

## **NZ's plantation forest acts like a Venus flytrap to dozens of international forest investors. Why? Find out more at DANA Rotorua 11 & 12 August**

The speaker line-up is now complete for this important meeting: **The New Zealand Forestry and Forest Products Sector: Its situation in 2014 and trends going forward**

All sectors of the industry will be covered at the conference, but in this newsletter we profile NZ timberland (plantation) investment.

**STOP PRESS:** This week, **Nick Ping, Manager** - Resource Planning & Analysis, Australasia for Hancock Natural Resources Group (HNRG) has confirmed that he will join a panel discussing: ***New Zealand as an Investment Destination for International Timberland Investors***. Nick will also speak on a similar panel at the DANA Melbourne August 7 & 8 meeting, so may be in a very good position to discuss the relative merits of New Zealand and Australia as investment destinations.

A **"Quick Check"** of the Rotorua **conference program topics and speakers** can be seen [here](#)

### **Location & Venue**



**Rotorua: Home of New Zealand's Maori Culture and Geothermal Activity**

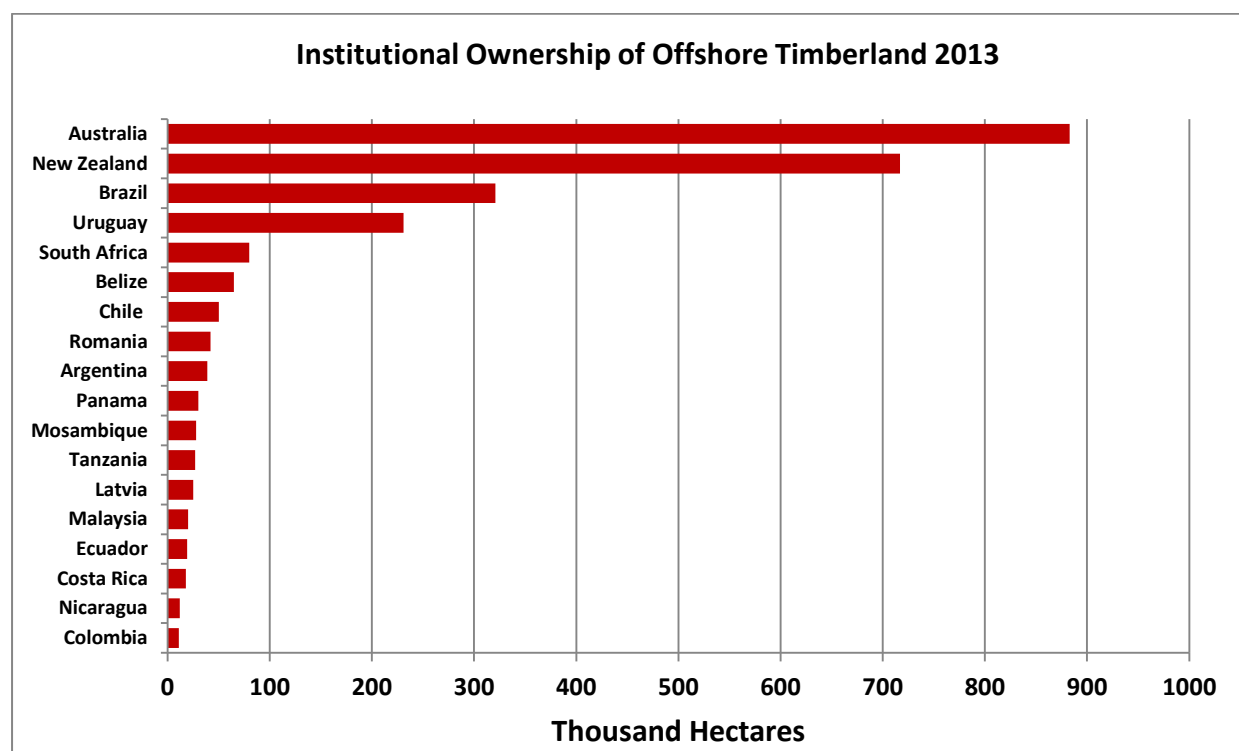


**Novotel Rotorua Lakeside**

### **NZ's Plantation Forest Sector**

After peaking at about 1.8 million hectares a few years ago, the area now seems to be reducing as forest land owners choose to either convert or to sell for conversion land suitable for high value land uses like dairying. For instance, just one organisation, Ngai Tahu Property report that it intends converting 16,000 ha of trees to dairy. However this does not seem to be denting the enthusiasm of international investors into the NZ plantation forest owning sector. Many are huge institutional investors such as HTRG, GMO RR, GFP, OTPP, PSP etc. but also include large forest product companies such as RH (Ernslaw One), Samling (HFF), Juken NZ, Sumitomo Corp, CNBM and CFG; as well as several smaller private international investors.

