Our Assets: 6,200 ha and over 117 farms

The Assets

CATF: a forestry fund with over USD 202 Mio in assets

Over 6,200 Ha of land, of which more than 3,701 Ha cultivated and divided over 117+ farms in various regions of Costa Rica. Variations in plantyears, ranging from 2001 till 2014 and the first major fellings occuring in 2016.

The main objective of CATF is to provide unitholders with attractive long term total returns, in the form of current income and long-term capital appreciation, through investing in a portfolio of diversified teakwood assets. CATF's assets are invested throughout Costa Rica, an emerging teakwood investment market with positive return expectations.

The choice of Costa Rica has several advantages for the investors as Costa Rica has a large variety of climates. The lowlands are hot with in many cases a distinct wet and a dry season. This climate is very similar with the climates of its original habitat. Fertile soils are abundantly present were teak has proven to grow very well. Hurricanes are rare since the normally the hurricanes are coming from the north east, and generally are landing in Nicaragua before hitting Costa Rica.

Investments will be held (indirectly) by the Fund and can be structured through Costa Rica trusts that each owns the land, on which the teakwood assets will be (are) planted and grow. Investments may be made or structured using equity or quasi-equity instruments or any variation thereof, at the level of CATF, each time at the discretion of the management company, mostly whilst awaiting teakwood investment opportunities.

Geography

The plantations are located in Costa Rica and divided over 117+ farms in the Northern and Western part of the country throughout four different regions and exposed to different oceans. As the farms are not correlated and independent to each other, environmental and natural disasters risks will therefore have a limited impact on the total portfolio. None of the investment in the 117+ farms represents more than 30% of overall exposition. The map above illustrates the spreading of the farms.

Costa Rica comprises 51,100 square kilometres, whereby in comparison e.g. the Netherlands comprises 41,526 square kilometres and Luxembourg 2,586 square kilometres.

The teakwood tree

Tectona grandis is a large deciduous tree with a rounded crown and, under favourable conditions, a tall clean cylindrical bole of more than 25m. Naturally it is growing in India, Burma, Thailand and Laos (Keogh, 1987). Over most of its range, teak occurs in moist and dry deciduous forests below 1,000m elevation and is one of the several species constituting mixed forest stands. It grows best in localities with annual rainfall of 1,250 to 3,750mm, minimum temperature of 23 to 17°C and maximum temperature of 39.2 to 43.2°C. It is now widely grown in all tropical areas of the world (Pandey, 2000).

Please note that the teakwood trees are not a local essence therefore the rules concerning the salvage thinning of teak trees is not subject to Costa Rica law regarding forest protection. Teak is a fire-resistant species which grows a thick bark, similar to tropical pines such as Pinus caribaea and Pinus oocarpa.

Once they reach the size of saplings 8 to 10m tall, and diameters greater than 10 to 15cm, they become quite resistant to wildfires (Centeno, 2004). Fire resistance is an important advantage for teak management on sawtimber rotations and is an important factor when considering investments in tree plantations.
Generally after three years, the tree is strong enough to hold itself straight up under normal circumstances. After approximately 10 years, only heavy storms can damage a teakwood stand seriously. Teak is very drought resistant (Parco, 2010). Especially older trees, that have its roots well developed and are able to drop all their leaves during the dry season more easily than younger trees, which are, therefore, slightly more sensitive for drought (Rajesh, 2003). Theft is a low risk in most of the circumstances, as long the plantations are not abandoned. Young trees are easy to transport and sometimes, the people living close to the plantations might be using the trees for their own construction. The overall damage is generally not huge; the value is low of such trees. Older trees have a higher value, but transporting larger trees without proper equipment is not easy. Bringing the proper equipment will cause attraction to the act.

Age class existing plantations and felling schedule
The plantations vary in ages, which reduces the investment risks as younger trees (less than 3 years) are more vulnerable to damages mentioned above. The Fund has over 6,200 Ha of land of which 3,701 Ha are cultivated with teakwood.

Latest News
Letter to Unitholders (https://www.catf.lu/letter-to-unitholders/)

Announcement for placement of new SAC members (https://www.catf.lu/announcement-new-sac-members/)


New members of the SAC, investor day 2017 and update redemptions (https://www.catf.lu/new-members-sac-investor-day-2017-update-redemptions/)

General information
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The Organization (https://www.catf.lu/about-catf/organization/)
The Assets (https://www.catf.lu/about-catf/the-assets/)
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- Atlantic Fund Services S.A.
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- Charles Russell Speechly
  (Legal Advisor)

investments should only be made after reading the information memorandum and the latest financial accounts.

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