



Innovative, Impactful, More Profitable

30th of May of 2020

Treeconomy Investment Analysis

Preliminary version

Bogotá, Colombia



treeeconomy

Treeeconomy is here to make **massive reforestation** possible by uniting people from all over the world through an **innovative, impactful, and profitable** investment platform

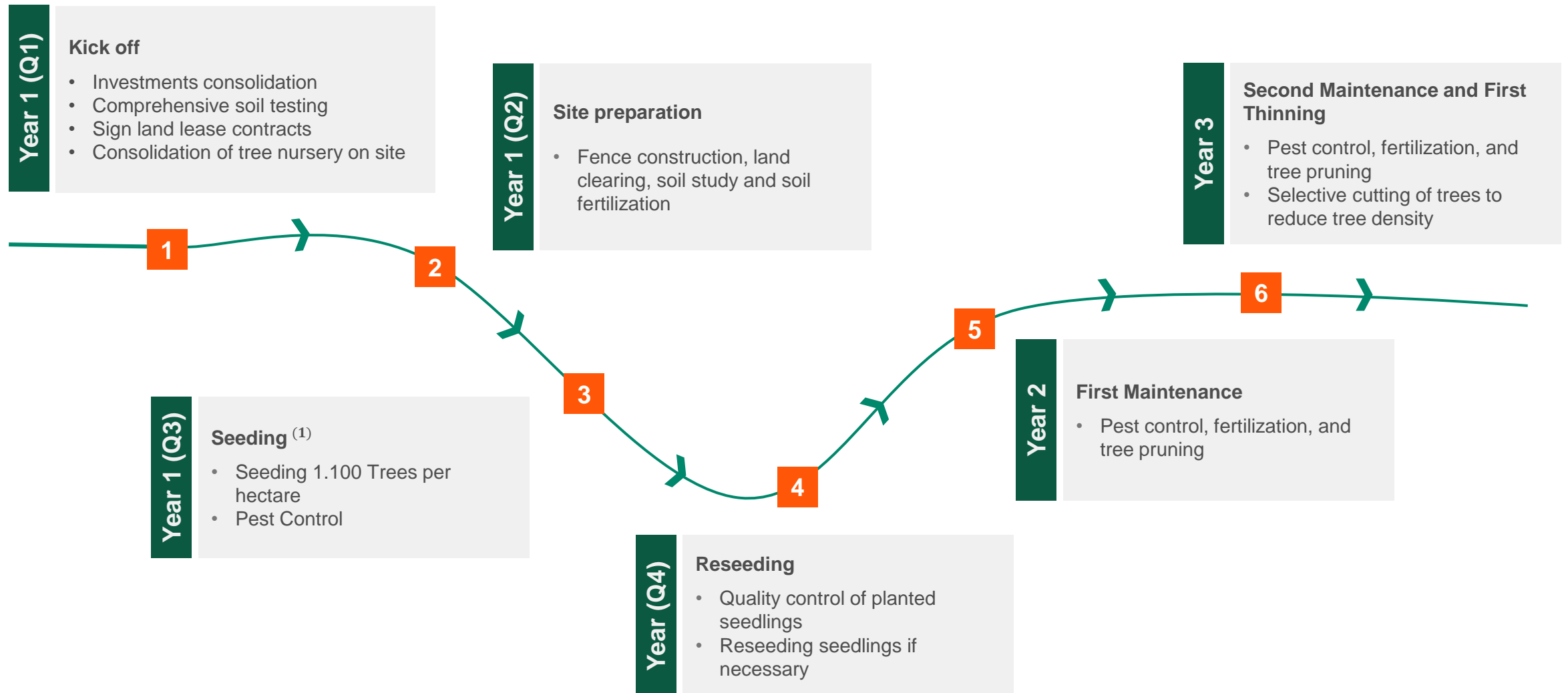
The demand for tree derived products has not ceased to increase, especially now with the urgent need to increase sustainability, reduce our carbon footprint, and fight climate change. Treeeconomy understands this **CLEARLY!**

We saw a complex problem in need of an innovative solution. With the help of investors, we have the capability of planting massive reforestation, create profits from the sale of timber and carbon captured, and responsibly reforest it in order to reduce deforestation of other protected lands like the Amazons.

