

# INTERNATIONAL TIMBERLANDS OWNERSHIP AND INVESTMENT REVIEW

2011 (6<sup>th</sup>) Edition



Four year old *Eucalyptus urophylla - grandis* hybrid plantations in Minas Gerais, Brazil (Source: BAM)

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2011  
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## International Timberlands Ownership and Investment Review: 2011 Edition

This **>370 page** Review is the sixth edition of the DANA Timberland (T/L) Review series. It is a major expansion and update on the 2010 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 2011 Review** is an essential information resource for investors, banks and other financial institutions, timberland (forest-land) owners, managers, advisors and consultants, universities, researchers and government departments involved with timberland investment, ownership and management.

- **Introduction:** Statistics. Numerous **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? **Table of > 190 transactions 2010-2011 and pending.**
- **North America:** **Almost 300 owner profiles.** Rise in TIMO/Private owner sales and conservation "investment" transactions in 2010 - 2011. Rise in First Nation TL owners. Trends.
- **Overseas Countries:** **>750 owners-fund managers** profiled in **70 countries** in Africa, Asia, Europe/Russia, Latin America, and Australasia. Trends.
- **Pension Funds/Endowments:** **>200 T/L invested/interested investor funds** are profiled.
- **Interesting Countries-Regions:** **20 identified.** Changing risk profiles from 2008-2011.
- **Climate Change-Tree Based Carbon:** Action since 2009 and status in mid- 2011. ETS progress.
- **Returns:** Expected and possibly achieved. Recent changes in (and reasonable) mid-2011 country-region-species discount rate risk premia: **49 "case study" examples.**
- **Conclusions:** A **10 page** summing up section.
- **Appendix:** **>500** timberland transactions which occurred 1996-2009.
- **STOP PRESS:** This chapter captures news-events received since publication date.

**More than 1,250 timberland owners, fund managers and funds<sup>1</sup> are profiled:**

**70% more than the number profiled in the 2010 Review, and 240% more than in the 2009 Edition**

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

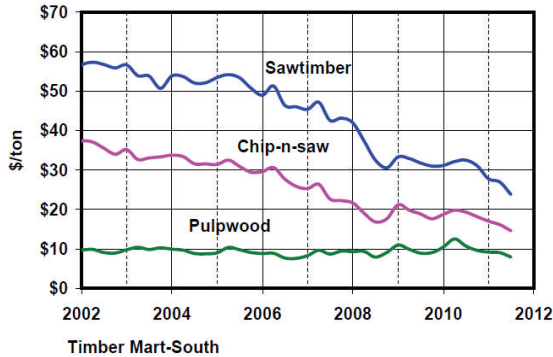
### About the Author:

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 and 2011 International Pulpwood Trade Reviews* (published by RISI). He has spoken at a number of international conferences in 2008 - 2011 including: 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/wood products and woodfiber trade) conferences in New York, Vancouver, Munich, London, Singapore, Sao Paulo, Atlanta, Auckland and 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– see [www.woodfibreconference.com](http://www.woodfibreconference.com) for details of a November 2011 conference on global woodfiber trade

<sup>1</sup> Some companies with subsidiaries in more than one country may have been profiled in each country and so there will be some double ups. However, the counting methodology is consistent with earlier editions.

The US South T-NCREIF Index is up 90% while real saw timber prices are down by >100% over the decade. The last person to attempt that was Icarus -- and he ended up in real grief.

South-wide Pine Stumpage Prices  
2002 to present (Real using PPI 2011 dollars)



Green Resources A/S pine plantation in Bukaleba, Uganda. Is East Africa soon to become the new Latin America?



Review Profiles - they continue to grow with each edition

TL Owners - Investor Mgrs	2009	2010	2011	% Change	TL Funds	2009	2010	2011	% Change
Africa	10	44	163	270%	Sovereign Wealth Funds	20	54	55	2%
Asia	35	48	146	204%	NA Pension-Endowment Funds	44	62	95	53%
Europe	40	86	144	67%	Other Country Pension Funds	28	41	63	54%
North America	152	205	297	45%					
Latin America	21	167	243	46%	TOTAL	92	157	213	36%
Oceania	27	47	67	43%					
<b>TOTAL</b>	<b>285</b>	<b>597</b>	<b>1,060</b>	<b>78%</b>	<b>GRAND TOTAL</b>	<b>377</b>	<b>754</b>	<b>1,273</b>	<b>69%</b>

Plus list of largest 300 Global pension funds and top 58 US Endowment Funds

For Plantation Teak Growers – perhaps be cautious about mis-pricing teak log quality

Do you have these? - probably not



Or these? – more likely



**A continually updated STOP PRESS Section will keep the Review topical until at least end- October 2011**

## The China Card?

What has been going on with some Chinese- owned/controlled TL investments; with TRE.TO, CFZ.V, 0930:HK and others?

