

The Princess Project

Pioneering **timber investment**
with **guaranteed returns***

Returns paid every
5 years for 20
years

Up to 16.8% return
per annum *

Green and ethical
investment

Environmental and
socioeconomic
benefits

SIPP and tax
benefits

Reforestation in
Panama

Carbon Offset
Project



* Simple annualised ROI based on introductory purchase price of 30,000 USD applicable to all purchases made before 31.12.2009. Please see "guaranteed returns" section for details and definitions



100%
Transparency

UK Trust Structure

Fight Climate
Change

Save the Planet

Help
Biodiversity

Fight Poverty

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Introduction

What would you like from a timber investment?

High returns, paid quickly? We offer up to 16.8% net per annum payable every 5 years*.

A safe legal structure and transparency? UK trust structure in place and full investment pack supplied.

Sustainable and ethical practices? Our investments are certified carbon offset projects proven to deliver environmental and humanitarian benefits.

Secure returns? We give you guaranteed minimum returns of 16.8%, secured by an AAA bank bond*.

The project

With 18 years of experience in the forestry sector, our partner is an established provider of environmentally positive investment opportunities derived from a small percentage of their own projects. Working with governmental bodies, educational institutions and environmental specialists, our partner develops certified Carbon offset projects worldwide.

The *Princess Project* is their latest venture, carefully developed to provide maximum financial returns as well as socioeconomic and climatic benefits.

The Princess Project is a commercial Paulownia timber plantation yielding returns after just 5 years.

The Princess Project is causing widespread excitement, so much so that the Panamanian governmental department of environment (ANAM) is working with our partner on a research project with a view to introduce the species to the government run reforestation program Siglo XXI.



“Timber is the only asset to have grown in three out of the four market collapses of the 20th century, has risen steadily in price for 200 years and has returned an average of 6.5% a year for the last century”

Jeremy Grantham



Investment Summary

Our partner is committed to reforesting 500 Hectares of land in Panama with fast growing Paulownia Elongata to form a sustainable timber plantation with Carbon mitigation benefits. The timber can be harvested in year five, with a second harvest performed in year ten and so on in years fifteen and twenty.

Private investors are invited to join in this project by purchasing individual plots of land providing net returns of up to 16.8% per annum over a total investment period of twenty years*. Not just an exceptional financial investment, buyers can enjoy a variety of tax breaks, assurance of security and enjoy the environmental benefits and community initiatives facilitated by the project.

- Low investment amount from just 30,000 US\$ per plot *
- Gross return of 145,200 US\$ over 20 years *
- **Guaranteed returns of 16.8%** p.a. over 20 years *
- Returns paid every 5 years
- Tax advantages
- SIPP qualified
- CO2 mitigation
- Benefits to local communities
- Land held in trust
- Timber buyer with bonded guarantee

* Applicable to investments made before the 31st December 2009, an investment term of 21 years is granted to account for possible delays in harvest. Based on simple annualized ROI at the introductory purchase price of 30,000 USD applicable to all purchases made before 31.12.2009, please see *guaranteed returns* section for details and definitions.

Money does not
grow on trees...



...unless, that is,
you are in the
timber business.

Financial Times



Princess Tree

Overview

Paulownia is globally known as the *Princess Tree*, named in honour of Queen Anna Pavlovna of The Netherlands. It is native to China and the Far East and has been used in Japan for centuries as a furniture wood. It was an ancient Japanese custom to plant a Princess tree when a baby girl was born, and then to make it into a dresser as a wedding present or dowry when she got married. The Paulownia symbol is the crest of the office of the prime minister and serves as the emblem of the Japanese cabinet and government.

Timber Properties and Value

Known in the industry as the "Aluminium of timbers", Paulownia is 30% lighter than any comparable hardwood, it is twist, shrink and warp resistant and virtually rot free. The fine grained and warp resistant properties make Paulownia wood exceptionally suited for making wooden surfboards, lightweight touring skis as well as boats, pallets, household furniture and plywood.

Several institutions are conducting research to develop fast growing Paulownia as a viable source of bio-fuel, a crucial step towards solving the global energy crisis.

