Global Environment Fund Group

We are a fund management group seeking superior financial returns through private equity investments in companies that have a positive impact on environmental quality, human health and the sustainable management of natural resources.
Global Environment Fund Group

• Established in 1989

• $800 million under management

• Sustainable natural resources, clean energy, water purity, efficient transportation, resource recovery, and pollution prevention

• Three current foci: clean technologies, emerging markets infrastructure, and sustainable forestry
Assumption #1: Growing supply/demand coming from emerging markets and southern hemisphere offering investment opportunities

Assumption #2: Will need to control the conversion assets until stumpage markets develop unlike northern TIMO model

Assumption #3: Favorable government policies

Assumption #4: Greater emphasis on environmental excellence

Assumption #5: Greater involvement of local communities

Assumption #6: Potential for monetization of ecosystem services
Summary of our Global Emerging Markets Forestry Fund

- Plantation or Natural Forest opportunities
- FSC certified or certifiable
- Ability to modernize/install on-site manufacturing facilities to add value
- Strong domestic market with export potential
- Focus on solid wood and specialty products
- Interest in majority shareholding and active day-to-day management
Global Emerging Markets Forestry Fund

- Private Equity Fund looking for 5-7 deals
- Forestry, financial, industrial, and transactional experience
- Focus on rapidly developing emerging market economies
- Aiming for risk-adjusted returns
Discount Rates for Two Forest Products Companies (example only)

<table>
<thead>
<tr>
<th>Country</th>
<th>Risk free</th>
<th>Operational</th>
<th>Country</th>
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</thead>
<tbody>
<tr>
<td>US</td>
<td>10%</td>
<td>10%</td>
<td></td>
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<tr>
<td>Emerging Market</td>
<td>20%</td>
<td>10%</td>
<td>10%</td>
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Country Risk Components

- Land tenure system
  - Preference for fee-simple ownership
  - Land Lease or long-term concessions

- Quality of governance - transparency

- Legal framework and foreign investment climate

- Currency risk - trade policies and exports to hedge

- Tax systems
Operational Risk Components

- Transportation/infrastructure
- Getting the markets right: right log to the right mill for the right customers
- Deal structure/control issues
- Proven manufacturing techniques
- Personnel challenges
GEF Approach to Risk Mitigation
Certified by the Forest Stewardship Council
Global Forest Products, South Africa

GEF invested in early 2001
Global Forest Products Assets

- 62,000 hectares of FSC-certified plantations producing high-quality, pruned logs
- 30,000 hectares of protected area
- 2200 full-time employees
- Three conversion facilities
- Company nursery producing 10M seedlings/year
- Seed orchards and breeding program
GFP is fueled by Social Inclusion

- People will ultimately determine our success

- Supports medical clinics, full-time AIDS educator with team of nurse practitioners

- Sponsors primary school for local children

- Full-time community forester who assists with public access of company lands for fuel wood, thatch, poles, grazing, bee keeping, medicinal plants, mushrooms, and manual labor activities for unemployed women
GEMFF Commitment to Community
GFP and Economic Development

• Largest private employer in the region with 2200 employees or 15% of the local population

• Forest contractor program, additional 1400 employees

• Multiplier effect of 10X for every GFP job

• Revenue year-over-year growth of 22% since 2000

• EBITDA year-over-year growth of 42% since 2000

• Forest products support 7.5% of all South Africans
Job Creation through Forest Management Outourcing

August 2006
John Earhart
Value-Added Production for Both Local Markets and Export
GFP focuses on Environmental Performance

- All forests are FSC certified (92,000 total ha)
- 30,000 hectares set aside for conservation
- Maintenance of 7 natural heritage sites
- Company actively supports research, education and environmental NGOs
- Water conservation and weed control projects
- Chain of Custody certification ensures total compliance
Global Forest Products Protected Areas