

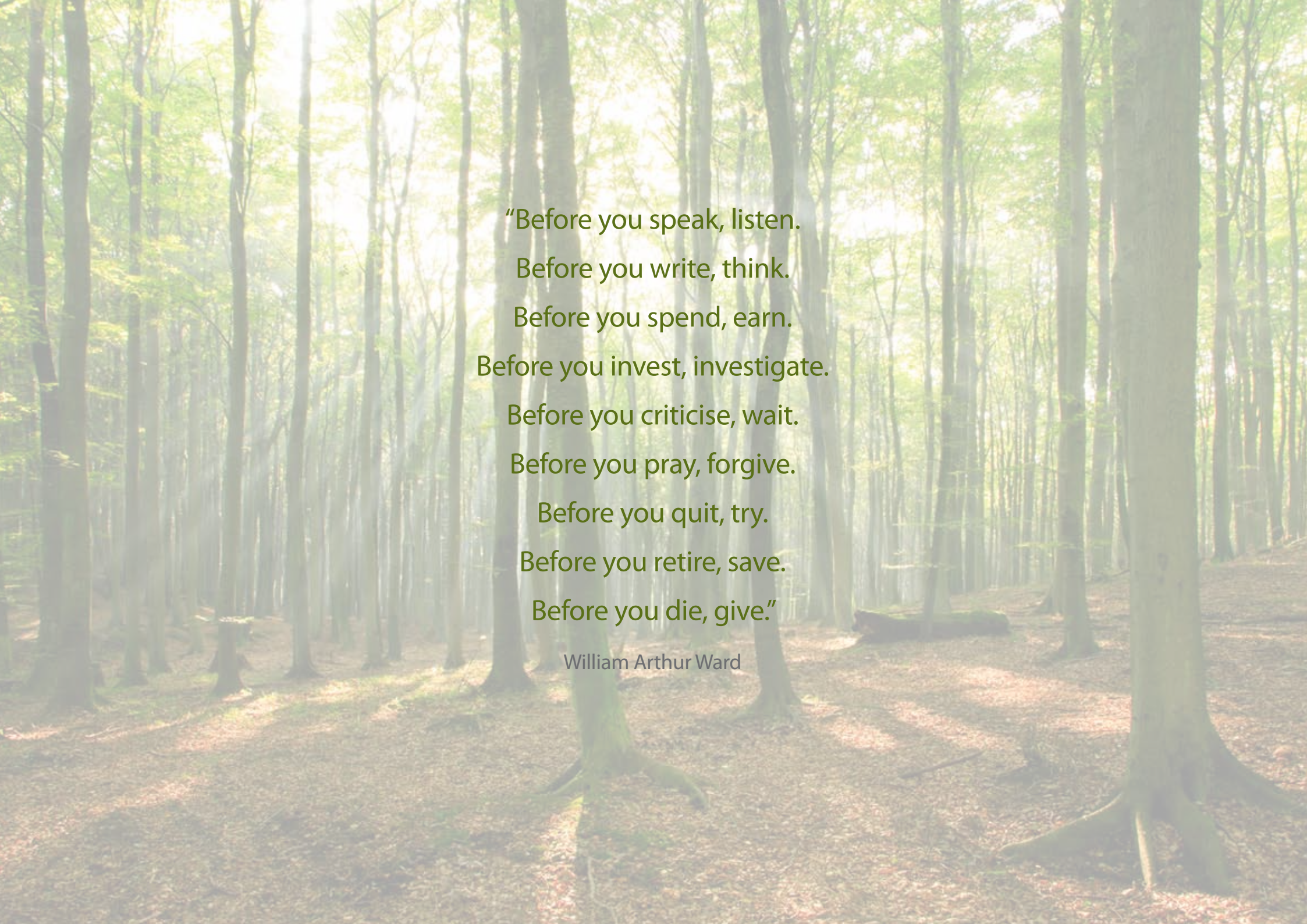


GlobalForestry
INVESTMENTS

Global Forestry Investments

Investing in Teak Forestry in Brazil



A misty forest scene with tall, thin trees and sunlight filtering through the canopy. The ground is covered in fallen leaves and tree stumps. The text is centered in the middle of the image.