And thanks to our **network of companies in the timber industry**, with more than 30 years of experience located all across the continent, we have the financial assurance to your investment that **the market has the demand for our supply!**

We have built a comprehensive ten-year plan to ensure an effective and efficient development of the project – the starting quarter will be set three months prior to the raining season (1/2)

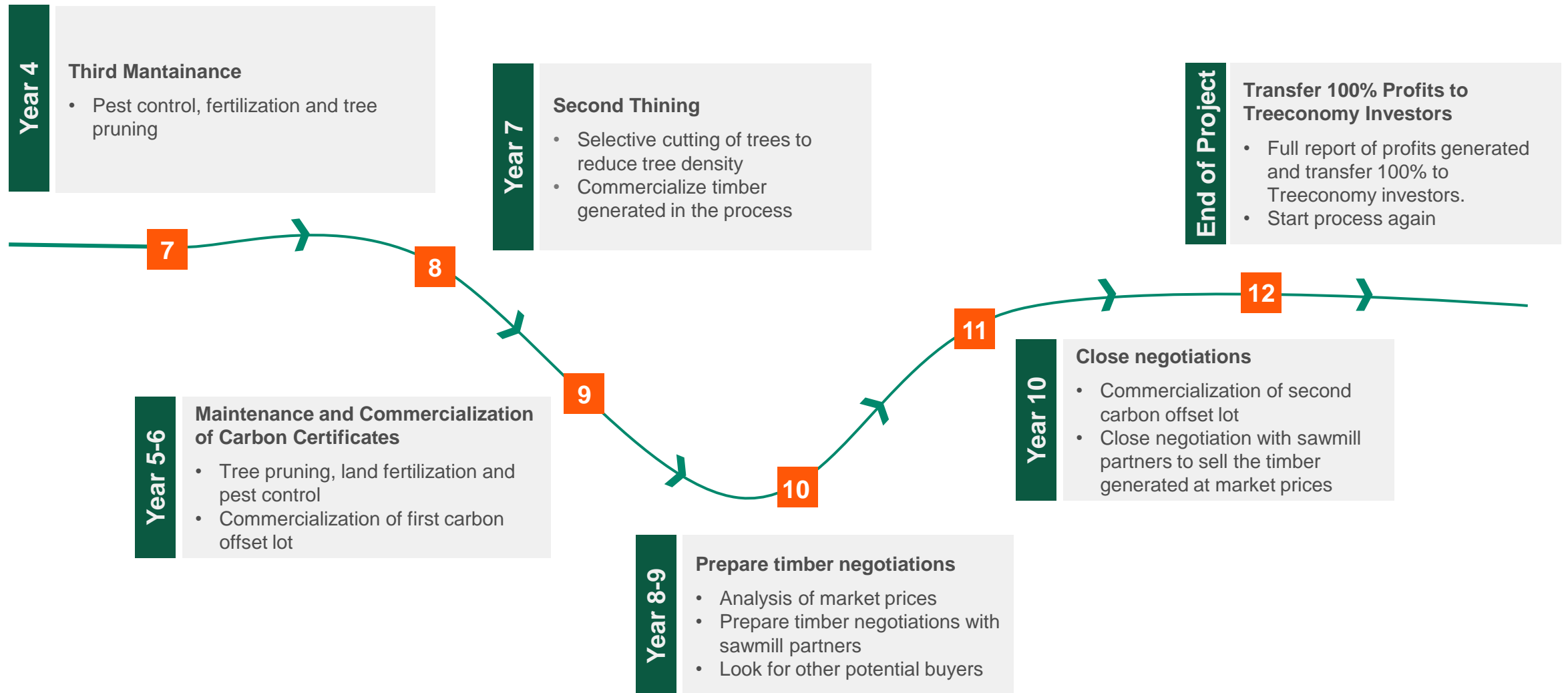
Road Map



Note: (1) Seeding process must be executed during the rainy season to guarantee the survival of seedlings in their first months of life
Source: Plan developed by the Treeconomy in cooperation with a team of industry experts and forest engineers

We have built a comprehensive ten-year plan to ensure an effective and efficient development of the project – the starting quarter will be set three months prior to the raining season (2/2)

Road Map



As with any other investment option, Treeconomy investors face risks of diverse characteristics – our strategic planning and expertise allow us to mitigate the vast majority of them

Risks Mitigation Strategies

Insolvency or bankruptcy ⁽¹⁾



- Two-layer contingency plan:
 - Our strategic allied Central de Maderas G&S SAS will continue operating the plantation to safeguard investments made in our platform
 - In the very unlikely scenario both companies declare bankruptcy, a third-party forest operator will continue with the project

Lack of liquidity



- Financial plan designed to secure liquidity throughout the project:
 - We have run a comprehensive analysis of the cost structure of the project
 - All costs and expenses are included in the initial investment

