishment of more than 1.5 million acres of new (mostly eucalyptus) planting this decade. What is its status in mid-2010? [A\$ million].

Company	2005	2006	2007	2008	2009	2010
Elders	84	47	61	38	X	X
Willmott	42	38	45	95	X	X
TFS	13	20	45	56	X	X
Gunns	78	124	140	111	X	X
FEA	47	62	60	101	X	X
Rewards	41	50	64	59	X	X
Great Southern	365	458	420	58	X	X
Timbercorp	176	239	187	187	X	X
Total	846	1,037	1,023	704	X	X

Source: Adviser Edge 2010

What are "reasonable" country-region-species discount rate premia compared with a USA PNW benchmark?

Country	Region	Mid-2010	Country	Region	Mid-2010
United States	PNW	x	Brazil	R. Grande Do Sul HW Sth	x
	Lake States	x		Nth	x
	US South	x		Santa Catarina Pines	x
Canada	BC	x		Parana Pines	x
	Eastern Provinces	x		Minas Gerais Eucs	x
Australia	SE Pine	x		Mato Grosso Teak	x
	Old Pine	x		Mato Grosso Eucs	x
	West Pine	x		Tocantins Nth Eucs	x
	SE Pulpwood	x		Tocantins Central Eucs	x
	Nth Teak	x		Para Eucs	x
	Nth Mahogany	x		Para Eucs	x
	Nth Sandalwood	x		Amapa Eucs	x
NZ	CNI Pine	x	Uruguay	Nth Pines	x
	Northland Pine	x		Central Pines	x
	SI Pine	x		Central Eucs	x
	SI D. fir	x		Sth/West Eucs	x
	NI Redwood	x	Sth Africa	Pines	x
	Eucalyptus Carbon	x		Eucs	x
Chile	Pine	x	Angola		x
Chile	Euc Pulpwood	x	Mozambique		x
Chile	Euc Sawing	x	Uganda		x
			Sudan		x
			Eastern Europe	Biomass	x

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