“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 a high 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

A photograph of two children in a lush green field. One child, wearing a blue headband and a striped shirt, stands holding a long wooden tool. The other child, wearing an orange headband and a blue shirt, is crouching and planting a small tree. The background is a clear blue sky and a rolling green hill.

WHY YOU SHOULD INVEST IN FORESTRY - CONTINUED

- 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

WHY INVEST IN TEAK SPECIFICALLY?

Strength & weather resistance: Teak (*tectona grandis*) is a tropical hardwood native to the Far East. Teak grows up to 40 metres 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 3 metres tall. By year 2 they are well established as young durable trees starting to gain considerable canopy mass, and reach maturity at 25 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.

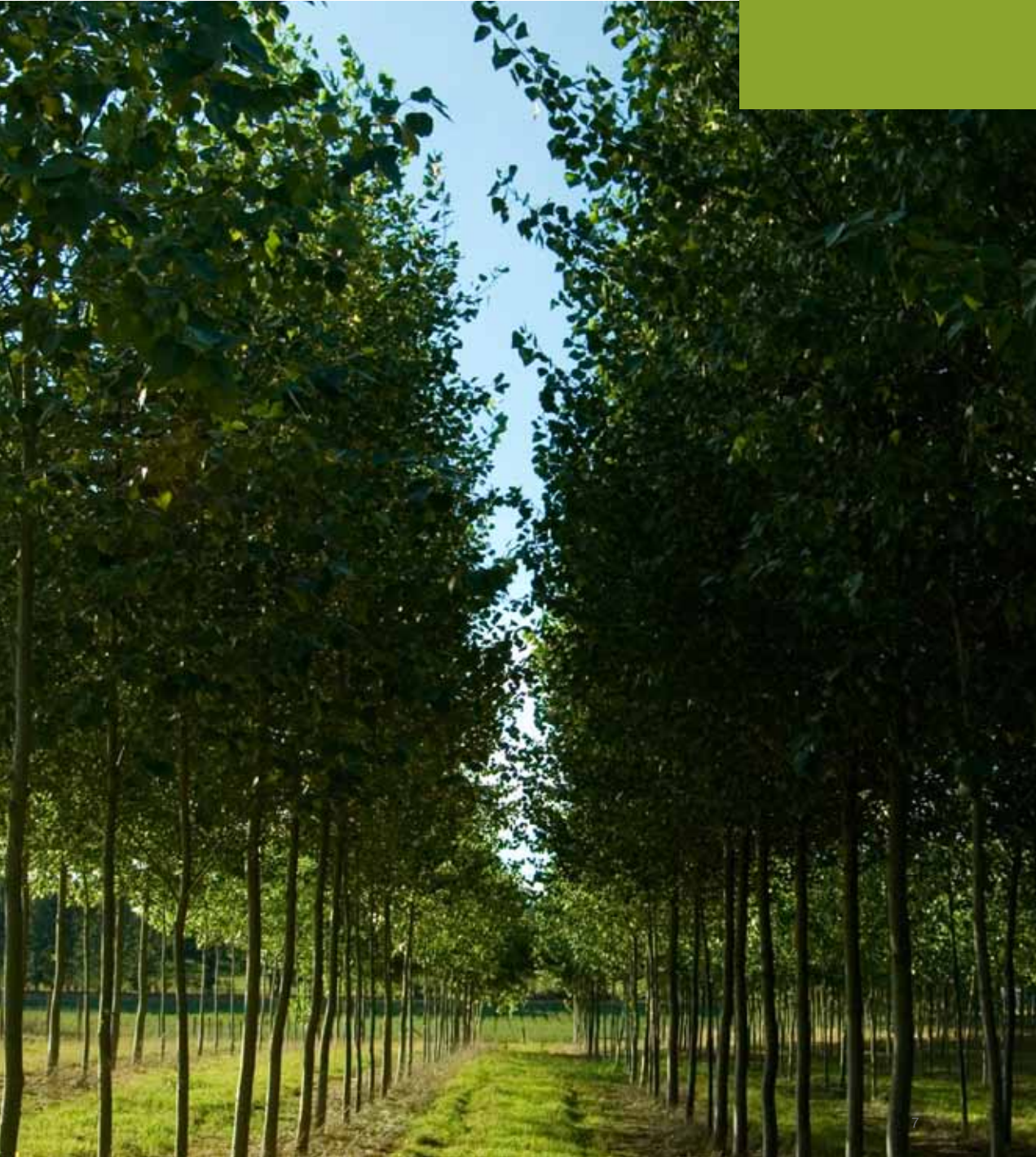
Increasing demand: With international boycotts on harvesting natural Teak through illegal forestry activities, the supply chain is being squeezed placing more demand on cultivated plantations. With global populations booming in the next 40 years, demand will only escalate.

