

WillowRiversWealth

Responsible Investments



**CONTRACTED RETURN
PAULOWNIA INVESTMENT**

THE GLOBAL FORESTRY MARKET

Global demand for hardwood has itself multiplied 25 times in the last 40 years, and with population growth rates higher than ever this trend will continue. With less than 13% of the world's surface covered in forests, and concerns over global warming, there is now a global crackdown on illegal logging and deforestation. Supply is being severely restricted and these two factors combined will drive legal timber prices higher in the years to come.

Given the recent volatility in global stock markets, investors are looking towards commodities for security. Tropical forestry offers the ideal diversification from real estate and equity portfolios, providing a non-volatile market with high long-term returns on investment, and a low risk-to-return ratio.

**“If you don't feel comfortable owning something for ten years,
then don't own it for ten minutes.”**

Warren Buffet



WHY YOU SHOULD INVEST IN FORESTRY



- **Environmentally conscious:** sustainable forestry gives a unique opportunity to do something healthy for the planet whilst accruing a healthy capital gain.
- **Long-term, stable investment:** with long growth periods and minimal demand / supply fluctuations, forestry offers stable long term return projections
- **Low entry levels:** Forestry investments require little capital (compared to real estate) and being in a stable un-leveraged market offer more dependable less volatile returns
- **Value rises with maturity:** As trees grow, their marketable timber volume increases at an increasing rate, as does the woods' value
- **Little affected by macroeconomics:** Irrespective of which government is in power or global currency fluctuations, inflation and interest rates, the long-term factor of forestry and its fundamental applications produce a more constant growth rate
- **Hedge against real estate & equity portfolios:** For the reasons above, forestry's stability makes it the perfect portfolio hedge against more volatile markets
- **Flexible exit return dates:** with a range of harvest dates forestry investments have great exit strategy flexibility. If the price were to fall one year, wait another year or 2, whilst your asset continues to physically grow.
- **Potential tax advantages:** such as SIPPs or CGT rollover relief, depending on project location and structure
- **Demand & supply:** Global consumption of tropical hardwoods has multiplied nearly 25 times in the last 4 decades. Around 40m acres of tropical forest are being destroyed each year and not being replaced.
- **Future carbon credit market:** some reforestation projects may be applicable for future carbon accreditation depending on location and project management.

WHY PAULOWNIA, THE PRINCESS TREE

Strength

Known in the industry as the «Aluminium of Timbers», Paulownia is 30% lighter than any comparable hardwood, is durable, strong, twist / warp-resistant and virtually rot free.

Growth Speed & Investment Value

The Princess Tree is known as the fastest growing hardwood in the world and in comparison to other tropical timbers can be harvested in a quarter of the time. Studies on various existing plantations in the USA have shown that the Paulownia produces an average of at least 0.3 m³ of processed timber per five year old tree. For our 660 trees a «worse case» of 0.2m³ has been used to underestimate returns.

The timber can be harvested at the end of year five, with subsequent harvests approximately every five years thereafter. Because the tree regenerates from its roots, and does not deplete soil quality, it will re-grow to be harvested again in year ten, and so on every five years. In Panama, where there is no cooler winter season, production is expected to be higher than calculated.

Supply & Demand

Paulownia is native to China and the Far East and was imported to North America in the 1840s as an ornamental tree. Paulownia has been used in Japan for centuries as a furniture wood; chests of drawers called Tansu are made from this wood and nearly every Japanese home has one.

Paulownia timber is currently being developed into an efficient and valuable biomass fuel. Working with universities in Panama and with

researchers in the USA, the timber created by the Princess Project may find itself being converted into a cutting edge bio-fuel which will help towards solving the current fuel crisis.

Carbon Sequestration

Paulownia absorbs more CO₂ than any other Tropical plantation tree. The Princess Project has been carefully designed as a voluntary carbon offset project, based on CDM guidelines developed for the Kyoto protocol and verified to meet the CCB and VCS carbon standards.

Environmental Regeneration Quality

Paulownia's deep running roots increase the organic content of degraded soils by processing and filtering contaminants through the uptake of its vascular system, also protecting the land from soil erosion and maintains watersheds.



