Jatropha ‘Green Oil’ Investment Programme

Suitable for SIPP Purchase

Key Facts

- Fantastic new Capital Builder programme builds your wealth fast
- Up to 1,350% gain in first 10 years
- Returns of 20% or more each year depending on operator chosen
- SIPP-suitable: use existing pension money
- Excellent new 45-year leases held in trust by UK company
- Asset purchase – you own a tangible asset
- Invest from just £5,000 (as little as £3,000 in a SIPP)
- No hidden charges
- EU target for diesel to have 10% biodiesel content by 2020
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1. Introduction

Viceroy Invest pioneered ethical green investment for the UK public. As well as Teak, Paulownia, Cultivated Farmland and Carbon Offset Credits, we were the first investment company to offer Jatropha Green Oil crops to our members. The financial returns so far have been outstanding and look set to continue.

Green oil is a direct (and higher quality) replacement for crude oil, both as a fuel and as a lubricant. Though derived from trees, it can be mixed with diesel fuel to power transport or burned to generate electricity. It is also used to produce plastics such as polyurethane.

Grown in the fields of Thailand and Cambodia, Jatropha trees mature rapidly and produce significant volumes of green oil by the end of their first year. Other trees, such as Oil Palm and Pongamia produce greater volumes of oil on maturity, but take longer to get there.

As well as excellent financial returns for themselves, investors have the added satisfaction of knowing they are helping eradicate third world poverty by creating employment, whilst also reducing harmful greenhouse gases in the atmosphere.

Sustainable employment reduces pressure on charities and promotes political stability.

There are three distinct Green Oil programmes investors can buy into:

- Green Oil Lease – Jatropha trees providing income
- Agro-forestry Lease – a balanced range of different trees providing income
- Capital Builder Programme – re-investing income to provide capital growth
2. Programme Summary

- Jatropha, Oil Palm, Sweet Sorghum and Pongamia trees are established sources of green oil. This oil is already used to power transport and can be used for large-scale energy production.

- Green oil is a renewable, non-declining source of energy and is very nearly carbon neutral in use.

- Jatropha can survive in soil which is less suitable for food production.

- The returns for Jatropha farmers are less than they could get from growing food, so there is no temptation to divert valuable agricultural land into Green Oil Trees.

There are three different programmes for public investment in green oil:

- Green Oil lease
- Agro-forestry Lease
- Capital Builder Programme

- Green Oil Leases are for 45 years, consist of 2 hectares planted with Jatropha, and cost £5,000. Subsequent purchases can be in multiples of 1 hectare at £2,500 each. Revenues of 5% and 12% are fixed for the first two years respectively. From the third year on, annual revenues are forecast at 20%, based on current experience.

- Agro-forestry Leases are also for 45 years, consist of 2 hectares planted with a balanced selection of oil trees, and cost £6,250. Subsequent purchases can be in multiples of 1 hectare at £3,125 each. Revenues of 5% and 12% are fixed for the first two years respectively. From the third year on, annual revenues are forecast at 20%, based on current experience.

- In the Capital Builder programme, an initial investment of £12,000 buys one Agro-Forestry lease of 2 hectares. Each year's income is reinvested in further Agro-Forestry leases at a 30% discounted price of £2,187.50 per hectare. It is estimated that, after 10 years, the programme will own between 22 and 29 hectares of oil-producing trees, depending on operator chosen.
The potential demand for green oil is beyond imagination. To replace coal, gas, oil/petrol and nuclear as power sources would demand a supply volume that could take generations to achieve. But that shouldn’t stop us making a start: indeed, the process is already under way.

Demand for energy is constantly rising - in every country round the world. The International Energy Authority (IEA.org) estimated that world energy demand would increase 65% between 2010 and 2030 with 85% of this increase coming from developing nations. The problem is increased by declining supplies of fossil fuels. Current reserves of crude oil, for instance, are forecast to last no more than 40 to 50 years.

