



WORLD FORESTRY CONGRESS DURBAN 2015

Financial innovations required to increase global reforestation

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Mads Aspren

CONCLUSION

Required actions to expand forest plantations in Africa

- ▲ Many recent studies show the need to significantly expand the global plantation forests, including reports by Nova Institute and WWF's Forest for a Living Planet. Land availability means that Africa has to be part of any meaningful expansion of the world's plantation forest areas.
- ▲ African afforestation creates more positive social and economic impact than establishing forests anywhere else in the world. We believe the landscape model will be the only successful approach to afforestation in Africa.
- ▲ Private companies are the locomotives in African reforestation:
 - accounting for all large scale reforestation, while Government plantations are shrinking
 - developing wood processing facilities producing environmentally friendly quality products and benefiting 1000s of small forest owners supplying the new factories
- ▲ It is the private sector that does 'proper' forestry in Africa. Private companies have established and own **all** FSC certified plantation forest outside of South Africa.
- ▲ However, the 100,000 ha plantations established since 2000 is a fraction of what is needed. Planting peaked in 2011 and is smaller than the loss of Government plantations during the same period.
- ▲ Development banks can play a critical role in funding for private forestry companies. Equity and 15-20 years financing needs to be made available if large scale planting is to take place.
- ▲ It is important for donors to recognise this and shift significant grant support towards building infrastructure for private sector forestry.
- ▲ Carbon finance should focus on practical and implementable projects that are benefiting the environment and local people. Successful REDD+ projects (ex rainforests) must include afforestation.
- ▲ No. of trees (FSC certified) planted per year should be a key impact matrix for donors and lenders.

BACKGROUND

Increased demand/ supply imbalance in the global fiber and biomass markets

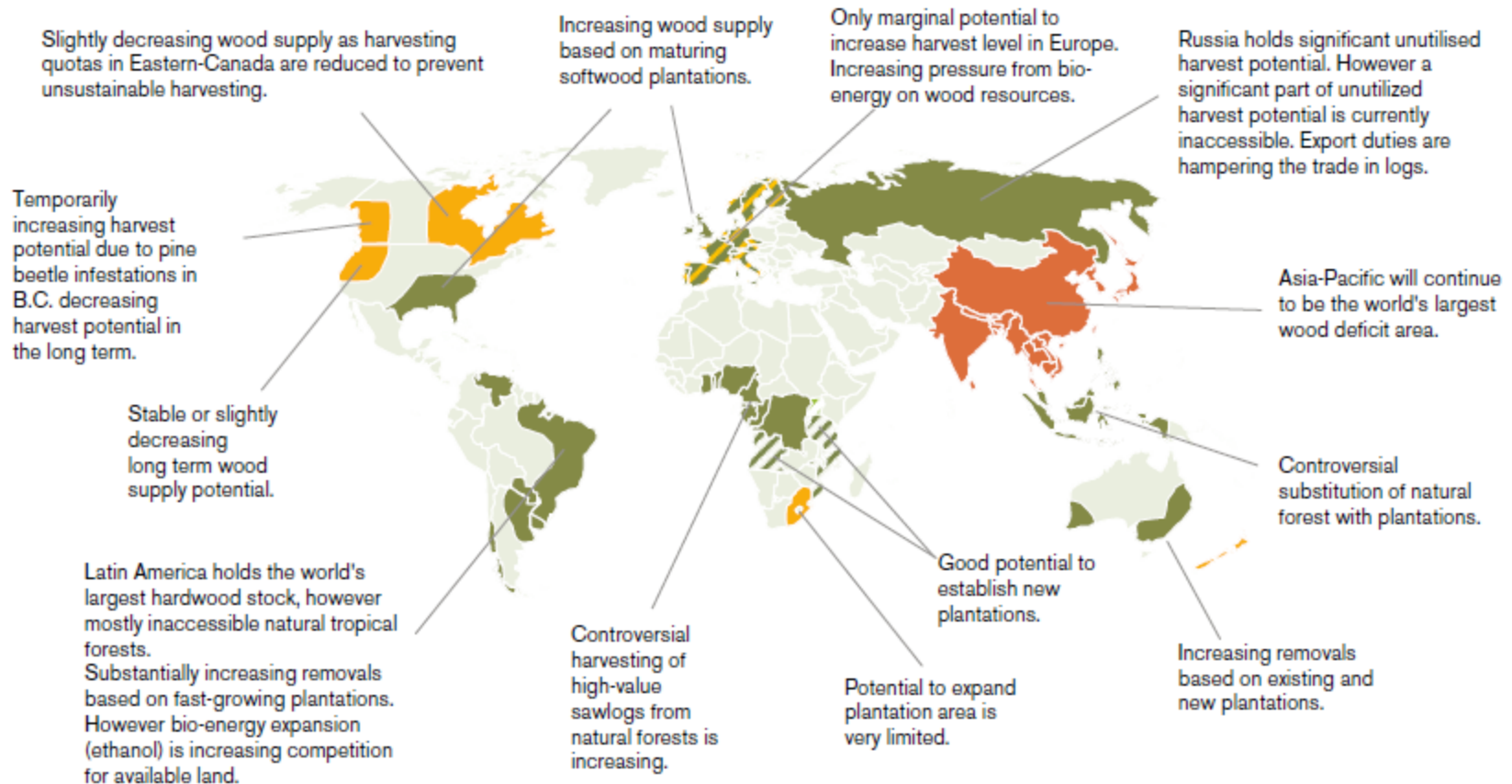
- ▲ Leading forestry consultants forecasts various degrees of wood shortage going forward, concentrated on Asia and Africa
- ▲ WWF's Living Forest Model (2011) developed together with IIASA argues that 241-304m ha of new managed (plantation) forests are needed by 2050 to reach 'Zero Net Deforestation and Forest Degradation'
- ▲ Nova-Institute forecasts a need to almost double the global Planted Forest from 290m ha in 2011 to 490m ha by 2050 assuming 'business as usual', or to 680m ha under a High Demand Scenario. IFC says current planting levels are ¼ of the global requirement

