We see the forest. And we see the trees.
AGENDA

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We see the forest. And we see the trees.
ORGANIZATION & ASSETS

**INCEPTION:** 1981

**OFFICES:** Atlanta, GA; Athens, GA; Columbia, SC; Columbus, OH; Dallas, TX; Glasgow, KY; Huntsville, AL; Richmond, VA; Tallahassee, FL; Winston-Salem, NC; Montevideo, UR; Buenos Aires, AR; Porto Alegre, Br;

**STRUCTURE:** Business Unit of Regions Morgan Keegan.

**CURRENT ASSETS:** $ 1.519 billion – Institutional - 10 Commingled Funds
16 Separate Accounts

**LIQUIDATED ASSETS:** $ .566 billion
## ORGANIZATION

<table>
<thead>
<tr>
<th>PROFESSIONALS</th>
<th>FUNCTION</th>
<th>YEARS</th>
<th>TOTAL</th>
<th>RMK</th>
<th>PRIOR EXPERIENCE</th>
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<tbody>
<tr>
<td>Charles D. Daniel, III</td>
<td>President &amp; CIO</td>
<td>28</td>
<td>12</td>
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<td>Procter &amp; Gamble</td>
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<tr>
<td>Michael T. Shearer</td>
<td>US Investments &amp; Portfolio Mgr.</td>
<td>31</td>
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<td>Global Forest Partners/Weyerhaeuser</td>
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<td>James F. Webb</td>
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<td>20</td>
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<td>Weyerhaeuser</td>
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<td>James W. McBride</td>
<td>Business Development</td>
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<td>Hancock Natural Resources</td>
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<td>Jefferson H. Mayo, Ph.D.</td>
<td>Administration &amp; Asset Mgt.</td>
<td>26</td>
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<td>Union Camp/Univ. of GA</td>
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<td>Jon P. Caulfield, Ph.D.</td>
<td>Forest Economist &amp; Research</td>
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<tr>
<td>Joyce W. Niggley</td>
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<td>Gregory S. Williams</td>
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<td>Robert S. Sinclair</td>
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<td>Philip S. Weigel</td>
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<td>Georgia Pacific</td>
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<tr>
<td>T. Jeffrey Newsome</td>
<td>Regional Manager</td>
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<td>International Paper</td>
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<td>Mark Bice</td>
<td>Acquisitions Manager</td>
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<td>Resource Management Service</td>
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<tr>
<td>Jonathan A. Callaghan</td>
<td>Real Estate &amp; HBU Manager</td>
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<td>4</td>
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<td>SunTrust Bank</td>
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</table>

Other professionals include 7 Foresters with an average of 18 years of experience.
RMK Timberland Group
Mission Statement

"RMK Timberland Group provides superior investment returns for clients by acquiring and managing forestland and its associated values, while respecting the environmental and social integrity of the forest and the community"
Portfolio and Returns
# ASSETS MANAGED

<table>
<thead>
<tr>
<th>FUNDS &amp; ACCOUNTS</th>
<th>ASSET VALUE</th>
<th>FUNDS &amp; ACCOUNTS</th>
<th>ASSET VALUE</th>
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<tr>
<td>Established Growth Fund</td>
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<td>SEPARATE FUNDS</td>
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<td>Timberland Investment Group</td>
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<td>American Timberlands I, LLC</td>
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<td>KCM Timber, LLC</td>
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<td>Missouri LAGERS</td>
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<td>American Timberlands II, LLC</td>
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<td>Ataya, LLC</td>
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<td>Missouri LAGERS Timberprop, LLC</td>
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<td>Cambium, LLC</td>
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<td>Bosques del Norte, LLC</td>
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<td>Criollo Madera, LLC</td>
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<td>Missouri DOT</td>
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<td>City of Austin Police</td>
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<td>NSP Timber, LLC</td>
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<td>Austin Timber, LLC</td>
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<td>Bosques del Sur, LLC</td>
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<td>City of Danville</td>
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<td>LJR Timber Holdings, LLC</td>
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<td>RCF Timber, LLC</td>
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<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>$1,519</strong></td>
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</table>

RMK Timberland Group Profile as of and for the periods ended June 30, 2008
REPRESENTATIVE CLIENT LIST

PUBLIC FUNDS
Arkansas Teachers (2)
City of Austin, TX Police (3)
Missouri LAGERS (2)
Omaha School Employees
San Antonio Fire & Police (2)

CORPORATE FUNDS
ALCOA
Baxter Health care
Coca-Cola Enterprises (2)
Penn Mutual (2)
Progress Energy

FOUNDATION & OTHER
American Red Cross
Cape Fear Memorial Fdn.
LJR Trust (2)
University of Alabama Fdn.

