



ANNUAL FORESTRY REPORT 2019

SUMMARY

I. A YOUNG SAPLING TAKES ROOT...

- 1. OUR PATH**
- 2. OUR TEAM**
- 3. THEY TRUST US**

II. ... IN SERVICE OF THE FOREST AND BIO-DIVERSITY

- 1. OUR FORESTS**
- 2. OUR BIODIVERSITY PROJECTS**
- 3. KEY FIGURES FROM ECOTREE**
- 4. STATE OF THE INDUSTRY**
- 5. OUR COMMITMENTS TO RAISING AWARENESS**

**ECOTREE SAS
YEAR ENDED ON DECEMBER 31ST, 2019**

**TRADABLE GOODS INTERMEDIARY
AMF REGISTRATION: D-18-01**

PRESIDENT'S NOTE



Dear partners; dear friends,

2019 was a fantastic year for EcoTree, as the company's strong financial growth continued. We posted another 100% increase in our turnover and secured €3 million in Series A investment. Consequently, we have been able to strengthen our team based in France and open a new office in Copenhagen, Denmark to launch the international growth of EcoTree and bring our exciting tree ownership opportunity to the United Kingdom, the Benelux countries as well as across Scandinavia in the year ahead.

EcoTree's strong financial performance means that we can continue apace with our ambition: promoting a new model for a nature-based climate solution for thousands of people and businesses, that secures tangible carbon sequestration and biodiversity preservation by combining a return on investment with demonstrable climate benefits.

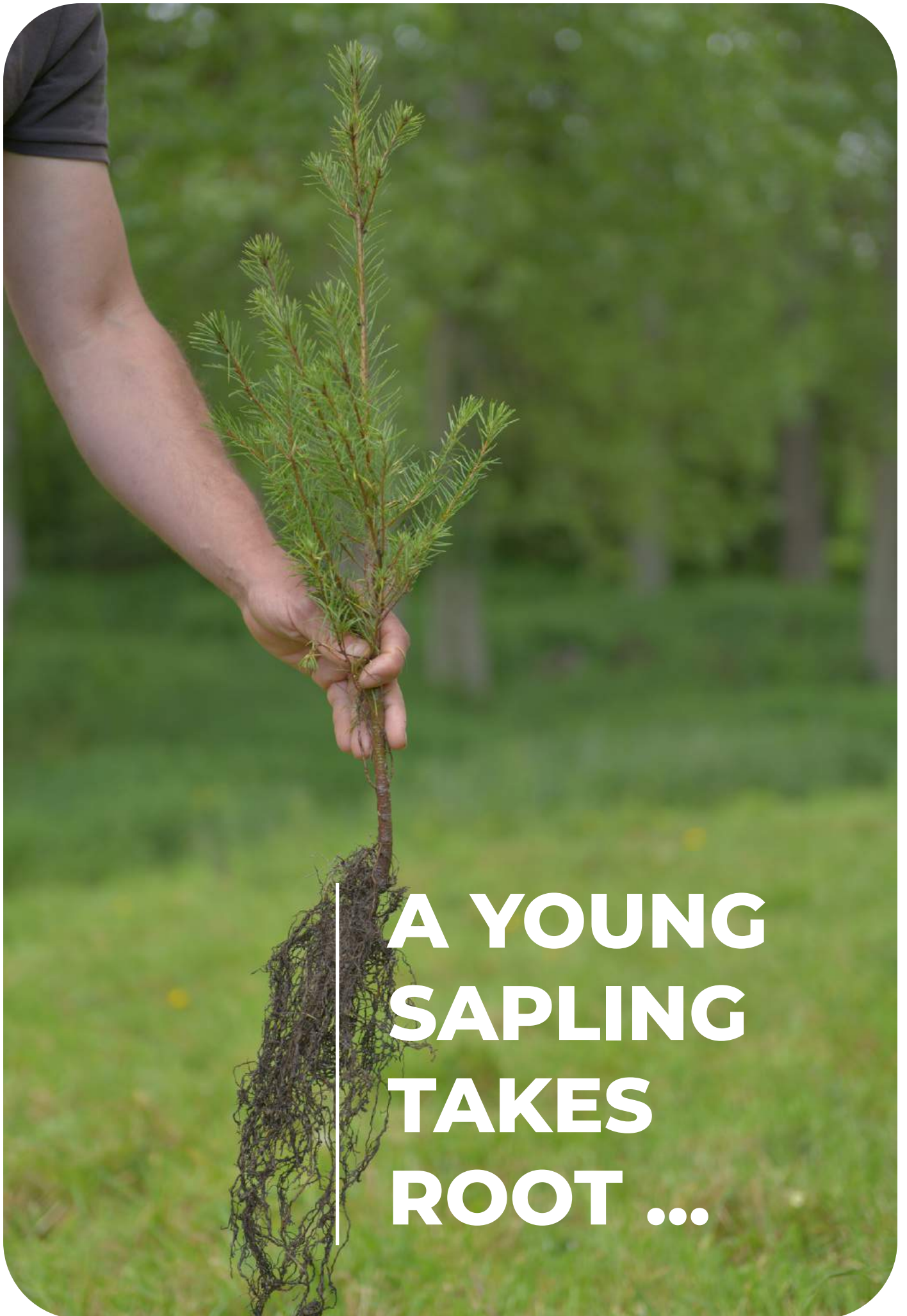
Our goal appears increasingly needed and justified, as globally the rate of deforestation has been increasing in this past year. By many other indicators, 2019 was a distressing and depressing year for global climate change. Overall, global CO₂ emissions increased after accelerated growth in 2018. Extreme weather events, including wildfires, drought and flooding, were at record levels and 2019 finished the second hottest year on record. Global climate change governance also faltered, with a troubling lack of consensus at the United Nations climate change summit (COP25) with countries unable to show ambition on mitigation, adaptation and finance to tackle the climate crisis.

So the need for sustainable economic growth is more important than ever and we look forward to being part of a growing global green economy in 2020. We look forward to expanding our sustainable forests and silvicultural management in France, but also possibly in other European markets, to produce high-grade timber while promoting biodiversity and continue to raise awareness of the need for sustainable forestry management.

It's up to us to rise to these challenges.



Erwan Le Méné
Président



**A YOUNG
SAPLING
TAKES
ROOT ...**

1. OUR PATH



June 2014

During a trip to Copenhagen, the **idea of EcoTree took root** in the minds of 4 friends, who observed 2 things:

- the lack of management of French forests
- the search for meaning and investment with an impact on civil society

They've been racking their brains to find a solution capable of **reconciling sustainable development and profitability...**



...and, in the meantime, they bought their first hectare of forest, **the Coadou forest**, managed by Vianney, already a forestry manager.



January 2016

Registration of status

EcoTree is born! By leveraging a legal specificity, EcoTree gives everyone the opportunity to own a tree in one of our sustainably managed forests and to eventually benefit from a return on their investment.

Months of work and **continuous improvement** to give you the best possible access to the forest.



They've come a long way from their first geolocation attempts, which located your trees...in the open sea!



