

Tropical Rainforest Investments



We believe **profit** can co-exist with
ethical and **environmental** conscience™

Did you know? You have a government registered lease on your land.

We believe ethical investment can co-exist with environmental conscience



What do we do?

Oxigen Investments plant and grow many of the finest species of exotic tropical hardwoods in the world in the tropical rainforests of Sri Lanka and Costa Rica.

Oxigen Investments are growing trees to harvest for profit for ourselves, companies and individuals. We believe that ethical profit can co-exist with environmental conscience, helping to create a better world for all of us and future generations.

The cultured hardwoods we grow and produce will help reduce the pressure on the world's natural rainforests and at the same time we are carefully protecting thousands of acres of previously threatened tropical rainforests. Once all the trees have been harvested the fields are replanted with perpetual forestry, which means they will be protected forever.

You can be part of this unique opportunity and do something beneficial for the world whilst accruing a healthy profit.

Why choose tropical hardwood trees as an investment?

Demand - World consumption of tropical hardwoods has multiplied nearly 25 times in just the last four decades. More than 100 billion board feet of tropical hardwoods are now being consumed each year.

At the same time, the world's supplies of tropical rainforests are being destroyed at the rate of 35 to 50 million acres each year, and along with them, the world's supply of tropical hardwoods. At this rate there will be very little left in 30 years and as a result, prices of tropical hardwoods will continue to escalate. Every second a piece of rainforest the size of a football pitch is lost forever.

The Food and Agriculture Organisation (FAO) estimates that each year about 13 million hectares of the world's forests are lost due to deforestation. From 2000 to 2005 the net forest loss was 125 square miles per day.

What can you do to help?

By investing in Oxigen Investment reforestation projects you can help to reforest Sri Lanka and Costa Rica and accrue a healthy ethical profit. Like many other countries, Sri Lanka and Costa Rica have had their rainforests 'cut and slashed' to provide pastures for crops. As a consequence, they have lost tens of thousands of acres of long standing natural rainforests. Oxigen Investments are actively replanting previously deforested land with plantation timber for ourselves, individuals and investors. For every unit of trees we plant for investors, we plant a further 40% 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.

Deforested land



Reforestation in progress



What species are available?

Agarwood

Matures in just 6 years

Agarwood, eaglewood, gaharu, aloeswood - these are just a few of the names for the resinous, fragrant and highly valuable heartwood produced by *aquilaria malaccensis*.

The trees are large evergreens native to South East Asia. They grow in a wide range of soils and matures very quickly, producing flowers and seeds as early as four years old.

The wealth of names for this dark and heavy wood reflects its widespread and varied use over thousands of years. Agarwood is used as a medical product and dates back to approximately the eighth century. The resinous wood is used for incense, as well as medicinal purposes, and pure resin in its distilled form goes into perfume. Its use as a perfume has been recorded in the New Testament.

Today it is recognised as the most precious wood in the world.

The value of agarwood is extremely high. It can fetch as much as 30,000 dollars per kilo for top quality oil and resinous wood.

It is known as the "Wood of the Gods".

Currently the demand for agarwood far exceeds the available supply which is naturally restricted owing to the nature of the tree's formation - agarwood is only found in a small percentage of *aquilaria* trees of those species known to produce it. The fragrant resin that permeates the heartwood of some *aquilaria* tree's is produced as a response to wounding and or a fungal infection which, in the wild, can take up to 100 years to form. Its maturity age is approximately 6 years when grown commercially using a recently developed patented process.

"Every second a piece of rainforest the size of a football pitch is lost forever."

Teak

Matures in 18 years

Teak (*tectona grandis*) is a durable hardwood suitable for outdoor applications where resistance to the elements is required. It has qualities unlike any other wood and is rich in oil. It's traditionally used on boats and in outdoor furniture, and has also been widely used for flooring/decking due to its superior ability to withstand the elements.

Teak is one of the most valuable hardwoods. With an international boycott on cutting down teak trees from existing natural forests, the only alternative source of supply is cultivated plantations. It is an ideal species for plantations because it grows relatively quickly and with demand out-stripping supply, prices will therefore continue to rise, thus driving up the value of your asset.

Teak trees also have one of the highest carbon sequestration rates, this is the process of removing carbon from the atmosphere and storing it in wood.