INVESTMENT SUMMARY

The Princess Project is dedicated to reforesting 500 hectares of land in Panama with the fast-growing Paulownia Elongata to form a sustainable timber plantation with carbon mitigation benefits.

Private investors are invited to join the project by purchasing individual plots of 10,000m² (1 hectare) with forestry management and timber harvests producing regular returns every 5 years over 21 years.

With a forward purchase contract in place for the timber from a US timber company, owners will have the ability to sell the timber harvested at a contracted price of US\$275 / m³. With current investment prices of US\$32,500 per hectare this results in a 15.1% per annum return.



This forward purchase contract is itself insured by a specialist insurance company that will pay the timber purchase price in the unlikely event of default by the timber company.

As a secure financial investment, the 21 year leasehold and insurance bonded guarantee are held in a UK Trust with Citadel. Buyers can enjoy a variety of tax breaks and have the sense of helping benefit the environment and local communities.

- **Invest from \$32,500 per hectare unit**
- One unit gives investor 1 hectare (10,000sqm) of Panama forest land with 660 trees planted
- Land ownership in the form of a 21 Year Leasehold
- Forest will be replanted and harvested once every five years, a total of four harvests during the leasehold
- A five year old Paulownia tree produces 0.3 m³ of processed wood, however with only 0.2m³ produced one hectare will still produce 528 m³ of timber over 20 yrs from the four harvests
- A purchase price of US\$ 275 per m³ of timber has been assured by a forward-purchase contract with an established timber company, producing a forecast return of US\$145,200* per unit



- Timber harvesting, processing and transportation will be conducted by a management company of your choice who charge 10% of the value of your timber sales

INVESTMENT SUMMARY

- This US\$145,200 would produce a net return of 15.1%* per annum over 20 years after the initial investment amount has been deducted
- This US\$275/m³ is itself covered via a specialist insurance company
- This purchase price will increase in line with the IMF inflation rate for the 2nd, 3rd and 4th harvests
- Environmental and socioeconomic benefits, with the reforestation sequestering carbon and local communities involved in the projects
- All investor funds will be held in a UK Trust and investors will be provided with a copy of the insurance documentation, also to be held in the Trust
- Investments can be made via SIPP structures and have tax advantages
- Invest US\$ 80,000 or more and qualify for residency status making investors tax exempt on income from Outside Panama



INVESTMENT SECURITY & BENEFITS

Land and Funds in UK Trust

Both land title, lease agreements and all revenues are held in trust with UK based Citadel Trustees for the lifetime of the investment.

Citadel's highly experienced team has been providing trustee and stakeholder services for more than 25 years, handling in excess of £65 million/\$130 million of client funds annually.

Citadel's Head Office is based in Camberley, Surrey, United Kingdom and the company has branch offices or associated companies in Spain, India, Thailand and China from which it services its international client base.

Developer Experience

The project developer has 18 years experience in the forestry sector and an established provided of environmentally positive investment opportunities.

The team is made up of European and Central American staff and work with leading environmental and forestry experts, universities and governmental bodies, educational institutions and environmental specialists.



The developer is working on avoided deforestation (REDD) projects through to biofuel production through to certified carbon offset projects worldwide.

Timber Sale Price Contracted

The developer has a forward purchase contract with the World Paulownia Institute LLC (WPI) based in Georgia, USA, who have agreed to buy the timber produced by the Princess Project for the sum of US\$ 275 / m³ of wood. The decision to sell the timber produced from your plot to them is completely yours.

WPI have entered into a contractual agreement whereby they will purchase the timber every 5 years, with a price adjustment in line with the US inflation rate, as measured by the Bureau of Labour for the second, third and fourth harvests.

WPI will sell the timber to buyers in Europe and Asia and already have forward contract in place, thus the funds for the purchase of the project's timber will be readily available before the purchase date. Additionally, the company



INVESTMENT SECURITY & BENEFITS

itself uses Paulownia for biofuel production and has assets of over US\$20m, enabling it to honour the purchase agreement regardless of securing a third party timber buyer.