February 2018

We are now registered at the French **Financial Markets Regulator**, as an **"intermediary in tradable goods"**, an essential key to the proper management of such a green and virtuous investment.

May 2018



First **fund raising campaign** of €1.2 million! This is enough to enable us to acquire new plots of forest, and to develop our digital expertise.



February 2019

EcoTree wins the **French Tech Pass**, which rewards fast growing companies.

July 2018



EcoTree introduces a new logo to better embody our mission. Beyond individuals, more and more **companies** wishing to implement concrete CSR policies are joining us on our mission.

September 2019



A **new fundraiser of €3 M** and the opening of an International Office in **Copenhagen!**



A new phase of development that you're writing along with us!



2. OUR TEAM



"In 2019, we tripled our workforce and we are now more than thirty people working in France and Denmark! This important development for EcoTree means that we are now structured to expand, including to markets outside of France. All our teammates are trained in forestry management as well as climate-related issues, to make the best out of their great enthusiasm and determination."

Théophane Le Méné, Directeur général

CO-FOUNDERS



Erwan
Le Méné



Vianney
de la Brosse



Baudouin
Vercken



Théophane
Le Méné



Pierre-François
Dumont Saint Priest



Thomas Norman
Canguilhem

STRATEGY & MANAGEMENT



Erwan
Le Méné



Théophane
Le Méné



Pierre-François
Dumont Saint Priest



Annabelle
Le Corfec



Vianney
Passot

FOREST



Vianney
de la Brosse



Vianney
Renard

AP & INNOVATION



Baudouin
Vercken

BUSINESS



Géraldine
Prot



Guillaume
Danaud



Juliette
Chrétien



Mikaël
de Talhouët



Agathe
Hitzel



Benoît
Moreau



Charlotte
de Lesseps



Jules
de Castilla

IT



Pierre-Alexandre
de Menthère



Kévin
Vallet

MARKETING



David
Hockley



Melchior
Quennec

COMMUNICATION



Camille
Lemaître



Thibaut Fournier
Montgieux



“The concept of EcoTree was born in Copenhagen.

It was only natural to establish our international office there and to bring together a diversity of profiles from a wide range of nationalities. For my part, I am delighted to bring my past international experience to EcoTree, which I joined last summer.”

Thomas Norman Canguilhem,
Partner, Head of
International Growth

First Brest, then Paris and now Copenhagen – we now have three offices in Europe!

All of our forests are currently in France; but now – from all these new countries – you can become a tree owner. The next step? Replicating EcoTree’s model with forests outside France.

 Countries within EcoTree’s coverage

INTERNATIONAL



Thomas Norman Canguilhem



Gustav Gyrst



Ross Allen



Daniel Jedmo



Marten Susebeek



Caroline Grønholdt



Alexandru Damache

3. THEY TRUST US

25 000
individuals



This year, many new features have been added to customers' accounts, such as the possibility of naming their trees and offering them to their friends and family, accompanied by a personalised message.

This helps make it easier for them to keep up-to-date with regular news and photos of the forest in which their tree is located.

Our blog and communication networks allow us to interact with our customers easily, to listen to their expectations and feedback, and to provide them with the best possible customer experience.




"I like the concept very much. I really liked the gift and I encouraged my children to give one as well."

Feedback from Abdelilah A. after giving a tree as a gift on Dec. 12th, 2019.

"I appreciate the opportunity to see the evolution of my financial investment and its environmental impact."

Maxime T., subscriber and owner of 30 trees



 We have translated our website into five languages to make it easier to engage with as many people as possible, and raise awareness about sustainable forestry

500
companies




“Today, more than 500 companies have placed their trust in us to help them achieve their sustainability goals. In response to demand, we have gone from 2 to 8 Business Developers in France. In order to best meet our customers’ expectations, each of them is an expert in their sector.”

Géraldine Prot, Head of Sales



Customized commercial B2B-offers:

- Creating carbon sink
- Supporting taylor-made offers
- Connecting corporate products/ services with tree planting
- Organising «green» CSR events: seminars, team-buildings, climate training, etc.

“I chose EcoTree as a partner for my CSR strategy and I don’t regret it! This way, I can make a real commitment to an issue that’s close to my heart while increasing my balance sheet.”

David D., Webmaster
Freelancer, 2020

“EcoTree’s solutions send a strong and concrete message to our customers. This is also a long term investment that illustrates the relationship we want to build with our partners.”

Julien S.
Chef de produit
Avery, 2020



PRINT VALUE Pier impOrt



AVERY

franprix

TWELVE

SANSO

Veepee

Air Liquide

Clear Channel

Châteauform

monabanq

SOCIETE GENERALE

FABRICE LEANDROUX MOISY

Allianz

CEETRUS

... and others, too!



