



SilvaTree
Our planet is our business



POMMIER
PROPERTY INVESTMENTS LTD.

The Silva Tree Princess Project

Returns paid every 5 years for 20 years

Up to 18.71% return per annum *

Green and ethical investment

Environmental and socioeconomic benefits

SIPP and tax benefits

Reforestation in Panama

Carbon Offset Project

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



* An investment term of 21 years is granted to account for possible delays in harvest. Returns figures based on simple annualized ROI including inflation. At the price of 35,000 \$US for 10,000 m2 returns are projected at 18.71% and at the price of 7,500 \$US for 2,000 m2, they are projected at 17.13%. Both are applicable to all purchases made before 31.10.2010, including inflation at the rate of 3.1%, which has been arrived at by applying the average inflation for the years 1989 to 2009 using the Inflation Calculator of the Bank of England. 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

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The Princess Project

Sustainable Timber Investment Opportunity

Introduction

Silva Tree 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.** Up to 18.71% 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, Silva Tree is an established provider of timber investment opportunities. The Princess Project Panama is Silva Tree'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.

The project is developed and executed by top experts using patented seedlings and sustainable practices. Silva Tree 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



The Princess Project

Sustainable Timber Investment Opportunity

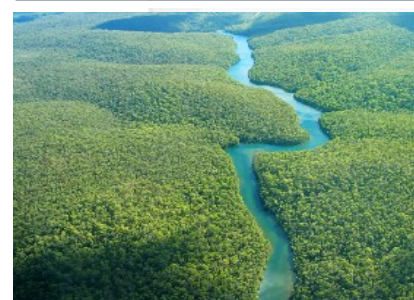
Investment Summary

Silva Tree 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 up to 18.71% 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 7,500 US\$ per plot *
- **Guaranteed returns** of up to **18.71%** 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 including inflation. At the price of 35,000 \$US for 10,000 m2 returns are projected at 18.71% and at the price of 7,500 \$US for 2000 m2, they are projected at 17.13%. Both are applicable to all purchases made before 31.10.2010, including inflation at the rate of 3.1%, which has been arrived at by applying the average inflation for the years 1989 to 2009 using the Inflation Calculator of the Bank of England. 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 a number of trees per unit 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 275 \$US 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 in the case of 10,000 m² or 105.5 m³ in the case of 2000 m².
- 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.
- By paying for management in timber, you are not required to make any further payments during the lifetime of the investment.
- Trees are harvested every 5 years, and sold as processed timber.
- Citadel Trustees will distribute investors' returns every 5 years.

Returns Calculations

The trees will be harvested 4 times during the investment period, at (approximately) years 5, 10, 15 and 20, giving an average simple annualised return on investment of 17.13% or 18.71% p.a.*, depending on the investment option chosen. 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.

35,000 \$US Investment Option

- The investor will receive 10,000 m2 (1 hectare) of land per 35,000 \$US.
- The investor will receive the rights to 660 trees per hectare of land purchased.
- Based on a 35,000 \$US investment, this will provide a return of 165,000 \$US per plot. *
- This produces a net return of 18.71% per annum over 20 years, calculated as a simple annualised ROI. *

7,500 \$US Investment Option

- The investor will receive 2,000 m2 of land per 7,500 US\$
- The investor will receive the rights to 132 trees per hectare of land purchased.
- Based on a 7,500 \$US investment, this will provide a return of 33,000 \$US per plot. *
- This produces a net return of 17.13% per annum over 20 years, calculated as a simple annualised ROI. *

Silva Tree Projections

5 Year return calculation:

600 trees * 0.2 m3 * 275 \$US = 33,000 \$US
33,000 \$US / 35,000 \$US = 94.28%

5 Year Return **94.28%**

Annual Inflation **3.10%**

Year	Initial Investment	Inflation	Annual Return
1	USD 35,000.00		
5		Fixed Price	USD 33,000.00
10		15.50%	USD 38,115.00
15		15.50%	USD 44,022.83
20		15.50%	USD 50,846.36

Total Return **USD 165,984.19**

Return of Initial Investment **USD 35,000.00**

Net Return **USD 130,984.19**

Return per Year **18.71%**

Silva Tree Projections

5 Year return calculation:

120 trees * 0.2 m3 * 275 \$US = 6,600 \$US
6,600 \$US / 7,500 \$US = 88.00%

5 Year Return **88.00%**

Annual Inflation **3.10%**

Year	Initial Investment	Inflation	Annual Return
1	USD 7,500.00		
5		Fixed Price	USD 6,600.00
10		15.50%	USD 7,623.00
15		15.50%	USD 8,804.57
20		15.50%	USD 10,169.27

