Complex Forests

Investor Deck


There is over 100 million ha
of degraded land in Brazil
We want to turn an environmental
liability into an ecological
and economical asset.

Executive Summary

Our mission at Complex Forests, is to create a scalable, traceable and replicable business model for the restoration of degraded land in the Amazonian Biome that restores biodiversity, sequesters carbon and takes pressure off the natural environment, while providing high-quality value-added timber products and carbon credits for the domestic and international markets.

Born from decades of localized managerial and manufacturing experience in the region, and established global trading networks, we will create a fully verticalized supply chain from seedling to finished product with the direct aim of producing materials to decarbonize the construction industry.

Investment Summary

We are seeking US $15.5 million to implement the first phase of our operational plan in the State of Pará, which includes the purchasing of 5000ha, conservation of standing forest and establishment of native focused, polyculture planted forests. We aim to scale our operations with following phases to a total of 40,000ha.

Our business offers attractive returns at 19% IRR and an annual averaged ROI of 24.4% on the first 5000ha. We offer investors access to this high impact business through long term financing, a share of equity, or a combination of both.

We believe, initial investors will benefit from early access to the full scaling potential of the business, with an 8x increase in value when the full 40,00ha is completed.

Business Context:
Why us?

Born from 30+ years of localised experience in a difficult region

Global trade network spanning multiple continents

Complex Forests

Established regional assets through direct partnerships to allow manufacturing capabilities and scalability

Deep local connections across multiple industries and sectors in the state of Pará

Business Context:
Land & Planting Track Record

Our highly experienced team and network of third party partners have a combined track record of planting and harvesting over 10,000 hectares of Parica, Eucalyptus and Teak within the State of Pará. Grupo Dacko, based in Paragominas, will be providing the seedlings and 3P Florestal will design, prepare and manage the planting process for Y1 and Y2. Our COO and Director of Forestry will then take over this role and be on boarded by 3P when hiring occurs (From Y2).

With a conservative planting schedule of 500ha per year, this experience provides security to investors, with the ability to implement our planting schedule being well within the proven capabilities of the team members and our partners.

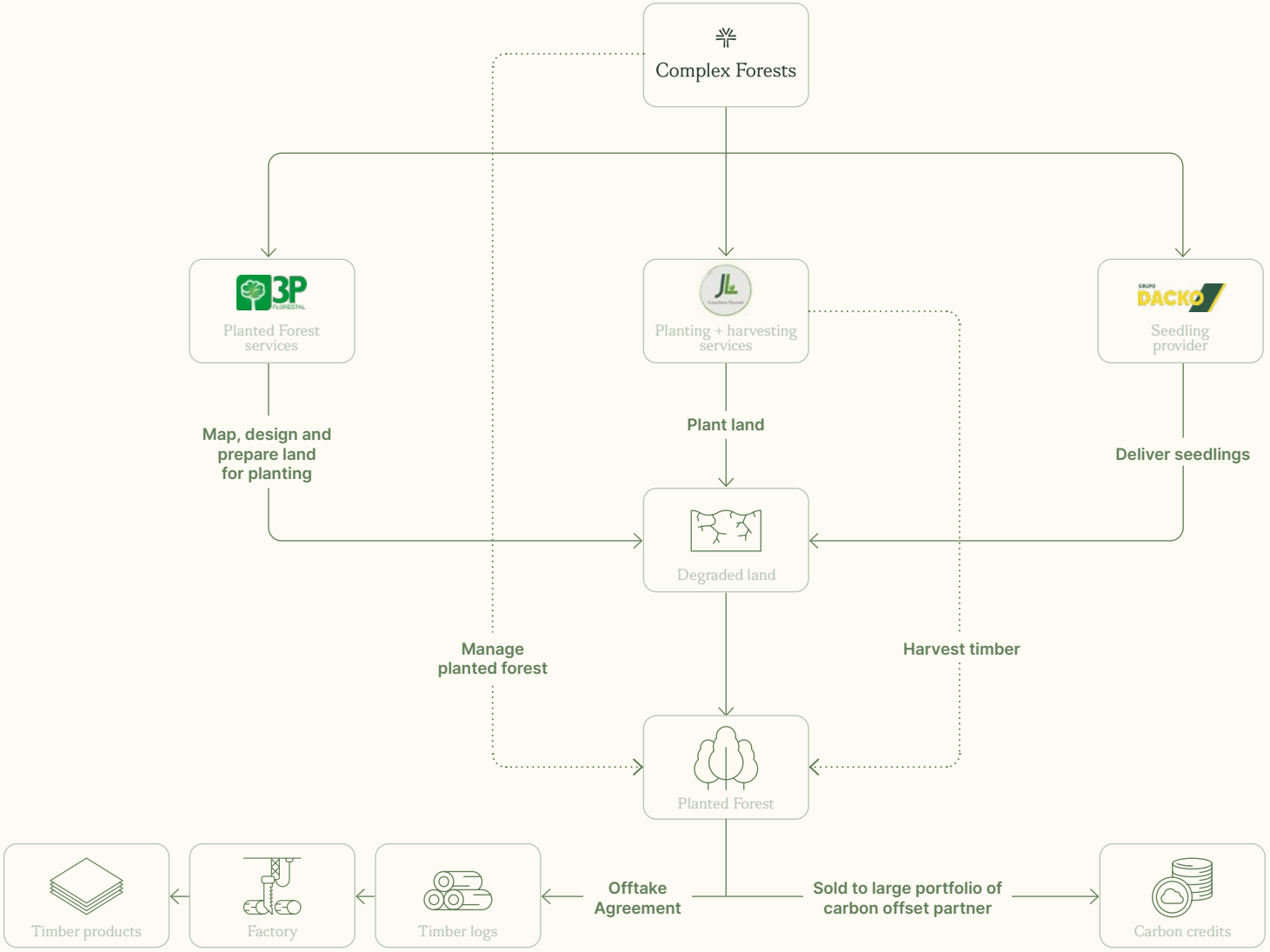
- Complex Forests managers have a combined 100+ years of local managerial experience.
- Managers have experience of overseeing over 10,000ha of Parica and Eucalyptus.