**... IN SERVICE
OF THE FOREST
AND ITS
BIODIVERSITY**

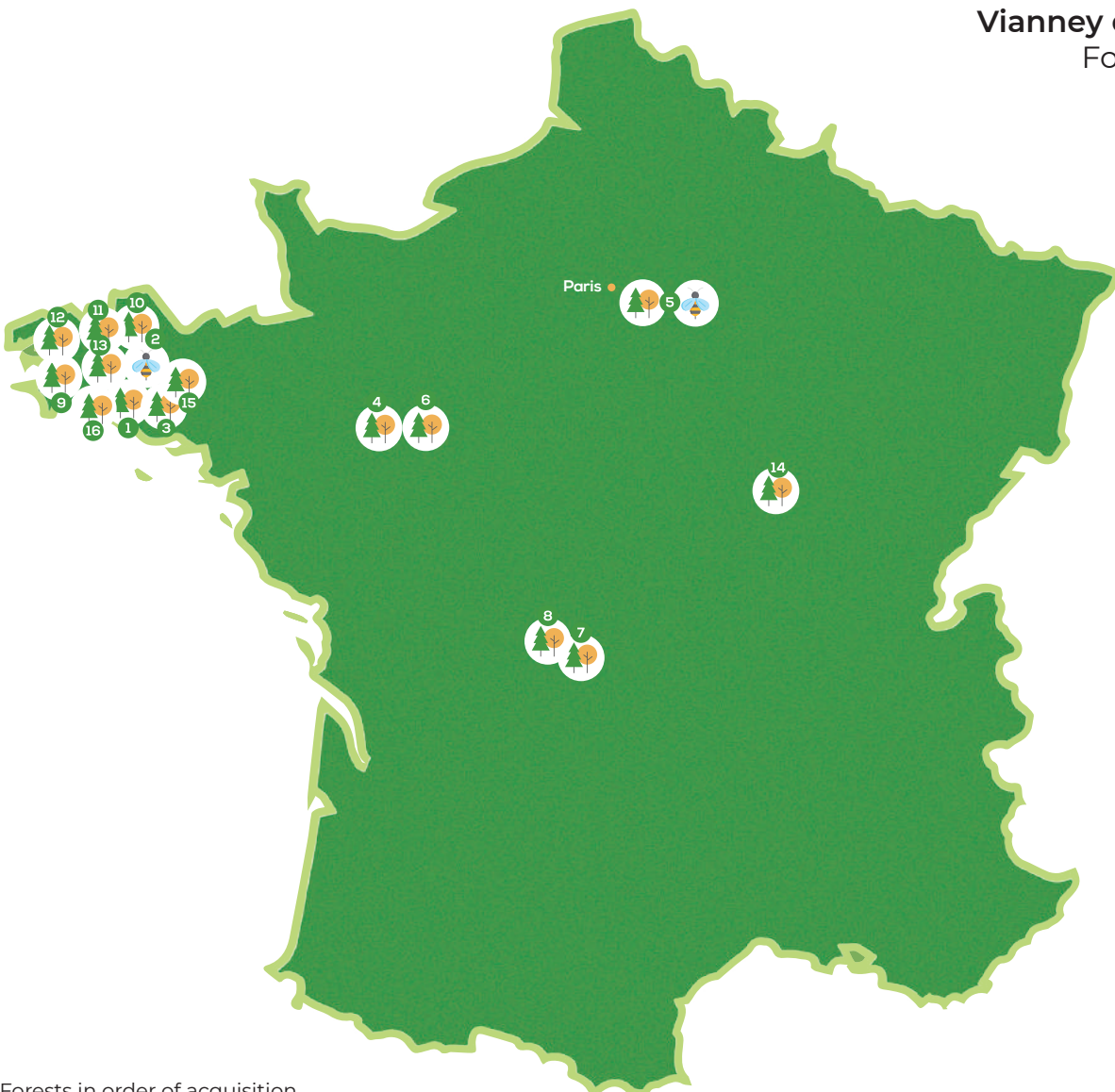
1. OUR FORESTS



“In 2019, EcoTree took over 5 new unmanaged sites and forests. We have doubled our forest area and continued to develop our network of partners within the industry. More and more owners, managers, experts and cooperatives are realizing the benefits of our model:

- *Financing eco-renewal for landowners through our forest lease model*
- *Establishing sustainable forests that promote biodiversity*
- *Valuation of forests’ economic benefits*
- *Raising public awareness on sustainable forestry management.”*

Vianney de la Brosse,
Forest Director



Forests in order of acquisition

- | | |
|---------------------------|-----------------------------------|
| 1 Loguivy-Plougras Forest | 9 Pleyben Forest |
| 2 Langoëlan Forest | 10 Lanrivain et Plougernevel Fore |
| 3 Melrand Forest | 11 Plouray Forest |
| 4 Pontvallain Forest | 12 Ploërdut 1&2 Forest |
| 5 Pézarches Forest | 13 Cléden-Poher Forest |
| 6 Ruillé Forest | 14 Luthenay Forest |
| 7 Gioux Forest | 15 Fauët 1&2 Forest |
| 8 Palotas Forest | 16 Louargat Forest |

Forêts acquises en 2019

600 000
trees planted or
managed



NEW FORESTS ACQUIRED IN 2019

PLOËRDUT FOREST 1 (BRETAGNE)



Identity

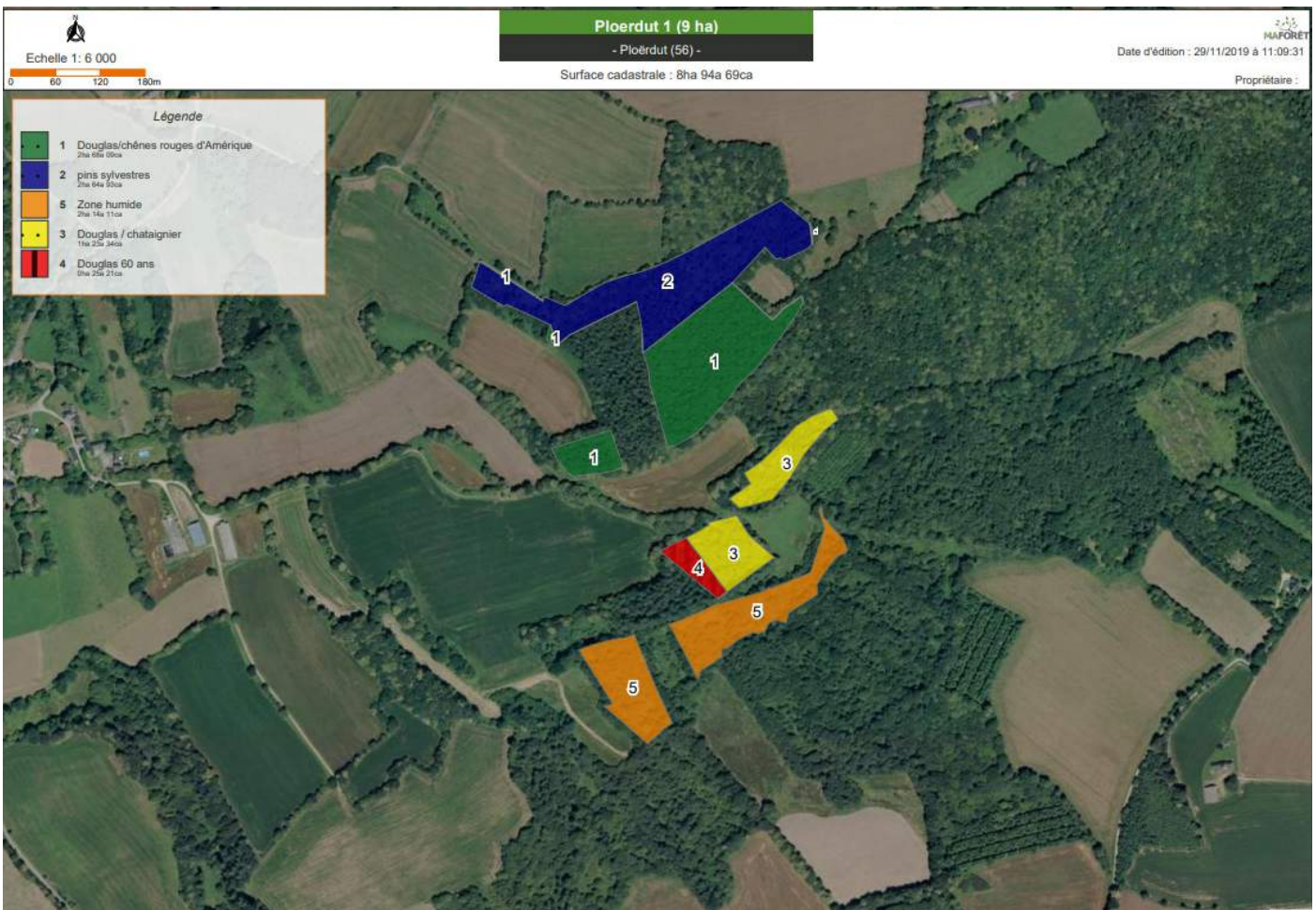
Location: Ploërdut
Surface: 9 Ha (22.2 acres)
Type of management: irregular high forest
Certification: yes
Liability insurance: yes

Background

A dense thicket predominantly occupied by 40-year-old Douglas fir trees.

Latest projects

We have planted oaks, Sitka spruces, black alders and cedar trees. The Douglas fir trees have been thinned.



