



SUSTAINABLE FORESTRY OWNERSHIP OPPORTUNITY

OFFERED BY THE MULTI-AWARD-WINNING, APC GROUP

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Key Facts

1 **TRANSPARENCY** We encourage clients to visit their trees and our production facilities to see first-hand who we are and what we are about. To date, we have had thousands of clients visit our plantations.

2 **REPLACEMENT** Replacement and replanting is provided by the APC Agarwood Tree Replacement and Replanting Policy if Asia Plantation Capital General Trading LLC (APCD) is selected as your plantation manager*.

3 **STABILITY** Timber is one of the most heavily traded commodities in the world. The World Bank in 2018 reported that the forestry industry generates a gross value add of just over USD 600 billion a year¹.

4 **FLEXIBILITY** Redemption from years 4 to 7.

5 **PERFORMANCE** Agarwood prices have increased from 2003 to 2017 at a cumulative average annual rate of 12.31%². Increased trade has given rise to concerns that demand will outstrip supply³.

6 **PROVEN** Award-winning management team and highly skilled and experienced Scientific Research and Advisory Board.

7 **DEMAND** The 2015/16 global market for agarwood has been estimated by our associated company, Sustainable Asset Management to be in the range of USD 6 - 12 billion annually. Although agarwood's share of demand is hard to distinguish it is increasing in the multi-billion dollar fragrance and pharmaceutical sectors, which are expected to be worth USD 70 billion by 2022⁴ and USD 1.43 trillion by 2020⁵, respectively.

8 **SOCIAL RESPONSIBILITY** Participation in sustainable projects that have a proven and demonstrable environmental, ethical and socio-economic impact.

9 **RISK** Asset protection provided - 100% of the trees are replaced by APC (If APCD is selected as your plantation manager)*.

10 **RECOGNISED** With over 8,500 clients having acquired trees to date and APC having won international plantation management awards in 2014, 2015, 2016 and 2018.

Key Features

Minimum Purchase

Number of Trees	500
Price per Tree	\$400
Purchase Price	\$200,000
Management Fee**	\$10,000
Total Cost	\$210,000

Location
Malaysia

Term
4 to 7 Years

Currency
USD

Replacement and Replanting Policy

100% of the trees are replaced by APC (If APCD is selected as your plantation manager)*.

Plantation Management

- Term Year 0** Acquisition, establishment, infrastructure.
- Term Years 0 to 7** Proprietary husbandry programmes and management**.
- Term Years 4 to 7** Harvesting of the trees.
- Term Years 4 to 7** Sale of the Harvested Marketable Product with net sales proceeds paid to the client.

* Please refer to the APC Agarwood Tree Replacement and Replanting Policy for further details.

** The appointment of management provider is at the client's discretion. It has been assumed that APCD has been selected to provide plantation management services up until process and sale of harvested product. The management fee is calculated at USD 20 per tree payable upfront (please refer to the APCD Managing Agent Agreement for further details).

3 Simple Steps

STEP 1	Complete and submit an Application Form and remit funds as per the Application Form.
STEP 2	Receive Ownership Documentation.
STEP 3	From Term Year 4, trees are eligible for harvesting. Receive net sales proceeds.

Asset Class Overview

Preqin, the alternative assets industry's leading source of data and intelligence, has signalled in their 2017 Investor Outlook: Alternative Assets report, that assets under management (AUM) in 'alternatives' have reached a record high of USD 7.7 trillion in 2016⁶.

Timber or forestry, which typically falls within the alternative assets universe, has grown steadily as an asset class since the turn of the millennium with the Institutional investment in timberland or forestry increasing to over USD 100 billion, according to New Forest's Timber Investment Outlook 2017. Real assets such as forestry are being regarded more and more as an important component of a balanced portfolio. A signature aspect of forestry ownership is that timber continues to grow irrespective of conditions in global markets, thereby giving well-managed timberland a tendency to deliver stable, non-correlated returns with low volatility⁷.

