

The Princess Project

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

Returns paid every 5 years for 20 years

13.7% return per annum *

Green and ethical investment

Environmental and socioeconomic benefits

SIPP and tax benefits

Reforestation in Panama

Carbon Offset Project



* An investment term of 21 years is granted to account for possible delays in harvest. Returns figures based on simple annualized ROI at the price of 35,000 USD applicable to all purchases made before 01.07.2010, please see guaranteed returns section for details and definitions. Growth figures are based on existing Paulownia plantations.



100%
Transparency

UK Trust Structure

Fight Climate
Change

Save the Planet

Help
Biodiversity

Fight Poverty

Table of Contents

Introduction.....	3
Princess Project Panama Overview.....	3
Investment Summary.....	4
Princess Tree.....	5
Overview.....	5
Timber Properties and Value.....	5
Environmental Properties and Value.....	5
Investment Details.....	6
Investment Structure.....	6
Returns Calculations.....	6
Guaranteed Returns.....	7
Investor Safety.....	8
Land Held in Trust.....	8
Land and Tree Ownership.....	8
Risk Management.....	8
Green & Ethical Investment.....	9
Climate Change.....	9
Biodiversity.....	10
Humanitarian.....	10
Carbon Mitigation.....	10
About our partner.....	11
Confidence.....	12
What the Experts Say.....	13
Financial Times.....	13
WhatInvestment Magazine.....	13
Jeremy Grantham.....	13
Investment U.....	13
MoneyWeek.....	13
Additional Benefits.....	14
About Panama.....	14
Tax Advantages.....	14
SIPP Qualified.....	15
Exit Strategy.....	15
What to do next.....	15

Introduction

Our partner is set apart from other timber investment providers because they develop projects primarily for themselves. They invite investors to join in their success, and enjoy the benefits:

- **High returns, paid quickly.** 13.7% net per annum paid every 5 years *
- **A safe legal structure and transparency** UK trust, full due diligence
- **Sustainable and ethical** carbon offset project (certification pending)
- **Guaranteed returns** liability guarantee insurance policy in place
- **Giving more** alleviating poverty, helping the government, working with charities, fighting climate change...

Princess Project Panama Overview

With over 18 years of experience in the forestry sector, our partner is an established provider of timber investment opportunities. The Princess Project Panama is our partner's latest project, carefully developed to provide maximum financial returns under a safe investment structure.

The Project is a sustainable timber plantation consisting of Paulownia, a fast-growing hardwood whose timber can be harvested and sold in just 5 years. To guarantee your returns, a timber purchaser has provided a buy-back agreement, supported by a liability guarantee insurance policy, should you choose to take this option. Returns are calculated at 13.7% p.a.* based on existing Paulownia growth figures and price offered by the timber purchaser.

The project is developed and executed by top experts using patented seedlings and sustainable practices. our partner projects deliver environmental benefits, store Carbon and alleviate poverty in developing countries.



“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 1500 Hectares of land in Panama with fast growing Paulownia Elongata to form a sustainable timber plantation. The timber can be harvested in year five, with a second harvest performed in year ten and so on in years fifteen and twenty. 700 hectares are being released to be sold as private investments providing net returns of 13.7% per annum over a total investment period of twenty years*. The investment plots have been safeguarded by a UK trustee structure and full due diligence procedure. The investment has been secured by a liability guarantee insurance policy in the name of the timber buyer (please see guaranteed returns section)

- Low investment amount from just 35,000 US\$ per plot *
- Gross return of 145,200 US\$ over 20 years *
- **Guaranteed returns of 13.7%** 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 insured liability guarantee

* An investment term of 21 years is granted to account for possible delays in harvest. Returns figures based on simple annualized ROI at the price of 35,000 USD applicable to all purchases made before 01.07.2010, please see guaranteed returns section for details and definitions. Growth figures are based on existing Paulownia plantations.

Money does not
grow on trees...