Indeed excluding investment of institutional funds in United States forests, NZ closely follows Australia as the world's most attractive "mecca" for these large investors.



NZ forest owners have had a uniquely attractive run of it over the last two to three years as China has emerged as a huge buyer of NZ logs at attractive prices. As this newsletter is sent out, a significant price correction is occurring which may, or may not, have medium term implications for NZ forest owners. No doubt this will be at least a serious informal topic during networking sessions at the DANA Rotorua meeting. However, there is also some formal presentations and panels which will cover the plantation industry. These include:

- **John Vaney**, the co-author of the 2014: [The New Zealand Forest Products Industry Sector Review](#) in which almost 50 domestic and international owners of New Zealand plantations forests are profiled. John will present on the first day of the conference on: ***NZ Plantation Forest Industry: The players and trends over the last decade,***

when John will provide some trends in NZ timberland ownership patterns: historic, recent and ongoing.

- Immediately following this presentation there will be a panel during which international investors will discuss ***NZ as an Investment Destination for International Timberland Investors***. Three panelists are confirmed: **Megan Struthers** of Sydney-based investment manager New Forests, **Thomas Song** Managing Director of Oregon Group (the parent company of major NZ forest owner Ernslaw One), and **Nick Ping**, Manager - Resource Planning & Analysis, Australasia for Hancock Natural Resources Group (HNRG).
- **Geoff Manners**, International Director of New Zealand based consulting firm CFK, will present on: ***The Economics of Growing New Land Trees in NZ - why is it not happening?*** There are few if any independent advisors who understand as much about the relevant economics of plantation forest investment than Geoff does. Geoff was the co-author of the first authoritative global Review on the subject: **The Tree Farm and Managed Forest Industry** which analysed and compared the economics of almost 100 different species/management regime options in more than 50 countries. CFK advises on and provides due diligence and valuations for several NZ and international companies.
- A highlight presentation of the conference: ***NZ Log Business - Domestic and Export*** will also be provided on the first day of the meeting by **David Balfour**, Managing Director (Ops) Timberlands Ltd. David has been for some years in charge of operations in this 190,000 ha business which owns probably some of the most productive softwood forests in the world. As one of the two largest log suppliers in NZ, David and his team have a very large influence over the allocation of logs to several domestic and several overseas log buyers. This allocation process is of profound interest to all sectors of the NZ forest industry and also of course to large numbers of buyers in North Asian and Indian markets.
- **Brian Frank**, President & CEO of TimberWest Forest Corp., Canada will present: ***A Case Study in Log Export Restrictions. Bad Public Policy***. TimberWest is Western Canada's largest private forest owner, with 325,400 hectares on Vancouver Island in British Columbia. The sustainable harvest from the private managed forest land is 1.9 million cubic meters annually. TimberWest also holds annual harvest rights to 700,000 cubic meters from publicly owned forest lands, resulting in a combined total harvest of 2.6 million cubic meters annually, which it sells to both the domestic and export markets. TimberWest operates in an environment of a restrictive policy which controls its log allocation decisions. Delegates will be very interested to hear about the implications of such an environment.

- **Geoff Thorp**, Forest Manager Lake Taupo Forest Management Ltd, will provide a very important presentation on: ***The NZ Forest Industry and the growth of Maori commercial interests***. Geoff has worked with the Lake Taupo and Lake Rotoaira Forest Trusts' subsidiary for 14 years and before that with an international consulting firm. His experience make him well suited to discuss trends and Maori ownership of land and forests and other options Trusts and companies may have in investing into the sector in future.



An iconic photograph of Kaingaroa Forest in the Central North Island of New Zealand. This was once claimed to be the largest plantation forest in the world, and still ranks amongst the world's largest, and certainly the most valuable plantation forests in the world.

One might be forgiven for pondering how many potential investors into New Zealand forests have been seduced into investing after reading about, seeing and analysing the economics of this iconic forest. Conference organiser Dennis Neilson thinks he knows of a few.

## **To Register**

To those readers who have already registered for this conference, thank you for your support. To other readers, Conference organiser Dennis Neilson strongly encourages you to register; and indeed to bring along some of your team.

There are generous multiple registration fee discounts available: To see all details of the program, speakers, venue, registration, sponsorship and newsletters, please click [here](#) for details. To date, 60% of registrations are for multiple delegates.

Please do not hesitate to contact conference organiser Pamela Richards in Melbourne - [pam@prcc.com.au](mailto:pam@prcc.com.au) - to discuss any aspects of this conference.

## **DANA Melbourne, Australia Conference**

**Note:** Dana is also holding a similar Conference in Melbourne, Australia the previous week: On August 7 & 8: **The Australian Forestry and Forest Products Sector: Its situation in 2014 and trends going forward.** All details including the registration can be seen [here](#)

Kind regards

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