An Investment Perspective

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Timber Investment Management Organizations (TIMOs) invest in, and manage, forest assets on behalf of their institutional clients.

- Long term and patient capital, with focus on delivering investor financial return from the purchase and management of forest assets
- Seek to mitigate risk by building a portfolio of properties within a fund
- Evaluating investment opportunities outside the traditional geographies of USA, Australia, New Zealand and South America

- In addition to capital, TIMOs bring:
  - Focus on sustainability evidenced by third party certification
  - Conservative financial structures
  - International best practice knowledge
  - Global perspective on fiber resources and markets
Investment Considerations

Risk and return are inseparable – two sides of the same coin!

◆ Plantation risk is lessened with:
  – High fiber productivity
  – Low production costs
  – Good asset protection
  – Knowledgeable and committed management
  – Strong end use markets

◆ Purpose grown plantations have less environmental risk when harmonized into the landscape with other land uses – such as conservation forest and/or agriculture

◆ Careful evaluation is needed of country, governmental, regulatory, business culture, social and environmental risks – not just the trees

◆ Partnerships with existing successful forest industry companies have historically worked well
Indonesian Opportunity?

The Forest Dialogue forum is critical to the development of forest investment in Indonesia.

- Sentiment and perception have been generally negative and must be addressed before institutional investors will commit their capital to an Indonesian opportunity.

- Intensively managed planted forests for pulpwood supply have the necessary attributes of high productivity, management and protection, and strong market demand.

- Forest operations must be sustainable and comply with (or exceed) all local and national policies and regulations.

- Environmental practice must (minimally) meet LEI certification and be subject to third party audit.

- Employment, social and community development programs are necessary, but must remain focused and resource effective.

- Constructive working partnerships with NGOs, both local and international, will facilitate the placement of international capital into the Indonesian forest sector.

- Joint venture relationships with local forest sector entities are important, and will endure if there is good alignment on forest stewardship principles.
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Advising Institutional Investors
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Throughout The World
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