To underline the importance of green oil, many governments worldwide have set ambitious targets for its usage. The EU, for instance, has a target of 10% biofuel content (green oil from plants) in all diesel fuel sold at the pumps by 2020. To put that in perspective, their target for 2010 is 5.75% and current achievement less than 4% – so there’s still a massive gap.

The Indian government has set aside 11 million hectares (27.5 million acres) specifically for Jatropha tree plantations and the Chinese government 13 million hectares.
4. Stakeholder Benefits

For investors
- Potential returns of up to 20% a year
- Returns linked to energy prices
- Potential for capital growth
- Land held in trust by Citadel Trustees
- Secure exit strategy – Buy-back options from year five onwards

For the environment
- Almost carbon neutral fuel source
- Replacement for fossil fuels
- Helps reduce global warming
- Safer to handle and transport

For farming communities
- Improved farming practices
- Technology transfer increases food production
- Can grow on less fertile soil
- Value crop helps reduce poverty
- Stimulates local economy
- Produce linked to energy markets
- Helps preserve family units
- Creates employment

For developing countries
- Assists in energy independence programmes
- Improves national balance of payments
- Protects foreign currency reserves
- Creates employment
- Increases international stature

All returns are dependent on the operator chosen
5. Green Oil Tree Varieties

The four crops that feature in the current programmes are Jatropha, Sweet Sorghum, Oil Palm and Pongamia (also known as Millettia).

Jatropha remains the pioneer product. It has a three- to four-month nursery period before planting out. Depending on the season, flowers can usually be seen at month seven with fruit appearing shortly after. Within 12 months of being in the ground, the Jatropha tree can be in commercial production. Good yields are produced by year three, and maturing yields by year four or five. The tree can grow on average for 40 years or more.

Jatropha trees are an established source of high-grade green oil which is already used to power transport and can be used for large-scale energy production. Jatropha can be grown in land that is less than perfect. With inoculation and attention to soil mechanics such as drainage, chemistry and biology, commercially viable yields can be achieved even in the first year of planting.

Sweet Sorghum is a cane crop not dissimilar to Sugar cane. It is allowed to grow for an initial four-month period, at which point it is ‘topped’ for the grain harvest. A month later, the main cane is harvested for jaggery (high-glucose liquid) and biomass. The crop will grow a further two times without replanting before being rotated with a nitrate fixing crop. Yields include 10 tonnes of grain, 10 tonnes of jaggery and 30 tonnes of biomass per hectare per year averaged over a twelve-month growing cycle, with three harvests. The biomass is used for power generation or as a fertiliser. The jaggery is directed to ethanol or molasses markets and the grain can be used to feed cattle.
6. Green Oil Tree Varieties

**Oil Palm** is a valuable oil-producing crop. It produces palm oil for the US$5 billion-a-year global market and is increasingly being seen at the fuel pumps blended with diesel. The case for sustainably produced palm oil is considerable, as it is a constituent of many supermarket foods. Yields from oil palm are about 6.4 tonnes of oil per hectare per year when mature.

Though it is hard to process, with heavy fresh fruit bunches requiring expensive capital equipment to gather, the value and size of the market are already proven. Commercially acceptable yields are achieved from year 5.

**Pongamia**, also known as Millettia, is a lumber crop which also produces significant quantities of seeds. This seed, as with Jatropha, has a high oil content which is extracted exactly as Jatropha. It has a 10-metre tap root, large lumber mass and a lifetime of around 50 years. The tree does not usually produce fruit until around year five and, while some genetic strains show a huge yield potential of 300 kg per tree per year when mature, its consistency and yield are not yet proven. However, by working with an Australian-based company, the programme manager is confident of yields in excess of 80 kg per tree per year with 200 trees per hectare, equivalent to about 6.5 tonnes of oil per hectare per year.
7. Tree Ownership Schemes

**Green Oil Leases**

One of the original ownership programmes, the Green Oil Lease has endured as a popular choice for investors. It uses Jatropha trees alone because they are quick to start producing fruit. It is both a ‘cash’ crop – because it produces revenues from its first year onwards – and an ‘asset’ crop because it is in the ground for 40 years or more. A standard lease is for 45 years and comprises a minimum of 2 hectares (approx. 5 acres) of trees for a purchase price of £5,000. Yields are fixed for the first two years at 5% and 12% respectively, and forecast for year 3 onwards at 20% a year.

