

TIMBER OPPORTUNITIES FUND
GENEVA FORUM FOR SUSTAINABLE INVESTMENT
MARCH 26, 2009

TIMBERLAND | NATURAL FORESTS | TIMBER CONCESSIONS



EXECUTIVE SUMMARY



The **Timber Opportunities Fund** will invest in a diversified portfolio of sustainably managed timber projects in Latin America (Panama, Costa Rica, Argentina etc.)

FINANCIALS

Capitalization:	US \$ 30 million to US \$ 250 million
Expected IRR:	~12%
Dividend:	3 - 4 % p.a. after 3rd year (planned)
Management Fee:	1.5 % of NAV p.a.
Performance Fee:	20 %
Hurdle Rate:	8 % (High Watermark)

The fund has an intended lifespan of 15 years with a prolongation option of up to 5 years.

UNIQUENESS OF THE FUND



THE *TIMBER OPPORTUNITIES FUND* OFFERS

- ***CLEAR REGIONAL FOCUS ON LATIN AMERICA***
- ***SUBSTANTIAL EXISTING PROJECT PIPELINE COVERING A VOLUME APPORX. 500 MILLION USD***
- ***ACCESS TO NEW TIMBER PROJECTS THROUGH LOCAL SCOUTS AND NETWORKING CONTACTS THROUGHOUT LATIN AMERICA***
- ***HIGH STANDARDS REGARDING ESG, BIODIVERSITY AND SUSTAINABLE FOREST MANAGEMENT ALSO AS PART OF THE RISK MANAGEMENT STRATEGY***
- ***FUND MANAGEMENT WITH A UNIQUE COMBINATION OF LOCAL ON GROUND FORESTRY MANAGEMENT EXPERIENCE AND EXPERTISE IN PORTFOLIO MANAGEMENT, PRIVATE EQUITY AND CAPITAL MARKETS***

WHY INVEST IN TIMBER?