PLOËRDUT FOREST 2 (BRETAGNE)



Identity

Location: Ploërdut (Finistère)
Surface: 2,7 ha (6.7 acres)
Type of management: irregular high forest
Certification: yes
Liability insurance: yes

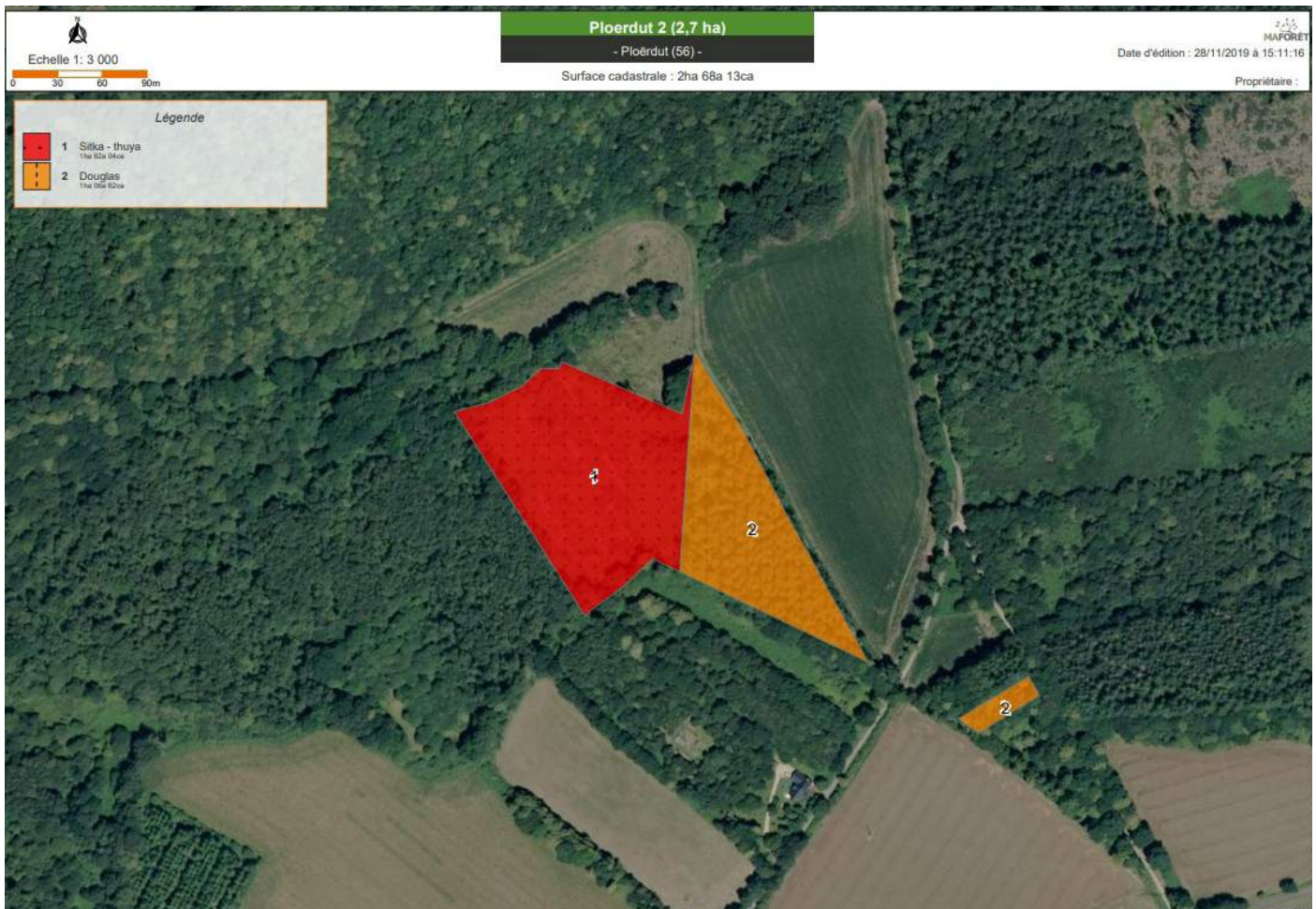
Review

This plot was a monoculture of wilting Sitka spruce.



Latest projects

After our take-over at the end of 2019, the management plan has been completed and now envisages planting of Douglas fir, accompanied with chestnut, red oak and Scots pine in the spring of 2020.



CLEDEN POHER FOREST (BRETAGNE)



Identity

Location: Cléden Poher (Finistère)
Surface : 12,9 Ha (31.9 acres)
Type of management: irregular high forest
Certification: yes
Liability insurance: yes

Review

This high forest of larch trees planted in the 1960s was no longer maintained and was in poor condition.



Latest projects

We planted red oak, Douglas fir, Sitka spruce, chestnut and beech trees.

The aim here is to establish an irregular high forest with trees of different ages to encourage the development of the fauna and flora along the banks of the Aulne river (this is a "Natura 2000" classified area).



LUTHENAY FOREST (BOURGOGNE)