Foreign Exchange Rate



- Foreign exchange volatility is driven by several factors external to Treeconomy
- Investors face both the risk of partially losing the value of their investment and the opportunity to increase their returns



Market

- Tree's value fluctuation is mostly driven by their biological growth, leaving little exposure to market risk
- Recent studies suggest growing prices of timber in Colombia as its shortage is expected to double by 2030
- In case of low timber prices by the end of the project, the harvest will be postponed to maximize investor's profits

Fire ⁽²⁾



- Consolidation of a rapid response team
 - We implement regular training programs to teach our team on best fire prevention practices and fire mitigation strategies
 - In case of fire, our always on-site team will implement a smart tree cutting strategy to isolate the fire and safeguard adjacent lots

Taxation



- Low exposure to changes in taxation as the current system was recently established within the framework of a National Plan For The Development Of The Forestry Sector (2016-2038)



Natural Hazards

- Smart seeding planning to secure a final lot of 500 trees per hectare
 - For every tree invested in our platform we plant two
 - We do a selective cutting to reduce tree density and competition between trees in a stand, and remove the ones affected by natural hazards

Armed conflict and internal affairs



- We work closely with local communities and government officials to create value in the region to safeguard the security of the plantations
- In September 2016 Colombia signed a peace deal with the biggest armed group in the country FARC, a big step towards a region free of armed conflicts

Investment risk



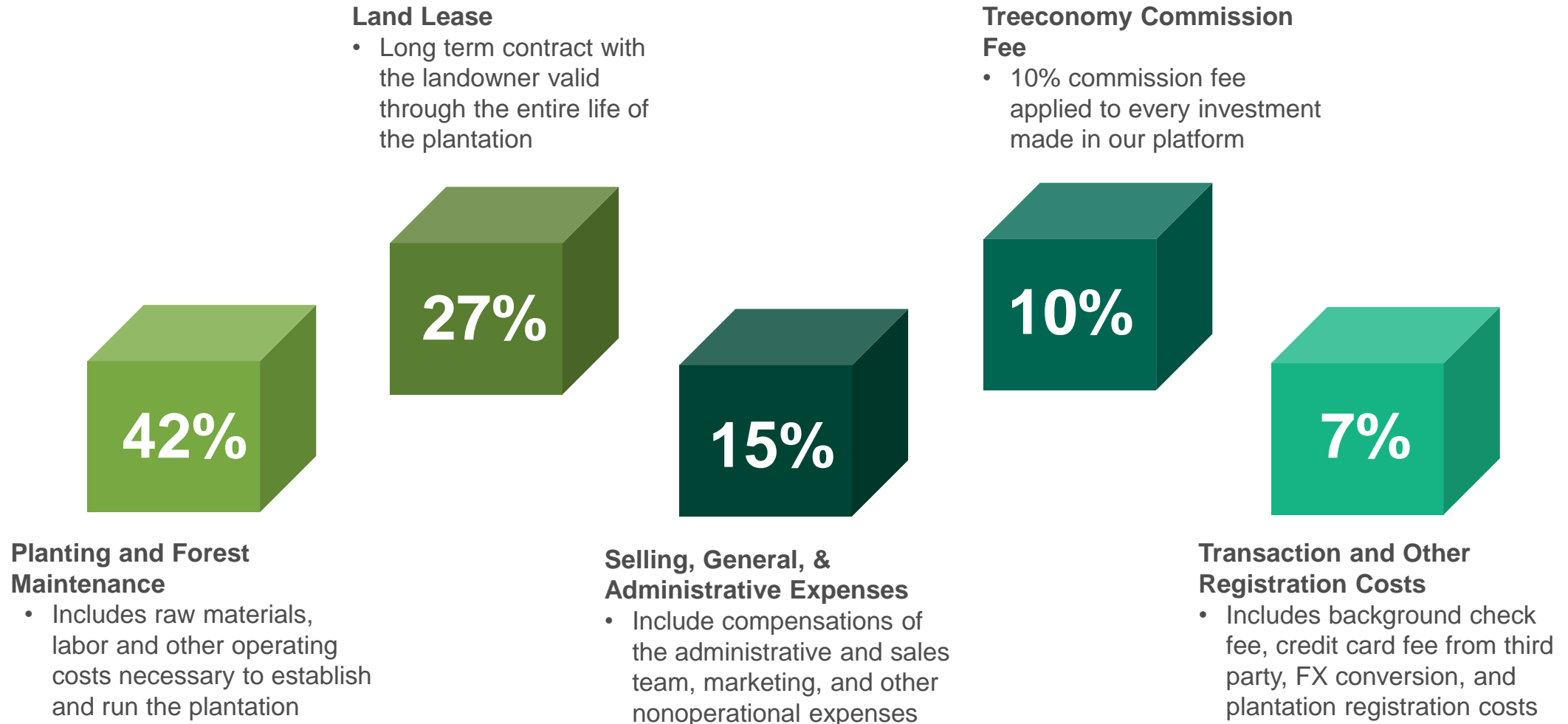
- All types of investments carry inherent risks related to a partial or total loss of capital invested - our mitigation strategy for the risks previously described allow us reduce the probability of this happening