- Largest seedling supplier in the region of Paragominas.
- Capacity of over 20 million seedlings per year. LOI signed with CF to produce seedlings for 2500ha.
- Provides seedlings for Suzano and Grupo Concrem.

- Experience planting over 6,500 hectares of Eucalyptus and Teak.
- Services include finding land, planted forest design, mapping, land preparation and fertilization.
- Huge beneficiary network.

- Local planting and harvesting specialists based in Paragominas, operating since 2020.
- Experience covering over 5000ha of land with strong enviromental, social and economic focus.
- LOI signed with CF to begin planting in 2024.

Planted Forest Business Model

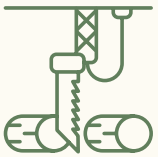


Business Context:
A Global Partnership

With a strategic off-take agreement for our timber logs secured, Complex Forests will be leveraging the substantial competence and abilities of our local partner, the Tradelink Group. We will then scale this partnership to the manufacturing and sale of value added timber products, such as plywood, decking and flooring.

Tradelink Group

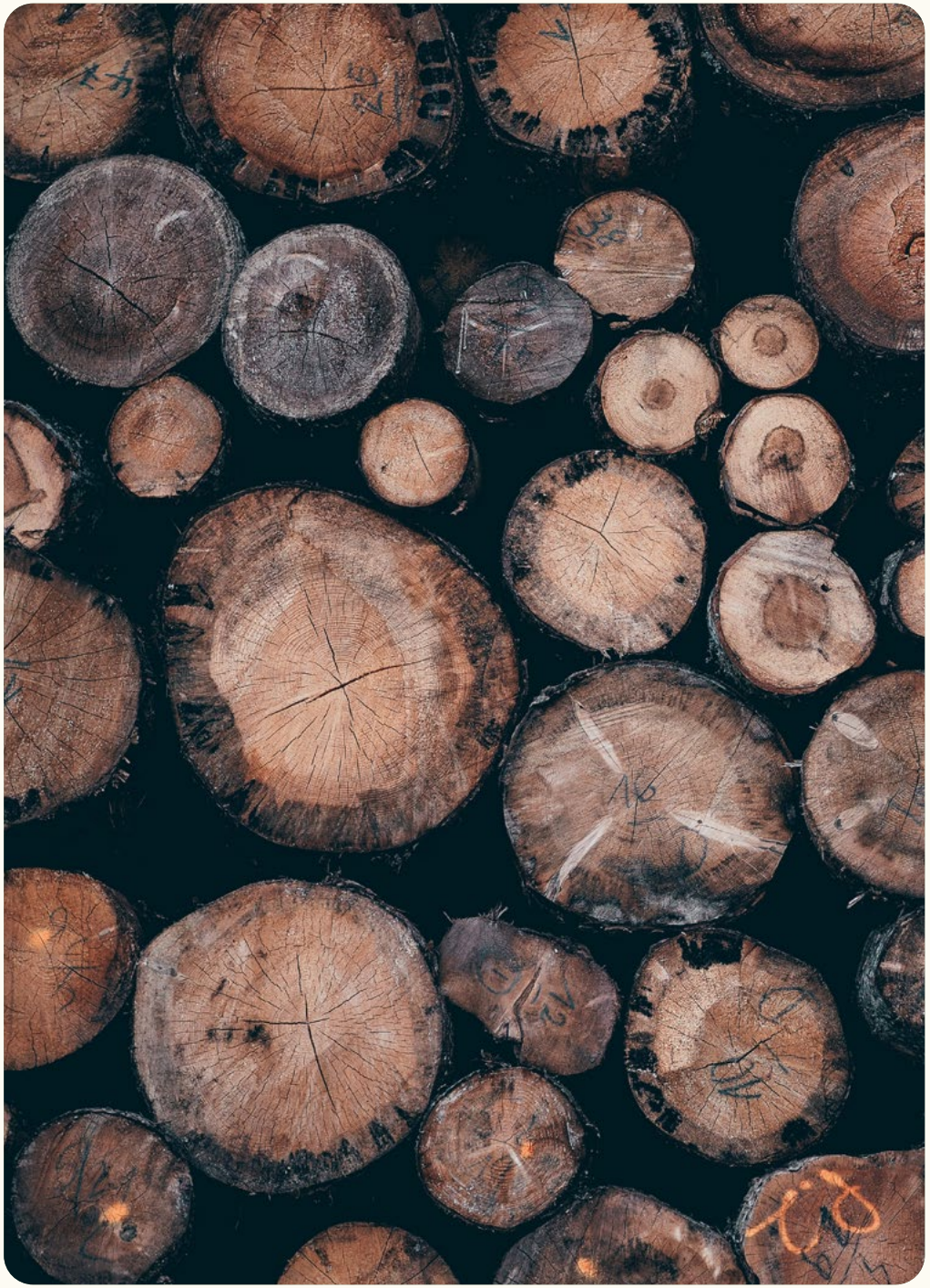
- FSC certified global timber trading company.
- Yearly turnover of circa US$75 million in 2021.
- Sales teams in Brazil, UK, France, Austria, South Africa, China and the US.
- Large compliance team and local network.



- Manufacturing facilities in Ananindeua, Pará.
- 31ha of available industrial land.
- 37,000 sqm of warehouses
- Direct river access.
- 97 km by road from the port of Villa Do Conde (VDC)

Market Context:
Timber

- Global forestry industry is set to reach a market size of $1,347.6 billion by 2026.
