



# Forest and Biomass

A Sub-Fund of Natural Resources Value Fund

## Green Investor Day

May, 9th 2013 - Centro Congressi Stella Polare  
Sala Libra (Fiera Milano, Rho)



# Forest and Biomass Fund

Managed By Forest Value Investment Management (FVIM)

## **Objectives:**

1. Acquire undervalued land and forests for the production of wood, agriculture and biomass products
2. Build multiple property clusters of around 15,000 ha with a current focus on Central Europe
3. Optimise land productivity while respecting sustainability criteria
4. Create additional value through long term biomass supply agreements
5. Actively manage quality assets and control the value chain
6. Be opportunistic with real options (real estate, hunting...)

# Why is Biomass so Important?

## Demand for Biomass will Exceed Supply Capacity

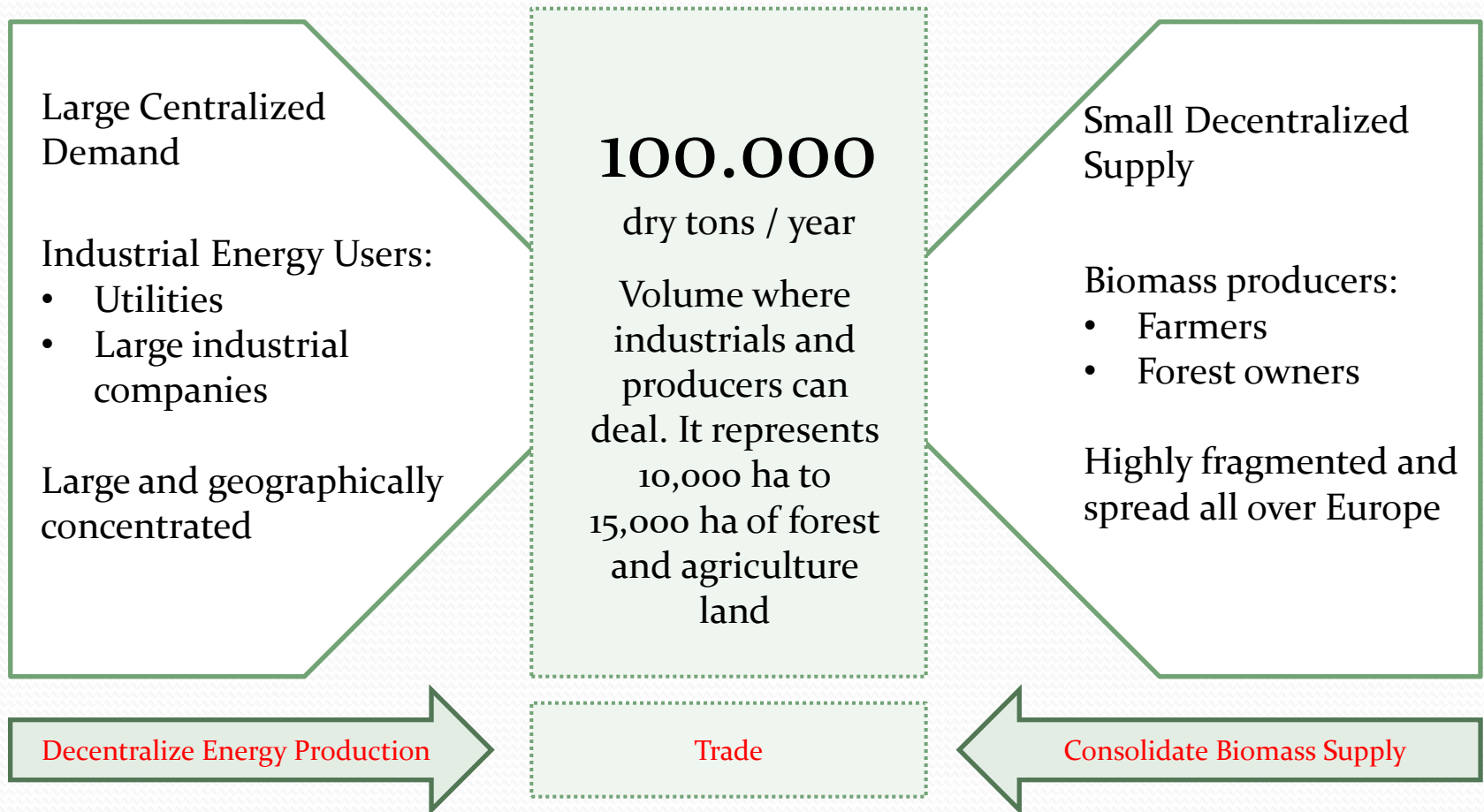
- Climate change
  - The EU 2020 renewable energy targets and the 2050 ultimate target of 80% renewables will generate a significant increase in biomass demand
  - Easily accessible biomass resources will soon be exhausted
- Cost of Energy is rising
  - Era of abundant cheap energy is gone (even with fracking) especially if environmental costs and risks are taken into account: Necessity to hedge supply shocks
  - EU imports around \$1.5 billion of fossil fuels every DAY: Need of energy independence
- Bio economy
  - Many different industries are competing for biomass feedstock (electricity, heat and energy consuming industries, pulp and paper, transportation, bio-chemicals)