Total Return **USD 33,196.84**

Return of Initial Investment **USD 7,500.00**

Net Return **USD 25,696.84**

Return per Year **17.13%**

* An investment term of 21 years is granted to account for possible delays in harvest. Returns figures based on simple annualized ROI including inflation. Both investment figures are applicable to all purchases made before 31.10.2010 and include inflation at the rate of 3.1%, which has been arrived at by applying the average inflation for the years 1989 to 2009 using the Inflation Calculator of the Bank of England. Please see guaranteed returns section for details and definitions. Growth figures are based on existing Paulownia plantations.

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**
- **Up to 18.71% return on investment**
- **Future timber prices in line with timber inflation rate**
- **Deforestation rates are a growing problem**



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

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 Silva Tree 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 132 or 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.
- No known diseases affect this particular Paulownia species.
- Patented Paulownia seedlings used to ensure healthy tree growth.
- Full community support safeguards plantation from poaching.
- Climatic stability in project area



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

Silva Tree 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.

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.

Silva Tree 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 Silva Tree

Silva Tree is a Central American company under European management specializing in green and ethical investment opportunities. The Silva Tree 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, Silva Tree has access to cutting edge technologies and information from the highest ranking professionals in their fields. The latest addition to the Silva Tree team is no less than the Panamanian Vice-Minister of Environment.

Silva Tree 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 Silva Tree 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.

Silva Tree'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 Silva Tree 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 Silva Tree are happy to show you around the project or to assist with transport and accommodation.

Silva Tree 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 Silva Tree 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. Silva Tree can recommend a qualified tax adviser to explain the details of Panamanian residence and its potential tax advantages.



SIPP Qualified

All Silva Tree 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. Silva Tree 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 Silva Tree is not responsible for its accuracy.

Exit Strategy

Silva Tree offers a buy back option to investors. Any investor wishing to sell their plot can issue Silva Tree with a sale offer, in writing by registered post. Silva Tree 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, Silva Tree 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 a member of our sales team who will send you a reservation application form.

- Email to: office@silvatree.com
- Fax to: (+44) (0)207 554 8892
- Tel: (+44) (0)207 554 8880

We operate a 100% transparency policy. If you wish to access further information about the project, we are happy to provide you with any related document, fact, figure or reference, to ensure you are fully informed and comfortable with the investment.

Q and A on The Princess Project

How many Trees are grown on each hectare?

We grow 750 trees on each hectare. 660 of these are for the investor and these trees form the basis of their return. The other 90 trees are planted as a buffer to ensure that in the event of anything affecting one or two particular trees, the investor always receives their full 660.

Documentation and paperwork mentions the lease could be up until 2026, and that the clients get a 21 year lease, and your brochure says the investment term is 20 years. Why are there 3 different timescales?

The investment term is 20 years. The leasehold is issued for 21 years purely as a precaution against unforeseen delays in harvest. There is also a further provision by which the Trustee can extend the lease yet further if it is in the interests of the investor. We cannot envisage a situation where we would need to extend the lease, but if something did happen we have built in enough flexibility to ensure the investor does not lose out.

How many plots have been planted?

340 hectares as at the end of August 2010. The rainy season continues until the end of October and now we have our own micro-propagation laboratory to produce seedlings it has drastically increased the speed at which we can plant.

How quickly will clients plots be planted?

Clients will buy already planted plots. The current phase of the project we are selling is for plots 200-300 and all are pre-planted.

Clients are given a choice of three management companies. What guidance are you giving clients on who they should pick and what oversight do you have on their work to ensure its done properly?

We cannot give any recommendations to investors on this. They can use any company they wish, including any outside of the choices we have provided. We have chosen to use Eco-Management as we are happy with the quality of their work and they charge less than the other two companies.

What is done to guard against unscrupulous managers or workers taking wood from the harvest?

Each plot is mapped out and GPS co-ordinates given to the investor. Within each plot, every tree is given an individual tag number. As part of the harvest each tree is processed at our own logging plant. The individual trees are put through a massive scanner which tells the wood

cutting computer how to cut each tree to gain the maximum amount of sellable timber. This information is recorded against the tag number. Although there is a certain amount of natural wastage/spoilage this amount is minimal, and any timber going missing would be noticed very quickly.