- Global wood consumption is set to reach between 5.4 billion m3 and 6.7 billion m3 by 2050.
- Brazil's domestic wood consumption is growing at a rate double to that of the global average.
- Brazil exports only 9% of the timber originating in the Amazon.
- Over the last few decades, Brazil has seen a shift in its supply source of timber, with planted forests surpassing natural forest extraction.
- Over 10 million ha of planted forests in Brazil, 96% of these are monocultures of Pine and Eucalyptus in the south.
- Real opportunity to capitalize on these trends and supply the domestic and international markets with 'restoration timber', sustainability grown on degraded lands.



Market Context: Voluntary Carbon Market (VCM)

- 2022 witnessed the market move past $2 Billion in size.
- Landmark Mckinsey report shows demand could increase by a factor of 15 by 2030 and 100 by 2050.
- This could boost prices to $220/ton by 2030, with a steady decline to $160/ton in the years following, according to BloombergNEF.
- The rise in prices is dependent on a removals scenario, where high quality projects which remove carbon from the atmosphere, such as reforestation/restoration, are the dominant project type.
- Integrity, scalability and liquidity essential to this market growth. Fluctuations in carbon prices witnessed in 2023 show particular need for this.
- Various initiatives working on providing this environment, including: The Taskforce for Scaling the VCM led by Mark Carney, The Voluntary Carbon Market Initiative (VCMI) and the Integrity Council for the Voluntary Carbon Market (ICVCM).