Notes: (1) Tree Lots consist only in the trees and not the land (also called standing timber or stumpage, are considered to be real property for 1031 Exchange purposes). The land within Treeconomy projects is usually leased

(2) Most fires are created by people trying to use lands for other purpose instead of tree planting

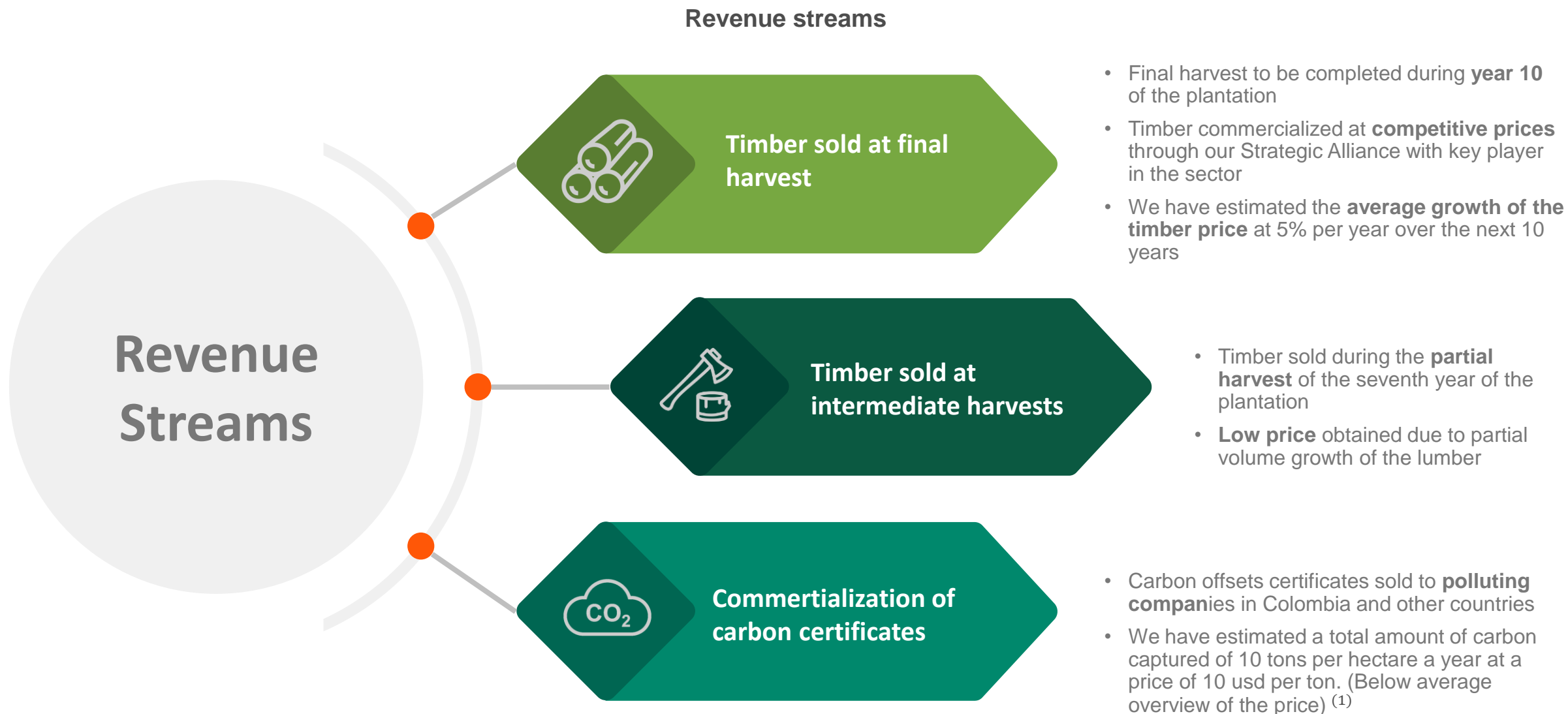
Money invested in Treeconomy will be used for both the operational costs of establishing and maintaining the plantation and some other expenses related to running the business