Identity

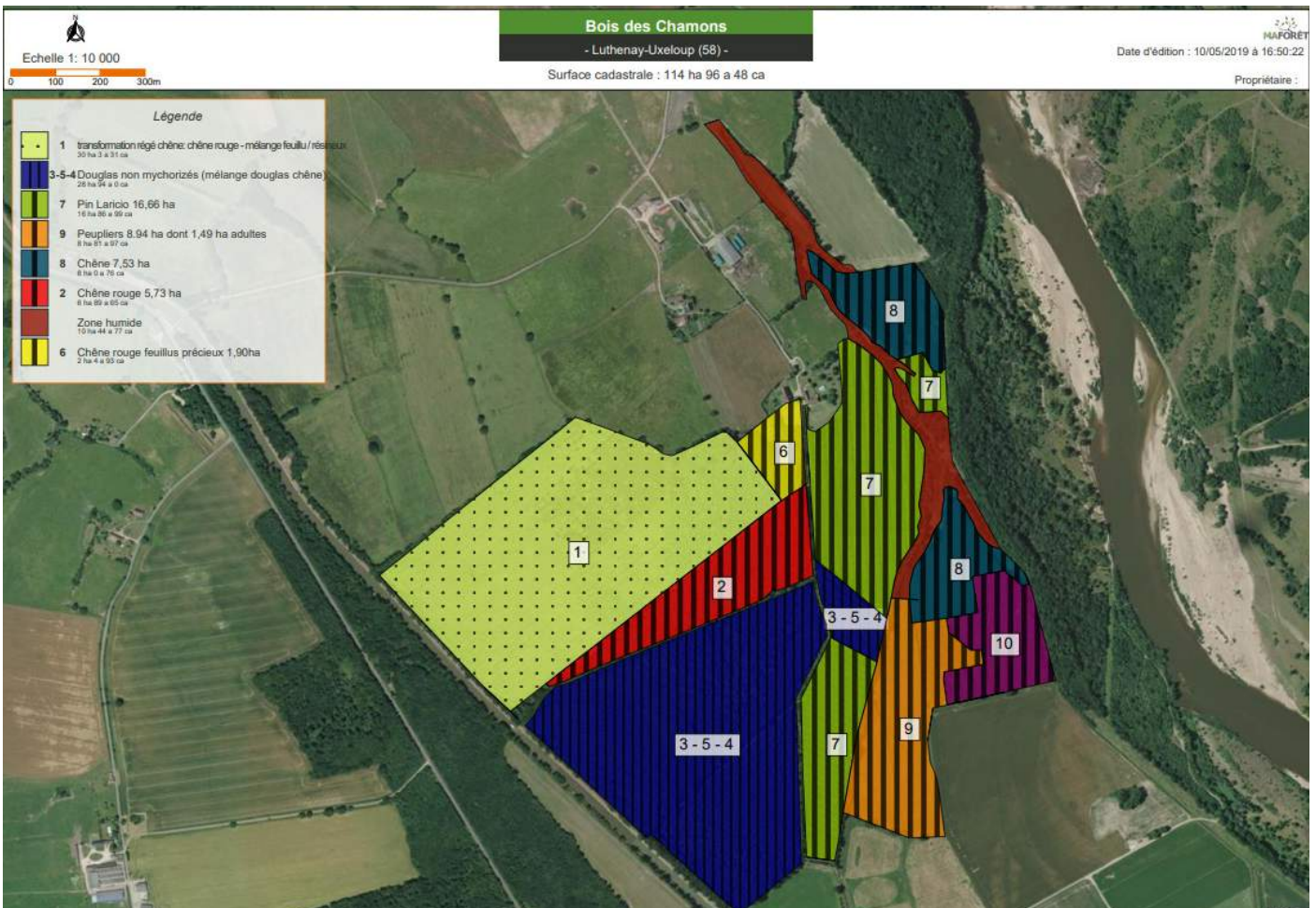
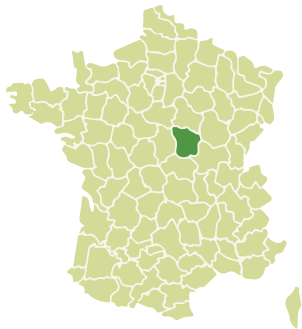
Location: Luthenay-Uxeloup
Surface: 114 Ha (281.7 acres)
Type of management: regular
high forest
Certification: yes
Liability insurance: yes

Review

In the heart of the Sologne bourbonnaise, on the banks of the Loire River, stands this 114 Ha (282 acres) massif – with its many species. This former agricultural site, reforested about 25 years ago, is made up of plots of red oak, oak, poplar, Douglas, Taeda pine, Laricio pine, amongst others. Natural regeneration of the trees has been poor due to overexploitation by the previous owner.

Latest projects

A management plan has been developed that includes thinning, partitioning and pruning to allow existing trees to grow better. We have planned to plant oak, red oak and Laricio pine trees on a 15 Ha (37 acres) plot of land. Soil preparation projects will start at the end of 2020.



FAOUËT FOREST 2 (BRETAGNE)



Identity

Location: Le Faouët (Morbihan)

Surface: 2,4 Ha (5.9 acres)

Type of management: irregular high forest

Certification: yes

Liability insurance: yes

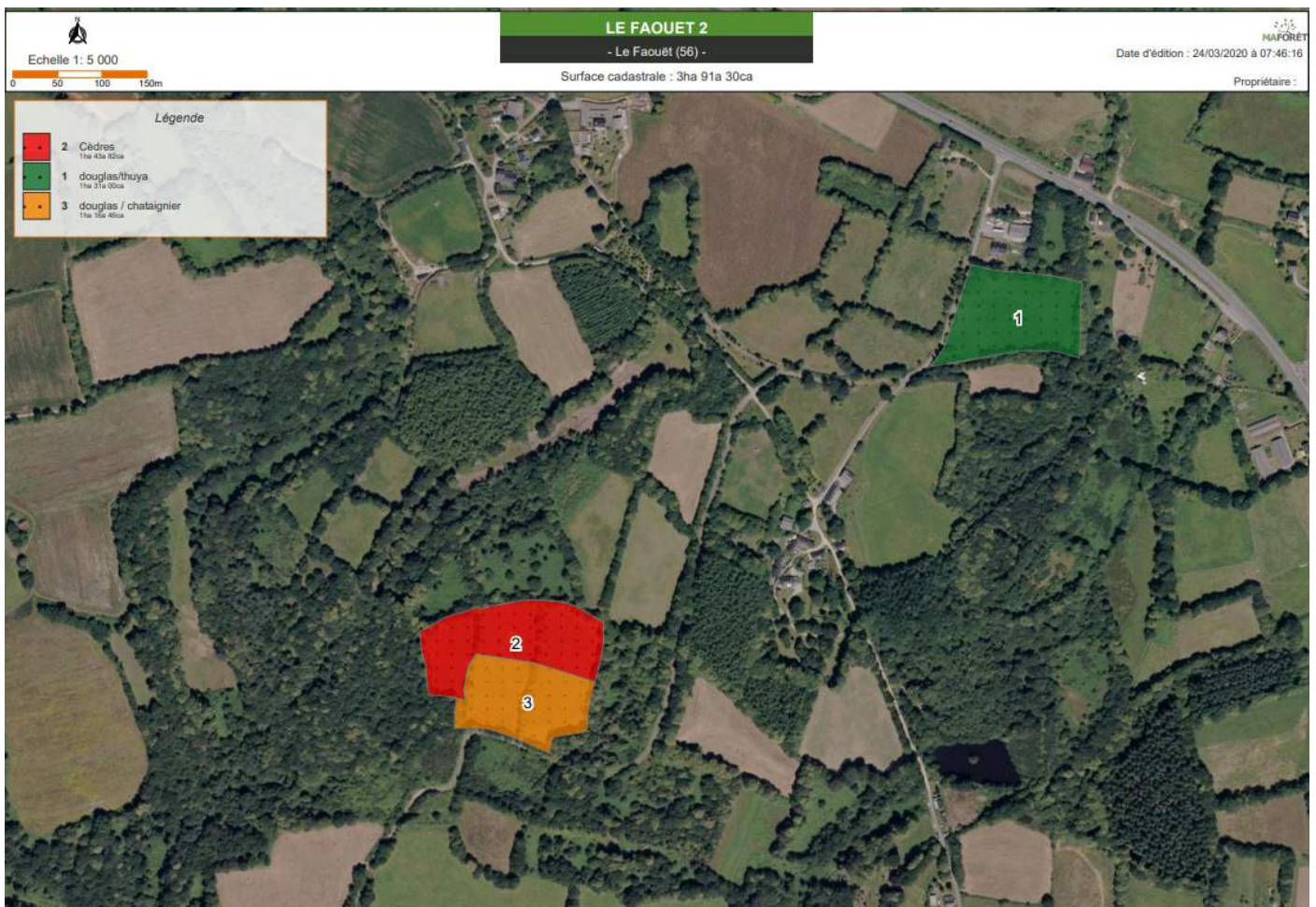
Review

Former agricultural land acquired by EcoTree end of 2019.



