

GMO

North America | Europe | Asia-Pacific

PricewaterhouseCoopers Global Forest and Paper Industry Conference

May 2006

Eva Greger



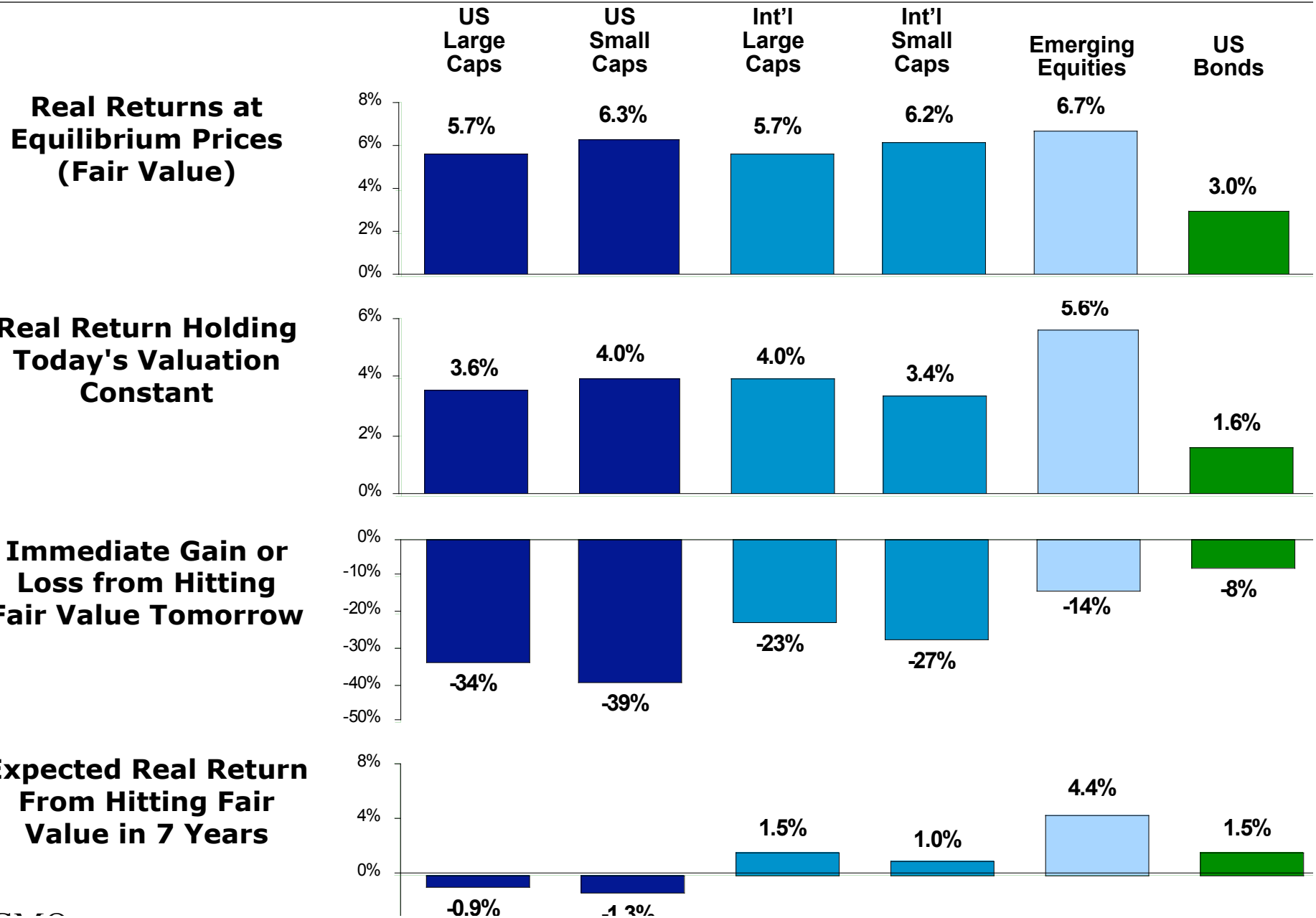
**GMO Renewable
Resources LLC**

GMO Renewable Resources



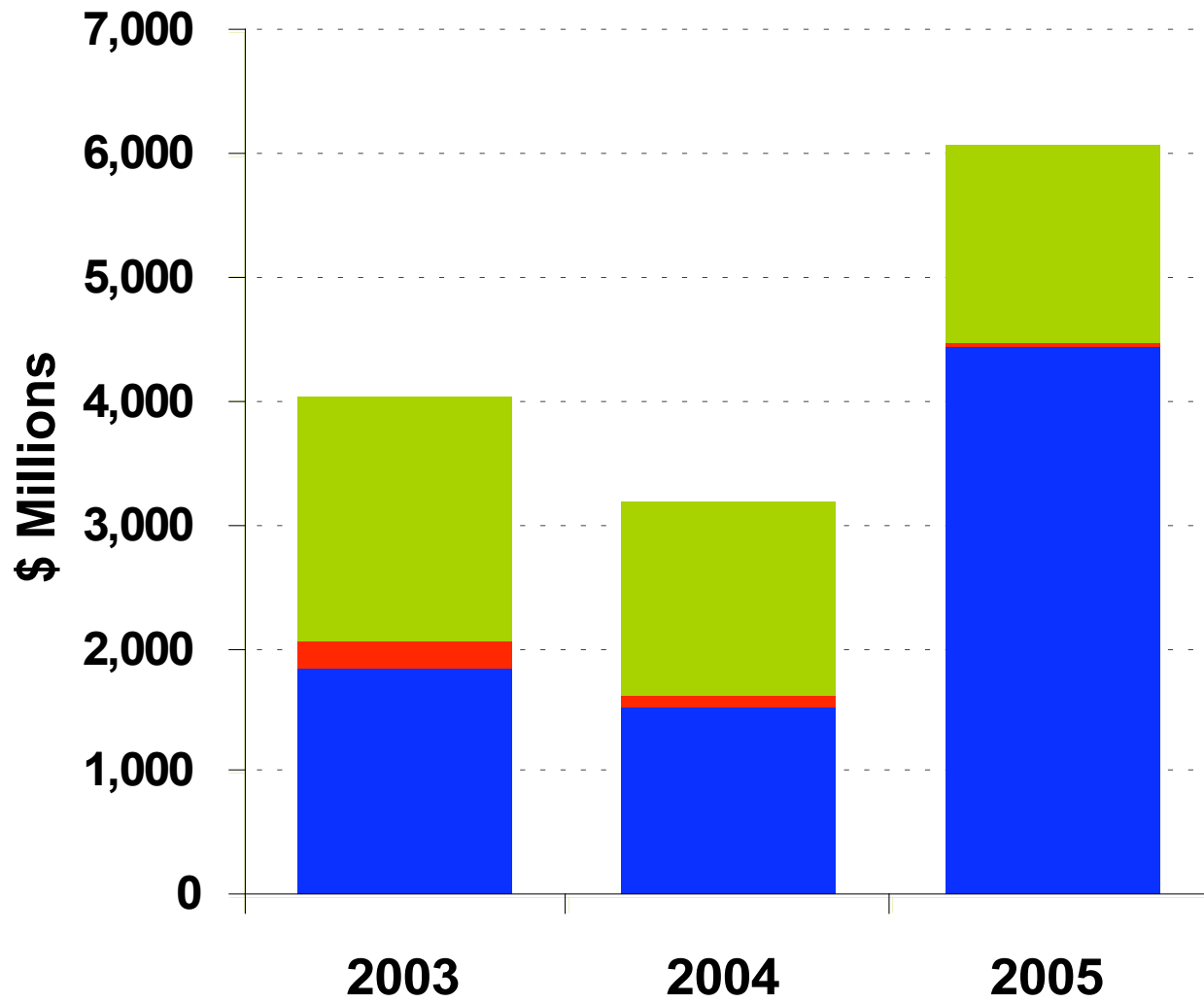
- GMO Renewable Resources LLC, with offices in Boston and Rotorua, NZ, is the forest investment arm of Grantham, Mayo, Van Otterloo & Co. LLC (GMO).
- The team's combined acquisition experience exceeds \$2.5 billion. GMO Renewable Resources is skilled in the evaluation, acquisition, and management of both natural forests and plantations in New England, Appalachia, the Pacific Northwest, the U. S. South, Australia, New Zealand, and Uruguay.
- GMO Renewable Resources has created a broad and diverse portfolio of timber investments in seven Timber Funds. We currently have \$1.9 billion of invested or committed capital from 385 clients.