The Opportunity:
Identify The Problems

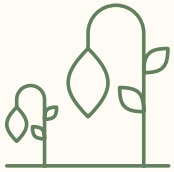
Climate change presents the biggest threat to our global society and to seriously engage with the problem, we have to rethink the way we produce raw materials and present scalable solutions to the myriad of issues facing our warming world.

Oversimplified production systems.

Intensive monocultures that focus on gaining the highest possible yields for single species, with low ecological complexity.

Huge increases in land degradation and forest loss.

In the first half of 2022, Brazil has seen record breaking figures, with 1500 square miles of forest destroyed.



Decrease in biodiversity, especially in areas of production and raw material extraction

A 2019 UN report stated that ⅛ of all life species on are earth currently at risk of extinction.

Heavy carbon footprint of fossil fuel dependent industries.

We have identified the construction industry as particularly in need of decarbonisation.

Lack of well paid, diversified and sustained employment in rural areas.

The state of Pará suffers from low levels of well-paid and long term employment. This drives the need to work in destructive or extractive industries in order to provide for one's family.

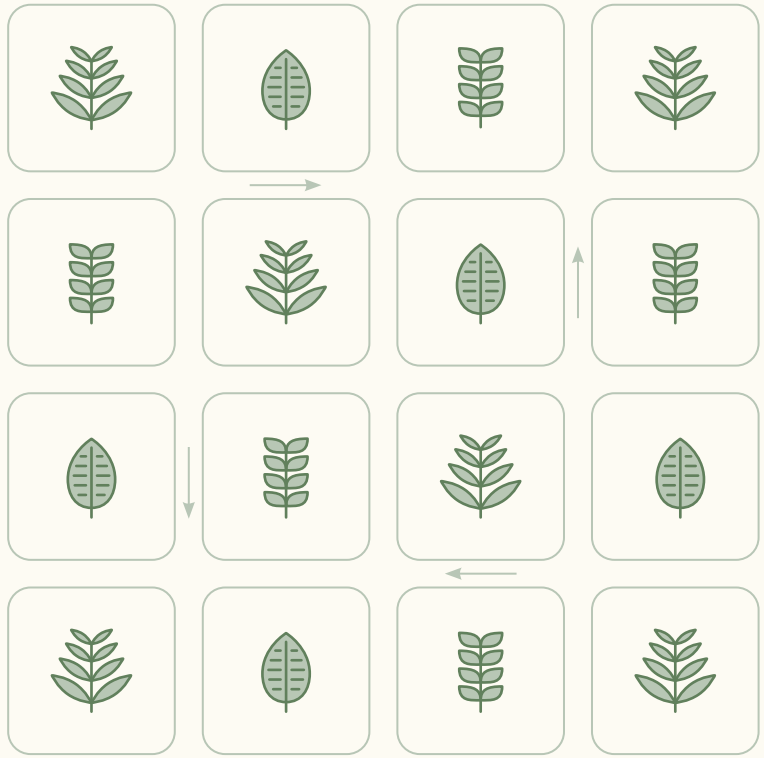
Stabilize Our Production Systems

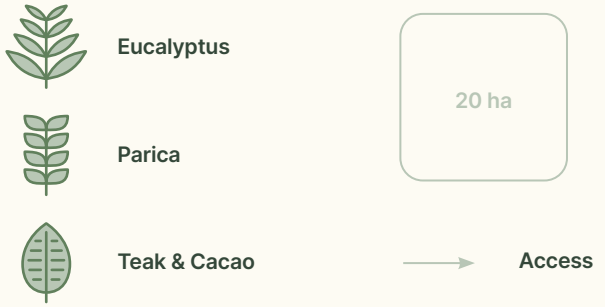
The Solution:
Planted Forests Phase One

The first phase of our polyculture planted forests will utilise an innovative grid system that combines species already well used and researched in the state. These species will be Parica, a native species to Pará (70%), Eucalyptus (20%) and Teak (10%).

This grid will cover 50% of the land. This amounts to 2500ha alongside 2500ha of conservation areas.

