

Finance in Motion and Unique launch Arbaro Fund for sustainable forestry

Innovative impact fund to create environmental and social benefits in Latin America and Sub-Saharan Africa while generating financial return

- Projected carbon sequestration of over 20 million metric tons of CO₂
- Expected creation of thousands of full-time jobs

Frankfurt and Freiburg, August 20, 2018 – Global impact asset manager Finance in Motion has joined forces with leading timber sector advisory company Unique to establish a new impact fund for sustainable forestry: the Arbaro Fund (Arbaro). The private equity fund marked its initial closing at USD 60.2 million in July 2018, with a target of USD 200 million. An unmatched combination of financial and forestry expertise, the joint venture is poised to generate significant returns on three levels: environmental, social, and financial.



Arbaro will invest in and actively manage a well-diversified portfolio of up to 12 sustainable forestry projects in Latin America and Sub-Saharan Africa – regions which are currently characterized by high deforestation rates and an increasing demand for wood resources. These areas are particularly poised to benefit from a significant increase in forest area, in addition to a boost in local rural employment: Carbon sequestration over the lifetime of the fund is projected to reach over 20 million metric tons of CO₂ while more than 5,000 jobs are expected be created in remote areas. Arbaro also aims at solid financial returns, thanks to its target regions’ optimal biophysical growth conditions and high local timber demand.

The fund represents a number of innovations in the impact investment sphere. It is the first forestry fund to focus on expanding plantation area and sustainable timber production in frontier markets in Latin America and Sub-Saharan Africa. It is the first to combine specialists with a proven track record in impact investing and forest management into the very core of its management team, ensuring projects that are closely aligned with the market and with honed environmental and social strategies. Locally rooted partners ensure a precise selection of sites and tree species.

Arbaro is also remarkable in its investors: In addition to the European Investment Bank (EIB) as its cornerstone investor and the Finnish Fund for Industrial Cooperation Ltd (Finnfund) as its other development finance institutional investor, over half of the fund’s capital had been sourced from investors in the private sphere at the time of closing. Among these are Austrian pension fund fair-finance Vorsorgekasse; sustainable investor and registered non-profit organization GLS Treuhand; and European transport company Girtoka Logistics.

“After an intensive time of preparation, we very excited to launch this brand-new joint venture into sustainable forestry,” said Marco Kaiser, Managing Director of Arbaro Advisors GmbH, the investment advisor

of the fund. “We are also extraordinarily pleased with the support of the EIB and the recognition of forestry as a key asset class in the battle against climate change.”

Andrew McDowell, Vice President responsible for agriculture at the EIB, remarked: “Sustainable commercial forestry is crucial to protecting endangered forests, supporting employment in rural areas, and tackling climate change. The EIB is the world’s largest lender for forest-related investment and works with leading forest investors around the world. We are pleased to act as cornerstone investor and provide USD 20 million to strengthen the impact of the Arbaro Fund in Africa and Latin America, home to the most important and threatened forests on the planet.”

“Sustainable forestry has long been one of Finnfund’s key sectors because the world needs to step up its efforts to fight deforestation and climate change. We expect the Arbaro Fund to play an important role in this vital effort,” commented Finnfund CEO Jaakko Kangasniemi.

Markus Zeilinger, founder and CEO of fair-finance, expressed his satisfaction with the investment: “Especially in light of the climate goals set by the United Nations, timber – as a renewable, carbon-sequestering resource – is playing an increasingly significant role in combating climate change. That, along with the fact that its development is uncorrelated to any other asset class, makes an investment in Arbaro Fund an ideal addition to our portfolio.”

Joachim Rang, Head of Asset Management at GLS Treuhand, agreed: “We are happy to be part of the first closing of Arbaro and thus make a contribution to sustainable timber production. The partnership between Finance in Motion and Unique gives us confidence that the fund will meet its financial as well as ecological and social goals, and serve as a role model for sustainable forestry investments.”

“Arbaro Fund is a perfect fit to Girteka Logistics,” said Tomas Krakauskas, Chief Investment Officer. “Girteka Logistics and Arbaro both strive for financial returns while maintaining a focus on the social and environmental aspects of the business. This is a great match with our WE CARE mission statement”

About Arbaro Fund, SLP

Arbaro is a Luxembourg-based private equity fund managed by FiM Asset Management S.á r.l. The fund’s investment advisor is Arbaro Advisors GmbH, an investment advisory company jointly established by Finance in Motion – a leading impact asset manager – and the UNIQUE Group – a leading forest consulting and forest management firm. Arbaro invests in sustainable forestry projects in Latin America, the Caribbean, and Sub-Saharan Africa, in countries where biophysical growth conditions for forests are ideal. By establishing a renewable resource through sustainably managed and FSC-certified forest plantations, Arbaro provides significant mitigation and adaptation benefits in its target countries; over its lifetime, Arbaro aims to sequester 20 million tons of CO₂. Operating in rural areas, Arbaro will contribute to social development through job creation as well as knowledge and skills development. By supporting the development of the sustainable forestry sector in its target countries, Arbaro contributes to overall economic development while earning positive returns for its investors.

Arbaro is supported by the European Investment Bank as anchor investor, the Finnish Fund for Industrial Cooperation as an experienced forestry investor, and private-sector investors including fair-finance Vorsorgekasse, GLS Treuhand, and Girteka Logistics.



About Finance in Motion

One of the world's leading impact asset managers, Finance in Motion focuses exclusively on for-profit funds promoting sustainable economic, social and environmental progress in low and medium-income countries. With nearly EUR 2 billion in assets under management, the company leverages donor funding through public-private partnerships. In line with the goals of its funds, Finance in Motion promotes long-term relationships and helps partners develop their business. With 17 offices throughout the more than 30 countries it serves, Finance in Motion advises the following development finance vehicles: the European Fund for Southeast Europe (EFSE), which finances micro-, small and medium enterprises (MSME finance); the Green for Growth Fund (GGF), which targets reduction of energy use and CO₂ emissions; the SANAD Fund for MSME in the Middle East and North Africa; and the eco.business Fund, whose goal is the preservation of biodiversity and the sustainable use of natural resources.

For more information, please visit www.finance-in-motion.com

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About Unique

The UNIQUE Group is a leading forest management and consulting firm. UNIQUE was established in 1998 and is headquartered in Freiburg, Germany. The company has permanent and project offices in various countries in Africa and Latin America, including Uganda, Kenya, Ethiopia, Paraguay, and Colombia. In Paraguay, UNIQUE manages more than 15,000 hectares of FSC®-certified plantations, natural forests and silvopastoral systems. Since the company was founded, the firm has successfully completed more than 700 projects in more than 75 countries. UNIQUE has a long-standing practical experience and economic expertise in forestry investments that generate attractive returns, create value and contribute to rural development. The company's core expertise is the identification, implementation and evaluation of sustainable forest investments for a wide range of clients, including family offices. It conducts technical and financial due diligence, provides investment advisory and forest certification services, and assesses social and environmental impacts. Another focus area are forest sector analytics, e.g. investment climate analyses, value chain and supply-demand analyses, and employment impact assessments. Further, UNIQUE has a long track record in measurement, reporting and verification (MRV) of greenhouse gas mitigation effects of forest investments.

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