From forecasts one plot of 660 trees will produce 528 m³ of processed timber over 20 years which at US\$ 275 / m³ will produce **\$145,200**. After a 10% management fee the investor return will be a net US\$ 130,680 equivalent to **15.1% net yield** from the original investment.

Most importantly, **these contracts and buy-back have been insured by a specialist insurance company** for final investor peace of mind.

Land and Tree Ownership

Buyers will fully lease the land for the duration of the 21 year investment, receiving a Forestry Leasehold Agreement from the UK Trustee confirming that the lease is held.

Land is delivered with 660 trees already planted and the Buyer will receive the rights to harvest 660 trees per plot along with a Management Agreement outlining these rights.

The Princess Project is not a «collective investment scheme» (CIS) and as such the Plot remains under the Buyers control at all times.

All contracts ensure that the Buyer has sole legal rights to the property and that no-one can sell, let or use the land for any purpose without your permission.

SIPP Qualified

Up to 40% tax relief can be acquired and once in a SIPP your funds will grow free of capital gains tax. Please consult your Financial Advisor or SIPP provider regarding placing your forestry investment in to a Selt Invested Pension Plan. The Princess Project is not a collective investment scheme.



GREEN BENEFITS

Local Communities

The developer is working closely with the Panamanian government and local leaders to ensure the community is benefitting and considered at every step of the project. Local farmers will be invited to grow crops in between the tree rows, for free, either to feed themselves or to provide them with a source of income. Land workers will be provided with good working facilities to ensure their safety and commitment.

Carbon Accreditation

The Princess Project developer has a proven track record in developing carbon offset projects and the Princess Project has been carefully designed as a voluntary carbon offset project, based on CDM guidelines developed for the Kyoto protocol and verified to meet the CCB and VCS carbon standards.

As part of the timber-purchase contract, WPI have agreed not to use the timber for any purpose which will release the Carbon stored in the wood, which crucially enables the Princess Project feasible for carbon offset accreditation.

The project developer has designed the project in line with CCB and VCS guidelines and based on CDM methodologies to ensure the project absorbs carbon dioxide from the atmosphere with «proof of additionality and permanence» to maximise future carbon credit potential.

Reforestation

Global deforestation is currently responsible for more than 25% of global carbon dioxide emissions, more than all the planes trains and

automobiles on earth. During the 1990's this figure was estimated to be between 1 < 2 bn tonnes of Carbon each year.

The World's forests store around 20% of the World's carbon, so their protection is essential in reducing Carbon emissions. With around 40m acres of tropical forest currently being destroyed each year, not only existing forest protection but also reforestation and sustainable forestry programs are essential for minimizing climate change.

Sustainable forestry programs plant trees on previously deforested land and harvest sustainably that is re-cycling the harvest, re-planting lumber trees and also re-growing biodiverse habitats.



Biodiversity

Panama possesses 1569 known species of mammals, birds, amphibians and reptiles, of which 5.5% are endemic. Paulownia can provide the necessary shelter and environment to enable bio-diverse habitats to thrive, providing shelter, food and a home to local animals.

Paulownia's deep running roots increase the organic content of degraded soils by processing and filtering contaminants through the uptake of its vascular system.

LOCATION

Panama

Panama is an established and thriving global business centre. It has a stable political system, strong trade links with North America and is also offers taxation relief. Panama has bi-lateral trade agreements with over 20 countries globally and has taken steps to ensure that the current trends of economic growth and stability continue.

Non-Panamanians that invest more than \$80,000 in to the forestry industry in Pamana automatically qualify for **residency status** in the country which can enable tax exemption on all income from outside Panama.



WHAT NEXT?

Invest \$32,500

21 year lease over 1 hectare of land

Receive 660 paulownia trees fully managed

4 harvests every 5 years during 20 years

Contracted timber purchase at US\$275/m³

Timber contract itself insured by US insurance firm

Conservative forecast returns \$145,200

All land, contracts and insurance held in UK Trust



Only 500 hectares are available. Please contact Willow Rivers as soon as possible for full details, figures and for information on how to reserve

**To start investing responsibly, please contact
Willow Rivers on:**

**+44 20 7138 1094
info@willowrivers.com
www.willowrivers.com**



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