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

Financial Times



Princess Tree

Overview

Paulownia (also known as the *Princess Tree*) is famous for being the fastest growing hardwood in the world: If grown under correct conditions, it can reach the amazing height of 4 metres (12 ft) in 6 months, and at just 5 years old the tree is harvestable for the production of sawn lumber. Paulownia is native to China and the Far East and has been used in Japan for centuries as a furniture wood. One of the most versatile timbers in existence, Paulownia's popularity in the West is booming, particularly in the high quality plywood industry.

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. Its fine grained properties make Paulownia wood exceptionally suited for making wooden surfboards, boats, pallets and household furniture as well as plywood, prefab. houses, moldings and internal construction panels. Several institutions are also conducting research to develop fast growing Paulownia as a sustainable source of bio-fuel, a crucial step towards solving the global energy crisis.

Environmental Properties and Value

The Princess Tree naturally regenerates from existing root systems, earning it the nickname the Phoenix Tree. 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. The Paulownia tree has an extremely high combustion temperature, which makes it virtually fire-proof, has no known diseases and resists drought once mature.

Fast growth and enormous leaves facilitate Paulownia's immense capacity for Carbon absorption, and its deep running root system gives it the ability to reclaim ecologically stressed land.

Paulownia is famous for its extraordinary growth rate



Paulownia aged 1 year



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 liability guarantee insurance policy. The investment structure has been designed with maximum customer security in mind, and works as follows:

- The investor will receive 660 trees per hectare of land purchased.
- A lease will be registered in his/her name for 21 years, which will produce 4 timber harvests. *
- A purchase price of USD 275 per m³ of timber is offered by World Paulownia LLC, if the investor wishes to take this option.
- A 5-year old Paulownia tree produces at least 0.2m³ of processed wood
- The total m³ produced per plot over the 4 harvests is 528m³
- Based on a 35,000 USD investment, this will provide a return of USD 145,200 per plot.
- The harvesting, processing and transportation will be carried out by a management company of your choice (unless you wish to organise it yourself) which is likely to charge 10% of the value of your timber sales.
- This produces a net return of 13.7% per annum over 20 years, calculated as a simple annualised ROI.
- By paying for management in timber, you are not required to make any further payments during the lifetime of the investment.

Figures per 10,000 m² (1 hectare) plot, based on an investment amount of USD 35,000:

Trees / ha	660
Price / m ³	\$275
Total return	\$145,200
% annual	13.7%

Returns Calculations

An investment amount of just USD 35,000- 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%- 13.7% p.a., depending on time of purchase. These returns are based on the prices being offered and guaranteed by World Paulownia Institute, backed by an insurance policy.

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.

Guaranteed Returns

The Princess Project Panama is the only timber investment of its kind to offer guaranteed returns. Returns are considered to be guaranteed on the following basis:

The World Paulownia Institute LLC (WPI), based in the USA, is willing to buy the timber produced by the Princess Project for the sum of 275 US\$ per m³ of wood. The company has offered an option to all investors whereby WPI is contractually bound to purchasing 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 underwritten by a liability guarantee insurance policy, to ensure maximum investor security. The insurance will cover the timber purchase amount owed to the investor in the unlikely event that WPI do not purchase the timber as promised.

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.

The Chinese government aims to build 7.5 million low-cost urban houses from 2009 to 2011, and Indian industrial demand for wood is expected to jump 85 million m³ in 2008 to over 150 million m³ by 2018. (source: ITTO Tropical Forest Update December 2009)

Whilst forests are disappearing, demand for timber is growing and, with the strain on existing forests reaching a peak, sustainable timber is urgently required.

The World Paulownia Institute is a world renowned supplier of Paulownia timber with an international client base. 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.

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.

- **Liability guarantee insurance policy**
- **13.7% return on investment**
- **Future timber prices in line with timber inflation rate**
- **Deforestation rates are a growing problem**

Investor Safety

Land Held in Trust

The Princess Project has 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 usufruct. 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. The trust structure ensures that every plot sold to investors would remain in their ownership in the unlikely event that our partner should cease to exist as a company.

Land and Tree Ownership

Your land will be fully leased to you by the trustee for the duration of the investment and you will have the rights to 660 trees per plot. Your trees will be individually numbered and allocated to you as soon as they are large enough to be ringed, and you will receive a Forestry Leasehold Agreement from the UK trustee as well as a document detailing your defined tree numbers. 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.

