Global Forestry Investments
Investing in Teak Forestry in Brazil
“Before you speak, listen.
Before you write, think.
Before you spend, earn.
Before you invest, investigate.
Before you criticise, wait.
Before you pray, forgive.
Before you quit, try.
Before you retire, save.
Before you die, give.”

William Arthur Ward
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.

“Only buy something that you would be happy to hold if the market shut down for 10 years” - 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.

“Timber, the ultimate growth investment” - Money Week
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.

“Timber Investments cut down portfolio risk” - Investopedia.com
Strength & weather resistance: Teak (tectona grandis) is a tropical hardwood native to the Far East. Teak grows up to 40m tall and is renowned for its strength and durability. When mature the Teak tree withstands even the most challenging weather conditions due to its high natural oil content. This gleaming brown and dark gold hardwood is familiar as indoor and outdoor furniture, decking & construction, all around the world.

Fast growing species: At just six months Teak trees are already approximately 10 feet high. By year 2 they are well established as young durable trees starting to gain considerable canopy mass, and reach maturity at 18 years.

High carbon sequestration: In line with its fast growth rates, Teak also has one of the fastest carbon sequestration rates. Carbon is removed from the atmosphere and stored in the wood at very high levels. Project dependent this may give Teak additional value on the future carbon markets as the world moves to a carbon-indexed economy.

Increasing demand: With international boycotts on harvesting natural Teak through illegal forestry activities, the supply chain is being squeezed placing more demand on cultivated plantations. With global populations booming in the next 40 years, demand will only escalate.

Price: Open market value of Teak has steadily increased over the past 20 years, currently ranging from roughly $1,000/m3 to $4,000/ m3 grade dependent. This is one of the most valuable woods. According to the ITTO (www.itto.or.jp) the Teak price has grown 8.58% per annum from 1997 < 2007.

“Timber is after crude gas the third biggest commodity traded in the world (200 billion £/year)”
Plantation managers have 20+ years forestry and farming experience with the 2nd largest nursery in the world, and over 75 years investment experience.

The Plantation Managers have their Brazil headquarters in Sao Paulo UK offices in Bank Central London and UAE headquarters in Dubai.

GFI and the Plantation managers are government backed in Paragominas, Brazil.

Trees are planted and harvested using sustainable rotation techniques within FSC guidelines (Forestry Stewardship Council).

All hardwood plantations include Teak and Parika which provide a fast growing canopy.

Insurance cover is provided and covers loss by fire, storm or explosion, along with local insurance against theft in plantation or transit.
The Belem Sky Plantation is strategically located in a region (Belem) that is the closest to Europe and North America, making it the #1 location in Brazil to produce and export agriculture products and timber.

The Belem Sky has a huge advantage on other teak plantations as the trees are 8 years old and are ready for the first thinning cycle.

An investor can obtain returns after the first 12 months thus making The Belem Sky Plantation not only an ethical investment but also a profitable investment.

- Phase 1 - 340 Plots available
- Mature teak investment
- Land transferred into a UK trust
- Minimum investment £5000 per plot
- 100 trees per plot
- 8 year old teak
- 17 year management cost included
- First thinning 2011
- Early returns
- Minimum 10% ROI PA
- SIPP compatible.
- Early buy back option available
8 yr old established Teak plantation in Brazil.

• Minimum investment £5,000 for 100 maturing Teak trees.

• Unique opportunity to take short-term timber investment.

• Plantation already under secure management.

• Insurance covering fire, storm & theft.

• Avoid forestry take-up risks.

“Always Invest for the long term” - Warren Buffet
HOW THE INVESTMENT WORKS AND PAYS OUT

Global Forestry Investments (GFI) are proud to offer three carefully structured investment packages as a means for private professional investors to acquire and profit from plantations in Brazil.

All investments include full management of your Forestry by GFI.

**GFI - Streamline Package**
- Suitable for individual RETAIL investors
- Minimum investment £5,000 equalling 100 trees

**GFI - Premier Package**
- Suitable for Companies and CORPORATE investors
- Minimum Investments £20,000 - equalling 450 trees

**GFI – Optimum Package**
- Suitable for Consortiums and Funds Investments
- Minimum investment £100,000 – Equalling 2500 trees

**It’s simple:** You invest and watch your investment grow.

Investments start from £5,000. When you purchase your trees, they are nurtured until they grow into mature trees that are then harvested. As Teak grows it needs ‘thinning’, which is the process of harvesting some of the trees to allow the stronger ones to grow.

The harvesting process happens in stages. Twice a year you will receive a forestry report giving you various options of what to do and detailing the conditions of your specific trees.