By combining smaller 20 ha squares of single species within a larger mosaic structure, we can reduce the negative effects that vast, unbroken areas of monoculture have on the environment. Additionally, further steps will be taken to inject more biodiversity into these smaller plots, such as introducing cover crops and implementing some agroforestry practices, such as growing teak and cacao within the same plot.



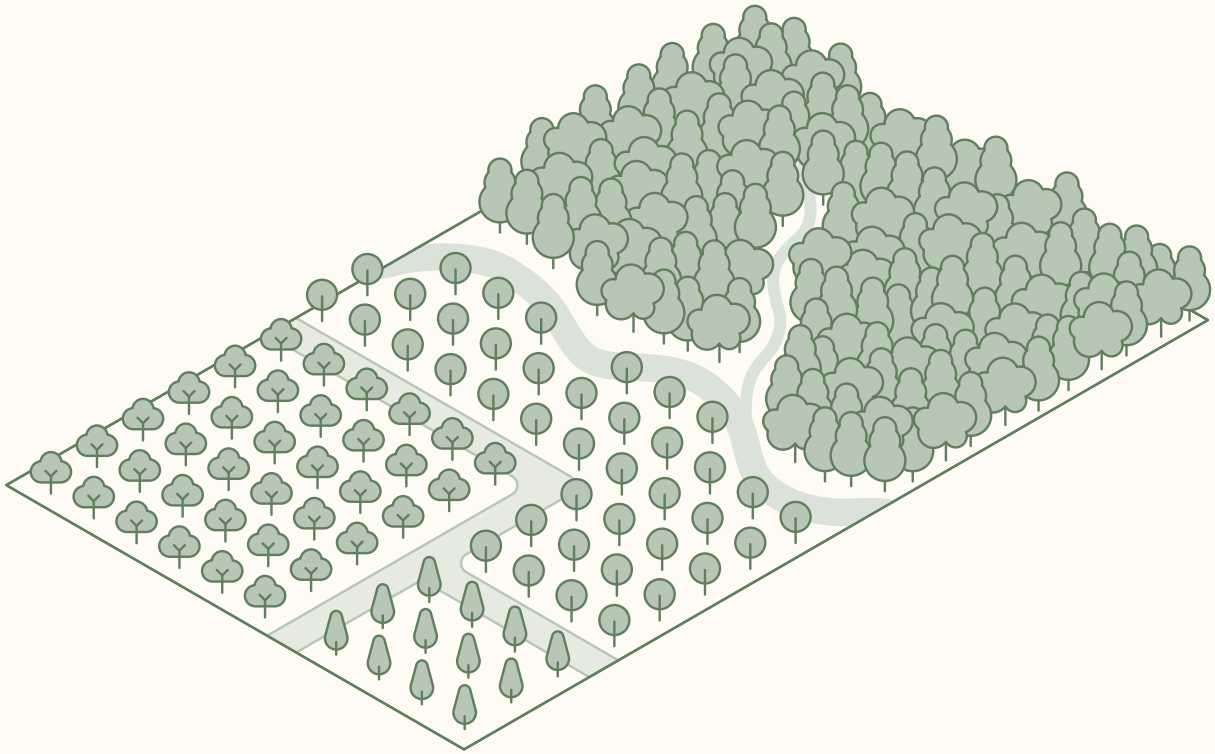


The Solution:

Phase One (Conservation Areas)

The remaining 50% of the land will be maintained under conservation conditions, to guarantee the continued health of the local ecosystem. This highly biodiverse area will maintain essential habitats for local flora and fauna, and when combined with our polyculture planted forests, ensure larger corridor areas are created.

Due to the serious threat of deforestation in the area, much coming from the encroaching soy industry, we will also look to establish REDD+ projects in our conservation areas.