Demand	Good demand in traditional markets	<ul style="list-style-type: none">▲ Solid wood products grow and are gaining share in part of the building sector. Emerging market's panel board consumption has grown strongly during the last decade, eg 8% pa in Brazil which has the fastest wood market▲ Tissue, carton and containerboard markets are growing fast, accounting for ¾ of the pulp demand for the largest Latin American pulp producers. Traditional paper demand is still growing in Asia▲ African markets, where GR sells all its products today, are among the world's fastest growing
	Growth of bio-energy and chemicals	<ul style="list-style-type: none">▲ Global dissolving pulp demand has doubled during the last decade, to about 7 m tons. Wood based chemicals R&D has dramatically increased, but still account for a small part of the markets for wood, and is focus area for leading forestry companies▲ The markets for fuel-wood and charcoal continue to grow 3% pa in Africa▲ The EU will need to import 200m m³/yr (= 1.5x Nordic production) biomass to achieve 20% of energy from renewable sources. China's NDRC target wood pellet is up from 2m/t in 2009 to 50m/t per year in 2020
Supply	Reduced planting	<ul style="list-style-type: none">▲ Global annual planting has fallen 50% since 2008. Australia, recently the world's largest chip exporter and a top 3 planter in the 2000s, will see significant contraction of planted areas in the 2010s. South Africa and New Zealand are also experience shrinking plantations. New Chinese plantations are smaller and have higher costs than expected▲ Government forests in Africa are rapidly depleting, with Tanzania harvesting predicted to collapse in 2018-20
	Deforestation and insect infestation	<ul style="list-style-type: none">▲ WWF forecasts large deforestation by 2050: 112m ha in Africa, 82m ha in Latin American and 38m ha in Asia-Pacific▲ Indonesia's acacia is dying. Significant insect infestations in US North-West have occurred, with up to 1bn m³ of biomass infested in British Columbia by the Mountain Pine Beetle and significant declines in N.W. Russia and Siberia
	Competing land use	<ul style="list-style-type: none">▲ Higher land prices due to greater land-use pressure in many regions because of rising demand and land restitution in South Africa and New Zealand▲ Uruguay has experienced land price increases of 400-500% over the past decade. In Brazil, land prices in Parana and Santa Catarina, the two main pine states, have risen 22% and 33% per annum, respectively, since 2003

BACKGROUND

Expansion of worlds' forest plantations must include Africa

- ▲ Tanzania, Mozambique and Angola are the only three countries in the world identified as having 'good potential to establish new plantations', by Poyry, a leading forestry consultancy



Source : Pöyry

EXPANSION OF AFRICAN PLANTATION FORESTRY

Large scale reforestation in Africa is done by private companies

- ▲ Since 2000, private companies have established 100,000 ha new forests in Africa – a drop in the ocean
- ▲ This private planting has primarily been done by entrepreneurial companies backed by individual private shareholders, not by investment funds and only to a small extent by institutional shareholders
- ▲ The Government sector has been completely absent, except Safcol's planting in Ifloma, Mozambique, and the net loss of Government forest plantation forest is believed to far exceed what the private sector has planted

African Plantation companies (ex RSA) July 2014

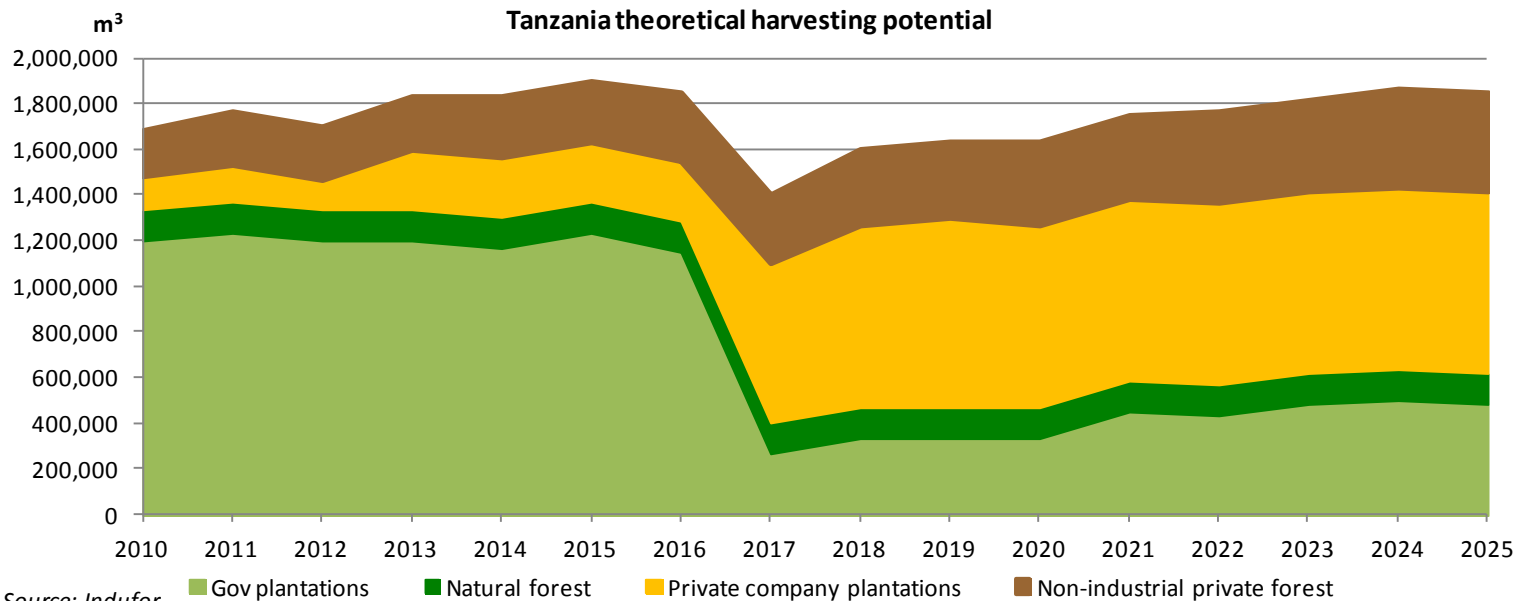
Planted areas in ha, excl rubber	Location	HQ	Ownership	Owner loc.	Standing forest	Net plant since 2000	2014/15E Planting
1	Min of Agriculture (MoARD)	Ethiopia	Gov't		162,000	neg.	none
2	Kenya Forest Service	Kenya	Gov't		110,000	neg.	none
3	HCEFLCD	Morocco	Gov't		95,000	neg.	none
4	Gov't plantations (incl. Sao Hill)	Tanzania	Gov't		72,458	neg.	none
5	Comp. de Celulose e Papel de Angola	Angola	Gov't		65,000	neg.	none
6	ZAFFICO	Zambia	Gov't		54,010	neg.	none
7	Malawi Forestry department	Malawi	Gov't		53,491	neg.	none
8	Green Resources	Moz/ Tan/ Ug	Company	Norway/Int	44,000	43,000	5,000
9	NHR Investments (Montigny)	Swaziland	Company	RSA	44,000	neg.	none
10	Caminho de Ferro de Benguela	Angola	Gov't	London	38,000	neg.	none
11	Eucalyptus Fibre Congo (MagForestry)	Congo, Rep of	Public sub	Toronto	30,000	neg.	none
11	Direction Générale des Forêts	Tunisia	Gov't		29,140	??	
12	Rift Valley Corp (Boarders and FdN)	Zim/ Moz	Private	Harare/London	28,000	6,000	1,500
13	The New Forest Company	Ug/Rw/Tz	Private	Johannesburg	27,800	15,800	1,500
14	GEF (Shiselweni, KVTC)	Sw/Tz (++ RSA)	Fund	Washington	18,000	6,400	0
15	Allied Timbers	Zimbabwe	Gov't	Zim	15,000	neg.	none
16	Wattle Company	Zimbabwe	Private	Zim	15,000	neg.	none
17	Rai Group	Tz/Ke/Mal/Ug	Private	Nairobi	14,000	neg.	500
18	Safcol (Ifloma)	Mozambique	Gov't	Johannesburg	13,000	some	none
...							
	Global Woods (IWC)	Uganda	Fund	Germany	5,700	5,700	1,000
	Portucel	Mozambique	Public	Lisbon	4,000	4,000	2,700
	Form International	Ghana, Tanz	Private	Netherlands	3,500	3,500	1,000
	APSD	Ghana	Private	Ham, Germany	3,000	3,000	2,000
	MIRO Forestry	Ghana	Private	London	2,500	2,500	1,000