Market Dynamics

- Timber is one of the most heavily traded commodities in the world. The World Bank in 2018 reported that the forestry industry generates a gross value added of just over USD 600 billion a year, with global demand for timber expected to quadruple by 2050⁸.
- Timber has outperformed almost every other asset class in the investible universe, with an average cumulative return of 11.98% per annum from 1987 to 2016, according to the National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index^{9,10}.
- According to the World Wildlife Fund for Nature (WWF), approximately 18.7 million acres of forest are lost annually to deforestation - equivalent to 27 football fields lost every 60 seconds¹¹.

Agarwood Overview

- Internationally traded commodity for more than 2,000 years.
- The resinous heartwood of the Aquilaria tree is also known as Oud, gaharu, aloeswood, eaglewood and agarwood.
- One of the species referenced in the Old Testament and in the Holy Quran.
- Widely used for religious purposes in Buddhist, Jewish, Christian, Muslim and Hindu societies.
- One of the most expensive woods in the world.
- Global demand, with primary markets in the Middle East, Asia and the Indian Subcontinent.
- Highly valued within the fragrance and personal care luxury goods markets.
- Prices have increased from 2003 to 2017 at a cumulative average annual rate of 12.31%¹².
- Increased trade has given rise to concerns that demand will outstrip supply¹³.
- Valued for its array of qualities from scented, workable timber, to oil content and medicinal applications.
- International trade is regulated, and the species is protected by CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora).

Why Asia

- Asia is home to APC, and some of the world's largest public listed and private plantation companies.
- APC's current plantation opportunity is located in Malaysia, which has a stable outlook and A- sovereign credit rating from Standard & Poor's, and is one of Asia's largest and most substantial economies in terms of GDP¹⁴.
- The programme's countries: Singapore (AAA), Thailand (BBB+) and Malaysia (A-), have prime to medium grade credit ratings from Standard & Poor's, inferring stable economies¹⁵.
- Singapore, Thailand and Malaysia have substantial histories of economic growth, with GDP growing between 3.4-5.4% p.a on average from 2005-2017, according to the World Bank¹⁶.
- APC supports the domestic economy, while educating and supporting fragile rural communities.
- Strict environmental and forestry management policies at government level.

Key Management Team



Barry Rawlinson - Group Chairman

- Over 35 years of senior management experience in Asia.
- More than 10 years' experience in agroforestry in Thailand, Sri Lanka and Malaysia, and APC's CEO (now Chairman) since 2010.
- MBA in Business Administration.
- Spearheads numerous community and training initiatives alongside the core business.



Robin Jewer - Agricultural Director

- 25 years' experience in management of global agricultural operations.
- Ph.D. in Organic Farming and Husbandry.
- BASIS qualified agronomist.
- Managed Europe and Russia's largest agricultural estates for listed and non-listed companies.
- Former Agricultural Director for Saudi Royal Family.



Steven Watts - Group CEO - Asia

- Formerly a Senior Board Director of Jaguar Cars.
- More than 30 years' management experience, specifically in the sales and marketing sector.
- Drives APC's plantation acquisitions and management in Malaysia.
- Directly manages a regional workforce of over 2,000 personnel.
- Oversees the establishment of retail presences in malls around Southeast Asia.
- Is responsible for the opening of regional branch offices for the APC Group.



Dr. Pakamas Chetpattananondh - Special Scientific Advisor

- One of Asia's leading academics specialising in agarwood.
- Associate Professor at the Department of Chemical Engineering - Prince of Songkla University, Thailand.
- Ph.D. in Bioscience and Technology from Cranfield University (U.K).
- M.Sc. in Environmental Diagnostics. and B.Eng. in Chemical Engineering from the Prince of Songkla University (Thailand).
- Heads up APC's Scientific Research and Advisory Board.



Gary Crates - Chief Executive Officer Europe

- A successful international executive with a broad range of management experience.
- 20 years of management experience in multinational companies including DHL.
- Established and managed Gulf-based boutique property fund.
- 7 years' experience focused on forestry and agricultural investment projects.