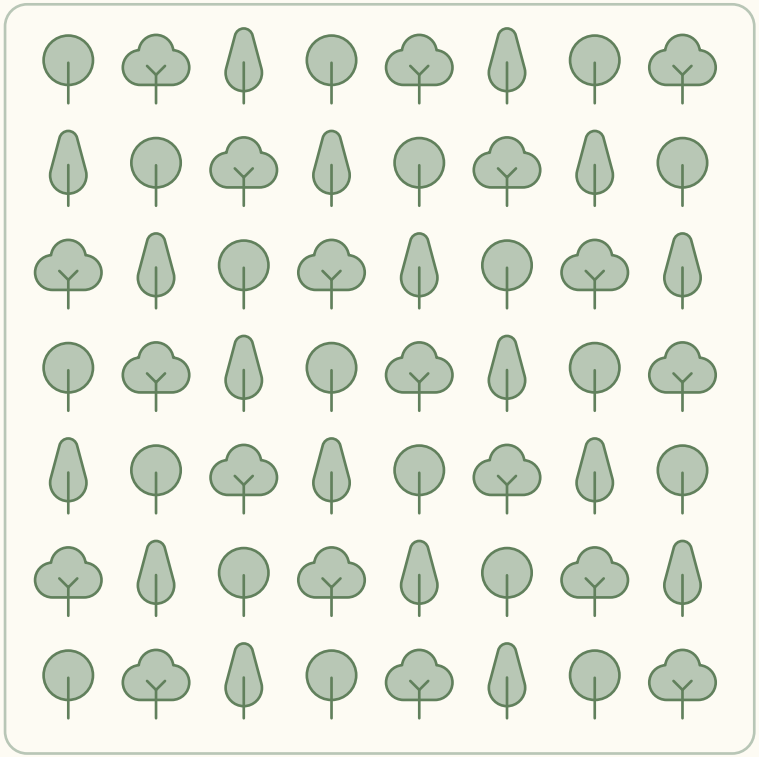


The Solution:
Planted Forests Phase Two

During phase one, we will conduct our own trials within a 20ha pilot plot, into combining multiple native species within the same area.

This has always been the desired route for Complex Forests, but our own information is essential to this, as very little data on native mixed-species planted forests exist in Brazil. This is especially true for the Amazonian Biome and the State of Pará.

Here we will partner with leading local research institutions who have already begun work on this to allow us to start building second phase models. Once again, biodiversity is a key focus and we will aim to combine species that not only are the most productive in terms of timber yields, but also ecosystem complexity.



20ha plot

Decarbonise the Construction Industry

The Solution:
Phase Three

Additionally, as our forests scale we plan to build a plywood manufacturing facility on land owned by our JV Partners Tradelink Wood Products (shown on the following page). This will allow us to capture the full length of the supply chain, and offer our customers the ability to track their purchases all the way from seedling to finished product.

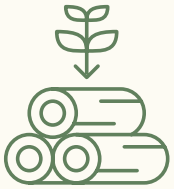
Seedling → Forest → Factory → Plywood

By explicitly focusing on manufacturing products that will help to decarbonise the construction industry, we can focus our efforts and provide materials that will allow a green transition away from heavy polluting materials like concrete and steel.

The Solution:
Phase Three

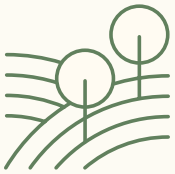
Value Proposition

The Company's Value Proposition is aligned to its mission and built towards what it offers for its clients:



Full vertical integration from seedling to finished product

From seedling to finished product our timber is fully traceable and proudly sustainable.



100% deforestation-free products

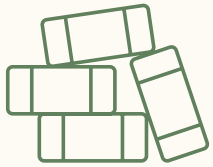
Our planted forests will actively restore areas of degraded land, reversing the detrimental effects of deforestation.

Ethical, Traceable, Transparent and Sustainable methods for the restoration of degraded lands

Centred in maximising biodiversity, in the soil and above ground, and working with the local community to ensure benefits are felt most strongly by those who live in the projects environment.

Community and Biodiversity focused Carbon Credits

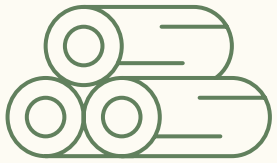
Our model provides the creation of high quality carbon credits that are rooted in optimizing both environmental and social impacts.



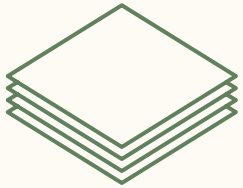
Low waste production with value added byproducts

With our experience in the biomass briquette industry, we will be utilising an already successful enterprise to expand and provide addition-al revenue streams for the company.

Value Proposition:
Timber Client Base



The teak timber logs, derived from Phase 1 of our polyculture planted forests, will be sold directly to our JV partners Tradelink Wood Products. All timber will be FSC certified.