Source: Company Data, Poyry; Some data included 2015 planting

EXPANSION OF AFRICAN PLANTATION FORESTRY

Government owned plantations are shrinking

- ▲ Tanzania has East Africa's largest remaining plantation forest.
- ▲ The Government's largest plantation, Sao Hill Forest Project will see significant decreases in AAC from 2017.
- ▲ Private forests will make up much of the shortfall in Tanzania
 - Private company's are set to supply 600-800,000 m³ / year from 2017, with GR being the largest supplier
 - Non-industrial private forest owners already contribute about 200,000 m³/year and will double over the next decade based on Indufor's forecast. GR believes both figures are conservative
- ▲ There are similar situations in other African countries where Governments still own plantations. In Uganda, the Government forests are already finished, and others are rapidly depleting in other countries.

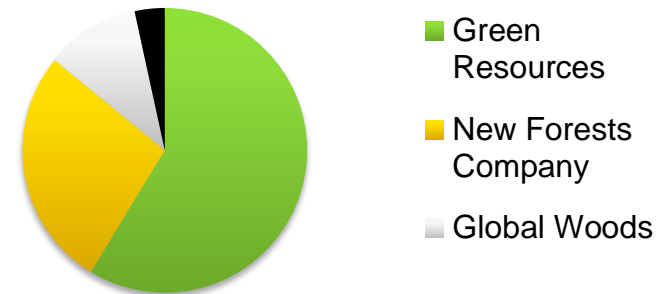


EXPANSION OF AFRICAN PLANTATION FORESTRY

'Proper forestry' (FSC) is done by the private sector

- ▲ FSC is the world leading standard for sustainable forest management. Green Resources believes FSC is a foundation for successful greenfield forest plantation because it:
 - Supports creation of high quality forest
 - Monitors community relations
 - Ensures high environmental standards
- ▲ The private sector has established and operate all FSC plantations in Africa More than 90% of this is done by three companies in East Africa and led by the entrepreneurial companies
- ▲ In addition to FSC, Green Resources typically has two layers of carbon certification that add rigor to the operations and secure compliance with the toughest international standards
- ▲ In total, Green Resources had more than 60 independent 3rd party assessments or audits since 2008, not including DD reports.
 - More than 20 of these are publically available
 - Direct costs have been close to USD 2m and total costs exceeded USD 5m

African (ex RSA/Swaziland)
FSC Plantation Area



GR's FSC™ certified area by country

Country	FSC Certified Area (ha)
Tanzania	30,042
Uganda	10,334
Mozambique	16,666
TOTAL	46,085

EXPANSION OF ARICAN PLANTATION FORESTRY

The value chain is developed by the private companies; benefiting everybody

- ▲ In East Africa, small sawmillers utilise 1/3 of the raw material. About 40% of the harvested wood is converted at GR's Sao Hill Industries, with a target of 2/3 by the end of 2016, with a final target of 90%.
- ▲ Increased recovery represent good resource utilisation, but importantly also increases the value of the forest and stimulates further planting.
- ▲ Industrial scale sawmilling is required to produce clean chips from the wood residuals, which has been delivered to East Africa's largest pulp mill since 2015.
- ▲ At the end of 2015, Green Resources will start up a USD 2m wood briquetting factory (below). All production is sold to replace fossil fuel or unsustainably managed wood. The key raw material is sawdust, the only remaining wood residual with no market at Sao Hill.
- ▲ Small sawmillers will be able to deliver sawdust to the new wood briquetting factory, creating benefits for the local wood processing industry and small forest owners.



