

IWC NEWS

STATUS OF IWC ACTIVITY

The value of assets plus un-invested binding commitments under IWC's advice and/or management totalled over USD 3.1 billion at the end of 2010. Despite poor US timberland performance, the globally diversified timberland portfolio developed by IWC yielded a time-weighted return of 8.5 % (gross in USD) in 2010. Since inception (March 1998), IWC's external composite yielded a return of 12.1 % per annum.

since a handful of funds were closed with their participation during the year.

Of the committed amount, USD 2.3 billion was invested at the end of 2010, representing a market value of USD 2.5 billion.

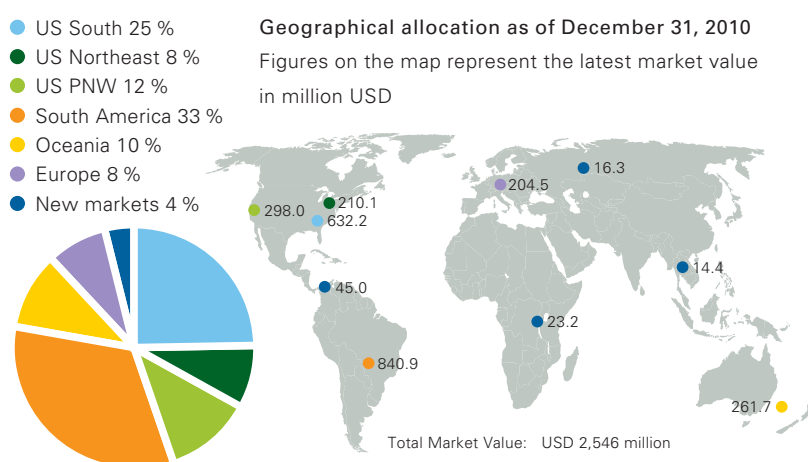
Investments' geographic allocation

As shown in the figure, at the end of 2010, 45 % (50 % in 2009) of the investments' market value was located in the USA, while 33 % (26 %) was in South America and 10 % (13 %) in Oceania. Adding to the changes in geographical exposure is both the performance in difference geographies as well as investor's appetite for opportunities in South America.

Performance

Performance in 2010 was driven by non-US geographies since the slow US economy caused disappointing operational performance as well as declines in annual valuation of the US assets. Overall, IWC's external composite yielded a nominal return of 8.5 % (in USD, before fees) in 2010.

Since inception (March 1998) IWC's external composite has yielded a nominal return of 12.1 % per annum (in USD, before fees).



Overview of assets under advice or management

Commitments from IWC's clients to forest investments continued to grow in 2010, ending at USD 2.9 billion, an increase of USD 295 million (or +11 %) since year-end 2009. This is a clear display that IWC's clients continue to see the benefits of timberland in an institutional portfolio

Yearly Time Weighted Returns (nominal, before fees, calculated in USD)¹⁾

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	ITD
External Composite ²⁾	13.8 %	5.9 %	5.8 %	11.3 %	19.8 %	16.6 %	12.3 %	15.7 %	17.2 %	0.2 %	2.3 %	8.5 %	12.1 %

Cumulative Commitments in million USD³⁾

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
External Composite ²⁾	6	20	53	77	112	262	448	729	1,253	1,691	2,048	2,405

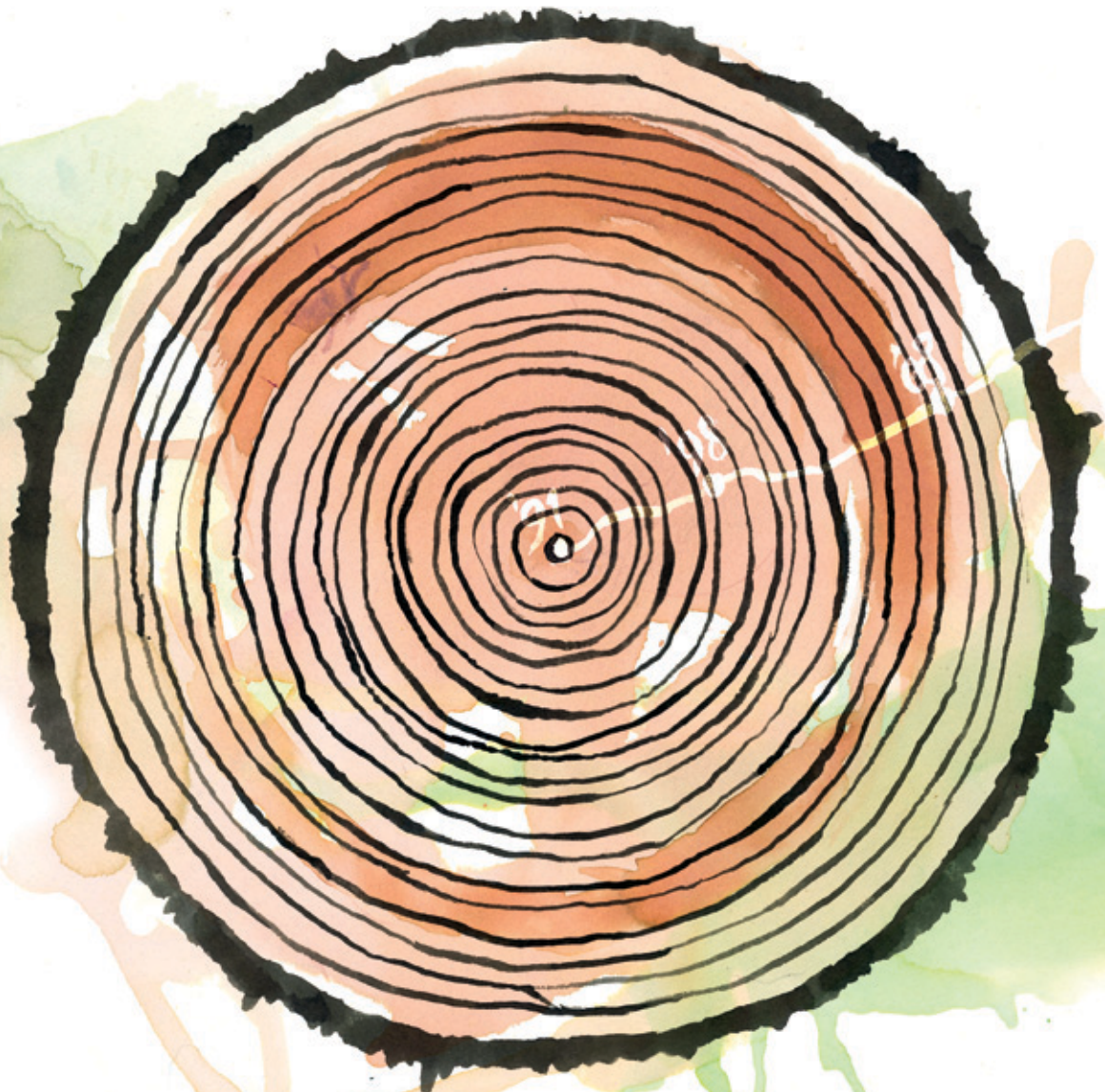
¹⁾ Returns are computed by chain-linking quarterly rates of return.

