

## **New Zealand forest plantations continue to attract international interest**

New Zealand was the first country outside North America to attract US-based TIMO funds to its plantations. Following an initial deal made by the then RII (now Global Forest Partners) in 1992, a steady stream of forests were put on the market by both the Government and by private interests over the next 1½ decades. Most of these were acquired by institutional investors via a series of TIMOs.

Major TIMOs operating in New Zealand now include Hancock Timber Resource Group (HTRG), GMO Renewable Resources and Global Forest Partners. A number of others have/are looking for opportunities. In addition, at least one pension fund has invested in its own right, as has a major US based University Endowment Fund.

More recent investors have been UK based listed timberland funds including Phaunos Timber Fund, which assisted with the recapitalising of a major forest company, Matariki Forests in late- 2009. The existing owners including a subsidiary of US REIT Rayonier, a subsidiary of German based Deutsche Bank and Australian based pension fund AMP sold down shares. Phaunos is now reportedly the largest shareholder of Matariki, which owns 320,000 acres of plantations.

In addition to institutional money, several private investors from the United States, Australia, Asia and Europe now own plantations in New Zealand.

The super returns enjoyed by the early movers in the 1990s are no longer available, but there are several reasons why New Zealand is recognised as a "safe" place to invest.

A number of "early mover" investors are now looking seriously at carbon forests as the next sizzle investment in the sector. It is early days for carbon forestry, and it remains problematic, but it might be very rewarding if the international community can get its climate change act together in 2010.