

DEALSTREETASIA

\$5m Laos forestry investment offered by Dutch bank FMO

Mekong Timber to build integrated saw log, veneer and chipping mill



Mekong Timber is backed by the New Forests Tropical Asia Forest Fund, a sustainable forestry investment fund managed by Australian asset manager New Forests. © Reuters

MARS W. MOSQUEDA JR., DealStreetAsia

October 7, 2020 15:04 JST

DealstreetAsia

CEBU, Philippines -- Dutch development bank FMO has offered \$5 million in funding for Mekong Timber Plantations (MTP), one of Laos' largest forestry plantation companies, according to a disclosure by FMO dated Sept. 30.

FMO said MTP will use the financing to expand its plantation area and to establish an integrated saw log, veneer and chipping mill. The plantation company has a total of 24,099 hectares of land under a 50-year concession until 2049.

By continuing to browse this website, you accept cookies which are used for several reasons such as personalizing content/ads and analyzing how this website is used. Please review our [Cookie Policy](#) to learn how you can update your cookie settings.

Accept & Continue

Close

The company also operates a contract farming, or "outgrower" scheme (Oji LPFL's Outgrower Scheme 1) consisting of approximately 5,000 individual farmers, who also grow Eucalyptus or Acacia. Each farmer has an average plot size of 1 hectare, which brings the total size of the scheme to 5,000 hectares.

Mekong Timber is backed by the New Forests Tropical Asia Forest Fund, a sustainable forestry investment fund managed by Australian asset manager New Forests.

The \$170 million fund was launched in 2012 as the first forestry fund dedicated to sustainable forestry in Southeast Asia. It has since taken equity positions in three forestry businesses in Malaysia, Indonesia, and Laos.

FMO said its funding of MTP is an additional investment, following its investment in the company in 2018, and fills a need for long-term capital, the lack of which it said is a barrier to finance for the forestry sector.

FMO is focused on supporting sustainable private-sector growth in developing countries and emerging markets by investing in ambitious projects and entrepreneurs. The bank has an investment portfolio of \$10.4 billion, with a 28% exposure in Asia. It focuses on developing markets, covering sectors such as financial institutions, energy and agribusiness.

For the original story from DealStreetAsia, click [here](#).

***DealStreetAsia** is a financial news site based in Singapore that focuses on private equity, venture capital and corporate investment activity in Asia, especially Southeast Asia, India and greater China. Nikkei owns a majority stake in the company.*

Stay ahead with our exclusives on Asia

Sign up to our newsletters to get our best stories delivered straight into your inbox.

By continuing to browse this website, you accept cookies which are used for several reasons such as personalizing content/ads and analyzing how this website is used. Please review our [Cookie Policy](#) to learn how you can update your cookie settings.

[Accept & Continue](#)

[Close](#)