Environmental Properties and Value

The Princess Tree is extremely fast growing and, once its timber is harvested, the tree naturally regenerates from existing root systems, earning it the nickname *the Phoenix Tree*. Aside from its immense capacity for Carbon absorption due to its enormous leaves, Paulownia has the ability to reclaim ecologically stressed land due to its deep running root systems. This means that up to four rotations of timber growth and harvest can be made, without the need for major soil preparation or replanting, in the time it would take a Teak tree to reach just one harvest.

In one year you
have a pole, in
two years you
have an
umbrella and in
five years you
have sawn
lumber.



10th Century saying
about Paulownia



About Our Partner

Our partner is a Central American company under European management specializing in green and ethical investment opportunities. Their team is made up of European and Central American staff, including locally employed people.

Also working with several leading environmental and forestry experts, universities and governmental bodies, our partner has access to cutting edge technologies and information from the highest ranking professionals in their fields.

Our partner is building a portfolio of environmental projects ranging from avoided deforestation (REDD) to Biofuel production. All projects are designed with community benefits in mind and initiatives include financially supporting local schools, global education programs, seminars and training on the carbon market and climate change, and biodiversity and technological research.

Only a small percentage of land used in any project is leased to external investors, ensuring that the company shareholders themselves are the largest stakeholders in every project they develop, reaping the benefits of their success but also taking the majority of any risk upon themselves.

Our partner's recent project in Costa Rica proved to be highly successful with all external investment plots selling out within eight months of the product launch.

- **Our partner is the main investor in every project.**
- **Environmental project portfolio.**
- **Expert staff employed across the board.**
- **Working hand in hand with local governments.**



Our partner's team performing repairs at a local school in Costa Rica



Investment Details

Investment Structure

The Princess Project presents a unique opportunity to invest in the highly lucrative timber industry with the added security of a bonded purchase guarantee. The investment structure has been designed with maximum customer security in mind, and works as follows:

- Our partner plants up to 750 trees per hectare.
- You receive 660 trees per hectare of land purchased.
- The 90 remaining trees are maintained as a buffer.
- A lease is registered in your name for 21 years, which will produce 4 timber harvests. (Note, the 4 harvests are expected take 20 years, but the lease is granted for 21 years as a precautionary measure).
- Returns are based on a harvest at the end of each 5 year cycle.
- You have the option to sell the timber from each harvest at a guaranteed purchase price which will be USD 275 per m³ for the first harvest.
- The guaranteed purchase prices for your timber for subsequent harvests will be adjusted in line with the US timber inflation rate.
- A 5-year old Paulownia tree produces at least 0.2m³ of processed wood.
- A total of 528m³ of processed wood is produced per plot over the 4 harvests.
- A 30,000 USD investment (available until 31.12.09), will yield a return of 145,200 USD per plot
- The harvesting, processing and transportation is carried out by a management company of your choice (unless you wish to organise it yourself) which is likely to charge around 10-11% of the value of your timber sales.
- Management fees are taken from the timber returns, nothing more is payable after the initial investment.
- After this has been deducted, you receive a gross return of 21.8% per year.
- This produces a net return of 16.8% per annum over 20 years, after the initial investment amount has been deducted.

Returns Calculations

An investment amount of just USD 30,000- 40,000 (depending on time of purchase) will buy you 10,000m² (1 hectare) of timberland yielding 660 Princess trees for a 21 year period. The trees will be harvested 4 times during this period at approximately year, 5, 10, 15 and 20, giving you an average simple annualised return on investment of 11.3%- 16.8% p.a., depending on time of purchase. These returns are based on the prices being offered and guaranteed by World Paulownia Institute, backed by a bank bond. WPI is willing to take the entire project's timber harvested over the 21 year term, but you also have the option of selling your timber elsewhere at possibly more attractive prices.