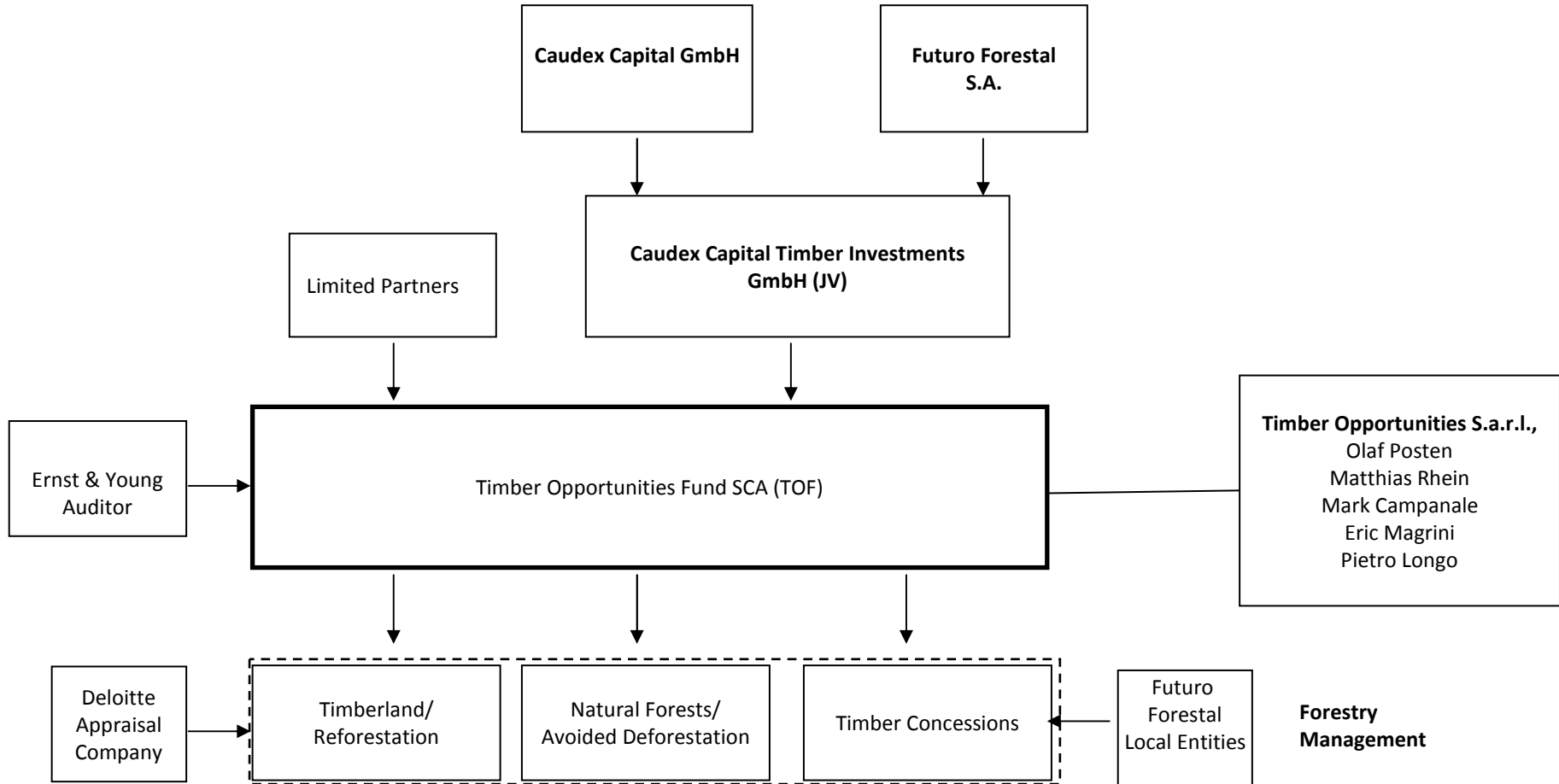


- **STABLE AND COMPETITIVE RETURNS**
- **RISING DEMAND TO EXPAND TIMBER MARKET IN THE LONG TERM**
- **LOW CORRELATION (“BIOLOGICAL HEDGE”) TO OTHER ASSET CLASSES AND HIGHER RETURNS IMPROVE PORTFOLIO STRUCTURE**
- **INFLATION HEDGE**
- **SUSTAINABLE INVESTMENT: HIGH STANDARDS OF CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (PEOPLE PLANET PROFIT)**



source: NCREIF Timberland Index Sept 2008

THE STRUCTURE



WHO CREATES THE VALUE?



CAUDEX CAPITAL TIMBER INVESTMENTS GMBH

- ***JOINT VENTURE BETWEEN INVESTMENT ADVISORY BOUTIQUE (CAUDEX CAPITAL GMBH) AND FOREST MANAGEMENT ORGANISATION (FUTURO FORESTAL S.A.)***
- ***UNIQUE COMBINATION OF PORTFOLIO MANAGEMENT, PRIVATE EQUITY, FINANCIAL ENGINEERING AND FORESTRY MANAGEMENT WITH MORE THAN 80 YEARS OF FOREST MANAGEMENT EXPERIENCE***
- ***INVESTMENT ADVISORY AND SERVICE PROVIDER FOR THE FUND***
- ***RISK MANAGEMENT FOR THE FUND***
- ***SCREENING OF AVAILABLE AND ACCESSABLE INVESTMENT OPPORTUNITIES FOR THE FUND***
- ***COORDINATION OF EXTERNAL- AND STRATEGIC ADVISORS FOR THE FUND***
- ***REPORTING AND INVESTOR RELATIONS TO INSTITUTIONAL INVESTORS***

WHO CREATES THE VALUE?



FUTURO FORESTAL S.A.

- ***LEADING LATIN AMERICAN TIMBER MANAGEMENT ORGANISATION WITH STRONG LOCAL EXPERTISE***
- ***STRONG ESG APPROACH***
- ***UNIQUE BIODIVERSITY DRIVEN SUSTAINABLE FOREST MANAGEMENT***
- ***COOPERATIONS WITH THE LEADING SCIENTIFIC RESEARCH INSTITUTES (YALE UNIVERSITY AND SMITHSONIAN TROPICAL RESEARCH INSTITUTE)***
- ***PROVEN TRACK RECORD***
- ***LEADING US-TIMBER INVESTOR***
- ***IDENTIFICATION OF NEW INVESTMENT OPPORTUNITIES FOR THE FUND***
- ***COOPERATION PARTNER WITH THE WORLD BANK AND THE IFC***
- ***EXPERIENCED IN THE UTILISATION OF CERTIFIED EMISSION REDUCTION UNITS***

WHO CREATES THE VALUE?



THE FUND MANAGEMENT TEAM

Olaf Posten, 39, Chief Executive Officer

Mike Bayer, 36, Chief Investment Officer

Andreas Eke, 47, Head of Forestry Management and Project Development

Iliana Armien, 42, Senior Forestry Manager

Benjamin Hodgdon, 34, Chief Technical Analyst

Janja Eke, 44, Manager of Social, Environmental and Certification Issues

INVESTMENT STRATEGY



FUTURO FORESTAL S.A.