²⁾ All IWC clients' timberland investments managed by external timberland managers. Inception date of the composite is March 1998.

At the end of 2010, the composite represented 94 % of IWC's assets under advice and/or management.

³⁾ IWC clients' year-end cumulative commitments to forest investments managed by external timberland managers.

IWC 20 YEAR ANNIVERSARY



IWC CELEBRATES IT'S 20 YEAR ANNIVERSARY

On a shiny Friday June 10th 2011, IWC celebrated its 20 year anniversary at Copenhagen University (KU Life) by inviting clients, business partners, employees and forestry students to commemorate the special occasion and together dedicate a day to trends and opportunities for global forest investments.

Otto Reventlow, IWC's Managing Director since the company's inception in 1991, started out by greeting clients and employees for their loyal commitment to IWC over the years. Further, Reventlow expressed his views on the central role of forestry and forest investment in solving the global demographic and climate challenges. He emphasized the importance of understanding the future through the past and how a sustainable use and management of the global forest resource will be key in tackling global challenges. "I am proud to say that today almost all our investments have obtained a third-party

certificate which ensures the sustainability of the investment", Reventlow said.

As global urbanization is expected to move from current 50% to 70% alongside with further expansion of the global population, people will leave the countryside and land will be left for large scale production of food and timber. From a forest investment perspective, plantations with high biological increments of fiber and easy access to the industry will be the natural winners but remote locations will also benefit from improved logistic systems over time.

Natural forestry is from a sustainability point of view the most difficult forestry to handle and Reventlow expressed that the sustainable commercial use of natural forests is the best way to protect these forests, which are so important from a biodiversity and a carbon point of view. IWC manages a 180,000 ha FSC certified natural forest in Peru and, among others through





the financing of a PhD project, the company is committed to play an active role in developing economically sustainable management practices accepted by the NGOs.

Regarding consumption, the expectation is that the US will continue to be the biggest wood user in close competition with China, while EU seems to be at the forefront in bioenergy. We must expect that the main end-markets for products from the forestry sector will continue to be in said markets.

When it comes to who is going to produce the wood, we will see a further move towards the southern and the tropical zone. The most efficient industries will place themselves where the political situation is acceptable, the wood fiber is cheap and the access to markets are good. Without it being noticed, parts of Africa have increased their possibility of following New Zealand, Australia, Brazil and Uruguay to become the next adventure in forest investments.

Finding political answers to how to mitigate global climate change have proven to be difficult but a new agenda is emerging with the aim of changing global energy production from fossil based to surface-based energy sources. "Huge opportunities exist in a more efficient usage of the energy stored in plant material and the energy and chemical sectors will be exploring those potentials over the coming years", Reventlow noted.



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NEWS FROM SINGAPORE

Since 2008, IWC's Representative Office in Singapore has successfully been responsible for IWC's emerging markets fund's investment in Cambodia and for developing IWC's network of timberland managers and investors in the region. To further enhance the benefits of our local presence, Céline Claudon joined Timothy Fleming at IWC's Singapore office on September 1st, 2011.

A member of IWC's Fund Investments team since September 2005, Céline participates in the identification and evaluation of timberland managers as well as in the selection of fund investment opportunities. Céline also leads specific analyses relating to both due diligence and business development and actively contributes to increasing IWC's awareness in the investment community.

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The four speakers from left to right: Mr. Benjamin Bostick, Mr. Otto Rentlow, Mr. Per Holten-Andersen and Mr. Claus Felby.

To further substantiate the potentials for plant material and their future applications, IWC had invited three guest speakers, all considered to be at the forefront of this topic: Mr. Per Holten-Andersen, Dean, Faculty of Life Sciences, University of Copenhagen; Mr. Claus Felby, Professor in Wood and Biomass Technology, Faculty of Life Sciences, University of Copenhagen; Mr. Benjamin Bostick, Associate Research Professor, Columbia University, Lamont-Doherty Earth Observatory. Extracts from their presentations will be published in the coming IWC Newsletters.

INFO

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