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Challenging times, winning strategies

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RUSSIAN TIMBER GROUP LIMITED
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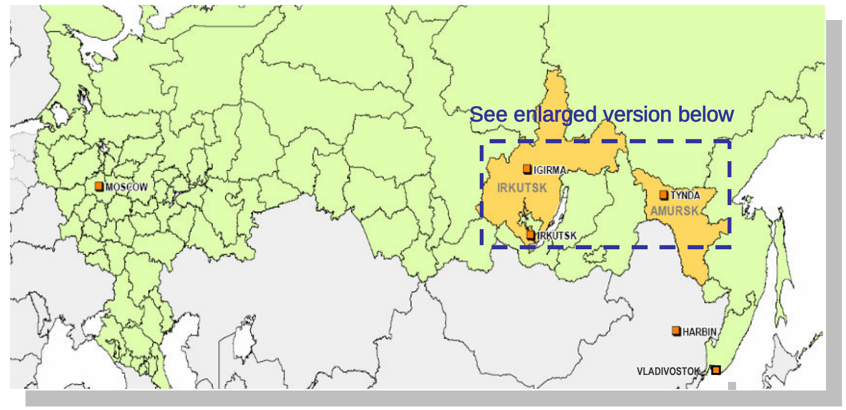
RTG – Group Summary
Vast Wood Resources at the Gateway to the Far East

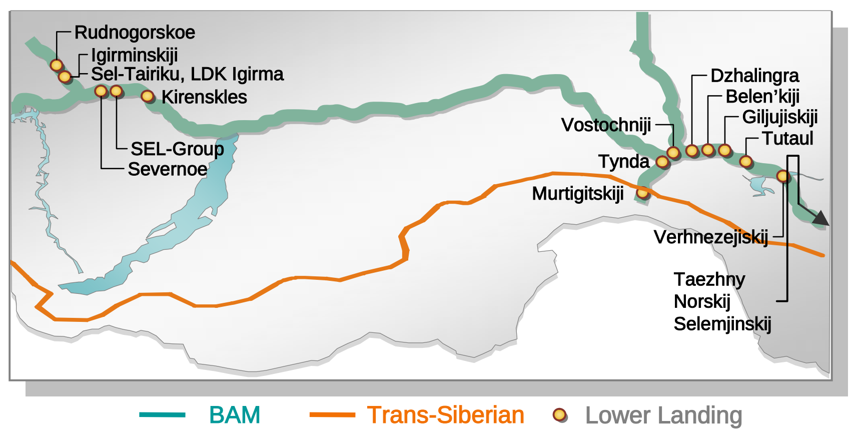
- Forestry asset base of 2.4m ha / 6m acres
- Sustainable annual allowable cutting rights (AAC) of 3.3 million m^3
- 2nd largest Russian harvesting group (2.1 million m^3 in 2007 – 63% AAC utilisation)
- Access to high quality fibre (Angarsk Pine, Siberian and Dahurian Larch, Birch)
- One of the largest Russian sawmilling groups (200,000 m^3 produced in 2007)
- Good rail links with BAM and Trans-Siberian
- Flooring production capacity of over 4 million m^2 in Harbin, China
- Growing processing business (currently constructing Russian's largest sawmill with over 420,000 m^3 of capacity)
- "... grow by becoming a leading vertically integrated timber group ..."

Sources: Pöyry; Lesprom Industry Consulting 2006; Company data.