- **INVESTMENT IN DIFFERENT PROJECT TYPES, COUNTRIES, AGE CLASSES AND TROPICAL HARDWOOD TIMBER SPECIES (PORTFOLIO DIVERSIFICATION)**
- **TIMBER CONCESSIONS**
 - **EARLY CASH FLOW / LOW INVESTMENT**
- **NATURAL FOREST**
 - **EARLY CASH FLOW / HIGH INVESTMENT / LAND OWNERSHIP**
- **REFORESTATION**
 - **HIGHER RETURN / LATE CASH FLOWS / LAND OWNERSHIP**
- **AVOIDED DEFORESTATION**
 - **LOW COSTS / LAND OWNERSHIP / REVENUES FROM CERS INSTEAD OF HARVEST**

INVESTMENT PROCESS/DUE DILIGENCE



IMPORTANT FACTORS INCULUDE:

- **LOCAL SOIL QUALITY AND CLIMATE CONDITIONS WITH RESPECT TO THE SPECIFIC TREE SPECIES**
- **VERIFICATION OF THE POSSIBLE IMPLEMENTATION OF BIODIVERSITY AND OTHER SUSTAINABLE FORESTRY STANDARDS**
- **ANALYSIS OF THE EXPECTED TREE GROWTH**
- **LOCATION ANALYSIS INCLUDING EXISTING INFRASTRUCTURE, DISTANCE TO HARBOUR ETC., QUALITY OF LOCAL WORK FORCE**
- **CONSIDERATION OF REGIONAL AND NATIONAL SPECIFICATIONS OF THE PROJECTS (TAXES, INVOLVEMENT OF LOCAL POPULATION AND ADMINISTRATION, BUREAUCRACY)**
- **ANALYSIS OF THE SPECIFIC PROJECT RISKS**
- **CALCULATION OF THE PROJECT'S COST STRUCTURE**
- **COMPILATION OF A DETAILED CASH FLOW ANALYSIS IN ORDER TO CONSIDER THE PROFITABILITY OF THE PROJECT**

RISK MANAGEMENT



- **DIFFERENT SOURCES OF RISKS**
- **ONE SITE SCREENING**
- **PROFESSIONAL FOREST MANAGEMENT AS PART OF RISK MANAGEMENT**
- **DIVERSIFICATION BY GEOGRAPHY, PROJECT TYPE AND AGE CLASS**
- **POLITICAL RISKS MONITORED BY INHOUSE AND EXTERNAL EXPERTS**
- **PORTFOLIO/PROJECT RISKS**
- **INHOUSE RISK MANAGEMENT TOOL**

ELEMENTS OF TIMBER INVESTMENT RETURNS



FUNDAMENTAL ELEMENTS:

- **TIMBER GROWTH**
- **TIMBER PRICES**
- **PROFESSIONAL AND ACTIVE MANAGEMENT**

ADDITIONAL ELEMENTS:

- **LAND VALUE APPRECIATION**
- **BIOMASS**
- **CARBON- OFF SET PROJECTS**

TRENDS IN THE TIMBER MARKET



- **RISING DEMAND MEETS STEADY OR FALLING SUPPLY**
- **GROWTH OF WORLD POPULATION**
- **DEMAND IN EMERGING ECONOMIES**
- **EFFORTS TO LIMIT ILLEGAL LOGGING**
- **STRONG TREND TO CERTIFY SUSTAINABLY MANAGED FORESTS AND PLANTATIONS**
- **TIMBER AS A SOURCE OF ENERGY**
- **DEMAND FOR PAPER FURTHER ON THE RISE**

WHY LATIN AMERICA AND CARIBBEAN?



- **STABILIZED ECONOMIES (POSITIVE MEDIUM TERM IMPACT FOR THE REGION IS LIKELY TO BE A SIGNIFICANT RE-ASSESSMENT OF EMERGING MARKETS VERSUS DEVELOPED WORLD RISK – CREDIT CRUNCH AND INFLATION)**
- **REASONABLE LAND PRICES**
- **ATTRACTIVE INVESTMENT OPPORTUNITIES AVAILABLE**
- **NATURAL ADVANTAGES OF THE REGION**
- **RISING SHARE IN WORLD TIMBER PRODUCTION**
- **RISING INVESTOR INTEREST**
- **HIGHLY MOTIVATED LOCAL STAFF**

Pipeline



Country	Type of Project	Species	Hectares	Total Project Size in US \$	Expected nominal IRR*
Argentina	Reforestation	Eucalyptus	4,500	16,000,000	14.3%
Argentina	Enrichment Planting/Reforestation	Algarrobo (Prosopis alba)	21,000	99,500,000	14.0%
Costa Rica	Reforestation	Native Hardwoods	2,900	29,000,000	14.1%
Panama	Reforestation	Native Hardwoods and Teak	2,000	25,000,000	14.5%
Panama	Reforestation	Native Hardwoods and Teak	3,070	29,000,000	14.2%
Panama	Acquisition of existing teak plantations	Mostly Teak	1,903	60,000,000	16.9%
Dominican Republic	Reforestation/Higher and Better Use	Native Species	~3,500	~80,000,000	15.5%
Dominican Republic	Reforestation for energy use	Mixed/Native Species	~100,000	123,000,000	15.5%
Project Pipeline (Extract)				461,500,000	15.1%

- Substantial existing project pipeline providing a volume of almost 500 million USD
- Access to new timber projects through local scouts and networking contacts throughout Latin America
- High standards regarding ESG, biodiversity and sustainable forest management also key part of the risk management strategy

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