



# Forestry Investments at PGGM

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4 November 2010





## About PGGM

PGGM is a Dutch pension administrator and asset manager

**PGGM Pensioenbeheer** administers pensions for more than 2 million people, mainly in the Dutch healthcare sector

**PGGM Investments** manages over €100 billion of pension fund assets

PGGM currently has approx. 1000 employees, of which approx. 235 are active in Investment Management

Based in Zeist, The Netherlands





PGGM Investments invests in a wide range of assets, for instance from traditional equity, infrastructure, real estate, credits, insurance linked securities and also agriculture and forestry

Forestry investments started in 2007.

Why?

- Diversification of asset classes
- Match between long term nature of liabilities and investments
- Long term strong and stable return expected given risks





Forestry investments have a global scope.

Current investments in the USA, Europe, South America and Australia

Investments are structured as comingled funds and separate accounts. PGGM also has the possibility to do direct investments

Investment amount per investment of PGGM typically between US\$ 75 and US\$ 150 million

Aim is to have all forestry assets certified by FSC or similar certification



Strong focus on ESG factors





## **Requirements for Forestry investments:**

- Clear fit in portfolio construction
- Best in class management company
- Clear business case
- Ability to comply with requirements of institutional investor on e.g. governance, reporting, internal processes
- Ability to deliver optimal legal and fiscal structure
- Alignment of interest

Investment process underpinned by extensive due diligence by PGGM Front Office and Operational Risk Department



The process to implement an investment takes 3-6 months





## Observations:

We construct the portfolio from an economic and geographic perspective

ESG factors are increasing in importance

Expected returns not underpinned by realistic assumptions

Acquisition discipline and property management are key factors

Cost structures of investments under increasing scrutiny





## Important information

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