Latest projects

This new plot will be reforested with a mix of softwoods and hardwoods. There will also be an irregularization of the planting procedure.



LOUARGAT FOREST (BRETAGNE)



Identity

Location: Louargat (Côtes-d'Armor)

Surface: 4 ha (9.9 acres)

Type of management: irregular

high forest Certification: yes

Liability insurance: yes

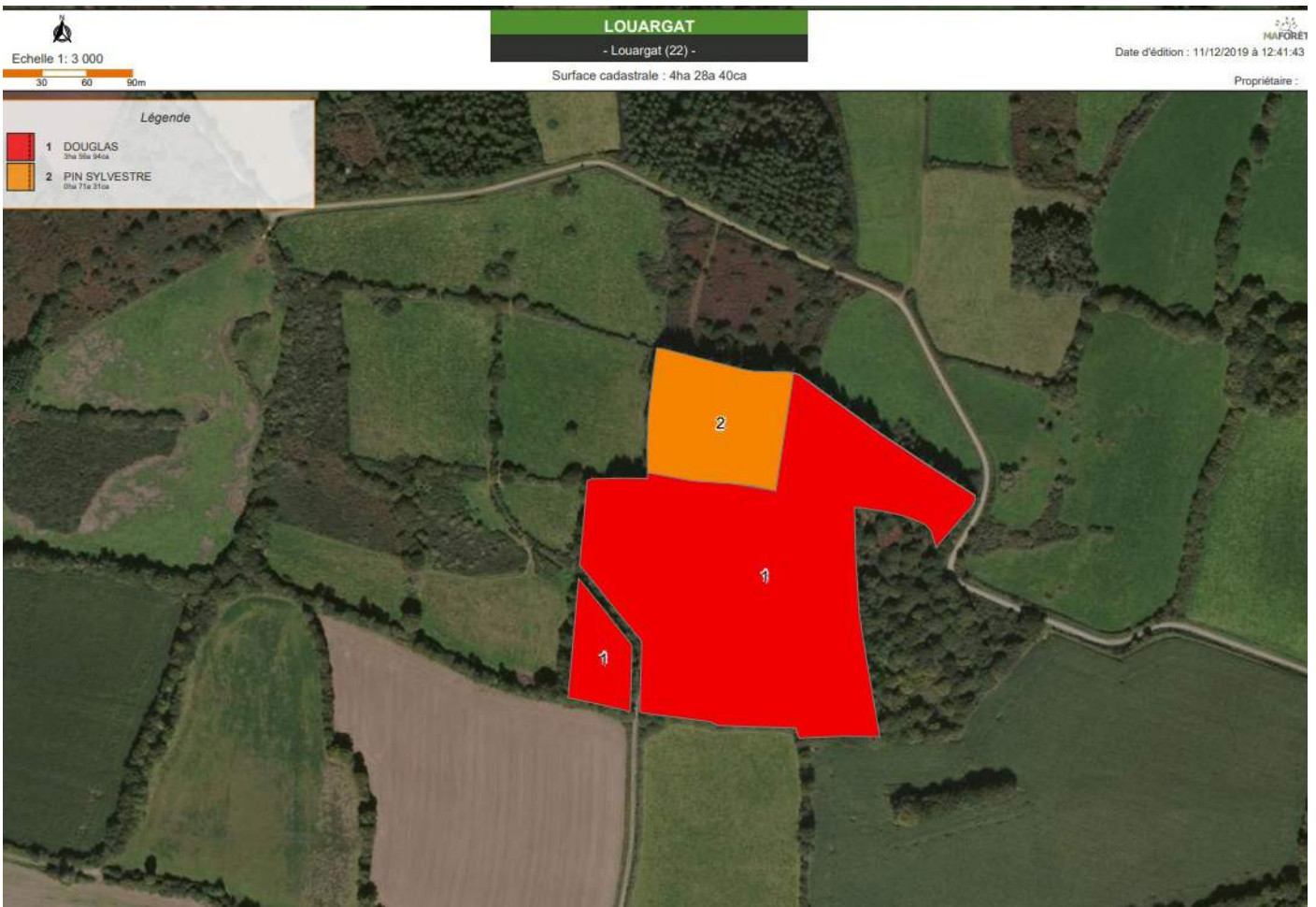
Review

Non-reconstituted clean cut.



Latest projects

The Louargat forest was taken over under management at the end of 2019. A management plan is currently being drawn up and will result in reforestation by our foresters in the spring of 2020. Maintaining the knapweed flower, a protected species present on this plot, will be a key part of the forestry plan.



OUR MANAGEMENT ACTIVITY IN OUR HISTORIC FORESTS

BRETAGNE



LANGOËLAN FOREST (BOURRUS/MARIAKER/BROKUS/MEVENEZ)

Tree plantings in 2017 and 2018 were monitored. This resulted in the replacement of dead or damaged seedlings caused by deer, and brush cutting around overgrown seedlings. All Douglas fir, cedar, red oak and spruce plants are doing well.



MELRAND FOREST

Just like at Langoëlan, clearing- and replacement projects were carried out. 2 hectares (five acres) of maritime pines were planted after cutting down a sparse thicket.



LANRIVAIN & PLOUGERNEVEL FOREST

The Lanrivain forest was taken over by EcoTree in 2019. Approximately 8 hectares (20 acres) of abandoned forest were replanted with Sitka spruce and accompanying species in the spring of 2019..



PLEYBEN FOREST

This forest is composed of cherry trees, Vancouver firs, maples, Sitka spruces, chestnuts, Douglas firs and red oaks. Improvements via thinning, pruning and shaping have been carried out on the plot, as well as cutting to prepare for the Sitka spruce plantings that will take place in early 2020.



FAOUËT FOREST 1

5 hectares (12.3 acres) of Douglas fir and American red oak have been planted on a former abandoned agricultural wasteland. The 2018 plantings were replenished and the area around the plants was cleared with a brush cutter.



PLOURAY FOREST (KERAUTRET)

Some damaged Douglas fir, -spruce and -cedar seedlings, initially planted in spring 2018, have been replaced. All the plants were also cleared with a brush cutter. The recovery of the seedlings here, too, has been very good.



LOGUIVY-PLOUGRAS FOREST (COADOU)

This year we had a spring clearing. The plants are now growing over the vegetation, and all are doing well.

ÎLE-DE-FRANCE



PÉZARCHES FOREST

The management work common to all the plots has been carried out, along with a partial harvest, since we are working on the irregularization of these plots.

LIMOUSIN



GIOUX FOREST

In this old clear-cut site, skidding took place at the beginning of the year, followed by soil preparation work; then, Douglas fir and larches were planted in the spring. At the end of the summer, some of these young seedlings were cleared, and 3,200 additional seedlings were planted.



PALOTAS FOREST

We had to cut down the sparse thicket and clear it out this winter. The soil was prepared for planting young Douglas fir, pectinated fir, cedar, red oak and thuya in spring 2020.

PAYS-DE-LOIRE



RUILLÉ FOREST

This forest, composed of oak and chestnut trees, was thinned at the end of 2019.