How will you ensure the wood is harvested efficiently and to the right standard.

Please see the answer above which explains how we harvest.

How strong is WPI (the buyer) as a company?

WPI are the largest supplier and dealer in Paulownia in the world, with tens of millions of dollars in assets. They run their own plantations and also sell a patented seedling they have bred for added strength and growth. We view WPI as being very stable and well resourced, however in the event of them being unable to fulfil their obligations under the purchase contract, there is an insurance policy in place which will pay.

How flexible is the contract with WPI, and if the investor has the right to negotiate a better deal what is to prevent Silva Tree from finding a better price just for their own plots? Why is the price so low compared to the market price

The contract with WPI is a put option. This means that WPI have to accept the timber we offer for sale in line with the contract, but any investor can opt to sell their timber on the open market at a higher price if they wish. Under the terms of the contract any investor has to give 3 years notice of their intention to sell elsewhere.

So for example, an investor could sell to WPI for the first harvest, make their own arrangements for harvest 2, and then return to WPI under the terms of the original contract for harvest 3. Silva Tree is the main investor in this project, and we will be looking at the possibility of renegotiating a better price. Anything that we arrange or negotiate will be open for all investors to join.

That said, there other considerations apart from the actual sale price. WPI currently have a very good deal where they are buying the timber at about 60% of todays price. This is the reason they have committed to buying so far in advance. This guaranteed sale gives the Princess Project much lower risk than other timber investments of its type and we would be adverse to going with another buyer unless we felt they had the same stability and financial resources that WPI offer. Our ideal outcome would be to use examples of other buyers to re-negotiate a higher price with WPI themselves.

There is no track record for Silva Tree, what have you done previously

This is our second project. The first was the carbon offset project which paid its first returns in February 2010 which can be confirmed by the trustee. I have attached the link to the project details <http://www.silvatree.com/carbon-offset.html>

What happens if Silva Tree goes out of business?

Silva Tree is well resourced, profitable and has no debt so the chances of our going out of business are very slim. Despite this, we have a duty to consider all possible risks and so we have structured things so the project is held in trust by an FSA regulated trustee (Citadel Trustees),

who are also the beneficiary of the timber sale. The trustee also holds the funds to take the project to completion in escrow. As the management companies tending to the trees are independent of Silva Tree, this means that the entire project would continue, and investors paid, even if Silva Tree were to go out of business.

It is also worth noting that the trustee's legal obligation is to the investor NOT to Silva Tree. They also handle all client monies and all distributions of returns. When a client invests, they pay their money to the trustee, not to Silva Tree.

If another client on an adjoining plot decides to use a different management company will this have an adverse impact in any way?

Not that we can see. All plots have easy access and so work on one plot should not affect surrounding plots in any way.

Why can't Silva Tree be more involved and act as an agent or set up a committee for all investors to be able to get together to run more effectively work with the management team etc and get the most out of the project etc?

This project is set up as a direct investment. If Silva Tree controlled or made decisions for all plots it would then come under the heading of a Collective Investment Scheme, and for a number of reasons we have chosen not to structure the investment in this way. That said we do monitor the site to ensure work is being done to the correct standard.

What happens if a client is forced to sell.

In order to comply with SIPP regulations, we offer a buy back, however this would result in a loss to the investor (we buy a hectare back for \$5000). If, however a client needed to liquidate we would seek to broker a deal with a third party to transfer the investment. The investment is a fully transferrable asset so can be sold on by the client directly or through their financial advisor.

When are you setting up your own propagation laboratory, why are you doing this and what is WPI's view on you cloning their seedlings in another country?

The Micro-Propagation lab is now up and fully running. We built this because we can produce seedlings on site, saving them having to be transported from Georgia in the US. This has environmental benefits and also practical benefits as we can now plant at a much faster rate. We have a licensing agreement with WPI and pay an agreed fee to use their technology and patented seedlings. WPI fully support this move and their directors have visited the plantation and offered advice from their own extensive experience in growing Paulownia. Photos of the lab and the project can be seen on our photo diary at www.silvatree.com

What happens if the wood fails to grow to the right level in 5 years, do you extend the period they grow for?

We are committed to harvesting every five years, to ensure we keep the promises we have made to investors. We can change this if the circumstances were very extreme, but we have built in buffers to ensure this situation does not arise.

