

FIA SEEDLING PERSPECTIVE

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SOUTHERN OPERATIONS MANAGER

NURSERY COOPERATIVE ADVISORY MEETING

NOVEMBER 13, 2014



FOREST INVESTMENT ASSOCIATES

Some Observations

- ❑ Inability to estimate future cash flows with certainty is the basic cause of risk in an investment
 - Increase in genetic certainty facilitates more predictable cash flows
- ❑ Advanced seedling deployment leverages the resources made available through management regime
- ❑ Bigger trees grow faster on all sites across all treatments
 - Function of spacing and genetics
- ❑ In most situations the more intensive regime provides significantly higher NPV
 - My job is to maximize NPV for our clients
 - He who can pay the most (in a bid situation), wins



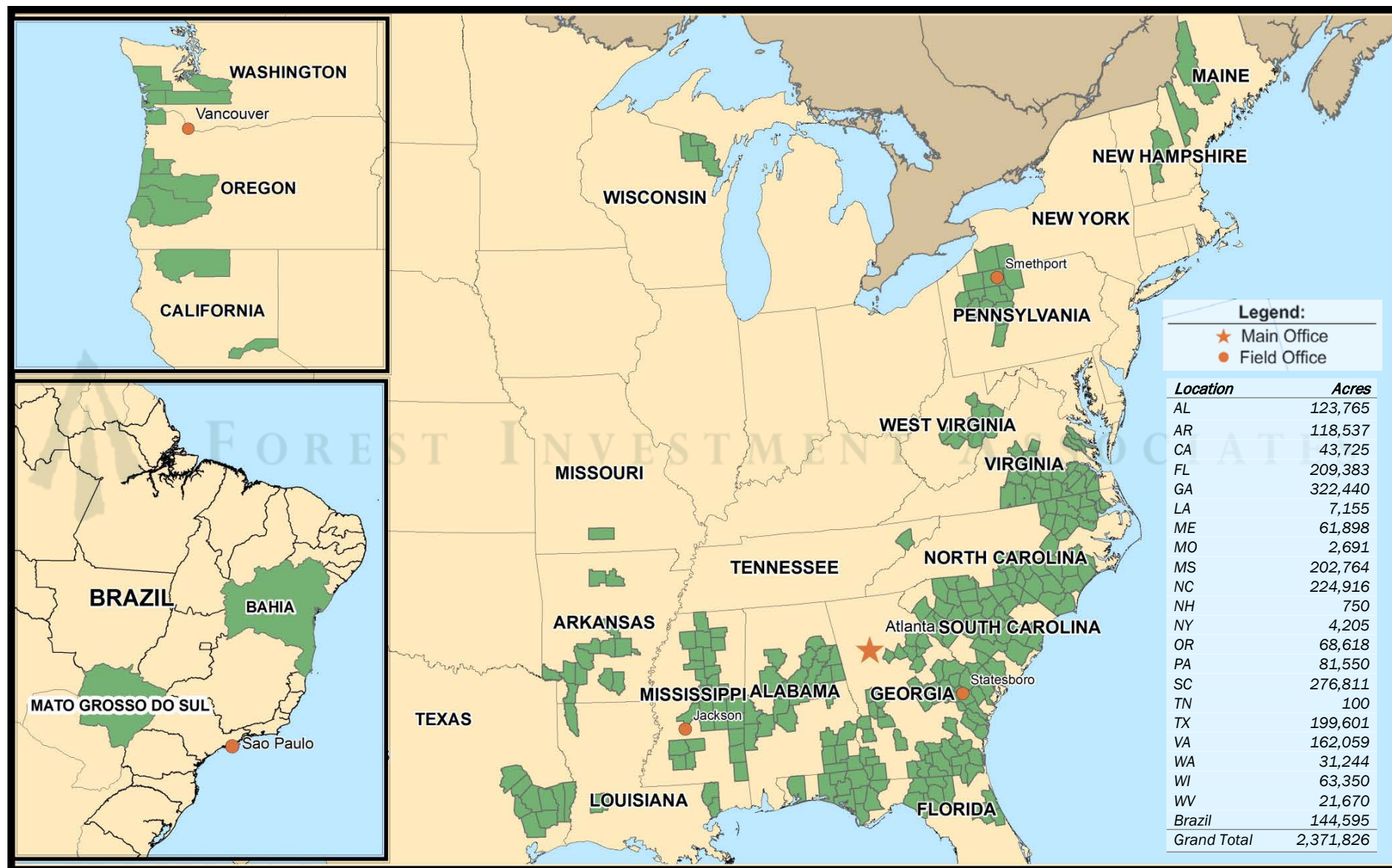
More Observations

- ❑ The more intensive the management the more it favors loblolly pine
- ❑ Markets determine density
 - Total yield versus higher product classes
- ❑ Biological growth is the largest component of returns from a timberland investment
 - We have the most control over this component



Forest Investment Associates' Client Portfolio

2,371,826 Acres Under Management



The areas highlighted represent counties / countries in which FIA's existing clients own timberland. As of June 30, 2014



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FIA seedling numbers

- ❑ In 2014 we planted 15.5 million seedlings
 - 85.5% OP and 14.5% MCP

- ❑ In 2015 we plan to plant 21.2 million seedlings
 - 87% OP , 12.5% MCP and 0.5% varietal



Summary

- ❑ The TIMO business is appraisal based.
 - Incorporating advanced genetics into G&Y
- ❑ As more transactions with significant percentages of MCPs and varieties take place, and appraisers account for the increased value of the advanced genetics, the more widely they will be deployed.