PONTVALLAIN FOREST (LA FAIGNE)

We provide the traditional monitoring and care necessary to ensure that the maritime pine, laricio pine and chestnut trees that make up this forest express themselves fully as they approach maturity.



WANTED

Are you a forest owner looking for an innovative and efficient solution to be financially and operationally supported in optimising the management of your forest?

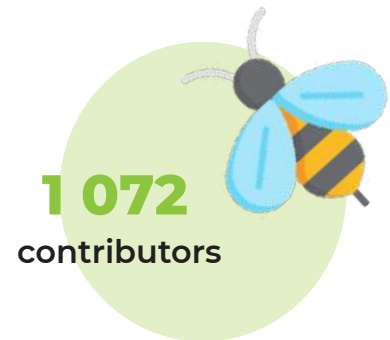
Contact us at forets@ecotree.fr



2. OUR BIO-DIVERSITY PROJECTS



These are all projects that are favorable to the natural environment, both in terms of the diversity of fauna and flora, as well as the quality of water, rivers, air, land... and which each of our clients can support.



1 072

contributors



Installation and monitoring of 15 hives (Pézarche Forest)

Through pollination, bees have a huge impact on our ecosystems. Installing these hives in a favorable environment, far away from any use of pesticides, seemed obvious to us. All the hives are doing wonderfully!



Planting honey hedges (Melrand and Mariaker Forests)

In December 2019, we planted 1,475 feet of honey hedges at the edge of our groves.

This will encourage bees to feed, particularly at the end of winter and in autumn, which will support pollination of all the flora present on the plot. The hedges will also provide an excellent refuge for birds, toads, hedgehogs and many other animals and insects.

COMPLETED PROJECTS

2020



Restoring swamps (Pézarche Forest)

Former forest wetlands essential for the local fauna have gradually receded. Our goal is to dig up and clean the ponds and bring in more light by creating openings in the bushes so that a new island of biodiversity will emerge.

2020



Peat bog restoration (Langoëlan Forest)

A poplar grove was planted 30 years ago on this bog. Today, they find themselves at a silvicultural impasse and threaten the balance of the bog. We are working on this project with an ecological engineering firm. Removing the poplars on horseback (to preserve the fauna's tranquility as well as the soil's quality) and restoring small ponds to encourage the presence of amphibians, will once again allow this bog to ensure its functions as a carbon sink, a filter to improve river water quality, and a reservoir of biodiversity.

2020



Sharing a plot of land with a farmer (Gioux Forest)

An area of about 12 acres was donated to a cattle breeder. The objective of this first project is to promote the association of tree planting and livestock farming. In addition to the benefits of shade for wildlife, the presence of trees increases the environment's capacity to develop and preserve the natural resources of the soil. The first step towards agro-forestry projects?

IN-PROGRESS PROJECTS

3. KEY FIGURES

600 000

Trees planted or managed



800

Man/days of on-site forestry management



18 000

Tons of CO₂ absorbed



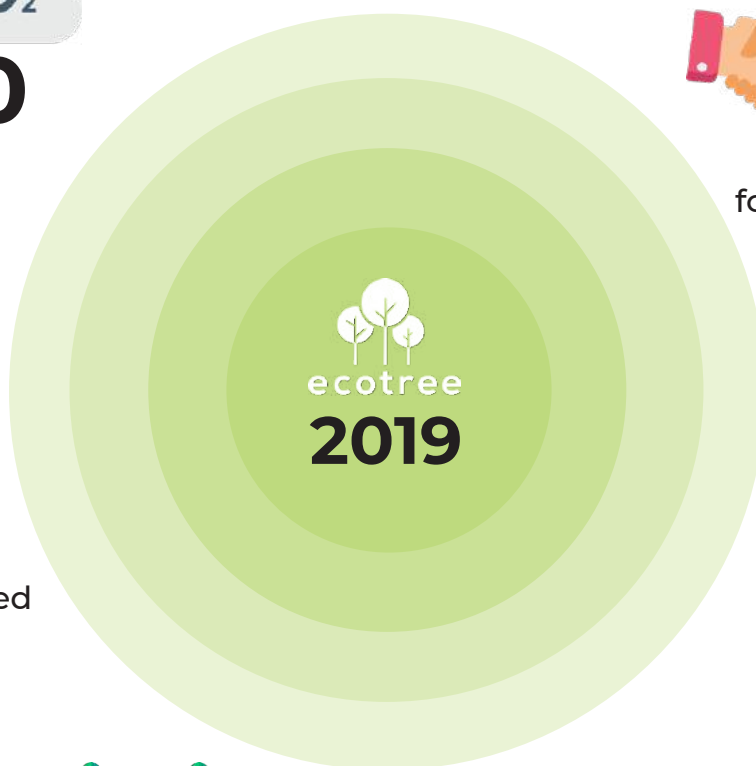
1,8

Million shelters created for animals



5 000

M³ (17,600 Ft³) of dead wood (carbon storage, food and habitat for wildlife)



15

Waterways or streams that run through our forests



150

Hectares (370 acres) in the NATURA 2000 zone (birds- or habitat directive) + 250 Ha (620 acres) in ZNIEFF area (Area of Ecological, Faunistic & Floristic Interest)



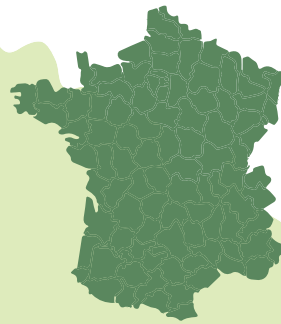
>> **Objective 2020** 100+ Ha (250 acres) to plant

4. STATE OF THE INDUSTRY

FRENCH FORESTS: KEY FIGURES



16,9 M
HECTARES
(41.8 ACRES)
OF FORESTS



31%
OF TERRITORY



75%
PRIVATE FORESTS
Divided and fragmented among
3.3 million private owners.



4TH
**LARGEST EUROPEAN
FOREST IN AREA**

Behind Sweden, Finland and
Spain



3% GDP
The French forest employs 440,000
people, more than the automobile
industry. It has a turnover of 60 billion
euros per year, or nearly 3% of GDP.



2/3
DECIDUOUS TREES



1/3
CONIFEROUS TREES



OAK
1ST SPECIES IN FRANCE



137
SPECIES OF TREES

CO₂

45 M
T OF CO₂

Every year, French
forests sequester 45
million tons of net CO₂,
i.e. 8% of total national
greenhouse gas emis-
sions.



40 %
**DE ZONES
NATURA 200**

The French forest is one
of the main reservoirs of
biodiversity, a place of
reproduction and life for
fauna and flora.



THE TIMBER MARKET IN FRANCE

LATEST NEWS: DROUGHTS & BARK BEETLES

The drought of summer 2019, aggravated by the drought of summer 2018 and bark beetle attacks, is leading to a massive decline of healthy forests in Europe (Germany, Czech Republic, France...) and to tree damage at an unprecedented scale. The damage caused to trees is of an unprecedented scale.

In France, two regions are primarily affected: Grand Est and Bourgogne-Franche-Comté. High tree-mortality has been observed in common spruce, pectinated fir and beech trees. The lack of water and higher temperatures is causing water stress in these trees, which is reducing their resilience.