Cost Structure ⁽¹⁾



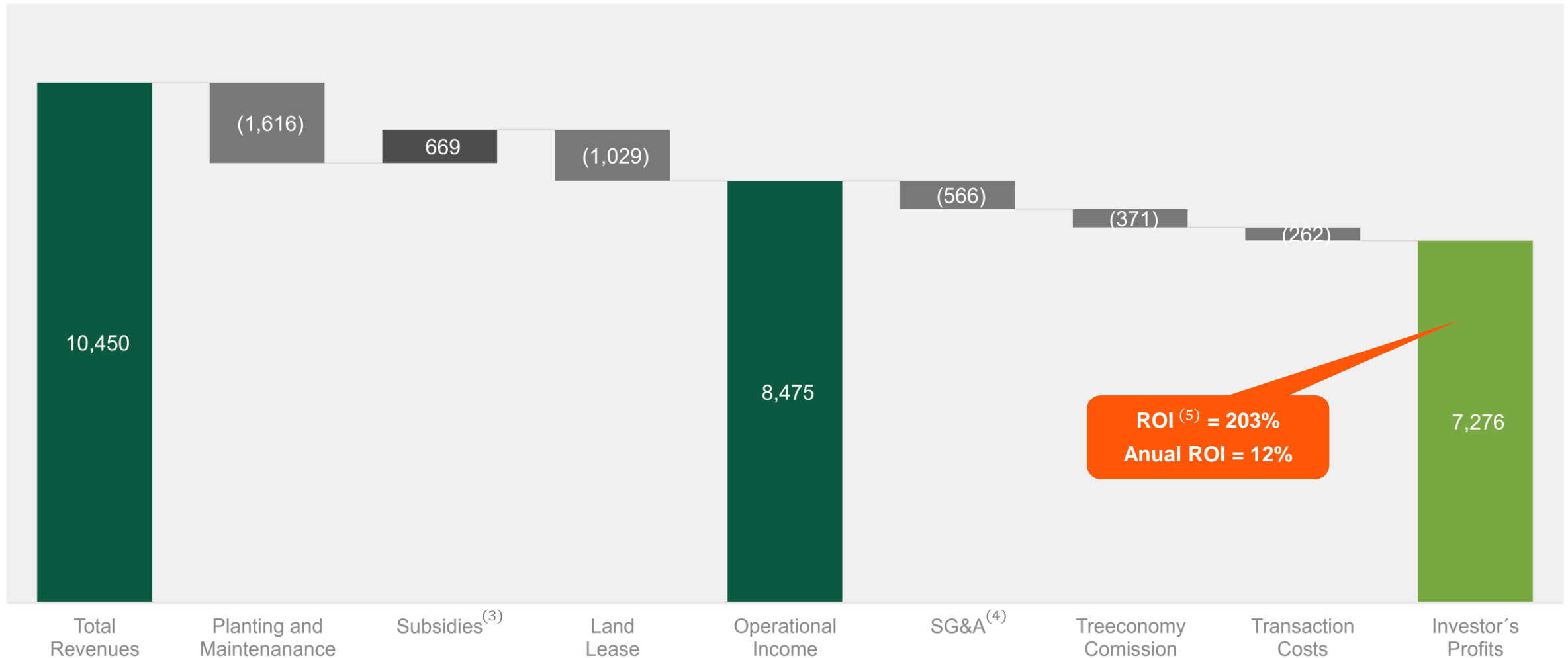
Notes: (1) Cost structure was calculated considering all ongoing costs of the entire life cycle of the plantation (10 years) and using hectares of trees as a metric
Source: Financial model built by the treeconomy team

Leveraging on our experience and a strategic alliance with a key player in the forestry industry, we expect to generate a secure stream of income throughout the project



Considering the cost structure and revenue streams of the project, we have estimated a return on investment of approximately 12% per year

Profitability Structure for the Investor per Hectare ⁽¹⁾ in USD ⁽²⁾



Notes: (1) Returns were calculated on a per hectare basis, at the end of the project each hectare will have 495 trees; (2) Average exchange rate equal to 3500 COP/USD; (3) 45% government subsidy on the total planting and maintenance cost ; (4) Selling, General, and Administrative Expenses; (5) Project return on investment was calculated dividing profits by total costs

Management Team



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