Fresh Coast Forest Fund
Brownfields

“Abandoned, idled or underused properties whose redevelopment is encumbered by real or perceived contamination.”

1 EPA Definition
A $650B problem

...450,000+ brownfields nationwide

5,000,000+ acres of abandoned industrial sites...

...which would cover 60 of our largest cities

Source: GAO and HUD
Brown-to-Green Impact

Property Values
- 5-15% increase for properties up to ¾ mile from the site

Tax Revenue
- $11B annual local tax revenues across 500 cities

Smart Growth
- 1 acre brownfield redevelopment = 4.5 acres of countryside saved

Environmental Justice
- Brownfields are disproportionately located in low-income communities

References:
3. George Washington University, see http://www.gwu.edu/~eem/Brownfields/
Photo Credit: Greatecology.com
The hybrid poplar solution

Fast growing trees that offer...

• Profitable timber products within 4 years
• A natural form of land detoxification
• Land value appreciation

Photo credit: Ron Zalesny, US Forest Service
Fresh Coast Forest Fund

Private Investors

$ 6-11% returns, 10 year evergreen fund

Fresh Coast Forest Fund

Sales Revenue

Brownfield Forest Property Management

$ Land Use + Revenue

Pulp, Paper & Timber Sales

Biomass Sales

Real Estate Promote

Remediation Services

6-11% returns, 10 year evergreen fund
Why brownfields don’t move

For each brownfield, the potential use and the necessary remediation are treated as unique.

Economically depressed areas show limited potential for redevelopment through mainstream capital markets.

Clean up costs average $57K/acre for mechanical remediation and are uncertain.

Developers don’t have technical expertise in environmental clean-up.

Wide liability net: anyone who owns or “disturbs” the land takes on liability for the impacts of contamination on people and ecology.
Poplar trees provide an elegant solution

- **Site Specific Approach**: Plant trees
- **Economic Depression**: Poplars provide product within 4-8 years for an established market
- **Clean Up Cost**: Tree planting beautifies and remediates land, increasing its taxable and resale value
- **Technical Expertise**: Poplars can remediate sites of a particular profile at 80-90% savings
- **Liability**: Specialization makes it worthwhile to build deep partnerships or hire in-house experts
- **Natural Remediation**: Specialization in brownfield properties and favorable relationship with US/State EPA reduces the likelihood of lawsuits
Our model brings together existing strategies

Poplars used to remediate brownfields

- Established 1989

Poplars planted for forest products

- Established 1998
- Manages 31,800 acres in North America, China, Europe, Latin America

A hybrid poplar TIMO that combines and scales the two while providing competitive returns.
Source of Fresh Coast Returns

- Timber, pulp, and paper trees harvested every 8 years
- Short rotation trees harvested every 4 years for biomass
- Land appreciation value
- Remediation fees
- Future monetization of ecosystem services
Source of Returns: Pulp, Paper and Timber

State of the Industry

Revenue $27.2bn
Annual Growth 09-14 5.6%
Annual Growth 14-19 5.5%

Location of Wood-Using Mills

Proximity to Market
Source of Returns: Biomass Power

- Every 4 years, poplars are harvestable for wood products that supply fuel for biomass power plants and modular power facilities.

- 38M tons of wood currently used for biomass power to supply U.S. electric consumption, producing 10x the wattage of solar PV.

- $1.2B in U.S. spending on biomass electric power in 2013.
### Source of Returns: Land Value Appreciation

#### Customers
- **Municipalities** seeking...
  - Productive use
  - Remediation
  - Redevelopment potential

- **Corporate polluters and private land owners** seeking...
  - To satisfy EPA
  - Improve land value
  - Redevelopment potential

#### Source of Returns
- **Equity Promote** giving Fresh Coast 15-20% of appreciation value at sale or reassessment
- **Remediation fees**

---

- **Future value:** Tens of thousands of $$
- **$0 current land value**
- **Remediated contaminants**
- **Trees green the community**
- **Vacant land now productive**

