

THE GENERATION FOREST CONCEPT

The Generation Forest is the result of more than 20 years of experience in tropical forestry during which we have reforested over 9,000 hectares. In an effort to make tropical plantations more economically, ecologically, and socially responsible we have developed a new permanent forest model for the Tropics and Subtropics. Moving beyond the traditional plantation we are building new productive perennial forests with more precious hardwood trees per hectare than natural forests. Over the long-term individual trees are selectively harvested, never clearing the entire forest.

We plant 450 to 825 native trees per hectare, with thinnings in years 12, 20, 25 and 30th. In contrast to monoculture plantations a new generation of trees will be planted in the vacant spaces after each thinning. After these initial thinnings there will be no further ones, only selective harvesting of individual trees. Each year a little less wood-volume is extracted from the forest than its volume growth. We estimate the to be extracted volume between 4 and 8 m³/year. About 20 to 30% of the area will stay unmanaged and natural. This can be achieved by the protection of remaining forest areas or the creation of new conservation corridors, for example, along streams and rivers.

The first Generation Forest project with a volume of US \$5 million was launched in 2014 in Panama for a German investor. Panama has investment grade; investment-grade status means that Panama is a financially sound jurisdiction and that it has the capacity to pay its debt; the US dollar is the national currency, and reforestation investors don't pay land nor profit taxes. Potentially, insurance can protect against risks if necessary. There are few places in the world where investment security can be connected this well to biodiversity as in Panama, where many of the tropical tree species are native. The inflation-adjusted IRR expectancy is 5-7%. That is a lower return than the monoculture plantation; however, it provides greater security. The Generation Forest will meet both the risk / return expectations of investors as well as high-impact requirements.