**Agro-forestry Leases**

Agro-forestry Leases are a development of the original Green Oil Lease, using the new high-yielding crops as well as Jatropha. These new oil and energy crops, for which they have the genetics and supporting research, can be planted in exactly the same format as a Green Oil Lease, using a defined area to produce more oil and energy which results in higher returns for the investor. Land title security is provided through Citadel Trustees.

To balance quick revenues with long-term higher yields, a typical mix of crops in an agro-forestry lease could include (as well as Jatropha) Sweet Sorghum, Oil Palm and Pongamia. A standard Agro-Forestry lease is for 45 years and comprises a minimum of 2 hectares (approx. 5 acres) of trees for a purchase price of £6,250. Yields are fixed for the first two years at 5% and 12% respectively, and forecast for year 3 onwards at 20% a year.
8. Tree Ownership Schemes

Capital Builder Programme
This programme lasts for a 10-year fixed term and works on the principle of compounding. Instead of drawing an annual return, the purchaser re-invests each year’s income into further trees, thus benefiting from a remarkable level of compound growth. The entry price to the Capital Builder programme is £12,000 for a single unit, which includes two Agro-forestry Lease hectares. All subsequent Agro-forestry Leases are purchased at a 30% discount, which means you will pay £2,187.50 instead of £3,125 for each hectare during the 10-year term of the programme. Depending on which operator you choose and by re-investing each year’s income, you will own a total of 22 - 29 Agro-forestry hectares by the end of year 10. A minimum of 22 is fixed. From year 11 onwards, revenue is forecast at 20% of the cost value of the leases per year, giving an income range of £13,750 to £18,125 per year.
9. Financial Examples

This table compares the three programmes available.

It shows that the Capital Builder fixes the number of hectares you will own, the first ten years’ revenue is all re-invested, and thereafter you take an annual income. The Capital builder is a strong investment option, demonstrating the power of compounding to provide income and capital growth. An original investment of £12,000 is expected to generate a 45-year income of £481,250 – but this could be as much as £634,375.

The benefit of the Lease products is that income is available from the first year onwards. Indeed, from year 3 it is expected to produce revenue at the market-leading level of 20% a year – tax-free if it’s in a SIPP – for the remaining 43 years of the lease.

Programme Comparisons - Forecasts

<table>
<thead>
<tr>
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<th>Agro-forestry Lease</th>
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<tbody>
<tr>
<td>Initial Investment</td>
<td>£5,000</td>
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<td>45</td>
<td>45</td>
<td>10 *</td>
</tr>
<tr>
<td>Income year 1 (Fixed)</td>
<td>£250</td>
<td>£313</td>
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<tr>
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<td>£600</td>
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<tr>
<td>Expected Annual Income years 3-10</td>
<td>£1,000</td>
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<td>Expected Total Income years 1 – 10</td>
<td>£8,850</td>
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<tr>
<td>Percentage return in 10 years</td>
<td>177%</td>
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<td>Re-invested</td>
</tr>
<tr>
<td>Lease Value at end year 10</td>
<td>£5,000</td>
<td>£6,250</td>
<td>&gt;£68,750 **</td>
</tr>
<tr>
<td>Expected Annual Income year 11 onwards</td>
<td>£1,000</td>
<td>£1,250</td>
<td>&gt;£13,750 ***</td>
</tr>
<tr>
<td>Expected Total Income Years 1 – 45</td>
<td>£43,850</td>
<td>£54,813</td>
<td>&gt;£481,250</td>
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Notes: * The Capital Builder runs automatically for 10 years and can then be retained to generate income for the remaining 35 years of the Lease. ** This is the fixed minimum (22 hectares). It could be as much as 25% greater depending on the operator chosen. *** This is the anticipated minimum. Capital Growth is calculated by taking the lease value and deducting the original investment.
10. Financial Examples

The benefit of the lease products is that income is available from the first year onwards. From year 3 it is expected to be at the market-leading level of 20% a year – tax-free in a SIPP – for the remaining 43 years of the lease.