Figures per 10,000 m² (1 hectare) plot, based on an investment amount of USD 30,000:

Trees / ha	660
Price / m ³	\$275
Total return	\$145,200
% annual	16.8%

Guaranteed Returns

The returns on investment are considered to be *guaranteed* on the following basis:

World Paulownia Institute LLC, based in Georgia, USA, has agreed to buy the timber produced by the Princess Project for the sum of 275 US\$ per m³ of wood. The company has entered into a contractual agreement whereby it has to purchase the timber for this amount every 5 years, with a price adjustment in line with US inflation rates for the second, third and fourth harvests (please [click for details](#)). The purchase will be bonded (i.e. guaranteed) by an AAA rated USA based financial institution, to ensure maximum investor security.

Why would they do this?

Figures taken from the Food and Agriculture Organization of the United Nations (FAO) show that tropical deforestation rates increased by 8.5% from 2000-2005, while loss of primary forests expanded by 25 percent over the same period. Whilst forests are disappearing, demand for timber is growing and, with the strain on existing forests reaching a peak, sustainable timber is urgently required. .

World Paulownia Institute is a world renowned supplier of Paulownia timber with an international client base of Paulownia users. Demand for the timber is so high that the entire Princess Project's timber can be sold to the company's existing clientele several years in advance.

The current market value of Paulownia timber is in excess of 500 US\$ per m³, with prices predicted to rise over the next 20 years. WPI is happy to secure its supply at less than 60% of the current market value, in the belief that it will double its money when the wood is sold. WPI also uses the timber for bio-fuel production and boasts assets of over 20M US\$. That should provide a sufficient cushion to ensure that the company can honour the option agreement even if it has not secured a third party timber user to which it can sell on the timber it has agreed to buy from the Princess Project. And standing behind it is the AAA bank bonded guarantee.

WPI have agreed not to use the timber for any purpose which will release the Carbon stored in the wood, a detail which is crucial to the Carbon offset status of the Princess Project.

- **Bank bonded timber purchase guarantee**
- **Up to 16.8% return on investment**
- **Future timber prices in line with timber inflation rate**
- **Deforestation rates are a growing problem**



The Carter Centre Auction raised a record \$1.28M in 2001. The auction benefited the Carter Center, a nonprofit, nongovernmental organization. President Carter's hand-crafted wall-mounted Paulownia cabinet sold for \$200,000. The Paulownia lumber was donated to President Carter by Scot Corbett of WPI.

Green & Ethical Investment

Climate Change

The United Nations Intergovernmental Panel on Climate Change (IPCC) declared in 2007 that the evidence of a global warming trend is "unequivocal," and that human activity has certainly caused these changes over the last 50 years. Forests are the lungs of the Earth and their destruction is estimated to be responsible for up to 25% of the world's Carbon emissions. Forests are also crucial to the natural water cycle, to the country's amazing biodiversity and to the prevention of soil erosion, a problem which is already affecting areas in Panama.

Experts point out that the most significant cause of deforestation of Panamanian rainforest since the 1960s has been cattle ranching which required the conversion of large areas of rainforest into pasture land. The princess project aims to restore some of Panama's forest cover which will remove Carbon dioxide from the atmosphere, helping to fight climate change. In 2008, just 5371 hectares of land were reforested in Panama, so the 500 hectare Princess Project is equivalent to almost 10% of the entire country's reforestation efforts in 2008, or 25% of national reforestation in 2004 (ANAM).

Paulownia timber is currently being developed into an efficient and valuable biomass fuel. With the help of universities in Panama and researchers in the USA, the timber harvested from the Princess Project may find itself being converted into a cutting edge bio-fuel which will help towards solving the global fuel crisis.

- **Deforestation accounts for up to 25% of world carbon emissions**
- **Princess Project is equivalent to 10% of national reforestation in 2008**
- **Paulownia is at the forefront of bio-fuel research**

Forests are amongst the most valuable eco-systems in the world, containing over 60 per cent of the world's biodiversity, yet a massive 32,000 hectares of rainforest are deforested each day.

Mongabay.com



Biodiversity

Panama possesses 1569 known species of mammals, birds, amphibians and reptiles, of which 5.5% are endemic (which meaning they only exist in Panama) and 6.1% of these are threatened. Panama is also home to 9915 known species of plant, of which 12.3% are endemic (3). Although not native to Central America, Paulownia is a Tropical species originating from the Far East, and has been grown in the USA for nearly 200 years. It can provide shelter, food and a home to local animals, much like the previously dominant natural rainforest, and is well suited to the climate and terrain that Panama offers.