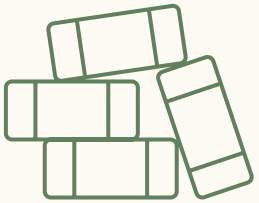


The plywood produced in Phase 3 will be sold through the existing sales networks of Tradelink Wood Products. Our plywood will enter the market with a price premium due to its 100% deforestation free origins from restored lands in the Amazon.

Value Proposition:

Carbon Credits & Biomass Customer Bases

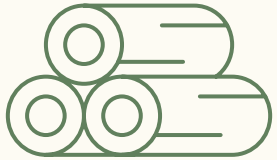
Our high quality carbon credits will be sold through partnerships with Project Developers to benefit from their established customer networks. VCS and CCB certification will be the chosen standard.



Biomass briquettes will be produced via the waste from our manufacturing processes and thus have the strongest sustainability credentials. Our JV partners Tradelink Wood Products are already operating in this space and have standing regional orders with industrial clients.

Financials:
Revenue Streams

During Phase One, Complex Forests will operate in the following multiple revenue streams in order to diversify opportunities and mitigate risks.



Timber

Carbon Credits

The inclusion of short and medium growth species, as well as the production of high quality carbon credits, allows income to be generated early in the projects lifecycle.

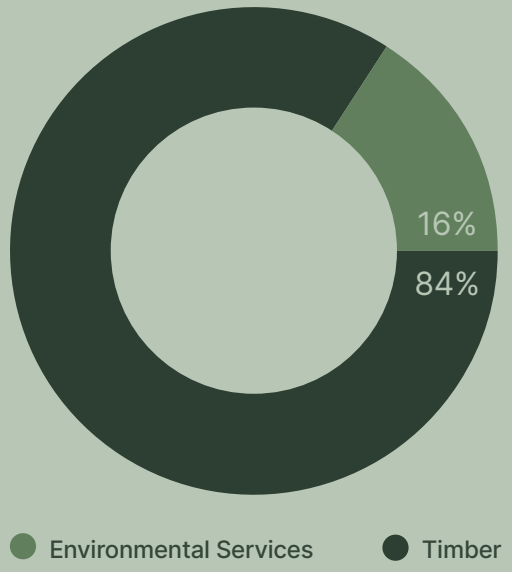
While there are connections between the revenue streams, they also have their own client bases. We see this as a positive attribute of the business model, as risk is decreased when various markets are accessible through our operations. This is particularly relevant when working within the carbon markets, which just like any other commodity, could fluctuate.

Financials:
Investment Snapshot

(in thousand USD)

Investment Summary	BRL	USD
Land Acquisiton	29,500	5,900
NPV	145,885	29,177
Total	**116,385**	**23,277**

Cash need	$15,500
ROI	877%
ROI Per Annum	24.4%
IRR	19.12%
WACC	7.0%



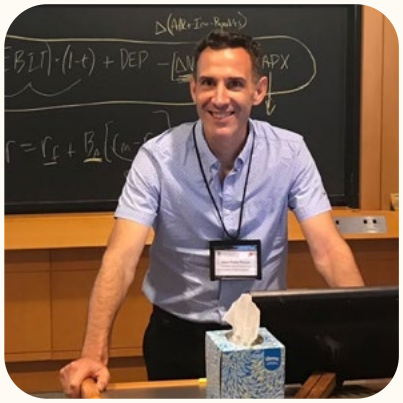
CAPM	BRL	USD
Risk free rate (Rf)	3.67%	3.67%
Beta (β)	0.79	0.79
Market risk (Rm)	5.60%	5.60%
Country risk - Brazil	2.77%	2.77%
Discount rate (Nominal)	**10.3%**	**10.3%**
BR-IPCA	3.07%	3.07%
Discount rate (Real)	**7.0%**	**7.0%**

Organisational Structure

Founding Board Members

Daniel Schey

- CEO of Complex Forests
- Land restoration and bio-economy consultant.
- 15 years of sales experience across multiple industries.



Juan Pablo Perzan

- COO of Tradelink Wood Products.
- 20+ years experience in establishing and growing global trading and manufacturing divisions.
- Former IFC senior consultant based in Pará.