We put our spin on the Chinese TL situation, and profile 60 Chinese TL companies -- as well as looking at China as a possible next sizzle timberland investment funds source.

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.*

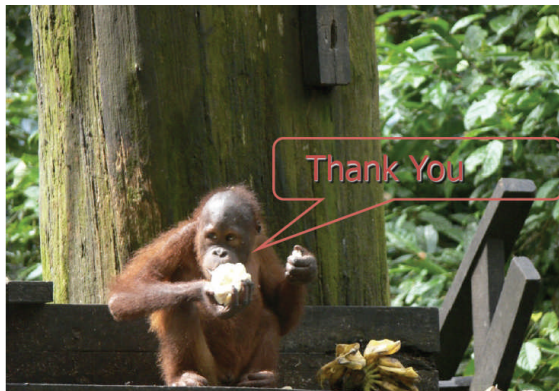
Countries-Regions	Countries-Regions	Species/Varieties
Angola	Vietnam	African Mahogany
Mozambique	Eastern Europe	Redwood (NZ)
South Africa	Russia	Mega Tree (P*Hwd)
Tanzania	Colombia	Paulownia
West Africa	Cuba	Freeze Tolerant Eucs
China	NE Brazil	<i>E. globulus</i> cross
Cambodia	N - NW Aust.	<i>E. pelita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

Unsolicited responses to previous editions include:

Major TL Fund Manager (1): *"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!"*

Major TL Fund Manager (2): *"We recently bought your most recent Int'l Timberlands Review -- the indispensable resource."*

Is carbon trading to be seen as this?



--- or this? We comment

**"This is a market based on the non-delivery of an invisible product to no one, and is almost certain to be scammed."**

**Mr. Abbot, Australian Opposition Leader, mid- 2011**

"Reasonable" country-region-species discount rates? Should USA country risk now be positive re other countries?

Country	Region	Mid-2010	Mid- 2011	Country	Region	Mid-2010	Mid- 2011
United States	PNV	X	X		Parana Pines	X	X
	Lake States	X	X		Minas Gerais Eucs	X	X
Canada	US South	X	X		Mato Grosso Teak	X	X
	BC	X	X		Mato Grosso Eucs	X	X
	Eastern Provinces	X	X		Tocantins Nth Eucs	X	X
Australia	SE Pine	X	X		Tocantins Central Eucs	X	X
	Old Pine	X	X		Piau Eucs	X	X
	West Pine	X	X		Para Eucs	X	X
	SE Pulpwood	X	X		Amapa Eucs	X	X
	Nth Teak	X	X	Panama	Darien Teak	X	X
	Nth Mahogany	X	X	Costa Rica	Teak	X	X
	Nth Sandalwood	X	X	Guatemala	Teak	X	X
NZ	CNI Pine	X	X	Nicaragua	Teak	X	X
	Northland Pine	X	X	Jruaquay	Nth Pines	X	X
	SI Pine	X	X		Central Pines	X	X
	SI D. fir	X	X		Central Eucs	X	X
	NI Redwood	X	X		StWWest Eucs	X	X
	Eucalyptus Carbon	X	X	8th Africa	Pines	X	X
Chile	Pine	X	X		Eucs	X	X
Chile	Euc Pulpwood	X	X	Angola		X	X
Chile	Euc Sawlog	X	X	Mozambique		X	X
Brazil	Grande Do Sul HW Sit	X	X	Uganda		X	X
	Nth	X	X	Sudan		X	X
	Santa Catarina Pines	X	X	Eastern Europe	Biomass	X	X
				China	Timber and pulpwood	X	X

Southern Bamboo in USA? Is that right? -- Yes, and in several other countries. A future sizzle crop?



**Readers may be, shocked, scandalized, interested, tantalized, enthused and downright excited as they read through the Review.**



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