---

[Image: Fresh Coast Capital logo]
Investment Criteria

1. Sites should not have significant **structures**
2. If sites are contaminated, should be **approved for remediation** through planting trees
3. Sites should be about **40 near-contiguous acres**
4. Sites should be near a **profitable market** for forest products
5. Sites should ecologically **support growth of poplar** trees
6. Site owners should be **willing to wait** 8-16 years for development
## Scaling the Fund

<table>
<thead>
<tr>
<th>Investment Manager</th>
<th>Fresh Coast Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Name</td>
<td>Fresh Coast Forest Fund</td>
</tr>
<tr>
<td>Fund Structure</td>
<td>Evergreen Fund with 10-year renewal periods</td>
</tr>
<tr>
<td>Fee Structure</td>
<td>1% management fee, 20% performance fee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Series I</th>
<th>Series II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>$50 Million</td>
<td>$250 Million</td>
</tr>
<tr>
<td>Acreage</td>
<td>25,000</td>
<td>125,000</td>
</tr>
</tbody>
</table>
Powerful Returns Compete with Typical Timber...

Forestry returns
70% pulp, paper, timber

Forestry returns
30% biomass

Land appreciation & remediation

20-year real returns (net)

<table>
<thead>
<tr>
<th></th>
<th>10yr.</th>
<th>20 Yr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury Real Return (TIPS)(^1)</td>
<td>0.6%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Typical timber returns(^2)</td>
<td>5%– 8%</td>
<td></td>
</tr>
<tr>
<td>Fresh Coast Forest Fund</td>
<td>6.5%</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

Real Returns

Asset Characteristics

- Low liquidity
- Current income
- Low correlation with other asset classes
- Inflation hedge
- Tax advantages

\(^1\)Treasury.gov
\(^2\)Greenwood Resources
A $5M Investment: Current Income + Long-term Returns

**10-year investment**
- IRR: 6.5%
- Cash multiple: 1.7X

**20-year investment**
- IRR: 10.8%
- Cash multiple: 3.4X
Return Enhancement Opportunities

Environmental Impact
- Government Grants
- Stormwater Management
- Carbon credits

Other Poplar Products
- Biochar
- Cellulosic ethanol

Diversifying Crops
- Switchgrass
- Willows
A Profitable and Impactful Opportunity

Competitive Returns for Investors

Environmental impact

Community impact

Fresh Coast Capital
## Special Thanks to Our Advisors

<table>
<thead>
<tr>
<th>US Environmental Protection Agency</th>
<th>Timber Management &amp; Brownfield Redevelopment</th>
<th>Biomass Energy</th>
<th>Investment Management &amp; Northwest Indiana Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adam Klinger, Repowering America’s Land</td>
<td>Jeff Nuss, Greenwood Resources</td>
<td>Bill Holmberg, Biomass Coordinating Council, American Council on Renewable Energy</td>
<td>Dave Chen, Equilibrium Capital Group</td>
</tr>
<tr>
<td>Ann Carroll, Office of Brownfields and Land Revitalization</td>
<td>Paul Young, Conservation Forestry</td>
<td>Amanda Martinez, Bull Moose Energy</td>
<td>Saurabh Narain, National Community Investment Fund</td>
</tr>
<tr>
<td>Donna Perla, Office of Research and Development</td>
<td>Marv Marshall, Restore the Earth</td>
<td>Ed Gee, U.S. Forest Service, Woody Biomass Utilization</td>
<td>Michele Oertel, Indiana Finance Authority Brownfield Program</td>
</tr>
<tr>
<td>Linda Fiedler, Technology Assessment Branch</td>
<td>Donna Duscharme, Delta Institute</td>
<td>Phil Hetzner, Keystone Industries</td>
<td>Jack Eskin, NW Indiana Regional Planning Commission</td>
</tr>
<tr>
<td>Dan Powell, Technology Integration Branch</td>
<td>Todd Parker, Delta Institute</td>
<td>George McClellan, Keystone Industries</td>
<td>Joe Van Dyk, City of Gary Redevelopment Director</td>
</tr>
</tbody>
</table>