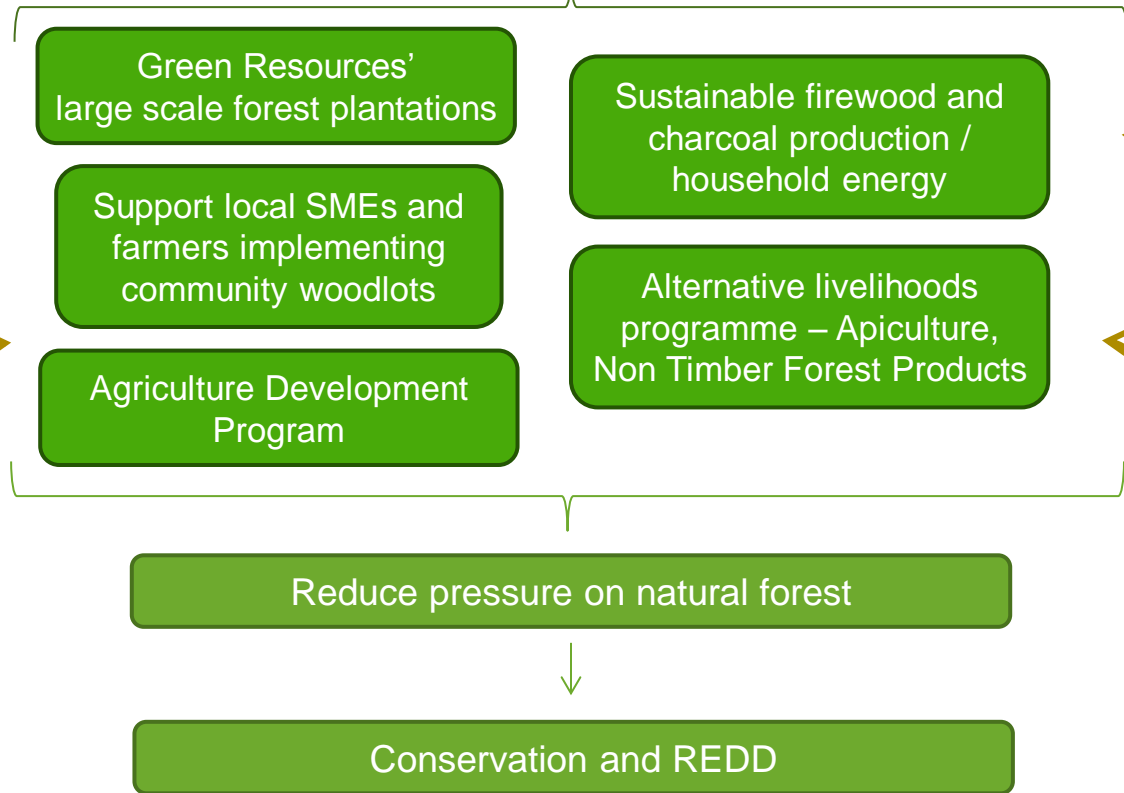
LANDSCAPE APPROACH AND LARGE ENVIRONMENTAL AND SOCIAL IMPACT

All successful large scale plantations in Africa have to follow a landscape model

RURAL DEVELOPMENT AND POVERTY ALLEVIATION



DEVELOP FORESTRY, AGRICULTURE, ENERGY SUPPLIES AND ALTERNATIVE LIVELIHOODS IN THE REGION



- ▲ Creating a triple bottom line, for:
 - Shareholders/ lenders
 - Environment
 - Livelihoods
- ▲ In tune with WWF's New Generation Plantations

CARBON FINANCE SHOULD BE AN INTEGRAL REVENUE STREAM

LANDSCAPE APPROACH AND LARGE ENVIRONMENTAL AND SOCIAL IMPACT

Unparalleled economic and social benefits for remote rural areas

Forest establishment and maintenance are highly labour intensive. Afforestation creates employment in areas with typically no or limited alternative employment and this is the main short-term economic benefit of forest plantations. However, this goes hand in hand with community development and GR is responsible for 50-75% of the public infrastructure in the villages where it has operated the longest in Tanzania:

▲ Uchindile Forest

- ❑ 4 classrooms and office, Uchindile primary school
- ❑ 2 classrooms, Uchindile secondary school
- ❑ Dormitory for 48 girls, Uchindile secondary school
- ❑ Accomodation for eight teachers, Uchindile
- ❑ Dispensary and 2 Nurse's houses, Kitete
- ❑ School with 2 classromms, Kitete
- ❑ Village office and community hall, Kitete
- ❑ Community hall, Uchindile

▲ Mapanda Forest

- ❑ Teacher's house, Mapanda primary
- ❑ 2 classroms, Mapanda primary school
- ❑ Maternity Ward, Mapanda dispensary
- ❑ Communtiy hall, Chogo
- ❑ Primary school, Chogo

▲ Idete Forest

- ❑ Primary and nursery school, Idete
- ❑ Community hall, Idete
- ❑ 2 classrooms, Makungu primary school



Bridge shortening the way to Mapanda village



Idete village hall



Nurse's house, Mapanda

LANDSCAPE APPROACH AND LARGE ENVIRONMENTAL AND SOCIAL IMPACT

Plantation forestry contributes to bio-diversity and conservation

- ▲ Green Resources is establishing new forest on grassland and degraded forest land (left picture from Tanzania)
- ▲ GR protects all wetlands and valuable habitats (e.g Miombo woodland) . High Conservation Value areas, wetlands, cultural sites and other valuable areas are identified by experts during the initial Environmental Impact Assessments and then managed by GR's specialist environmental teams.
- ▲ 50-60% of the grass land or heavily degraded forest where GR is planting is typically converted to plantation forestry. When the annual fires are controlled in the remaining areas, large areas of natural forests are re-appearing in valley bottoms and other protected areas. Thus, the mosaic-based forest plantations help to contribute to re-growth of natural forests in valley bottoms and thereby increased biodiversity (right picture below).
- ▲ Almost 90% of East Africa's population depend on wood based energy and providing an alternative sustainable source of wood based energy is a pre-requisite to halt deforestation, which can be done through plantation afforestation.
- ▲ Forestation can help fight erosion, and the presence of increased root systems limits soil erosion and water leaching. Green Resources diligently monitors hydrological resources, including water flow and quality at its operations.
- ▲ Most important: reforestation captures and stores carbon and is the basis for future production of renewable materials.



