

FUTURO FORESTAL

Balancing nature and business



Bangkok, 5,6,7th of August 2007.

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The Company at a glance:

- German- Panamanian Forest Service Company
- More than 1500 ha reforested in Panama to date
- Several thousand ha to be managed in Nicaragua from 2007
- 1300 international investors - private and institutional
- Partner offices around the world

- In 2006 first sale of thinned timber (first commercial harvest) - first payback to investors - price exceeded expectations
- CCB - Certification: worldwide first company to be certified.



Development

- ❖ Futuro Forestal has spent the last 13 years continuously developing and refining an innovative model for ecologically and socially sustainable reforestation in the tropics:
- ❖ Reforestation with a multi-species approach aiming to promote biodiversity by planting native species with high commercial value plus Teak and up to 50 other native species with less commercial, but environmental value.
- ❖ Several projects in Latin America, reforestation and natural forest management including environmental service in development as we speaks.



Accomplishments

- First company in Latin America to conduct a *business –to- business* carbon credit transaction in 1998.
- The plantations of Futuro Forestal are FSC-certified (Forest Stewardship Council).
- Rated 2003 and 2004 as best forest investment in Latin America by the independent rating agency SICIREC.
- Metafore Innovation Award Grand Prize 2006 for “WoodStockInvest”



Objectives:
“Reforestation for development”

- **To be highly profitable for the investors;**
- **To be profitable as a company; measured by IRR**
- **To have a beneficial impact on the environment; Measured by Biodiversity and area.**
- **To have a beneficial impact on the standard of living of our co-workers and the local community. Measured by human capital increase.**



Products:

- **BaumSparVertrag , 50US**
- **WoodStockInvest, 40.000 US**
 - **Forestry Visa**
 - **HNWI 500.000 and up**
- **Services to institutional investors 5 Mio and up**