In addition to its remarkable Carbon storage properties, the Princess Tree provides a startling amount of environmental benefits: Paulownia's deep running roots increase the organic content of degraded soils by processing and filtering contaminants through the uptake of its vascular system. This deep running root system also protects the land from soil erosion and maintains watersheds. Paulownia's versatile leaves are incredibly rich in nutrients and energy and can be used as a natural fertiliser, or as cattle feed.

Humanitarian

Our partner is working closely with the Panamanian government and local leaders to ensure the community is being benefitted 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 quality accommodation and facilities onsite to ensure their comfort. All our partner's machinery and facilities are purchased with user comfort in mind, from air conditioned tractor cabins to automated fertiliser systems.

The Princess Project and Carbon Offsets

When trees respire, they absorb Carbon Dioxide from the atmosphere through the surface of their leaves and release Oxygen back into the air. The Carbon they absorb is stored as biomass, a process which is at its fastest during high growth periods and known as carbon sequestration. Due to its extraordinary growth rate and huge air filtering leaves, Paulownia absorb Carbon Dioxide at an extraordinary rate.

Our partner 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 methodologies. The Princess Project has been designed in line with the CCB and VCS carbon standards, which ensures that the project absorbs carbon dioxide from the atmosphere with proof of additionality and permanence.

Investor Safety

Land Held in Trust

The Princess Project had been designed with maximum investor security in mind, employing a firm legal structure whereby each plot of land is kept in trust with UK based Citadel Trustees for the lifetime of the lease. Citadel's highly experienced team has been providing trustee and stakeholder services for more than 25 years, handling in excess of £65 million of client funds annually. Citadel's Head Office is based in Camberley, Surrey, UK and the company has branch offices or associated companies in Spain, India, Thailand and China from which it services its international client base.

Land and Tree Ownership

Your land will be fully leased to you for the duration of the investment and you will have the rights to 660 trees per plot. A robust legal contract will clearly outline your rights to the land and the trees, and you will receive a Forestry Leasehold Agreement from the UK trustee. The Princess Project is not a collective investment scheme (CIS) and as such your plot remains under your control at all times. The lease and contract will ensure that you have sole legal rights to the property and that no-one can sell, let or use the land for any purpose without your permission.

Returns figures are based on real plantations and real numbers

Studies on various existing plantations in the USA have shown that the Paulownia produces an average of at least 0.2 m³ of processed timber per five year old tree. This figure has been used as a conservative calculation of how much processed wood your investment will produce, based on the number of trees you will own. Please note that these calculations are based on commercial plantations in the USA which has an annual winter season during which the tree goes into a "hibernation" stage and ceases to grow. In Panama, where there is no cooler winter season, production is actually expected to be higher than estimated.



What the Experts Say

Financial Times

“ Last year the Harvard Endowment Fund invested \$500m in forestry in New Zealand. ”

“ Money does not grow on trees. Unless, that is, you are in the timber business... ”

Jeremy Grantham

US Fund Manager who predicted market collapse in 2006

“ Timber is the best long-term investment there is, it is the only low-risk, high-return asset there is. ”

“ [Timber] has risen steadily in price for 200 years and has returned an average of 6.5% a year for the last century ”

“ [Timber] has been the only asset class in existence that has risen in three out of the four market collapses of the 20th century ”

“ Over the last century, timber prices have risen at 3.3% above the rate of inflation. Add 5% a year in income, and you’ve got a timber investment asset that has returned double digits, competing with stocks over the long run. ”

MoneyWeek

“ Timber makes sense from a tax perspective ”

Source: *Timber: The Ultimate Growth Investment*

WhatInvestment Magazine

“ In 2007... forestry investments outperformed equities, gilts and commercial property. ”

“ Forestry is a compelling investment sector for many different groups of investors, from those looking simply for profits or a hedge against equity investments to those looking for an environmentally sound home for their money ”