FINANCING

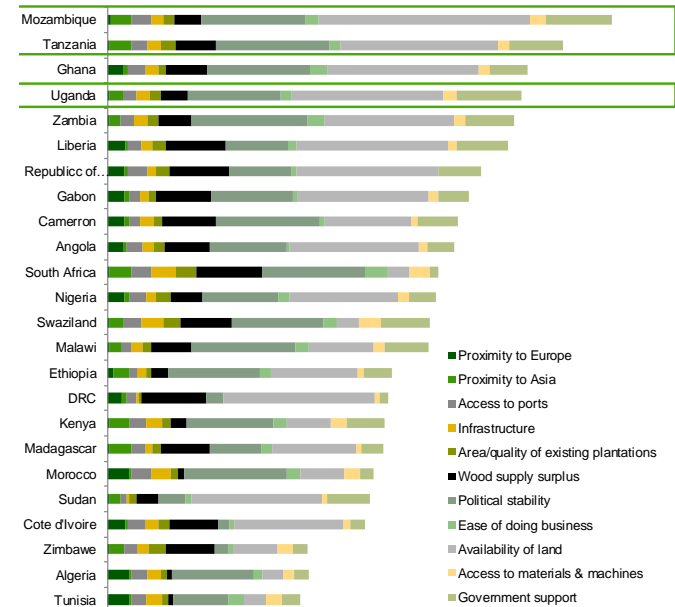
World's most profitable planting in Africa, but returns too low for private capital

- ▲ South/ Eastern Africa might provide the world's the lowest cost wood fibre and the highest return tree plantations, targeting to be among the world's 10% lowest cost plantation wood suppliers.
- ▲ Mozambique and Tanzania are attractive locations for plantation forestry in Africa according to experts, including FAO, IWC (below), Poyry, Indufor, etc. with returns estimated at exceeding the African average.
- ▲ Africa is identified as the world's highest return location for new forest plantations by RISI's world leading Global Tree Farms Economics Review, generating unlevered cash IRR of 11% (as presented by GEF below).
- ▲ **However, this is not sufficient return to attract private long term capital in emerging markets. Thus, long term financing at acceptable rates is required to accelerate planting activities.**
- ▲ Development banks should offer 15 year loans, with appropriate grace periods.
- ▲ The Green Climate Fund, Climate Investment Fund, Global Environmental Fund, donor guarantees, etc must expand funding for the private sector and should offer longer term financing.

(1) Low Establishment Costs + (2) Solid Productivity + (3) Good Prices = High Returns



Pine	North America	South America	Eastern Europe	East Asia	Sub Saharan Africa	Oceania	Global Average
Implied MAI	11.4	25.8	3.9	6.2	25.4	21.4	18.4
IRR	4.1%	6.6%	1.2%	4.3%	10.6%	5.6%	
Eucalyptus	North America	South America	East Asia	Southeast Asia	Sub Saharan Africa	Oceania	Global Average
Implied MAI	14.0	31.6	16.3	21.5	21.7	18.7	22.4
IRR	-3.8%	6.6%	9.7%	8.4%	10.8%	2.5%	
Teak	North America	South America	Central America	Southeast Asia	Sub Saharan Africa	Oceania	Global Average
Implied MAI	10.2	12.8	11.2	9.4	11.3	11.0	11.0
IRR	14.2%	11.3%	13.4%	16.0%	15.8%	7.9%	



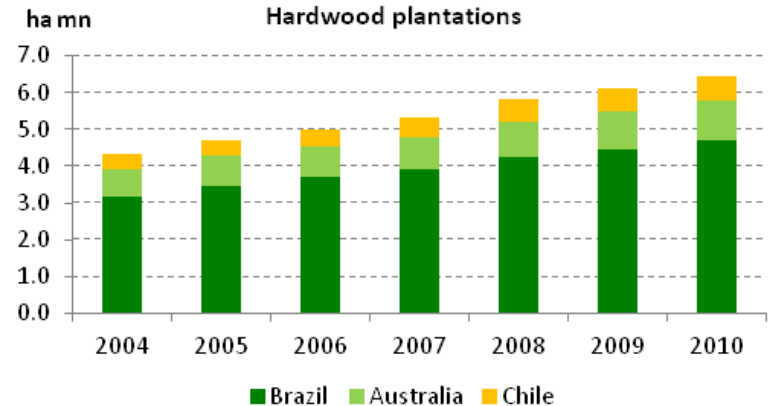
Source: RISI 2012 Global Tree Farm Economics Review; Notes: MAI defined as the commercial volume yielded from thinnings and clearfell over the rotation age, i.e. excludes volumes lost in operations, and from fire, disease, pests etc.

FINANCING

Grants must substitute for tax incentives that have driven forestation in ROW

- ▲ Tax incentives, direct or indirect, have played a key role in providing cash support for establishing new forest plantations around the world, including every major Southern hemisphere forestry country.
- ▲ Tax incentives have not and will not play a role in establishing new plantations in sub-Saharan Africa.
- ▲ Small cash grants (through the EU and Norwegian funded SPGS) have worked well to establish vibrant medium sized forest plantation sector in Uganda, and small scale grants have supported the industry.
- ▲ However, a typical picture is the financing of Green Resources: USD 300m of private equity capital has been invested in the companies that make up the current Green Resources, compared to USD 40m of development loans principals and USD 2 m of grants (or close to USD 10m of grants if related community grants are included).
- ▲ **Donors should recognise the critical role of private companies in establishing new plantations and forestry value chains in Africa and shift significantly grant support towards building infrastructure for private sector forestry. This would also create a more level playing field between the private actors in Africa and forestry companies in the rest of the world.**