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)”

WHY THE BELEM SKY PLANTATION?

- Investors can choose between several Rental companies to rent and commercialise their plot
- GFI is Government backed in Paragominas, Brazil.
- All Plantation Managers available to investors are highly capable in their field.
- All hardwood plantations include Teak and Parika which provide a fast growing canopy.





8 YR OLD MATURE TEAKS, SHORT TERM INVESTMENT

- 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.
- Investors have the choice of Rental companies to rent and commercialise their plot.
- All plots are in Good Order
- Insurance option covering fire, storm & theft.

"Always Invest for the long term" - Warren Buffet

HOW THE INVESTMENT WORKS AND PAYS OUT

GFI - Streamline Package

Suitable for individual RETAIL investors

Minimum investment £5,000 equalling 0.1 Hectares allowing for up to 100 trees

GFI - Premier Package

Suitable for Companies and CORPORATE investors

Minimum Investment £20,000 equalling 0.45 hectares allowing for up to 450 trees

GFI – Optimum Package

Suitable for Consortiums and Funds Investments

Minimum investment £100,000 – equalling 2.5 hectares allowing for up to 2500 trees.

As an investor, your options are:

1. To own and manage your Plot yourself to exploit the trees growing on it, providing there is no infringement to the local legal restrictions and you provide GFI Ltd with a report of the work carried out, if any, during the quarter immediately past and the work that you plan to carry out during the forthcoming quarter, within seven days of the end of each calendar quarter, by 1st January, 1st April, 1st July and 1st October of each year. *
2. To own the Plot and use it for some other purpose, or you can even allow it to remain fallow hoping ultimately to benefit from a capital uplift.*
3. To grant a long-term lease over your plot to one of the three Rental Companies approved by the GFI Ltd. Each of these rental companies will provide you with their services and terms, including the amount of annual rent to be paid to you for the lease of your plot. These companies are independent of one another and it is entirely your choice if you wish to use one of them. By entering into an agreement with an approved rental company, you grant that company all rights in relation to any management of your plot and any income generated from the anticipated thinning and/or felling of the Teak trees growing on your plot until termination of the agreement between yourself and that company. In return, you will receive the annual plot rent that you have agreed with the rental company for the term of your agreement with them.

All you need to do is to confirm to the Trustee in writing, as the keeper of the register of Investors, which option you wish to take and of any change in your chosen option.

* If you fail to ensure proper and sufficient management of your plot to the detriment of any of the surrounding plots you will be liable as the owner of Plot, for any resultant costs. You are not entitled to use your plot for any profit-generating activities other than the growing, thinning and harvesting of Teak timber, nor to undertake any other activities that may adversely affect the land surface or the ecology of your plot or the surrounding plots.

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

Purchases start from £5,000. When you purchase your land (for the term of the project) and the trees growing on it, your chosen Rental Company will oversee your trees and plot, you will simply receive the agreed rental fee.

“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

INVESTMENT RISKS



Plantation Teak Investments can be 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

Some Rental Companies such as Maos Segurus Agriculture Management Limitada organise quarterly trips to the plantations should you wish to visit at any time.

“The track records of early investors - and a slew of recent academic research – indicate that timber is a near perfect asset.” - Smart Money Magazine.



HOW DO WE WORK OUT OUR PROJECTIONS?

The Rental companies will use our projections to help set the rental fees you will be paid, taking into account their management costs.

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.