Asset Locations



Access To Rail Links

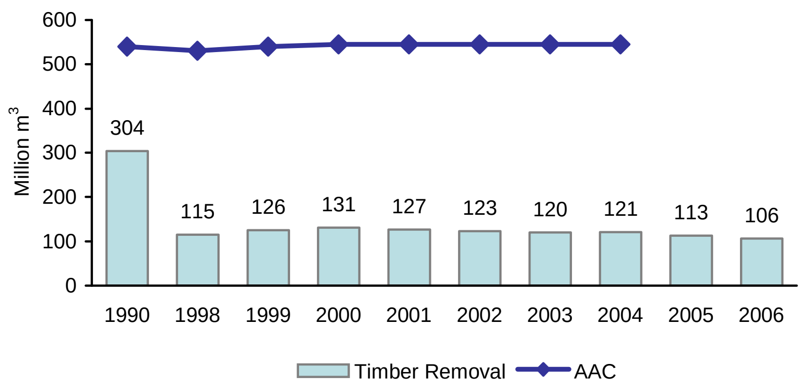


Forestry is a Growth Business in Russia

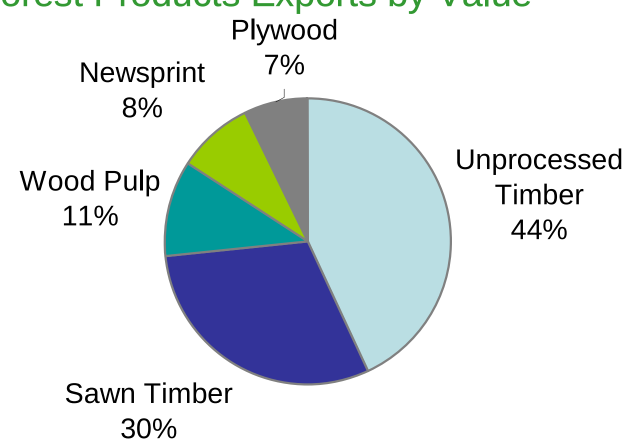
- Forest land greater than Brazil and Canada's areas combined
  - c.22% of the world's forests
  - Only c.3% of the world's harvest
- Estimated sustainable national annual cut up to 635 million m^3 in 2007
- Fragmented industry with c.20,000 players

Russian Forestation

Industrial Log Harvest vs. AAC



2006 Forest Products Exports by Value



Sources: PWC industry report; Pöyry; Lesprom Industry Consulting 2006; International Wood Markets Research Inc.; Federal Forestry Agency

Government Supporting Development of the industry

New Forest Code

- Transfer and sub-leasing allowed
- Maximum lease 49 years
- Leases granted by auction
- "Strategic Investor" status

Roundwood Export Duties

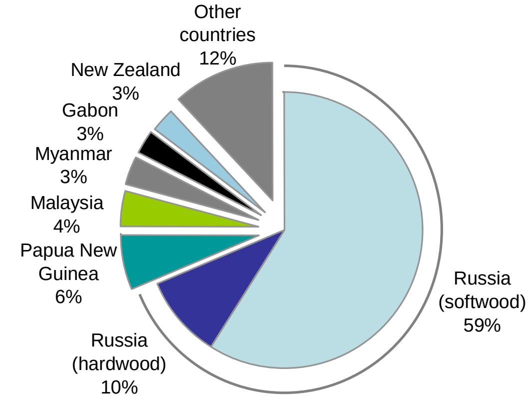
Date	Duty (%)	Minimum Duty	
Prior to July 2007	6.5%	€4/m^3	\$5.2/m^3
Prior to April 2008	20.0%	€10/m^3	\$12.9/m^3
Current	25.0%	€15/m^3	\$19.0/m^3
January 2009	80.0%	€50/m^3	\$64.4/m^3

- Export duties on sawn products have been cancelled since June 2007

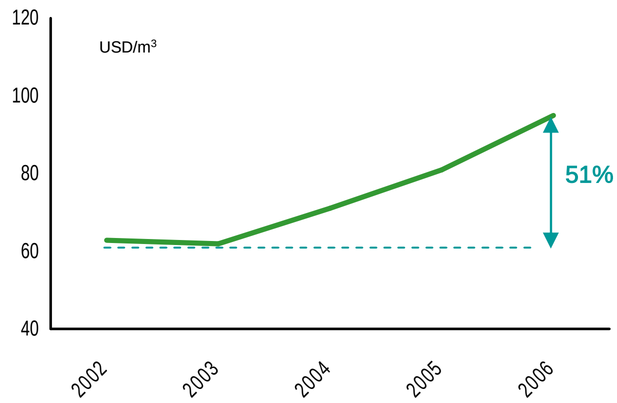
Why have we invested in Forestry now?

- Russia's vast Natural Resource base
- High quality fibre – Global Fibre Deficit
- Proximity to markets
- Booming Chinese Demand
- Growing Domestic demand
- Underutilisation and undervaluing of assets
- Pricing Momentum In High Growth End Markets
- Renewable Resource base
- Biofuels

Roundwood Imports to China (2005)



Softwood Roundwood Prices in China



Sustainability in Russia

- Forest Code and AAC based on sustainability
- Growth rates greatly exceed harvest volumes but 91% natural regeneration
- Over 20 million ha certified under FSC. (17% of all rented forests)
- Government certification under international standards on its way.
- RTG has over 1m ha certified under FSC (FM & COC)

Sources: FSC; Federal Forestry Agency; Ministry of Industry and Energy of the Russian Federation; Company Data

The age of Carbon and Biofuels

- Pellets
- Briquettes
- Charcoal
- Bio-diesel and Ethanol
- Cogeneration
- The ‘post Kyoto’ world
- Ecolive Limited

EcoLive
Building the low carbon economy

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Conclusion

Strong industry fundamentals in Russia supported by the regulatory environment

Scale, quality and sustainable resources across Russia

Under-utilised asset base, adjacent to key markets

Vertical integration is key

Biofuels, carbon and consolidation offer additional opportunities

…Russian forests offer great potential…