Main plantation countries last decade



Source: ABRAF, ABARE, INFOR

Geographic development of investable universe

Time	1980s	1990s	2000s	2007+
Geographies	US South	US South	US South	US
	US West	US West	US West	Existing non-US
		New Zealand	New Zealand	South America
		Chile	Australia	Central America
			Chile	Europe
		Brazil	Asia	
		Uruguay	Southern Africa	

Source: GFP, 2007

- ▲ Private institutional timberland investors investments may be USD 120bn and has played a central role in establishing new forest in South America. Of this, only about USD 200m has been invested in Africa.
- ▲ In 2007, Southern Africa (including Mozambique and Tanzania) was included in Global Forest Partners' (the world's largest Southern hemisphere forest investors) investment universe. Africa has received significant attention at international timberland conferences since 2011.
- ▲ However, no major new private forest investor has entered Africa since the 2008 financial crises, partly because of increased attention to immediate cash yield and return, lack of sizable plantations, young companies and no 'market for management'.
- ▲ Global Environmental Fund became the first dedicated African timberland investment fund by raising capital from development banks since 2010, but they have focused on acquiring established plantations and specialised on orphan assets. Other African focused timberland funds are now being raise.
- ▲ **Africa needs larger plantation companies and more attractive debt and grant financing to attract timberland investors to the continent.**

FINANCING

Carbon finance has been a disappointment, but has still large potential

- ▲ No carbon mitigation activity creates larger economic and social benefits for the rural poor than afforestation.
- ▲ Carbon finance can make a larger contribution to afforestation, than it does to other carbon mitigation projects.
- ▲ However, carbon trading mechanisms and tCER and VER prices and volumes have not developed as hoped for.
- ▲ Carbon finance has been complicated and expensive. The methodology and procedures must remain rigorous, but can be significantly simplified and streamlined.
- ▲ Green Resources has generated carbon revenues of about USD 2 million, and just about recouped the costs of 15 years of development costs, leaving little surplus for afforestation.
- ▲ Carbon finance should be re-focus on practical and implementable projects that benefit the environment and normal people. Historically, the extended carbon industry's focus has been shifting from one failed theoretical concept to another, benefiting office workers and city dwellers.
- ▲ REDD+ projects outside of rainforest areas must include a afforestation component in order to ensure alternative supply of wood to the people previously dependent on firewood and charcoal produced from the protected forest. REDD without afforestation will drive up energy prices and hurt the poor.
- ▲ **In addition to trading mechanisms, grants and long term financing for private carbon projects are probably the most efficient tools to mitigate climate change.**

Carbon certification standards



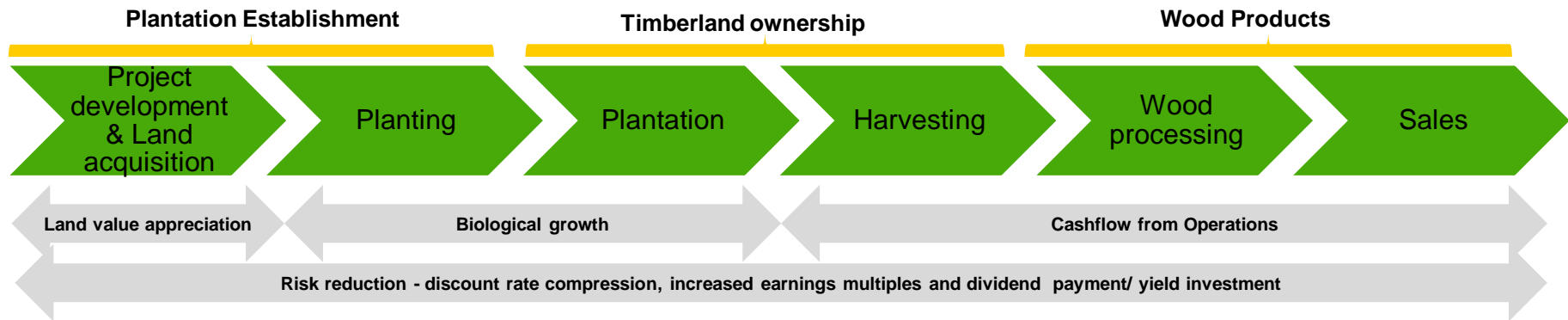
CREATING VALUE IN FORESTRY

Strong value proposition throughout the value chain

	3-6 yr process	2 yr process	5-16 yr cycles	On-going
	Project development & Land acquisition	Planting	Plantation maintenance and Harvesting	Wood processing and Sales
Value drivers	<ul style="list-style-type: none"> ▲ High quality land for planting ▲ Stakeholder management ▲ Location and infrastructure ▲ Land value appreciation 	<ul style="list-style-type: none"> ▲ Effective, low cost planting ▲ Access to suitable land ▲ Improved genetic material and silviculture 	<ul style="list-style-type: none"> ▲ Biological growth of forest ▲ Location ▲ Higher valued end markets ▲ Cost of capital 	<ul style="list-style-type: none"> ▲ Converting / operating costs ▲ Low cost investments ▲ Access to right market
GR's Competitive Advantage	<ul style="list-style-type: none"> ▲ High barriers to entry ▲ 19 year's experience ▲ Certification & certification ▲ Integrated model ▲ Providing reforestation, employment & taxes 	<ul style="list-style-type: none"> ▲ Strong plantation organisation ▲ Mix of African and best international foresters ▲ Low-cost operations ▲ The best nurseries 	<ul style="list-style-type: none"> ▲ Local leadership ▲ Good community relations ▲ Integrated model, ability to create new markets 	<ul style="list-style-type: none"> ▲ High-tech sawmill and pole plants = > assets for the future ▲ Highest yield and quality ▲ Markets for wood residuals ▲ Buy and erect 2nd hand plants
GR's Achievement	<ul style="list-style-type: none"> ▲ >200,000 ha land reserves ▲ Great locations ▲ First & largest ▲ Strong local reputation 	<ul style="list-style-type: none"> ▲ Planted up to 7,500 ha in one year ▲ Annual improvements in planting quality 	<ul style="list-style-type: none"> ▲ 44,000 ha plantations (net) ▲ Biomass growth ▲ Carbon credits 	<ul style="list-style-type: none"> ▲ Largest solid wood products mill in East Africa ▲ Cash flow positive