HOW SAFE IS MY INVESTMENT

The security of your investment is of paramount importance. We have endeavoured to make owning your own plantation as secure as possible by:

- Providing you with a beneficial interest in a plot of land and the trees growing on it. The land is controlled by a UK Trustee by virtue of ownership of the majority of shares of the company which owns the land.
- Providing you with the choice of excellent rental companies, allowing you to keep full control of your land.

“Put not your trust in money, but your money in trust”

- Oliver Wendell Holmes



OWNERSHIP STRUCTURE

All investors will receive:

1. A Certificate of Declaration of Trust evidencing their beneficial interest in their plot of land and the trees growing on it which are identified by a survey plan, individual ID tags.
2. As a tree owner you will appoint a Rental Company. (Rental agreements to be provided).
3. You retain the choice of when to harvest your trees.
4. You will retain complete control of all major decisions affecting your trees.

On appointment of a Rental Company, all rights to returns generated from the harvest of your trees are passed to that Company as per the terms of the Rental agreement with the Company you choose. In return for this you will receive a pre-agreed rental fee.

5. 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 of the reservation application carefully).
- **Day 3** - You will be obliged to post or fax your signed contract back to Citadel
- **Day 7** - Client pays the remaining balance to Citadel Trust.
- Within 30 days of receipt of the remaining balance and a copy of the contract by Citadel - you will receive the Certificate of Declaration of Trust from our trustee evidencing your beneficial rights to your trees and plot.
- Clients can resell their plots at any time on the open market. GFI offers to directly purchase your plots any time after 3 years with a return of 5%.

The rental company will ensure all management and maintenance of the plot is carried out and will take its fees and costs from the harvest proceeds as well as pay the agreed rental fee to the investor from these funds.

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. 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.

*Please seek professional advice from your Financial Adviser about investing in Global Forestry Investments opportunities via a SIPP. Global Forestry Investments is not an IFA and therefore is not authorized to give out financial advice.

INVEST VIA YOUR PENSION CONTINUED



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 peace of mind"

FAQs



Can my trees be uniquely identified in the field? Yes. Your trees are individually marked with your unique number.

Who owns the trees? As the tree owner, you do for the duration of the Certificate of Declaration of Trust

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

Can I redeem my investment? You have the right to sell, harvest or transfer your Certificate of Declaration of Trust at any time to whomever you choose after 3 years. We cannot guarantee the value of your trees/plot, but, it is possible that we may be able to help find a buyer for your trees/plot.

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.

Why do GFI need me? By inviting individuals and companies to invest in their own forestry plots 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.



Where are the plots? In Belem, this is in the state of Paragominas Brazil

Which types of trees are on the plots? The main trees are Teak and the secondary growth trees are a percentage of Parika (in aid of growth).

Are the trees already growing on the plots? Yes, Our Belem Sky Plantation has existing 8 yr old Teak.

Why is the Term of the Project approx 19 years? To sell the freehold of 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. Therefore, we sell the beneficial rights to the land and the trees growing on it for 15 to 18 years.

Can we visit the plantations? Your chosen Rental Company will liaise with you regarding visits to the plantation.

How often are the plantations patrolled for poaching, vandalism, pest management etc.? Theft almost never happens, but your appointed Rental Company should ensure that this is part of the management of your plot. They should 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.

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

FAQs



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 in Brazil the typical pattern is at 3 - 6, 9 -12, 15-18 -21 and 25, depending on what your rental company's forestry engineers advise. All these time scales are estimated due to the nature of growing trees. At the final harvest after the trees are grown and cut, when the project ends and the plots revert to GFI, there will be no replanting and no more cutting in the same area, except in ways that maintain the health of the new forest. 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 your Rental Company's forestry engineer, who will inspect your trees regularly to monitor their growth and care.

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 people's 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 approximately 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.

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? After your purchase you will receive a plot map and a certificate stating where your trees are.

"Diversify your investments" - John Templeton

GFI DONATIONS

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 Math's and English. By doing this agricultural education will be provided for the locally impoverished, thus enhancing their farming skills which will potentially give them an opportunity to work for themselves or with one of the Rental Companies - "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.

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

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.

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