NON US FUNDS
Danish Engineers
Danish Teachers (3)
PKA (3)
Sampension (3)
## PERFORMANCE & CLIENTS

### ACTIVE ACCOUNTS COMPOSITE RETURN AS OF 9.30.08 (BEFORE FEES)

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since Inception</th>
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</thead>
<tbody>
<tr>
<td>7.61%</td>
<td>9.21%</td>
<td>11.11%</td>
<td>9.23%</td>
<td>8.58%</td>
<td>11.01% (14.5 Years)</td>
</tr>
</tbody>
</table>

### CLIENT BASE

- 52 Investors
- 23 Public Funds, 22 Corporate, 3 Endowment/Foundation, 4 Private
Why Timberland?

We see the forest. And we see the trees.
WHY FORESTLAND?

ATTRACTIVE PORTFOLIO CHARACTERISTICS

— Competitive Historic Returns
— Low Volatility of Returns
— Excellent Portfolio Diversification

UNIQUE ASSET CHARACTERISTICS

— Trees Grow
— Growth Adds Value
— “Store on the Stump”
— Multiple Components of Return
— A Biological Renewable Resource
STAGES IN THE LIFE OF A FOREST

AGE

EMERGING GROWTH

ESTABLISHED GROWTH

MATURE GROWTH

PULPWOOD

CHIP-N-SAW

SAWTIMBER
TRADITIONAL PRODUCTS
EFFICIENT MARKETS

U.S. SOUTH

EXPANDED MARKETS

U.S. Hardwoods Appalachians
U.S. Lake States
U.S. West Coast
Australia / New Zealand
Chile

TRADITIONAL PRODUCTS
INEFFICIENT MARKETS

NON-TRADITIONAL PRODUCTS
WITH EMERGING MARKETS

© CHOREN Industries GmbH
International Directions

We see the forest. And we see the trees.
“FAST GROWING PLANTATION REGION”
BECOMING A REAL PRESENCE

- “Fast Growing Plantation” Region includes:
  Australia, N. Argentina, Brazil, Central Chile, Uruguay, Paraguay, Mexico, New Zealand, South Africa, Mozambique

- Characterized by fast tree growth, low raw material costs, low growing costs, low production costs, in many cases deep internal and export markets

- Major new investments by global manufacturers in production and processing
CURRENT FAST GROWING PLANTATION REGION COUNTRIES
PLANTATION GROWTH RATES
FGP REGION COUNTRIES VS. U.S. SOUTH

Source: Caulfield 1998
Latin American Focus
INTERNATIONAL PROPERTY SUMMARY JUNE 30, 2008

- Brazil: 20,600 Hectares
- Paraguay: 20,600 Hectares
- Chile: 20,600 Hectares
- Argentina: 36,287 Hectares
- Uruguay: 36,287 Hectares
MAJOR MANUFACTURING & PORT FACILITIES

MANUFACTURING FACILITIES
1. Paper Mill – Ence at Fray Bentos**
2. Paper Mill – Metsa Botnia at Fray Bentos
3. Pulp Mill – Stora Enso in Durazno*
4. Paper Mill – VCP at Cassino*
5. Paper Mill – Aracruz at Barra do Riacho*
6. Paper Mill – VCP at Jacarei
7. Paper Mill – Stora Enso at Sao Borja*
8. Paper Mill – Mead/Westvaco at Rigesa
9. Paper Mill – Branco Cel at Boa Vista
10. Paper Mill – Cellulosa Argentina

PORT FACILITIES
1. Port – Fray Bentos
2. Port – Nueva Palmira
3. Port – Montevideo
4. Port – La Paloma*
5. Port – Rio Grande
6. Port – I. de Sao Francisco

* Planned
** Under Construction
URUGUAY

— “Stable” politically: Frente Amplia has successfully merged the spectrum of political parties.
— Relatively predictable from an economic and tax standpoint: Developments we have seen since our entry in 2001 are 1) general strengthening of the economy, 2) introduction of personal income tax of 25%, 3) “Sociedad Anonima” regulation (disclosure of specific investors), 4) some concern regarding the introduction of new manufacturing facilities in the country.
— Significant advances in internal forest markets for cellulose fiber and solid wood products.
  Export markets to Europe and Japan strong.
— Forestry and related support increasingly sophisticated in all areas: 1) Technology, 2) Education, 3) movement of product and processing.
— Historical tradition of respect for Contract Law – Artigas; no history of expropriation of assets
Brazil