Investment U

“ Managed timber has beaten the stock market, with less risk, over the long run. ”

“ From 1973-2002, managed timber returned roughly 15% annually as an investment, while stocks returned about 11%. ”

“ Trees don’t know about the war in Iraq, or the bear market in the Nasdaq. While stocks couldn’t keep up with inflation in the 1970s, timber investments never had a losing year! ”

“ Trees just keep growing year after year. So investing in timber is an excellent way to balance your portfolio as its value rises even when stocks are falling. ”

“ The price of timber has consistently beaten inflation. Think of your timber investment as a good inflation hedge-the numbers show that to be true. ”

Additional Benefits

About Panama

The Republic of Panama, a globally recognised international business center, has the fastest growing economy in Central America and offers excellent political stability. Panama's economy has steadily increased despite the economic crisis suffered throughout Latin American and much of the world and its Stock Exchange is the fastest growing in the region with an average total trading volume of US\$900 million.

Panama has Bilateral Trade Agreements with over 20 countries globally and has taken steps to ensure that the current trends of economic growth and stability continue. The Political Risk Services (PRS) have placed Panama in the top three countries of the hemisphere with the best risk-investment qualifications. According to Canada's Fraser Institute (Economic Freedom of the World), Panama ranked eighth on the list of the world's freest economies, along with Australia, Ireland, the Netherlands and Luxembourg.

Tax Advantages

Income derived from within Panama is subject to capital gains tax and income tax. However, corporations and individuals do not pay tax on any income derived from abroad, nor do they have any reporting requirements on income derived from abroad to the Panamanian government. Since the Princess Project timber is to be sold to an American company, this income will not be liable for tax within Panama.

Panama also offers excellent tax advantages for investments in forestry sectors. Specifically, what is known as a Forestry Visa can be obtained by investing in a forestry project in Panama. This visa is beneficial to investors wishing to achieve tax residence in Panama, a popular option with high income individuals. Our partner can recommend a qualified tax adviser to explain the details of Panamanian residence and its potential tax advantages.



SIPP Qualified

SIPPs (self invested personal pensions) are an increasingly popular way of investing money. They offer up to 40% tax relief and most people under 75 qualify to contribute to them. You can contribute up to the amount of your salary every year and, once in a SIPP, your money will grow free of capital gains tax. Furthermore, at any age between 55 and 75, you can usually take out up to 25% of the value of your SIPP tax free. You get a pension allowance every year-so as not to lose your annual allowance you must act before the deadline.



Please consult your Financial Adviser or SIPP provider regarding placing your forestry investment into a Self Invested Pension Plan. The Princess Project is not a collective investment scheme.

Tax Advantages

Commercially managed woodland in the UK is currently free of inheritance tax, provided it has been owned for a minimum of two years. It also qualifies for capital gains tax rollover relief provided the subject of investment is commercial with an established trading activity. Income derived from commercial woodland is free of income and corporation tax too, so a return of 5% from timberland is the equivalent of a return of over 8% from any other investment to a higher-rate taxpayer. For information on UK tax breaks, please contact your financial adviser or accountant.

Information provided here has been sourced from third parties and investors are advised to contact their accountant or financial adviser with any questions. The information below is not to be taken as financial advice and we, nor our partner, are not responsible for its accuracy.



Exit Strategy

Our partner offers a buy back option to investors. Any investor wishing to sell their plot can issue our partner with a sale offer, in writing by registered post. Our partner will then have seven days to respond to the request and will make the investor a cash offer based on the plot's current market value. The offer will be valid for fourteen days during which time the investor can accept or decline. If the offer is accepted, our partner will make payment within 14 days of receiving a written acceptance of their offer.

What to do next

If you would like to reserve a plot of the Princess Project, please contact us:

Viceroy Invest

West Midlands House, Gipsy Lane
WV13 2HA Willenhall - United Kingdom

Contact person: Sarah Moore or Nigel Pointer

Telephone: 0121 609 7095

Fax: 0121 609 7094

E-mail: info@viceroyinvest.co.uk

Web: www.viceroyinvest.co.uk