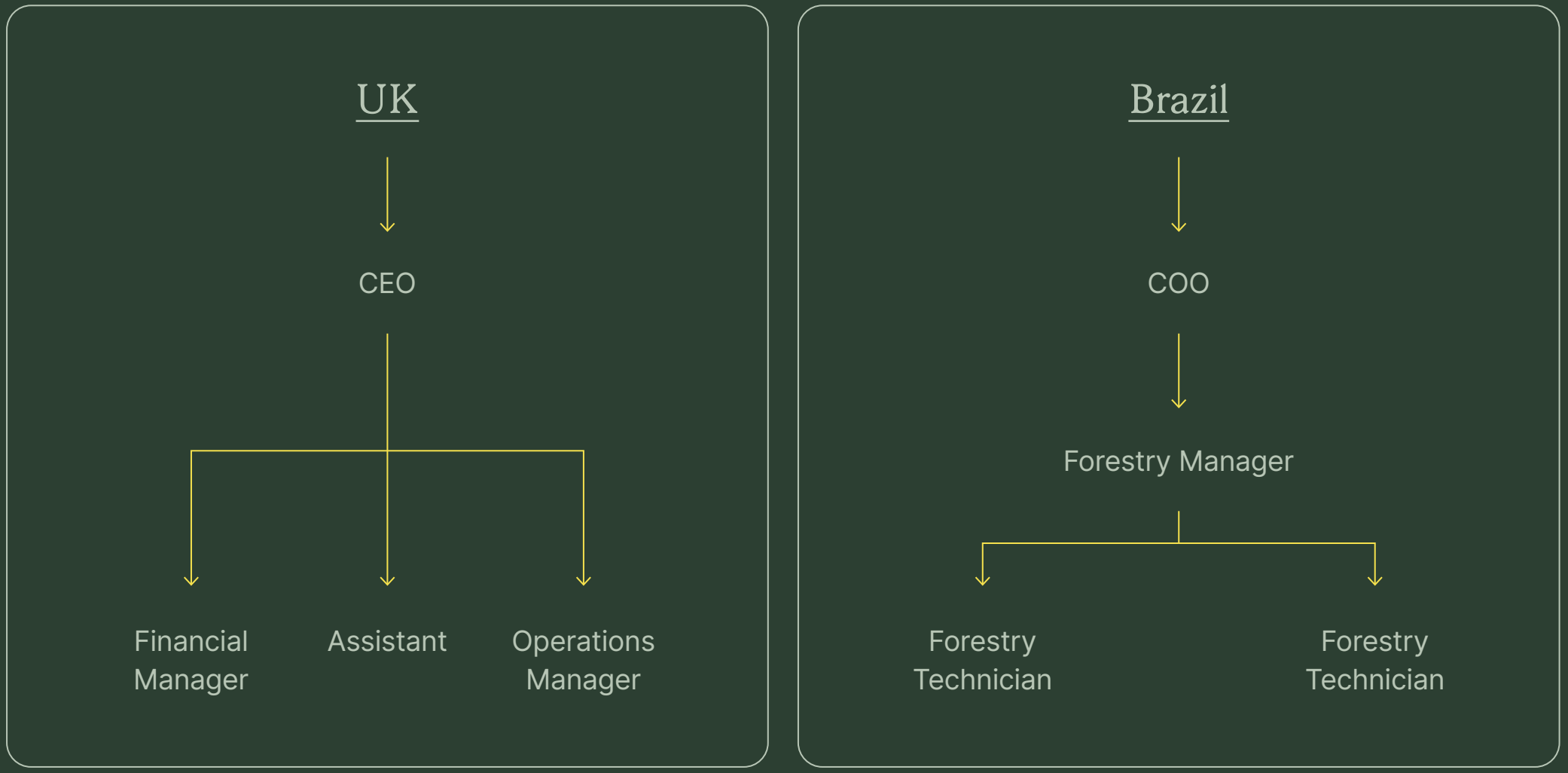
Herman Schey

- CEO & co-founder of Tradelink Wood Products.
- 40+ year of managerial experience in the global timber industry.

Gustavo Silveira

- President of Belem based 3P Florestal.
- 20+ years experience in forest asset management and investment.
- Chairman of the Planted Forests chamber for the state of Pará.

Organisational Structure



Thank you