— Relatively stable politically. Lula has been proven to be moderate within the framework of Brazil.
— Until recently the country has been thriving economically. A strong dollar, huge markets for pig iron, ethanol from sugar cane, and petro, in addition to a strong financial industry based in Sao Paulo, not to speak of a deep and agricultural and forest industry has driven the Brazilian GDP (7% plus) with modest inflation (5-6%) and modest unemployment (7-8%).
— Law and Tax; unpredictable
— Making acquisitions, setting up local entities, completing agreements that are compliant with legal, environmental, and other regulatory requirements (State and Federal): Extremely slow.
— Very deep internal and export markets. Huge country and well diversified.
— Friendly to “foreign investment”.
— Very geographically and environmentally diverse from a silvicultural and forest standpoint
— Well developed technical forest infrastructure, including education, genetics, and logistics
— Large industry players: Aracruz, VCP, Suzano.
Chile
— Very efficient markets and forest industry, dominated by two big players; CMPC (Mininco) and and Arauco.
— Very strong but somewhat mature economy, driven by the price of copper. Positive balance sheet. Most recent trade balance (last 12 months $16 bn; Budget balance as a % of GDP is 6.5%)
— Commercial forestry concentrated in the central Regions, between 7 and 11. Outside those Regions are primarily native forests.
— Large indigenous population.
— “Investor Friendly” but very efficient and competitive markets.
— Simple tax system, contract law and negotiations are clear. Protection of assets from expropriation is written into the law.
— Appears to be politically sound under President Bachelet, however the “Trans-Santiago” may grow to be a significant problem for her.
Paraguay

— Politically: President Lugo is very quiet and behind the scenes. His Ministers seem to be balanced. Objectives of the new government at this point: 1) Renegotiate the price of electricity being paid by the Brazilians to the Paraguayan government, 2) Some level of land reform for the Guarani, 3) Protection of the remaining native forests, and 4) Development of the Chaco.

— Significant presence of the Colorado party in the legislature

— Very interested in attracting international investments.

— Tax and entity law are very simple

— Personal income tax reduced to 10%.

— Only officially bi-lingual country in Latin America (Spanish and Guarani) (Incidentally our US Ambassador to Paraguay was fluent in both).

— Country east of the Paraguay River primarily pasture and grasslands (25% remains in native forest)
Argentina

— Not “friendly” to outside investors.
— Mandatory Deposit Rule
— Trust Alternatives to avoid MDR carry tax consequences not initially appealing to investors
— Can be accommodated in proforma but does detract from investment return
— Excellent forest soils in many of the Provinces, and developed internal markets
— Good forest growth rates
— Investors definitely need to consider a local partner and develop good relationships with the Province industry trade groups and government.
We see the forest. And we see the trees.
RMK Perspectives “Going Forward”

— A new US President may help in Latin America, if he pays attention, and if the US can recognize the significant difference between countries, and their economies, cultures, politics.

— Brazil is on more or less solid footing politically, however its economic growth will soften if the dollar stays weak versus reais, and if US housing markets do not pick up. The government and economic leaders will need to resist measures that further complicate their legal, tax, and regulatory environment. Last, they need to get a better handle on infrastructure issues, traffic, and crime. Feeling effects of credit squeeze. However banks are experienced and conservative.

— Uruguay will likely go to the Frente Amplia in 2009. There is a move to change the constitution to allow Tabare Vazquez to run, however I think he will resist (I hope). Who be the FA candidate? Most people want Mujica but Astori is more “presidential” and astute from a business standpoint.
Paraguay
— Pres. Lugo be mod or rad, will Colorado party resume control, or will we see a balance? I prefer to believe there will be a rough balance as these new partners dance together for the first time.
— Paraguay does not have a lot to lose as regards the current financial crisis. Their trade is largely internal to neighboring countries (they are the 4th largest exporter of soybeans in the world). Foreign investment is still rather small, although has grown relatively.
— They will continue to look for rational ways to increase investor confidence, and look across Argentina to their more rational neighbor to the SE (Uruguay) as an example and for advice.

Chile
— Chile’s GDP has slowed and will expect to slow from what it has been. Latest GDP 4.3%, projected GDP for 2008 is 3.9, and 2009 is 3.3.
— Inflation is now 9.2% from what it was a year ago (5%).
— Several of the larger forest industries (Arauco) have gotten into the same derivative hedging issues as in Brazil.
— I see Chile as continuing to lead the Southern Cone of South America in terms of overall prosperity, however the democratic coalition of the President is losing some steam.
Argentina

— Under the current regime I do not see major improvements in areas that would attract foreign investment into the country.

— The “failure” or success, as I see it, of the President to pass the most recent agricultural tariff was something of a “wake-up” call to the Executive Branch, which has served to moderate further Presidential “decrees”

— Argentina due to its default in 2001 of $81 billion, with $7 billion still unresolved with creditors who refuse to go away, is unable to get credit. With the price of oil dropping by half from its high of $150, Chavez, their last source of sympathy in South America is less able to send suitcases with cash through Aerolineas Argentina (which is also bankrupt)

— As a result, in a bid for cash, in an already tight credit market, Argentina put to the legislature the nationalization of its private pension funds. Bond yields have jumped to 28%, as investors have dumped them. “La Nacion” calls it “legalized robbery”.
Argentina (cont.)

— Congress may be a significant obstacle to this and other illogical and counterproductive moves that seem to be the rule rather than the exception. If passed expect a deluge of lawsuits from account holders.

— Investors will still seek to enter the country, as where there is duress there are value opportunities especially in low profile industries and where one can develop credible local partnerships, with offtake agreements if exports are not a possibility.
THANK YOU
GRACIAS
OBRIGADO