**Biomass demand is expected to surge:**

**Just to meet the EU 2020 renewable energy target, 7 to 16 Million ha (17 to 40 Million acres) of Energy Crops need to be planted at the latest by 2017.**

# Major Mismatch between Users and Producers of Biomass

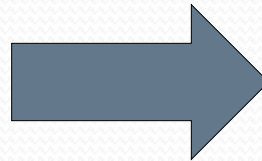
## Opportunity for Investors to Create the Link



# Our Solution: Building Clusters for Biomass Production

Mixed Portfolio of Forests and Agricultural Land

## Forests (7,500 ha)

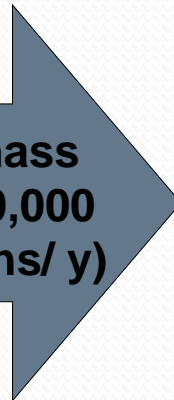


Timber

## Land (7,500 ha)



**Biomass  
(+100,000  
dry tons/ y)**

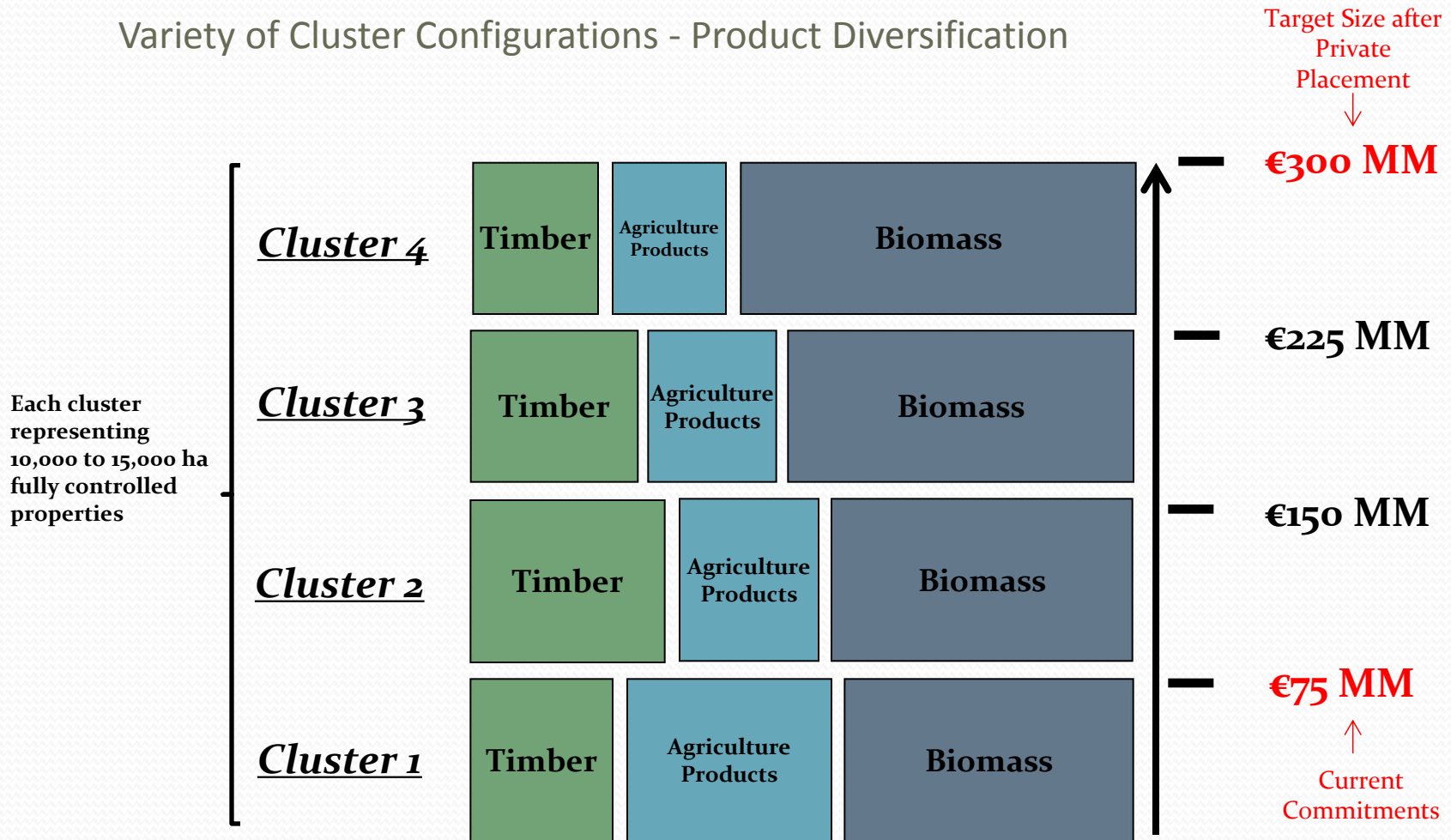


**Long term  
biomass supply  
contracts with  
electricity  
producers,  
industrial users  
(heat), users of  
bio-fuels, etc.**

Agriculture Products

# Illustrative Portfolio

## Variety of Cluster Configurations - Product Diversification



## Ensuring Relatively Constant Supply of Biomass all Year Long Requires Specialised Management

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# In the Process of Reaching 15,000 ha in Western Romania

Land in Western Romania is characterised by low land prices and highly productive soils

## Asset 1: Petriș Forest

- Exceptionally dense broadleaves, medium altitude forest of more than 4,000 ha including noble species
- Significant potential for biomass production
- High potential for silviculture improvement
- Fully operational team having sold up to date<sup>(1)</sup> close to 20,000 m<sup>3</sup> to about 30 different customers
- Ambition to reach 50,000 m<sup>3</sup> yearly sales and become one of the local market leaders through:
  - Sustainable exploitation of highly overstocked forest property
  - Capitalisation on local arbitrage opportunities in an inefficient and non-transparent market
- Expand portfolio to over 5,000 ha of forests in the area



## Asset 2: Giulvăz Farm

- Highly productive 4,000 ha of agricultural land, including operational farm
- On-going consolidation process for a further 2,500 ha
- New experienced management overseeing existing local operational team
- 3,000 ha being cultivated and cropped in 2013
- First large scale tests in Europe on multiple energy crops, to be planted in 2013, in preparation of future industrial production



**The objective is to reach an overall cluster production of 15,000 m<sup>3</sup> of timber, 20,000 tons of agriculture crops and about 100,000 dry tons of biomass. The overall production will depend on climate, the evolution of the markets of the different crops, and land usage.**



## Contact Details

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**Note:**

1. Permanent representatives respectively of IZA Lux SA and Forseven SA, which are Managing Directors of Forest Value Investment Management SA

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