As you will see from the images shown on page 6, teak grows remarkably quickly. At just six months teak trees are already approximately 10 feet high. By year two they are well established as young durable trees. By year three the girth and height has grown significantly with the trees starting to gain considerable canopy mass.

Teak reaches maturity at the age of 18 years when being grown on our plantations.



Did you know? Our growth rates are certified by a registered forestry consultant.

Deforestation



Teak boat decking



Teak garden furniture



Investment Life Cycle

- Order received.
- Saplings planted in nursery.
- Land selected.
- Saplings moved to field.
- Tree Certificate issued.
- Lease issued and registered with Land Registry.
- Annual Report issued, giving you the option of when and how many to harvest.
- Your selected trees harvested.
- Felled trees processed and sold.
- Harvest proceeds paid to you.
- Year 18 - all remaining trees harvested and sold.
- Final payment made to tree owners.

How the investment works and pays out.

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

Investments start from £10,000. When you purchase your trees, the saplings are planted and nurtured until they grow into mature trees that are then harvested. As teak grows it needs 'thinning', which is the process of harvesting some of the trees to allow the stronger ones to grow.

The harvesting process happens when you choose. Once a year you will receive a foresters' report giving you various options of what to do and detailing the conditions of your specific trees. At each thinning and harvest, we can sell your hardwoods for you and send you the proceeds (minus our harvest and profit share (see Payouts), which are accounted for in the projection inserts of this brochure) - should you so choose. We charge a fee for growing the trees, which includes the cost of acquiring and maintaining the land that your trees are planted on (see projection notes for all fees).

How do we work out our projections?

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 that in predicting the future it is helpful to study the past!

That said, 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!

Lease on your land



Plantation Trees



Plantation Teak



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 full lease on the land upon which your trees are planted. This lease is registered with the Land Registry for the full period your trees are growing.
- Providing you with a Forestry Title Deed, giving you full title over your trees.
- Using our plantation partners years of experience in forestry backed up by the scientific advisory board of Enviro2.
- Our resident foresters living on your land to help monitor and protect it.
- Using very conservative independent figures in our projections to ensure we meet your expectations..
- Protecting you from any potential crop loss by undertaking to replace any trees of yours which do not reach maturity with our own trees.
- Having our growth rates certified by our registered forestry consultant and audited by BDO Stoy Hayward.

Tree Growth

Watch your Agarwood and Teak grow as fast as your investment!

By using the most advanced methods of cultivation in all our plantations, including the use of tissue culture, we ensure that all your trees are grown from the highest quality stock.

This mean that your trees grow faster, stronger and straighter, thus providing consistent high quality stock which in turn maximises your harvest returns.

We believe **profit** can co-exist with **ethical** and **environmental** conscience

Did you know?: You can choose to harvest your trees at any time.

The growth of teak trees over the first five years



6 weeks



6 months



1 year



2 years



3 years



4 years



5 years

Payouts

Agarwood - This table below shows a typical scenario for the payouts received for an investment of £10,000 + annual fees after six years when the harvest has been made from the agarwood.

1 unit of agarwood is 175 trees. For the minimum investment of £10,000 (+ annual fees of £1000 per annum) you will receive 350 agarwood trees.

Number of trees harvested at year 6	Approximate value per tree	10% harvest cost and profit share	Net harvest proceeds	Approximate value per kilo of timber
350	£152	£5,320	£47,880	£2,250

Profit share - As your investment partner we take our profit when your trees are harvested and sold for the best market price. Once you have authorised the sale 5% of the harvest proceeds become payable to Oxigen.

Teak -



The graph opposite illustrates the projected payout amounts and an example of the years in which the trees are harvested - based on investing £10,000 + annual fees.

- A = First payout of £5646.00 - if you choose**
- B = Second payout of £10,704.00 - if you choose**
- C = Third payout of £17,658.00 - if you choose**
- D = Forth payout of £28,176.00 - if you choose**
- E = Fifth payout of £47,250.00 - if you choose**
- F = Final payout of £84,516.00- if you choose**

Total payouts equal £193,950.00 for £10,000 invested

1 unit of teak trees is 100 trees. For the minimum investment of £10,000 (+ annual fees for the first 5 years only of £1000 per annum) you will receive 300 teak trees.

