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Timberland Markets Mature, Yet Asset Class Illiteracy Remains; New Courses Offer Help to Investors

ATHENS, GEORGIA – August 11, 2009 – While timberland investment markets have evolved over the past two decades to include a range of direct and publicly-traded vehicles, timberland and timber REIT investors continue to wade through misinformed, erroneous, and underreported analysis in financial outlets. For example, an August 10, 2009 article on timberlands from Barron's demonstrates a limited grasp of timberland investment characteristics, comparative analytics, and mathematics. Two upcoming short courses from Forisk Consulting – "Applied Forest Finance" and "Investing in Timber REITs" – help analysts and investors arm themselves in deciphering incomplete reporting and identifying relevant implications for their timberland-holding portfolios.

Barron's article, "Trouble in the Forest" by Andrew Bary, includes multiple errors common in financial reporting associated with timber assets. For example, it confuses timber – the growing trees – and timberland, and misapplies the cyclicity and characteristics of one asset type to the other. In addition, and most egregiously, the article cites a potential decline in timber prices "of as much as 50%" and timberland values of \$600 per acre as "more realistic" without detailing assumptions, offering evidence, or providing the most basic analysis of readily available data with which to inform and educate readers and investors as to why these assessments fail rudimentary screening. Unfortunately, the market accepted the assertions and the Forisk Timber REIT (FTR) Index, which tracks the performance of public timber REITs, fell 4.5% on the day. Thanks, Andrew.

Timberland investment strategies and objectives vary. The advantageous portfolio characteristics associated with direct timberland holdings benefit from relative illiquidity. Alternately, public timber REITs provide liquidity, but at a cost: a reduced exposure to timberland returns and higher correlation with the overall market. Informed investors pursue their primary objectives by applying forest finance tools to understand performance over time, valuation fundamentals, risk-adjusted discount rates, and the markets for wood and timberlands.

To learn more about the Atlanta-based "Applied Forest Finance" on August 26<sup>th</sup> and "Investing in Timber REITs" on September 22<sup>nd</sup>, visit [www.forisk.com](http://www.forisk.com) and click on "Continuing Education."

About Forisk Consulting: Forisk provides research, consulting, and educational services to operating, finance and strategy executives and analysts making decisions associated with timber REITs, timberlands, and wood-using bioenergy and manufacturing facilities.

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