At each thinning and harvest, we can sell your hardwoods for you and send you the proceeds - should you so choose.

“Life is full of uncertainties. Future Investment earnings and interest rates are not known. However, I can guarantee you one thing...Those who put an investment program in place have a lot more money when they come to retire than those who never get round to it” - Noel Whittaker
Plantation Teak Investments are fully covered by the following insurances:

- Explosion damage.
- Windstorm destruction or damage.
- Tropical cyclone/storm damage.
- Flood destruction or damage.
- Fire & lightning destruction or damage.
- Theft.
- Malicious damage.
- Civil commotions strike and riot.

The plantation managers Maos Segurus Agriculture Management Limitada organise quarterly trips to the plantations should you wish to visit at any time. They also report on the condition of your trees by providing two foresters reports per year.

“The track records of early investors - and a slew of recent academic research – indicate that timber is a near perfect asset.” - Smart Money Magazine.
Our Projections are based on 2 primary factors, the value of the trees/product at sale and the rate at which it can be grown.

We try to project harvest maturities realistically.

This means we look at today’s average harvest values for each type of wood. We then look Retrospectively at the annual increases during the last ten years and use these as a guide when projecting potential future maturities - as it is often said “in predicting the future it is helpful to study the past”.

Past growth rates are by no means a guarantee of those in the future; they are however the only “yardstick” one has in looking forward and should therefore be viewed realistically. The positive viewpoint here is that market values have consistently risen over the years and one would hope this trend would continue.
The security of your investment is of paramount importance. We have endeavored to make owning your own plantation as secure as possible by:

- Providing you with a full lease on the land upon which your trees are planted. This lease is registered with the Land Registry for the full period your trees are growing.
- Providing you with a Forestry Title Deed, giving you full title over your trees.
- Using our plantation partners years of experience in forestry.
- Our resident foresters living on your land to help monitor and protect it.
- Protecting you from any potential crop loss by undertaking to replace any trees of yours which do not reach maturity with our own trees.

“How safe is my investment”

“Put not your trust in money, but your money in trust”
- Oliver Wendell Holmes
All investors will receive:

1. A Lease / License for the land their trees occupy until harvest date identified by a survey plan, individual ID tags and GPS coordinates.

2. A Timber Ownership Contract that contains details of individual trees, owner’s rights, and the plantation managers contractual obligations.

3. A Timber Management Contract between the owner and the local management company setting out both the owner’s rights and the management companies’ obligations.

As a Teak plantation owner you will:

1. Retain the choice of when to harvest their trees.

2. Retain the right to cancel the forestry management contract and appoint an alternative one.

3. Retain complete control on all major decisions affecting trees.

4. Retain the choice of exit point after 3 years.
INVESTMENT PROCESS

- **Day 1** - Client pays a 10% “Plot reservation fee”. At this point the terms and conditions will become binding and a contract will be formed. (Please read the terms and conditions carefully).

- **Day 3** - You will be obliged to post or fax your signed contract back to us.

- **Day 7** - Client pays the remaining balance to trust.

- **Day 21** - You are sent: 1. Contract signed by the land owner Global Forestry Brazil (GFB) 2. The lease holder form for signature and posting.

- **Day 30** - You will receive a lease certificate from our solicitor evidencing your leasehold ownership.

- Initial purchase price covers maintenance for the entire life of the trees.

- Although the maximum returns are projected by waiting to harvest your trees at 25 years, clients can resell their units at any time on the open market. GFI offers to directly purchase your plots any time after 3 years with a return of 5%.

- Harvesting (thinning) of the trees begins at year 9 and continues through year 25.

- All the pioneer trees will be harvested by year 25. This timing is established by a licensed Forestry Engineer.

- As the trees are harvested the client is paid the profit from the sale of the lumber.
GFI offers private investors the opportunity to get involved in one of the best performing commodities of the last decade.

**INVEST VIA YOUR PENSION**

**SIPPs**

**Compliance** - GFI complies with the laws relating to UK personal pensions, so the investment may be placed in a SIPP (Self Invested Personal Pension) or a SSAS (Small Self-Administered Scheme). GFI also complies with the laws relating to Irish Self-Managed Pensions. Also the arrangements for ownership overcome the legal and practical problems relating to the holding of overseas property in a pension.

**Tax Exemptions and Reclaims** - The advantages of investment through a SIPP arise from its tax exemptions and rebates. The Returns are exempt from UK Income Tax and Capital Gains Tax. Also Income Tax can be reclaimed on the money invested through a SIPP: the SIPP Provider reclaims the standard rate, while Investors on the higher rate reclaim this directly in their tax return – so in effect a £20,000 investment costs only £12,000.

