



African Forests



Teak-Specific Investments East Africa

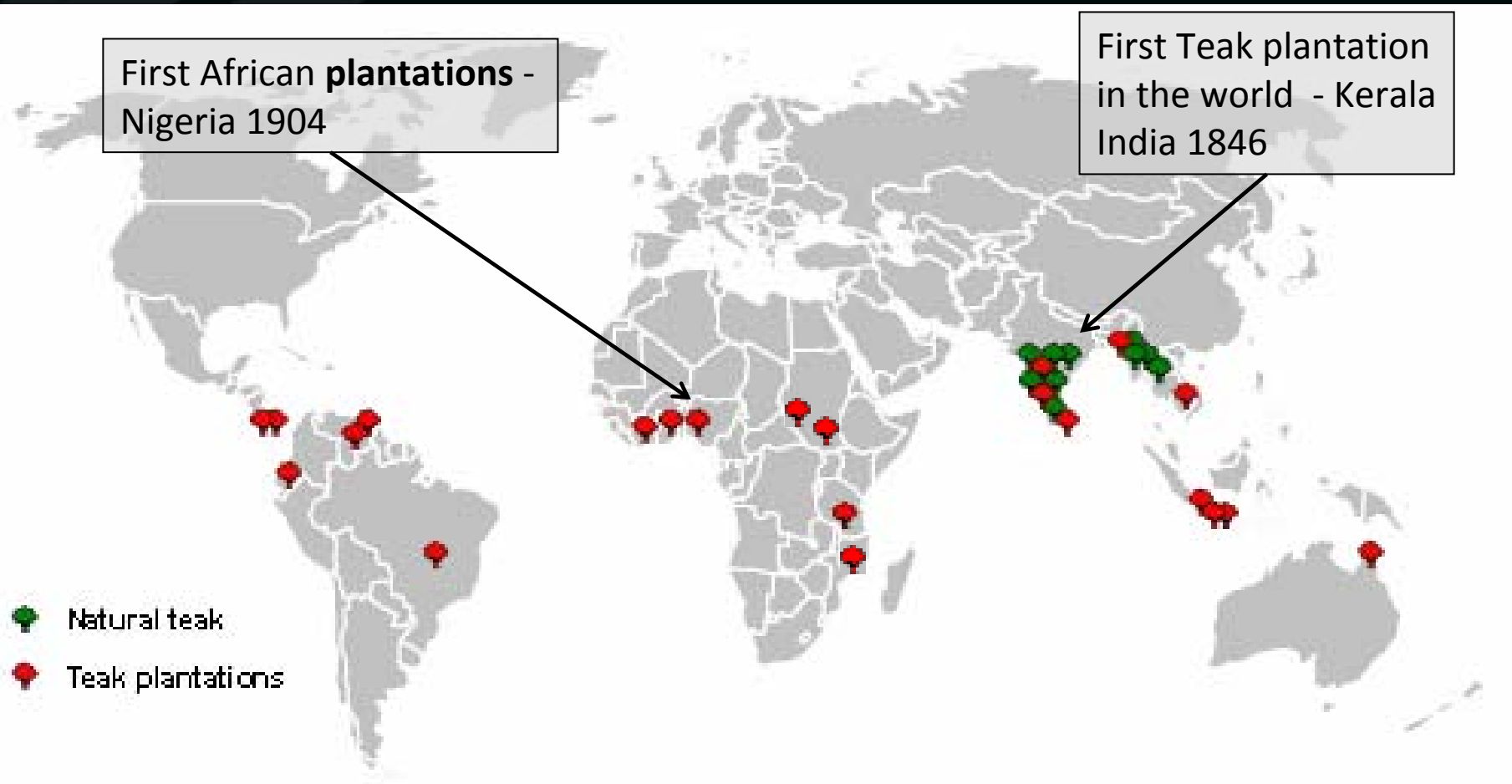
Kilombero Valley Teak Company



Equatoria Teak Companies



Tectona grandis Distribution



Teak

Tectona grandis.

- Pioneer tree with vigorous growth
- Fire tolerant & good coppicing ability
- Limited pest & disease aspects
- High value hardwood
- Extremely durable & insect resistant
- Very stable
- Attractive colour & decorative characteristics
- Wide range of uses in and outdoors

Investment Opportunity

- High value tropical hardwood
- Long term value investment
- Interim cash return from thinning
- Limited alternative supplies from natural forests
- Carbon market opportunities
- Market and product flexibility

Local Benefits

- Labour based, long term rural forestry investment
- Biodiversity development through mosaic plantings
- No log export value added in country
- Interim offtake for local and export products
- Outgrowers and Fair Trade opportunities
- Intercropping and agro-forestry opportunities
- Investment in processing

Investment Challenges

- Land availability
- Teak growth is limited by soil specifics
- Conflict resolutions through Integrated land use planning
- Short term food security vs. long term value investments
- State and private forest partnerships
- National or regional forestry standards
- National policy implementation delays
- Regional forest research cooperation & associations
- Conversion of natural forests and FSC policies
- Green field investment
- 32 year teak rotation - long-term investment risk
- Illegal logging