"It's great to have an investment that grows with your children, pays out at important times in their lives and, at the same time, helps create a better world for them" Tree Owner.

Frequently Asked Questions

Can my trees be uniquely identified in the field?

Yes. Your trees are individually marked with your unique number.

How do you choose where to plant your trees?

Before buying any new land, soil reports and bore-holes are taken by qualified professionals and the results studied to see the suitability of the soil for the trees we are planting.

Who owns the trees?

As the tree owner, you do.

What reports will I receive?

After your trees are planted and marked in the field, we will send you your certificate showing the quantity, species, field, farm, row and year of planting of your trees. Once a year, you will receive a foresters' report detailing the growth of your trees, along with appropriate, individual action that needs to be taken. You will then decide when and how many trees you wish to harvest. After each harvest you will receive a record of the number of trees harvested, the processing and management fees (these come from the sale of your timber - you are not required to pay any money up-front) and your net proceeds from the harvest. If the hardwood market is going through a lull, you are welcome to store your hardwood before sale.

Can I see my trees?

Yes, please contact us and we will be happy to help arrange for you to visit the tree farms and see your trees.

Is there a minimum order?

Yes, £10,000.

When are the trees planted?

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

When will the first harvest be?

Agarwood is expected to be harvested at year 6. Teak is expected to be thinned at years 4 to 5, continuing every 3rd year until the final harvest anticipated at year 18.

Can I redeem my investment?

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

Are you cutting down any existing forest to plant your trees?

No. We are planting our trees only in areas which have been previously deforested - primarily former pasture. We are carefully preserving existing natural rainforest on our plantations.

Why Sri Lanka and Costa Rica?

Nature has bestowed upon them some of the most favourable climatic and environmental conditions making it absolutely ideal for growing the species of forestry referred to throughout this brochure. The former Ceylon is one of the oldest colonial countries in South East Asia and operates a straightforward British style legal system in most respects. The country is one of the fastest growing economies, with the most innovative and rapidly expanding stock exchanges.

Sri Lanka is also home to some of the most educated forestry experts in the world with numerous universities specialising in forestry management. The stable democratically elected government is welcoming and encouraging eco-based foreign investment. It is also home to the most important rain forest in South East Asia, Sereniya National Park, which is of major benefit to the regions eco-system.

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 spiralling out of control.

Are forest fires a problem?

These are very rare in Sri Lanka, yet even so we have special precautions in place to prevent serious damage to our plantations if ever there were a fire. We plan our plantations with appropriate fire breaks, have staff on site 24/7 that we train to deal with a fire and all our plantations have pumped water and fire fighting facilities available.

Are there any diseases? - Agarwood

there are a few well known pests and diseases that can affect our crops especially in the early years. Our on-site forest management team know exactly what to look out for and how to treat any problems as soon as they occur. - **Teak** there are no known diseases but our foresters continually monitor the trees.

Is flooding or drought a problem?

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

Are Hurricanes or cyclones a problem?

Sri Lanka is not in a hurricane or cyclone zone and the plantations in Costa Rica are in a low risk hurricane zone and are protected by mountains.

What about Tsunamis?

Sri Lanka has been hit once in the last 2000 years. Whilst damage was extensive it was confined to coastal regions. Our plantations are inland and above sea level.

What about political climates?

Sri Lanka has had an ongoing struggle between the Singalese and Tamils for 2000 years which is now confined to a controlled area in the north, hundreds of miles from our plantations. Costa Rica abolished their military in 1948.

How do Oxigen make their money?

- We take our profit when your trees are harvested by taking a 5% profit share on the value of your trees when sold.

Why do Oxigen 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.

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5 years

“ Indeed, as an asset class, timber - a renewable resource with constant product demand - stands out as a remarkably stable investment. ”

Bloomberg Wealth Manager.

“ The track record of early investors - and a slew of recent academic research - indicate that timber is a near perfect asset. ”

Smart Money Magazine.

“Oxigen Investments are taking advantage of the demand for sustainable investment opportunities. It uses investors money to create hardwood plantations in Costa Rica - when the wood is harvested, it reduces pressure on natural rainforests and protects thousands of acres more of previously threatened rainforest. Meanwhile, the scarcity of certified sources of hardwood drives the price up, increasing the benefit to investors. ”

Financial Times.



Rainforest Investments

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