Firstly all of the investment returns are worked out on the growth rate for YEAR 4. In year 4 the

trees are proven to produce 0.2m³ of commercial timber. In year 5 they are proven to produce 0.33m³, so we already have a margin built in in the event that the trees do not perform as expected.

Secondly the proven growth figures are based on one of WPI's plantations in Georgia. The plantation has seasonal growth, meaning the trees do not grow for 5 months of the year when the temperature drops below 15 degrees. In Panama the temperature does not go below 15 and from our observations of trees already in the ground, the trees do grow all year round. This will again increase the rate of growth, and therefore the investor's level of return.

What happens in the event of a poor growth, fire, flood, earthquake, hurricane etc?

This is effectively where the risk in the project is. The management companies guarantee a 95% success rate during the tree's danger period (the first 8 weeks) and any seedling is guaranteed to be replaced during that time if it does not take. We actually grow a reserve of trees in pots alongside the plot so any seedlings replaced are growing at the same rate. These are very rarely used. The buffer of 90 trees per hectare ensures that if any trees do not deliver the requisite quantity of timber, then it is replaced from these trees. This tree is immune to all known diseases and does not combust until 425 degrees centigrade (unlike teak which ignites at 100). Chepo where the plantation is based is outside of any known earthquake or hurricane zone.

The plantation is 750 metres above sea level and quite far inland, meaning that flood risk is very, very low. As a further precaution we only plant on slopes to avoid any danger of excessive rainfall not being able to drain away fast enough.

The other strength we have is how cautious we have been about returns. Taking into account just one of the built in buffers (using year 4 growth rates to base the return on, not year 5) we could theoretically lose an entire harvest to some kind of major unforeseeable act of god, and still pay out the rate of return advertised with the remaining 3.

When googling your company there is a large amount of negative press about one of the directors of the company. This is a source of concern, why is this information on the web?

I accept this is a problem, however the articles on the web originate from comments on a website called Rip Off report (who's history and business practice is easily verified on the web. I would recommend looking at the Wikipedia entry on them http://en.wikipedia.org/wiki/Ripoff_Report) , and a report by the Christian Science Monitor.

We can do little about the rip off report other than have the comments legally removed from Google which we are in the process of doing. We just ask any investor to look at what is written with a degree of common sense and make up their own mind.

The Christian Science monitor did not fully understand the investment and did not allow us to comment or provide the right information before publishing. They make reference to us not having carbon credit status agreed for the project which is correct. If it is possible we will gain carbon certification and our intention is to reinvest any proceeds back into the local community. This is completely irrelevant to the investor as carbon credits form no part of their investment. They will not benefit if we gain the credits, they will not be asked to share our costs if we do not. We are in the process of suing them in the US.

The relevant part of the article was that at the time they visited (during the dry season) we did not have many hectares planted. We have 340 in the ground as at the end of August, and the new lab coming on stream has allowed us to increase our planting rate. We are in line with our planting schedule for the project.

It is important to remember that this project has undergone a high level of due diligence by SIPP companies, research companies, IFA networks and FSA regulated Citadel Trustee, none of whom have found any evidence to support the defamatory accusations made. We encourage anyone who wishes to do so, to speak directly to the legal department of Citadel.

Your brochure uses the word guaranteed but the return does not appear to be guaranteed to me, which one is right?

The sale, and therefore the rate of return is guaranteed. The actual amount of money the investors receives will be determined by how much timber their plot produces.

Can an investor go out and see their plots

The investor is the leaseholder and has unrestricted access to their plot whenever they wish. If the investor gives us some notice we will happily arrange to pick them up from Panama City, drive them out to the plantation and give them a tour of our facilities and of course their own individual plot.

What guarantee do we have that Silva Tree and the management companies will do their jobs and get maximum growth from the trees once they have sold the plots?

We took particular care to ensure that every person and company involved in this project benefits from its success. Silva Tree make money in two ways, firstly from their own plots of land in the project, and secondly because we will get the benefit of the extra trees grown on each plot as a buffer. To get any benefit we have to ensure that the investor trees grow well and are tended to correctly, or the buffer would be used to ensure the investor gets the 660 trees they have paid for. If the trees do not grow we make nothing, if they grow well we do.

Similarly the management companies are paid in timber, at a fixed percentage. The amount they earn is directly linked to how well they do their job. The sums of money, whilst not large in western terms, are very significant in Panamanian terms, meaning the companies take the long term care of the trees very seriously.