CREATING VALUE IN FORESTRY

... different value creation characteristics, all of which show positive trends

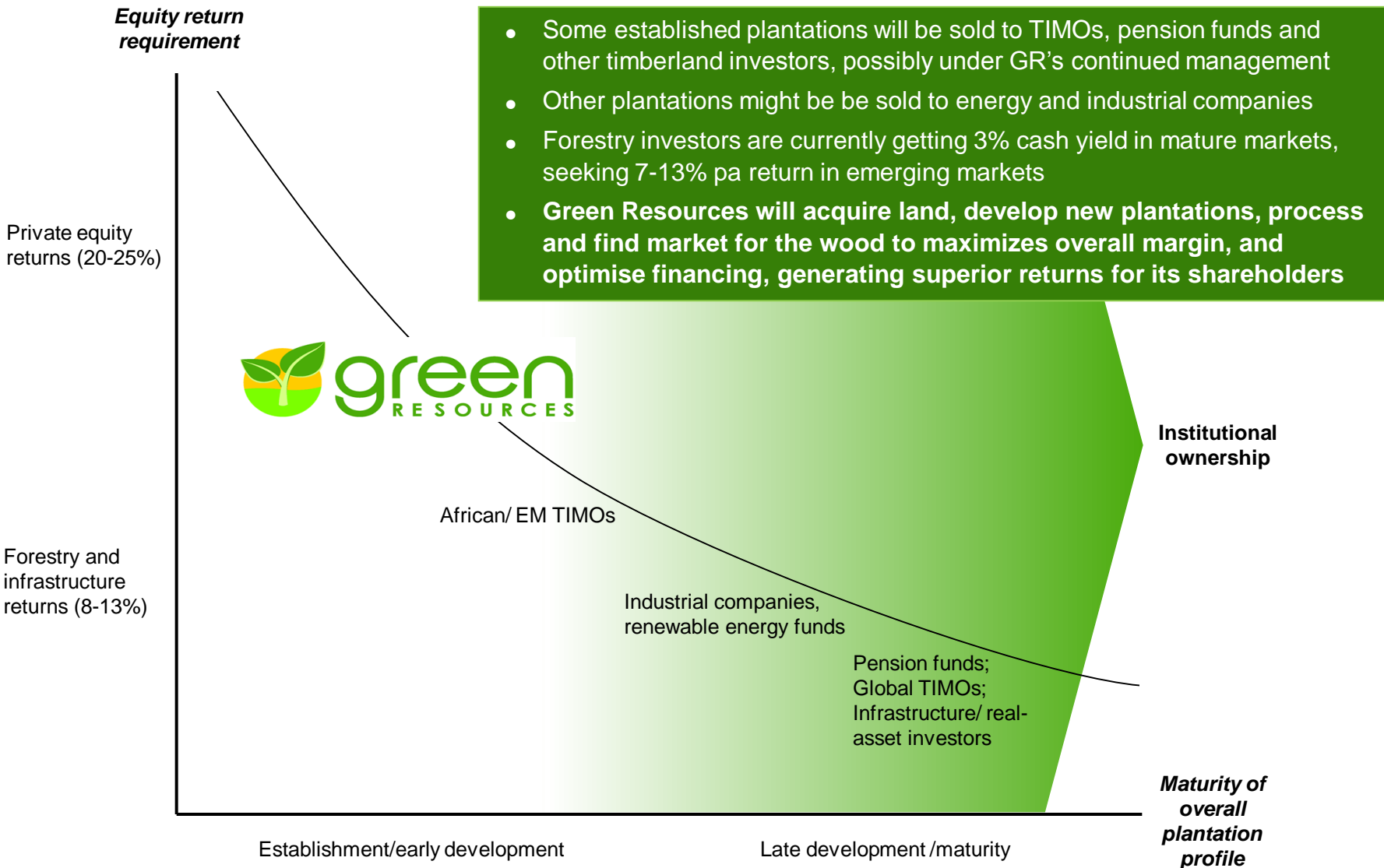


The key value drivers of the business are:

- ▲ **Biological growth:** seen through biological asset value, which is based on DCF value of the standing forest (average 9 years life), excluding replanting and with zero end value. GR has historically used a discount rate of 11%, which represents a 8% premium over European and US forest cash yields, but many investors believe this is too low.
- ▲ **Cash flow from operations:** generated through the sales of standing timber, stumpage value of logs and sales of processed wood products. As the East African economy develops and customer base broadens, these cash flows should commend increased earnings multiples.
- ▲ **Project and land value appreciation:** recognised through a SOTP valuation and/or DCF end values. GR books land at cost. Experience from around the world, not the least in Uruguay (the most recent country with large plantings), suggests that as the forest industry develops, the land value increases.
- ▲ **Discount rate compression:** historically important source of return as timberland returns have approached bond returns and frontier markets have become emerging markets. Moving to a second rotation also reduces risk and discount rate (on the basis of proven yields), as does the multiple market options in East Africa compared with “single” export market exposure in some timber countries.

CREATING VALUE IN FORESTRY

Investor return requirements fall as markets develop and plantations mature



WHO ARE WE?