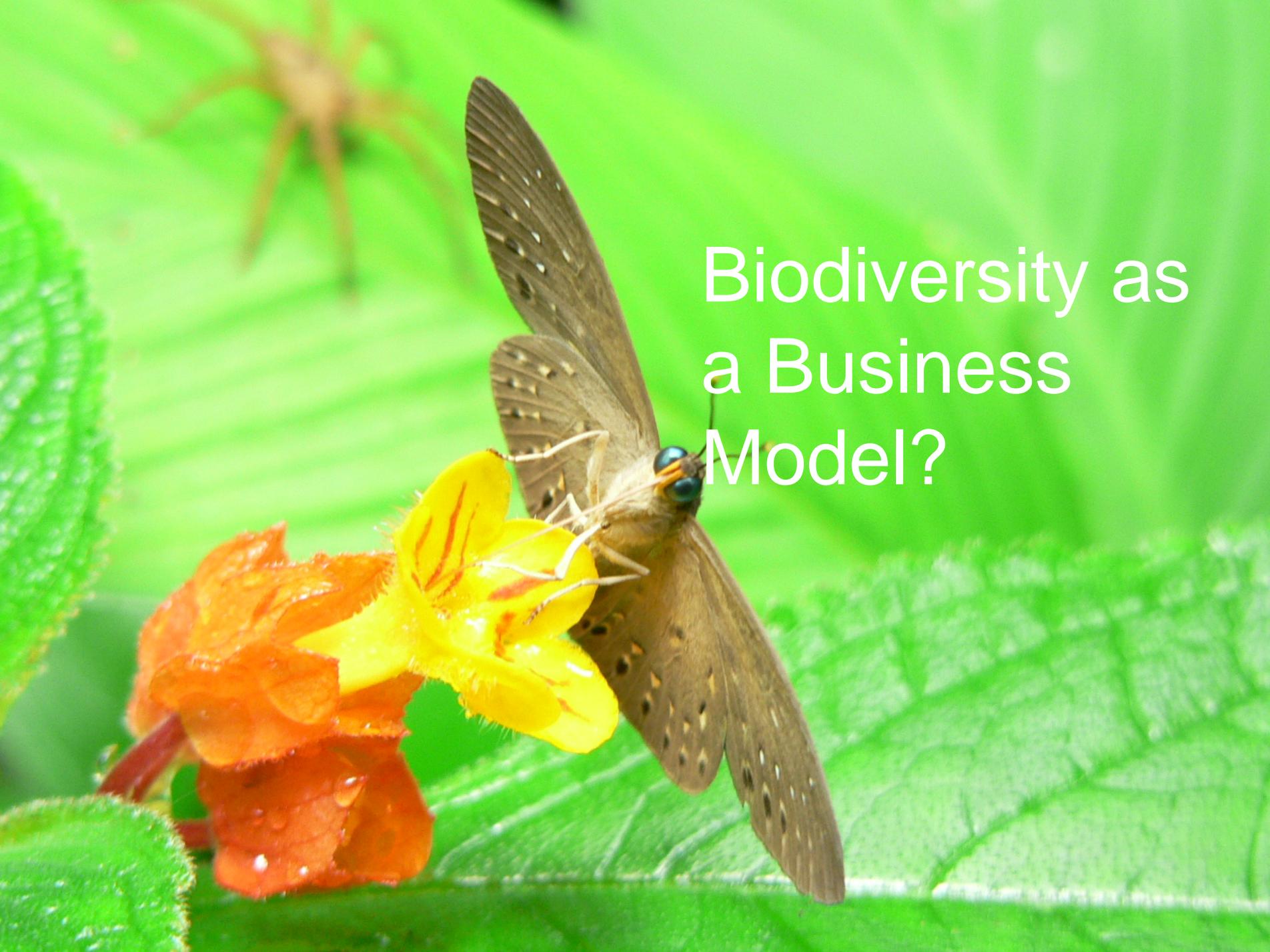
Service for Private Investors

- 25 years of Forest Management Service for your forest land, available from 1 ha (2.47 acres) – WoodStockInvest
- “Panama Forestry Visa” - Residency upon minimum investment of US\$ 40,000
- Individual large-scale reforestation projects for sophisticated investors
- Co2ol Carbon sales to voluntary market through own brand



Service for Corporate and Institutional Investors

- Development of customized forest investment products in different countries
- Creation and Administration of Forest Assets , Tropical TIMO
- Carbon sequestration projects
- Incorporating PPP s into forestry Investments to lower risks

A close-up photograph of a brown butterfly with white spots on its wings, perched on a yellow and orange flower. The butterfly is positioned in the center-right of the frame, facing left. The flower is in the lower-left foreground. The background is a soft, out-of-focus green, suggesting a natural, leafy environment. The text "Biodiversity as a Business Model?" is overlaid in white on the right side of the image.

Biodiversity as a Business Model?

New Model of reforestation:

Mixed stands of different native species and exotics instead of monoculture Plantations for high value tropical hardwood production.



Monoculture Plantations

- ❖ Genetical deserts, low Biodiversity
- ❖ Not Ecologically Sustainable
- ❖ High Likelihood of Soil Erosion
- ❖ Market Risks (No Diversification)
- ❖ Biological Risks
- ❖ No adaptation to heterogenic soil settings
- ❖ Mixed historical results



Mixed stands of native and exotic species plantations

- 🌳 Enhances Biodiversity
- 🌳 Provides Habitat for Flora and Fauna
- 🌳 Reduction of biological Risk
- 🌳 Reduction of Market Risk
- 🌳 Adaptation to soil conditions
- 🌳 Less prime soil availability asks for usage of native species
- 🌳 Futuro Forestal has Pioneered Tropical Multi-culture Plantations using Native Species for commercial usage



Biodiversity as a mechanism to reduce risk and increase returns

- Unique System of mixed-species and even-aged plantation
- Seven species with high commercial value
- Additionally 65 species in non-commercial areas to increase and foster ecosystem capacity
- More stability for the investment
- Production of high quality timber while preserving the major characteristics of a significantly more diverse primary forest
- Access to future environmental service payments



Why Native Species?

- Native species are adapted to soils exotics dont grow on.
- Higher growth rates and lower mortality on most of the sites.
- Native species are attracting wildlife which increases system complexity lowering risks.
- Degraded land then becomes more valuable and able to support future use
- Enter into a premium market of buyers where the sale of a certified, environmentally and socially conscious product is increasingly profitable and in high demand.



Results are :

One part of the market prefers ours over other investment, because of the biodiversity-making money with biodiversity

Canadian Flooring company want all the wood and the story. 200\$ US instead of 80 \$ US m³

Floorprint enhances the approach, more services sold.



Social Responsibility



Social Impact:

We measure social impact by:

- The increase of HUMAN CAPITAL.
- Focused on education and capacity building, no give-away policy.



Social Responsibility

- Major business goal to improve social and economic conditions of rural population
- Above-average salaries, social security, micro credits, education programs
- Social Responsibility is not charity
- Zero corruption policy on all levels
- People receiving real opportunities contribute to the investor's success



PPPs lower social and political risk

Training

Outsourcing

Environmental Buffer Projects

Co-investments to lower political Risk

Institutions like IFC, EIB, DEG and other development banks have growing interest in Forestry Investments.

High social and environmental standards are the entrance card for low interest credits or equity investments from this institutions





Certification

Certification

FSC certification

CCBA certification



Our business today is impossible without certification

1. Transparency for investors
2. Higher and better
3. Management standards
4. CCBA as an example has given us easier access to WB Bio Carbon fund and better price



Conclusion:
**Business as
usual is over!**



THANK YOU!