**Transfers** - The majority of SIPP investments are financed by transfer from existing managed pensions, many of which perform poorly. An IFA advises on transfer values, and the SIPP Provider administers the transfers.
IFA - An IFA is generally needed to help complete the very complex SIPP application forms, as well as advice on transfers. If an Investor wishes to invest in GFI through a SIPP, but does not have a suitable IFA, he/she should contact our in house IFA.

SIPP Providers - The majority of SIPP Providers are not willing to hold property investments. However, our in house IFA has arrangements with the major SIPP Providers who are willing to hold GFI and can put Investors and their IFA's in touch.

Fees - While investment through a SIPP is very attractive there are fees (all be it quite modest) payable to the SIPP Provider administering the SIPP and to the IFA.

Please contact your GFI consultant as soon as possible to receive a full overview of the investment opportunity, all return forecast details and for information on how to reserve.

“Invest with a peace of mind”
Can my trees be uniquely identified in the field? Yes. Your trees are individually marked with your unique number.

How do you choose where to plant your trees? Before buying any new land, soil reports and bore-holes are taken by qualified professionals. The results are studied to see the suitability of the soil for the trees we are planting.

Who owns the trees? As the tree owner, you do for the duration of your lease!

Is there a minimum investment? Yes, £5,000.

When are the trees planted? GFI have a policy of continually planting their own stock during appropriate planting seasons, so if your trees are not already planted in your own plot initially they will be allocated in our nurseries.

Can I redeem my investment? You have the right to sell, harvest or transfer your trees at any time to whomever you choose after 3 years. We cannot guarantee the value of your trees, but because we are constantly in contact with tree investors and others interested in owning trees, it is possible that we may be able to help find a buyer for your trees.

Are you cutting down any existing forest to plant your trees? No. We are planting our trees only in areas which have been previously deforested primarily former pasture. We are carefully preserving existing natural rainforest on our plantations.

Will too many plantations reduce the value of the timber? Plantations today produce less than 1% of the tropical hardwoods consumed in the world. Every year 50 million acres of rainforest are felled. It is unlikely that enough plantations can ever be established to keep timber prices from spiraling out of control.

What about flooding, disease and fire?
Tropical rain forests are damp, humid places where fire risks are low. Moisture is maintained in the soil and in the trees. It is very difficult to burn a standing forest but our staffs are ever vigilant, trained and equipped for such a risk. However we plan our plantations with appropriate fire breaks, have staff on site 24/7 that are trained to deal fires. All our plantations have pumped water and fire fighting facilities available.

GFI uses the best available seedlings which are strong and resistant. Disease in Teak is unusual and can be well managed. The most dangerous time is during the first three years of growth during which we guarantee to replace any lost trees. Flooding is not considered a risk due to the topography and historical rainfalls.

Are there any Teak diseases? There are no known diseases but our foresters continually monitor the trees.

Is flooding or drought a problem? Water is a vital resource in managed forestry and it is the first consideration when constructing a new plantation. We build in dams, reservoirs, and pumping equipment so that we can retain or release sufficient water at will.

Why do GFI need me? By inviting individuals and companies to invest in their own forestry units we improve our future profits by increasing the number of plantations we can create, thereby demonstrating that ethical profit helps create sustainable forestry projects for the benefit of owners, local communities and the environment.

“The best investment on earth is earth” - Louis J Glickman
FAQs

Where are the trees planted? The trees are planted in Belem, which is in the state of Paragominas Brazil.

Which types of trees do you sell? GFI grows Teak, Parika, Eucalyptus and we plant 10% of mahogany within our Teak plantations in aid of growth.

Can I buy trees that are already planted? Yes, Our Belem Sky’s Plantation has existing 8 yr old Teak.

Why don’t you sell the land with the trees? To sell the land would be contrary to one of the main goals of Global Forestry Investments: to reforest the land such that a permanent perpetual forest is created.

Can I see my trees from the Internet? Yes. Via Google Earth on our website. This will give clients a view of exactly where their trees are planted. We can also send owners the latest pictures of the plantation.

Can we visit the plantations? You are welcome to visit the plantations at any time. Please let us know in advance so we can take time out to show you your investment and our long term aim to save the environment.

Teak Trees

What would be the case if 10 of my trees suddenly died after 20 years worth of growth? If your 10- to 20-year-old trees were to suddenly die, they would still have value as wood. You would not be out any money, since the trees would be harvested and sold at the current market value.