Equilibrium Returns vs. GMO Forecasts

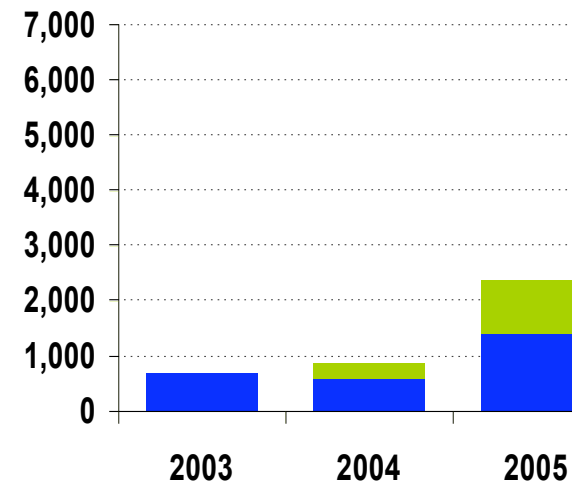


Increasing Presence of Pure Financial Investors

U.S. Transactions



Non-U.S. Transaction

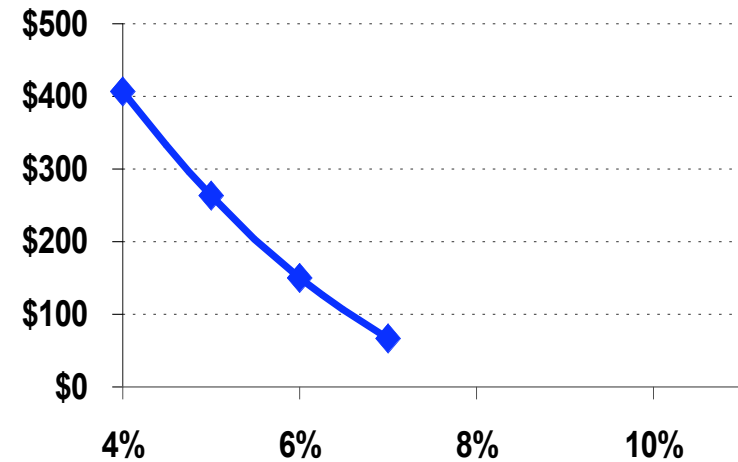


- Other
- Conservation
- Financial

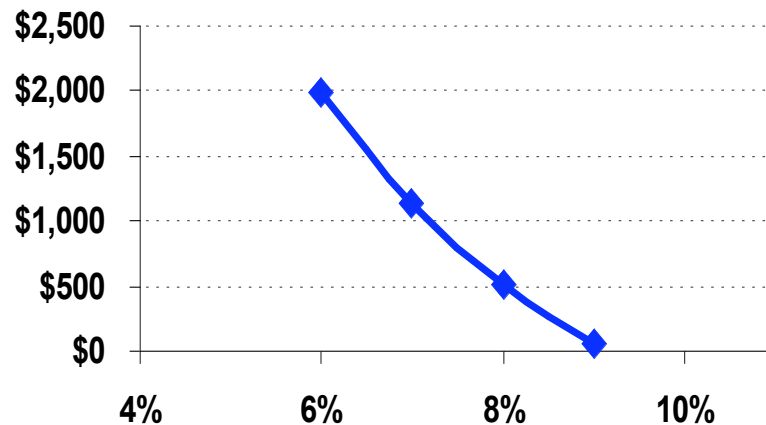
Present Value of Plantation Establishment

**Estimated 2006
NPV of \$/acre in U.S. at
various discount rates;
\$/hectare New Zealand and
Uruguay, excluding bare land
costs. Pre-tax.**

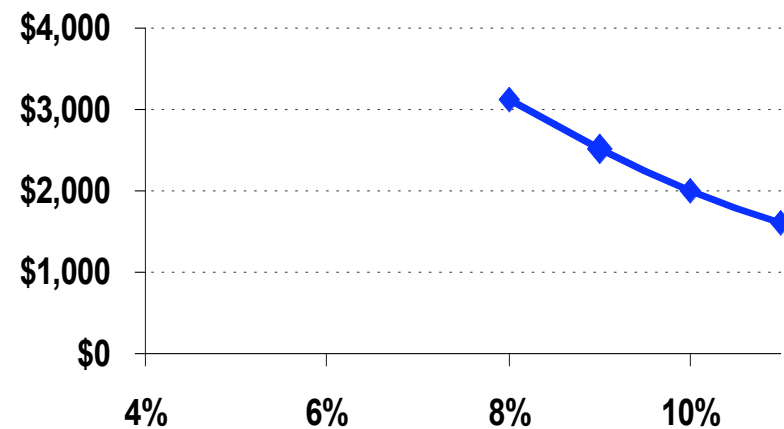
U.S. South SYP



New Zealand Radiata



Uruguay Eucalyptus



Taxes Shape Global Flow of Capital

<i>Type of Investor</i>	U.S.	New Zealand	Chile	Urugua
<i>Local Taxable</i>	35% corporate tax or 15% capital gain tax	33% corporate tax	17% corporate tax	Favorable tax regime for forest
<i>Local Non-Taxable</i>	0% tax	33% corporate tax	17% corporate tax + 18% withholding	Same as for local taxable
<i>Foreign Non-Taxable</i>	35% withholding	33% corporate tax	17% corporate tax + 18% withholding	Same as for local taxable

Outlook from the Investor Point of View

- Capital increasingly available for investments in countries without tax barriers.
- Regions with sufficient returns from plantations can find forestry investment partners to augment supply to greenfield mill projects.
- Forest owners may be increasingly responsive to price signals.