



Timber Investment Fees & Returns

Capital Allocation and Asset Management

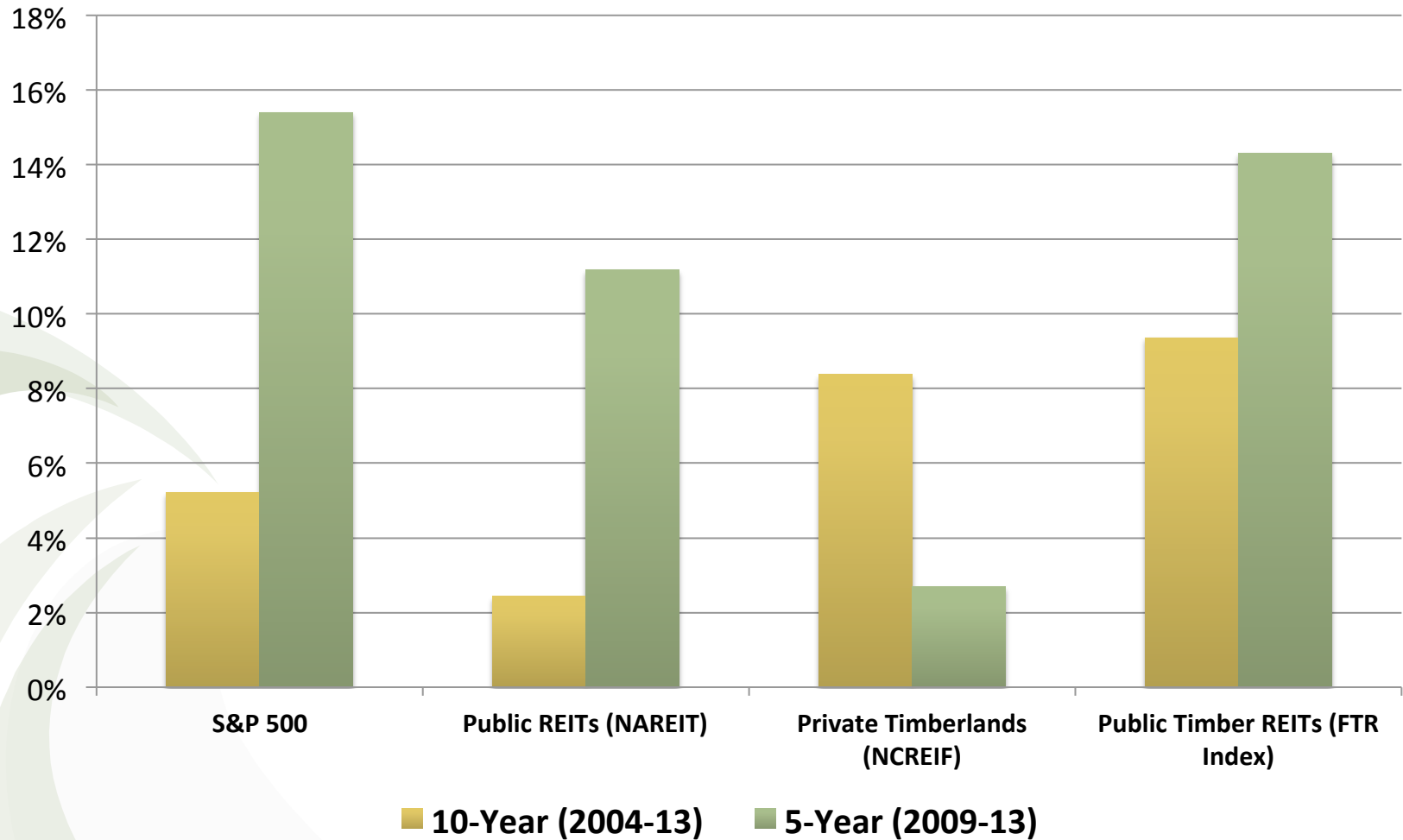
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Annualized Returns



Timberland Management Services Overview

<u>Service/Fee Type</u>	<u>Description</u>
Placement fees	Based on purchase price of the transaction; some TIMOs do not partake in this fee.
Management fees	Based on asset market value; covers fund managers and account management. May not include legal and accounting costs.
Performance or closeout fees	Allows for profit sharing/incentives above a specified hurdle rate.
Forest management fees	Supplementary services

Timberland Management Fee Structures

Samples from 2005-2011*

Management Fee <u>(annual)</u>	Incentive Fee** <u>(periodic or upon liquidation)</u>
1.00%	20% of returns above 7% (nominal)
0.80%	20% of returns above 7% (real)
0.875%	20% of returns above 7% (real)
0.825%	10% of real returns above 6%; 10% more above 8%
1.00%	20% of returns above 8% (nominal)
1.50%	25% of returns above 8% (nominal)
0.55%	15% of returns above 5% (real)
<i>0.94%</i>	

*Drawn from reviews of TIMO prospectus documents

**Most incentive fees distributed as a "carried interest" in the fund

Implied Timberland Management Fees Relative to Gross Annual Returns

	Commingled Funds		Separate Accounts	
	<u>5 year</u>	<u>10 year</u>	<u>5 year</u>	<u>10 year</u>
Investment Accounts	30		74	
Approach	Value weighted		Value weighted	
Gross Total Returns	0.96%	7.30%	3.26%	8.79%
Net Total Returns	0.26%	6.35%	2.50%	7.75%
<i>Implied Annual Fees</i>	<i>0.70%</i>	<i>0.95%</i>	<i>0.76%</i>	<i>1.04%</i>

Data: NCREIF as of 12/31/13

About Forisk Consulting

- Forisk provides wood market research, consulting and education to senior management and investors in the forest industry and timber investing sector.
- Founded in 2004.
- Key publication:
 - *Forisk Forecast*
- Select books:
 - *Wood for Bioenergy* (Forest History Society)
 - *Forest Finance Simplified* (Forisk Press)