Risk Management

A full risk management report has been conducted prior to the undertaking of the Princess Project. A copy of the full risk management document is available upon request.

- Paulownia is practically fire-proof with ignition point of 425 °C.
- Patented Paulownia seedlings used to ensure healthy tree growth.
- Climatic stability in project area
- No known diseases affect this particular Paulownia species.
- Full community support safeguards plantation from poaching.



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 Framework Convention on Climate Change (UNFCCC) declared in December 2009 that an aggregate emission reduction by industrialised countries would be required by 2020 in order to stave off the worst effects of climate change, with global emissions falling by at least 50% by 2050. Even under this scenario, there would be an only a 50% chance of avoiding the most catastrophic consequences. Forests are also crucial to the natural water cycle, biodiversity and to the prevention of soil erosion.

The Princess Project Panama is a reforestation project developed under the VCS, a robust Carbon standard. It is developed so that, although trees are harvested, the project maintains Carbon stocks at all times, thus permanently removes Carbon Dioxide from the atmosphere. 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 1500 hectare Princess Project is equivalent to almost 28% of the entire country's reforestation efforts in 2008, or 75% of national reforestation in 2004 (ANAM).

- **Deforestation accounts for up to 25% of world carbon emissions**
- **Princess Project is equivalent to 28% 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. 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.

Humanitarian

Our partner is working closely with the Panamanian government and local leaders to ensure the community is being benefited 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 on site to ensure their comfort. All our partner machinery and facilities are purchased with user comfort in mind, from air conditioned tractor cabins to automated watering systems.

Carbon Mitigation

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 absorbs 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. CDM representative for Panama, Eduardo Reyes, is leading the Carbon offset project in line with the VCS carbon standard, which ensures that the project absorbs Carbon Dioxide from the atmosphere with proof of additionality and permanence.



About our partner

Our partner is a Central American company under European management specializing in green and ethical investment opportunities. The our partner 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. The latest addition to the our partner team is no less than the Panamanian Vice-Minister of Environment.

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 sustainable practices. Only a percentage of each project is released to external investors, ensuring that the our partner 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.

- **Silva tree are the main investors in every project.**
- **Environmental project portfolio.**
- **Expert staff employed across the board.**
- **Working hand in hand with local governments.**



The our partner team performing repairs at a local school in Costa Rica



Confidence

We believe that to invest in our projects, you need to have access to all relevant information, which is why we apply a 100% transparency policy. Our online photo diary allows you to follow the progress of the project at every step. Our website is updated on an almost daily basis with relevant news items, prices and information. We also send a bi-monthly newsletter to keep you informed of any important developments, features or changes to the project. Investors are free to visit the project whenever they wish, and our partner are happy to show you around the project or to assist with transport and accommodation.

Our partner conducts thorough research to ensure the success and optimal productivity of the Princess Project: Top experts have been employed to construct the forestry plan; over planting has been carefully avoided and correct planting practices have been employed following considerable research and planning. The project receives full support from the Panamanian government, and is being extended to a joint program run by our partner and the Panamanian Environmental Department (ANAM) at the Siglo XXI project site (see [link](#) Spanish).

All documents are available for inspection prior to investing in the project, ensuring that investors are fully informed, comfortable and confident in the product before sending any monies to the trustee.

- Monies handled by trustee for 100% security.
- No deposits taken.
- VCS certification projected.
- Involvement from Panamanian government.
- Reports conducted by 3rd party experts.
- Community projects paid for by project.
- Sustainable development in Panama facilitated.
- Poverty alleviated in local communities.
- Sustainable technology used.
- Photo diary.
- Bi-monthly newsletters.



What the Experts Say

Financial Times

" 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

All our partner products qualify for SIPP inclusion. 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. our partner is not regulated by the FSA and as such is not authorised to offer investment advice regarding SIPPS, Pensions or any other investment plan. The Princess Project is not a collective investment scheme.

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 our partner is 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

Telephone: 0121 609 7095

Fax: 0121 609 7094

E-mail: info@viceroyinvest.co.uk

Web: www.viceroyinvest.co.uk