The bark beetle attacks particularly affected forests in eastern France. However, EcoTree's Langoëlan forest suffered limited impact, as the expansion of the insects was quickly halted.

Consequences: Due to necessary cutting, the expected harvest volumes will increase sharply in 2019, which should drive down prices. In addition, 20% of the wood harvested from public forests is expected to be downgraded, i.e. 2 millions of m³ (71 million ft³), out of a total of 12 million.

EVOLUTION OF THE PRICE OF WOOD MATERIAL (PUBLIC FOREST)

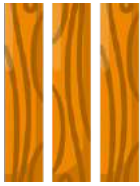


The prices of wood sold by the French Office National des Forêts (ONF), excluding supply contracts, are highly correlated with market trends at the national and international levels. Decline in white softwoods (spruce, fir) creates an influx of wood on the market, saturates traditional recycling sectors and drives down prices. This trend has been observed since the beginning of 2019 and is likely to continue, or even intensify, in the coming months.



In addition to this, wood is being downgraded: the depreciated wood loses 1/3 of its value and may have to change its recycling sector. While the ONF traditionally recycles wood from public forests in the timber sector (2/3 of the volumes sold compared to 1/3 for industrial wood), with this market upheaval, the proportion could be reversed.

A CLOSE-UP ON THE MAJOR RECYCLING SECTORS IN FRANCE



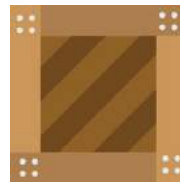
CONSTRUCTION WOOD

The **construction sector** is doing well overall, as is the **structural manufacturing sector** (+5% and +8% of sales over one year, respectively).

Housing construction continues to perform well (a little over 400,000 units over the last 12 months), although it's losing momentum. Houses, which account for nearly 40% of initiated housing, are following a similar trend.

Renovation is driven by the importance of old housing transactions (sales and inheritances), whose volume reached one million units over the last 12 months. An all-time record!

The dynamic is benefiting from the import of softwood sawn timber, which is continuing to grow (+14% year-on-year).



INDUSTRIAL- AND PALLET WOOD

Palettes: after two years of growth, the price of pallet wood has been declining since the beginning of 2019, due to an overabundant supply (wood affected by bark beetles) and imports from Eastern Europe.

Panels: after reaching higher figures of value, panel prices have been falling for the past 6 months. Production volumes are recovering slightly.

Paper and cardboard: pulp prices have been falling for the past 6 months and French pulp production is stabilizing at an average level, after having fallen sharply a year ago.

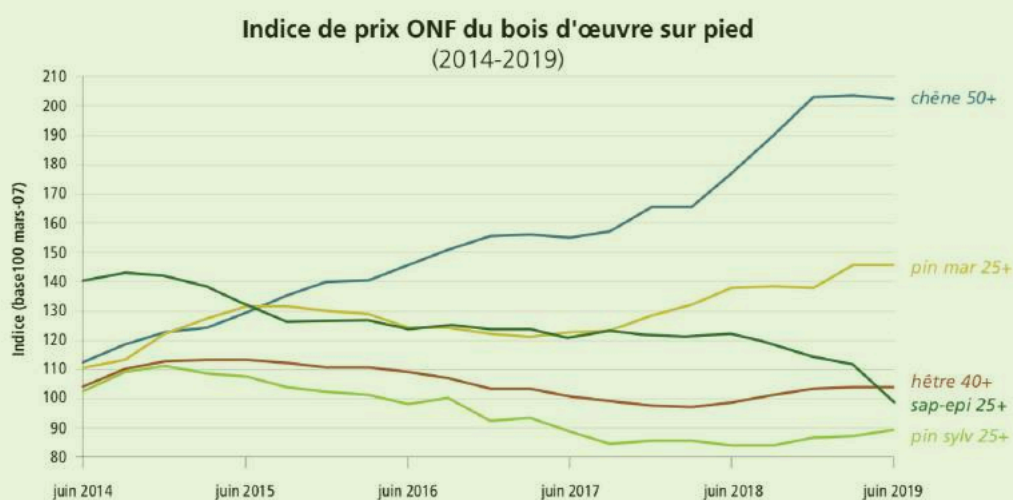


WOOD ENERGY

In 2019, wood energy remained very **competitive and in demand** in the face of high oil, gas and electricity prices.

In France, the price per LHV kWh of wood fuels has been much lower than that of fossil fuels. Today, wood chips are the cheapest energy on the market, i.e. 0.026 €/kWh LHV.

« The timber market remains steady, except for secondary grades and small-sized lumber. »



Remarque : «Chêne 50+» signifie une grume d'un diamètre minimum de 50 cm, mesuré à 1,30 m du sol. Source : ONF

STANDING LUMBER

Spruce-fir prices are falling sharply, greatly affected by the large amount of wood affected by bark beetles. Conversely, Scots pine prices are up slightly. Prices for beech and maritime pine are stable.

5. OUR COMMITMENTS TO RAISING AWARENESS



"We want to as many people and communities as possible to be aware of the degradation of forests in France and around the world and the reduction of their environmental impact. We will continue to launch initiatives to raise awareness and promote sustainable forestry in local communities, national and international public debate."

Baudouin Vercken,
Public Relations Director



COMMUNICATION

While media and social networks are useful channels that we use as much as possible, we are also keen on maintaining personal contacts, particularly through speaking at companies or promoting knowledge about the forest and sustainable forestry.



PEDAGOGICAL ACTIONS

These initiatives include the **'Trees in Celebration'** event, which we are co-organizing with local municipalities. This biennial event takes place over two days in two Breton communes, different for each year. On the first day, the event allows many students to visit the forest in order to understand how it works and the need to protect it. The second day combines public awareness and culture, thanks to an interactive planting session and a concert. Bird song, the theme for 2019, was the event's main focus.



TOOLS FOR RAISING AWARENESS

This year, several members of the team became **'Fresco of the Climate'** instructors, an original game explaining the impact of humans on ecosystems – including forests – and the causal links of global warming. We are now able to support companies and the general public with this training. Perfect for intelligent team building!



AND TOMORROW?

The year 2019 marks an important turning point for EcoTree, with the implementation of new organization and the recruitment of new talents.

We are all, more than ever, ready to meet the challenges that lie ahead in 2020: the protection of new forest plots in need, our development in international markets, improving user experiences, and the expansion of our «forest leasing solution» in France or other European countries, which allows owners to find – with EcoTree – the expertise and financing they need to optimize the management of their forest in a sustainable manner.

All of which contributes to what has driven us from the beginning: promoting the forest and its treasures, ensuring its sustainable management, supporting the development of its bio-diversity, and raising awareness of ecological and environmental issues among as many people as possible.

Thank you again to all of our partners and clients committed to us for the trust they place in us when it comes to this mission.

Each of us are, at our own level, little hummingbirds: Let's plant a tree... A forest... Let's do our part, step by step!

“The best time to plant trees was 20 years ago. The second best time is now.”

Chinese proverb.

ecotree.green