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<td>£6,250</td>
<td>&gt;£90,625 **</td>
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** This is the Programme Manager’s forecast of reinvestment into 29 hectares

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Capital Growth is calculated by taking the lease value and deducting the original investment.
11. Financial Examples

The Capital Builder gives an outstanding return, accessible after the first 10 years.

The leases are expected to produce a great income - £54,813 over 45 years from a single investment of £6,250 or £43,850 from £5,000. Both leases and Capital Builder are assets which can be willed, assigned or gifted.

**NOTE:** Investors in the Green Oil or Agro-forestry Leases receive their income payment once a year. At that point, depending on what other deals we have arranged with the Programme Manager, there may be an opportunity for you to re-invest your income to achieve compound growth. This gives you the flexibility to decide each year how you want to receive your income.

The following table shows the potential effect of taking a Green Oil or Agro-forestry Lease and re-investing the income every year for 20 years, then taking the 20% as revenue for the remaining 25 years of the lease. As noted above, the programmes to enable this to happen may not necessarily exist every year.

<table>
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<th>Lease Income Re-invested</th>
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<tr>
<td><strong>Percentage return in 20 years</strong></td>
<td>Re-invested</td>
<td>Re-invested</td>
</tr>
<tr>
<td><strong>Lease Value at end year 20</strong></td>
<td>£73,850</td>
<td>£84,567</td>
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<tr>
<td><strong>Expected Annual Income year 21 onwards</strong></td>
<td>£14,770</td>
<td>£16,913</td>
</tr>
<tr>
<td><strong>Expected Total Income Years 1 – 45</strong></td>
<td>£369,250</td>
<td>£422,825</td>
</tr>
</tbody>
</table>

Notes: In this example, the revenue is re-invested every year for the first 20 years, then taken as income for the remaining 25 years of the lease.
12. The Programme Manager

The Programme Management company started off as a green oil plantation developer, using Jatropha as the pioneer crop for plantations. They are a UK-based Plc with a proven track record of environmentally friendly green investments. They have achieved substantial growth in recent years, not just in Green Oil but also in reforestation and carbon offsetting, as well as other means of green energy production.

They have offices in the City of London to keep them close to the investing community, as well as international offices in Jakarta, Indonesia, and satellite offices in USA, Australia and Brazil.

They have developed financing strategies through their own Fund Management operations based in the Cayman Islands and Channel Islands. Critically, they also have commercial or equity relationships with several other companies around the world, experts in the biotech, plantation, power generation and biodiesel sectors, to lead the change to green oil use. Interestingly, they are currently employing people from the mature crude oil and petrochemical sectors - large oil majors are proving to be a good source of senior management expertise.

They are fast approaching 1.25 million hectares (just over 3 million acres) of land and options in several countries around the world. These include Cambodia, the Philippines and Thailand with new or relatively new operations being developed in Senegal, Mali and Ghana. The company’s land bank is sufficient for decades of planting, developing, and growing green oil resources on a large scale.

Using its own capital, the company has been planning and developing Jatropha plantations for some years. During that time it has gained immensely valuable
13. The Programme Manager

experience of both the agricultural and the financial aspects of Jatropha farming as well as the more recently introduced crops of Oil Palm, Pongamia and Sweet Sorghum. It has real plantations and real nurseries.

The current programmes are private ‘Tree Ownership’ schemes which have been developed to rapidly expand a presence in the world Green Oil markets. They create an affordable entry point for individuals and corporations into the renewable energy sector.
14. Security of Investment

When you purchase a Green Oil or Agro-forestry Lease, you have legal entitlement to the land and trees for 45 years. You receive confirmation of ownership through the independent, UK-based Citadel Trustees Ltd (‘Citadel’) for the duration of the investment. They hold the land in trust throughout the 45-year lease.