How often are the plantations patrolled for poaching, vandalism, pest management, etc.? Theft almost never happens as each farm has a full-time management team. The management company Segurus Maos Agriculture Management have 20 years experience and are within an earshot of any problems. Segurus Maos farm managers are on the farms every day. Because of the rate the trees grow – and everything else (like weeds and brush) – it’s necessary to inspect frequently to grow the best possible wood. They watch for disease and if any develops (rare), they immediately deal with it. They also keep (and build up) the wild areas between the trees. This provides natural barriers so that disease does not spread from one planted field to another. Hurricanes very, very rarely come that far South.

How do you guarantee this is happening? GFI personally benefits from it – We ourselves own thousands of trees among those of our clients. We treat all trees equally, and the workers do not know which ones are our trees and which ones belong to others.

Are the years in which thinning harvests and final harvest take place fixed? Or are they dependent on the growth rate? The year of thinning/final harvest is dependent on the growth rate of the trees. Also the country you invest in. The typical pattern is at 3 - 6, 9 -12, 15-18 -21 and 25, depending on what the forestry engineers advise. All these time scales are estimated due to the nature of growing trees and the GFI management programme which will take into account technical aspects and international markets and prices. At the final harvest after the trees are grown and cut, there will be no replanting and no more cutting in the same area, except in ways that maintain the health of the new forest.

“Diversify your investments” - John Templeton
The wood harvested in this way will go to support the people caring for and guarding the forest. The land will be returned to perpetual forest after one plantation cycle.

Is the number of trees being thinned a fixed number? The exact number will be determined at the time of thinning by a forestry engineer. A forestry engineer will inspect your trees regularly to monitor their growth and care.

Are you cutting down trees to plant my trees? No! We are working on land which has been previously deforested and we are returning this land to forest use.

The investment:
How do the projected returns compare with leaving my money in a bank? Nobody knows what interest rates will be offered to savers in the future, but if we assume an average rate of 5% per year for the next 25 years, a £5,000 deposit would increase to £16,932 if the interest were compounded. This compares to the projected return of £56,849 (over 12% ROI) that you will receive by buying trees.

Do I have to pay tax? Each investor is responsible for his own tax arrangements and we advise you should check with an accountant or a qualified tax advisor.

Why would I invest with you? When you buy trees with Global Forestry investments, you are making a permanent change in the amount of tropical forest in the world. The land under your trees will never again be pasture and will remain forest forever, thanks to an easement that rides in perpetuity with the property title. Not only do you get a good return on your investment, but you are investing in the future of us all.

What if my financial situation changes? GFI understands that 25 years is a long time and that peoples' circumstances change. Therefore should you require, GFI will assist you in selling your trees.

Is there a minimum or maximum purchase? The minimum investment is £5,000 (equivalent to 100 trees). There is no maximum.

Can you be sure that the value of Teak will go up? There are no guarantees, but Teak has gone up every year for the past 20 years and timber is a very safe commodity. Demand is rising so we agree with many financial experts that timber is an excellent investment.

What reports will I get? You will receive a report twice a year, you can also request your reports at any given time and this will tell you the following:

- Purchase details • Date Invested • Amount invested
- How many trees • Estimated returns • Dates on returns
- Growing records • Thinning dates

Are you planting trees that will not be harvested? Yes. We are committed to returning one hectare of deforested land to its natural state for every hectare of land we replant with your trees. This land will remain as natural forest.

How will I know which are my trees? Every tree is numbered and located by GPS (Global Positioning Satellite). After your trees have been planted you will receive a certificate stating where your trees are. With your reports we will send your plantation.

“Indeed, as an asset class, timber – a renewable resource with constant product demand - stands out as a remarkably stable investment.” - Bloomberg Wealth Manager.
Beyond the returns

Global Forestry Investments are working in conjunction with the local government in Paragominas Brazil and are committed to helping Belem’s local community along with its infrastructure.

GFI are striving to better the living conditions and education and provide employment to the locals of Belem.

GFI are embarking on the construction of suitable living premises for the locals of Belem. GFI are also in the beginning stages of building a school which will provide basic skills such as Maths and English. By doing this agricultural education will be provided for the locally impoverished, thus enhancing their farming skills which will give them an opportunity to work for themselves or with our management company “Maos Seguras Limitada” for the next 25 years and beyond.

In addition to this, GFI plan to create a Performing Arts and Sports Academy called “Sky’s The Limit”, this will provide not only basic education but an opportunity to transcend the talents of the local youth.

GFI hope that we can make a difference with one human being at a time.

*Goodness is the only investment that never fails*  - Henry David Thoream
Our Commitment

GFI is committed to returning as much deforested land to its natural state. Therefore for every unit of trees we plant for investors we plant the same amount of buffer stock. The investor does not own these trees, but the investment helps to fund the regeneration of the rainforests and as a consequence helps to create stability for the surrounding communities previously decimated.