Green Resources is a leading African forestry and wood products company

Timber plantations

- 75k ha (44k ha net) planted forest, which is now coming to maturity with large scale harvesting and cash generation
- Planted most new forest in Africa since 2000
- Steadily increasing planting rate with potential to establish 100-130k ha plantation by 2025
- Several synergetic acquisition opportunities

Industrial operations

- East Africa's largest sawmill and transmission pole plant in Sao Hill, Tanzania, experiencing strong revenue growth
- One of Africa's half a dozen most modern sawmills, started up in 2012
- Highly profitable Ugandan pole and wood processing factory

Large projects and major impacts

- Developed one of the world's lowest cost forest plantations projects in Africa's most desirable locations on 300,000 ha land, of which 100,000 ha+ for additional plantations
- FSC leader in Africa (ex RSA) with 2/3 of all FSC certified plantation forests in Africa (ex RSA and Swaziland)
- A world leader in forest based carbon offsets
- Large positive conservation, economic and social impacts

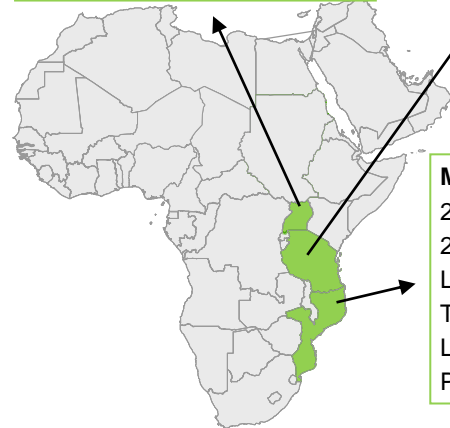
Operations in 3 countries employing 3,500

Uganda (1996)

6k ha net forest
Harvesting from 2013; reaching 50,000 m³ in 2016
Pole plant

Tanzania (1996)

17k ha net forest
9k ha land secured for development
One large nursery
Significant harvesting from 2015, with 80,000 m³/yr in next 4 years
Sawmill, pole plant, etc



Mozambique (2004)

21k ha net forest
260k ha land secured for development
Large scale plantation underway
Two large nurseries
Large scale harvesting commences 2019/20
Pole plant

Key developments (2007-15)

2007-08

- First FSC® certification in Tanzania
- Raised \$45m equity from Phaunos and Storebrand. Planting expanded.

2009-11

- Started Sao Hill pole and sawn timber investment and Ugandan pole plant
- World's first VCS validated forestry project, followed by CDM validation in 2012
- FSC® certification in Mozambique and Uganda
- First production of clones in Uganda, later expanded to Mozambique and Tanzania

2012-13

- Started up new small log sawmill and dry kilns at Sao Hill, Tanzania
- Completed the 50th external third-party ESG assessment or audit
- Started smallholder afforestation programme in Tanzania and Mozambique

2014

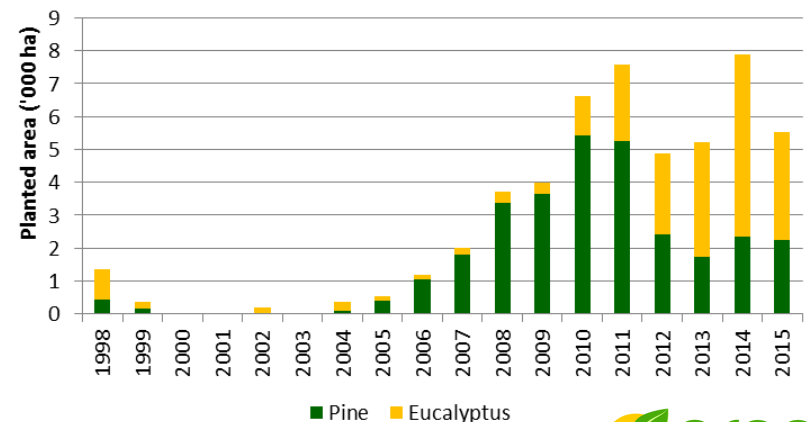
- Acquired GSFF and FdP, adding 14,000 ha forest, land and cash in \$105m deals
- Industrial revenues up 60% and started mechanising harvesting operations
- Planted record 7,500ha, followed by 5,000 ha in 2015, of improved quality forest

2015

- Started initial clear-felling (final harvesting) in Tanzania
- Reduced overhead and planting costs by 59%, while maintaining overall activities
- Completing wood briquetting plant in Tanzania and new sawmill in Uganda

Forest plantations

Age Distribution of standing forest by species (June 2015)



WHO ARE WE?

Advanced, highly productive nurseries



Makungu nursery, Tanzania



Clonal bed for mini cuttings, Tanzania



Sowing machine, Tanzania



Shade net and trays tables in Namaita nursery, Mozambique



Sowing machine, Namaita nursery

WHO ARE WE?

44,000 ha of fast growing pine and eucalyptus for rapidly growing markets



Pine, 8 years, Bukaleba, Uganda



Eucalyptus clones, 4 years, Bukaleba



Kachung management team, Uganda



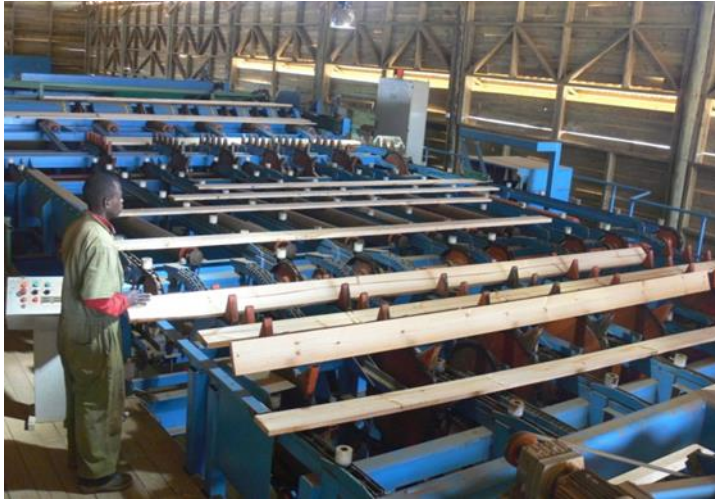
Pine, 6 years, Kachung



Marking for thinnings

WHO ARE WE?

Africa's technologically most advanced sawmill



Chips, sawdust and bark is produced separately at the Sao Hill sawmill, Tanzania and sold as is or processed to value added products



Sao Hill's new HewSaw small log sawmill, sawing logs down to 10cm top diameter and thereby increasing the harvest recovery



High specification sawmill, possibly Africa's technologically most advanced

Disclaimer

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