Citadel offers a professional team with more than 25 years’ experience in the provision of trustee, escrow and stakeholder services. You will have the comfort of knowing that full due diligence has been carried out on your land and its title which will remain independently secured. Currently, the projects that Citadel deals with have an estimated asset value of over US$ 2.5 billion. Their head office is in Camberley, Surrey, with other offices in Spain, India, Thailand and China.

The Programme Manager’s executives will be available to talk to you, if required, during normal working hours. Should you wish to visit the plantations and see your trees for yourself, or if you have a friend in the region and would like them to visit on your behalf, we would be delighted to arrange access.

Why have private investors?
The company has achieved its current success without external capital. By inviting private investors into the scheme it is able to grow quickly without diluting equity, broaden the company’s marketing efforts through personal recommendation, and generate incremental profits within the revenue share plan.
15. What is a SIPP?

A SIPP – Self Invested Personal Pension – is a form of pension plan where you choose where your money is invested, rather than the more conventional type where a fund manager invests it for you. You have total control. You can invest a lump sum, a regular sum or transfer some or all of your existing plan(s), – the choice is yours.

A SIPP is a defined contribution pension scheme (also known as a “Money Purchase Scheme”). The amount of pension that is paid out to the individual on retirement is dependent on the total value of money that has accrued from contributions paid, whether by the individual or their employer, plus any return gained from the investments made with the contributions received.

As with all pensions, you get income tax relief at your highest rate for all contributions, so that a higher rate taxpayer could invest £10,000 and get a tax rebate of £4,000 meaning that the £10,000 investment has only cost them £6,000. But all earnings within the fund are based on a £10,000 investment. Not only are the contributions net of tax; all income and capital gains earned by the fund are free of all taxes. There are separate rules when you invest in company shareholdings, but they do not apply in this case as you are buying trees, not company shares. This makes the potential growth from compounding quite extraordinary. And when you come to retire, aged 55 or more, you can take out 25% of your fund as a tax-free lump sum.

This is an ideal way to maximise your returns from Green Oil investments. Whether you have one or more pension funds going back years from a previous employer, which can be transferred into a SIPP, or whether you set up a new SIPP and make monthly, quarterly (or whatever) contributions, you can re-invest each year’s returns to compound your gains.
16. Lease Purchase via a SIPP

**Not everyone realises that you can transfer some or all of your existing personal pension funds into a SIPP.**

It's a simple process that can be done with help from an independent financial adviser.

It allows you full tax relief at your highest rate on your investment in Green Oil-producing trees, an investment which will also multiply tax-free within the fund.

If you do not already have one, we can introduce you to an Independent Financial Adviser who is qualified to set up SIPP investments. He has a ready-made and FSA-approved SIPP structure already in place.
17. Purchasing Process

When you decide to proceed, just contact us and we will send you the necessary application forms.

After completing and signing them, please return them to us with a cheque for the full amount of your purchase. There are several plantations being developed at any one time. Within 60 days of your money clearing into our bank account, your trees will be allocated and the formal lease document containing all the appropriate details will be sent to you.

For Green Oil and Agro-forestry Leases, your income is paid to you twelve months later, and every twelve months thereafter during the currency of your agreement.

For the first 10 years of the Capital Builder programme, your revenue is used to buy further leases. From year 11 onwards, however, you receive the appropriate income at the end of each twelve-month period.

In each case you should allow £195 for one-off legal fees to create the 45-year lease.
18. The Small Print

Viceroy Invest Limited gives notice that:

Whilst Viceroy Invest Limited does its utmost to verify the contents of any printed or electronic formatted document, they have no authority to make or give any representations or warranties in relation to any investment. Any particulars provided do not form part of any offer or contract and must not be relied upon as statements or representations of fact.

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All forecasts are based on historical performance provided by the Programme Manager and are purely indicative. The value of your investment may rise or fall. No guarantees as to future performance in respect of income or capital growth are given either expressly or by implication and nothing expressed or implied should be taken as a forecast of future performance.

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