Dr. Yumi Z Has-Yun bt Hashim Special Scientific Advisor

- One of Asia's leading academics specialising in the medicinal benefits of agarwood.
- Associate Professor at the International Islamic University Malaysia's Kulliyah of Engineering, Department of Biotechnology Engineering.
- PhD in Nutrition and Cancer, University of Ulster (U.K).
- Msc Eng (Bioprocess) from Universiti Teknologi (Malaysia) and a BSc BioMed (Hons), from the Universiti Kebangsaan (Malaysia).
- Has published articles, as well as presented papers at various conferences in Malaysia and overseas.



Dean Henry - Chief Business Development Officer, Europe, the Middle East and Africa

- 20 years' experience in customer relations and investment.
- Previously UK FCA Approved Person status.
- Considerable insight into understanding the needs and requirements of high-net-worth clients.
- Depth of market knowledge by dealing with high-net-worth individuals, institutions and pension funds.

Why APC Management Team

- Managed by one of the world's most successful, award-winning sustainable agarwood growers.
- Multispecies plantation specialists.
- Global network with proven operating record and over 10 years of research and development history.
- Interests aligned, with investment from APC alongside new owners - APC will be planting a buffer stock of additional trees which forms part of the APC Agarwood Tree Replacement and Replanting Policy.
- Supply agreements in place with retail and wholesale global brands.
- Highly skilled and experienced Scientific Research and Advisory Board.
- 'From Soil to Oil to You' – full and current value chain to end consumer markets.

Why Agarwood

- Stable growth profile, supported by APC's track record of annual growth statistics.
- Harvests are variable from Term Year 4 to a maximum 7-year Term period.
- Interplanting programme to accelerate growth of Aquilaria trees and put nutrients back into the soil.

Agarwood Powder Forecasts

Number of Trees	500
Price per Tree	\$400
Purchase Price	\$200,000
Management Fee*	\$10,000
Total Cost	\$210,000
Harvest Costs and Sales Commissions (as a percentage of gross harvest proceeds)	
	15%

Forecast				
Term Year	4	5	6	7
Age of Tree	12	13	14	15
Estimated Powder Yield per Tree (kgs)**	90	100	110	120
Fixed Price per kg of Powder	\$9	\$9	\$9	\$9
Gross Harvest Value	\$405,000	\$450,000	\$495,000	\$540,000
Minus: Harvest Costs and Sales Commissions (15%)	\$60,750	\$67,500	\$74,250	\$81,000
Net Harvest Value	\$344,250	\$382,500	\$420,750	\$459,000
ROIC	64%	82%	100%	119%
Avg Return per Annum	16%	16%	17%	17%

* The appointment of management provider is at the client's discretion. It has been assumed that APCD has been selected to provide plantation management services up until process and sale of harvested product.

** Estimated Powder Yield (kgs) is calculated using the whole tree and includes both infected and uninfected parts of the tree.

Notes:

- Trees are growing organisms; as such their reaction to climatic factors, along with their volumes and rates of growth and ultimately agarwood production and harvest value can vary due to biological reasons outside of our control.
- Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.
- Gross Harvest Value is based on a constant price of USD 9 per kg.
- Based on an assumption of 90 kg harvested from a tree at Tree Age 12.
- Net Harvest Value is net of harvest costs and sales commissions (15% of gross harvest proceeds).
- Management Fee is calculated at USD 20 per tree payable upfront.

Sources

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- ⁶ Prequin (2017) PREQIN INVESTOR OUTLOOK: ALTERNATIVE ASSETS H1 2017 , Available at: <http://docs.prequin.com/reports/Prequin-Investor-Outlook-Alternative-Assets-H1-2017.pdf> (Accessed: 2018).
- ⁷ NewForests (2017) Timberland Investment Outlook: NewForests.
- ⁸ World Bank Group (2016) Forest Action Plan FY16-20, Washington, DC (United States): World Bank Group.
- ⁹ Campbell Global (2017) Timber Primer Timber Asset Class Overview. [Online]. Available at: https://www.campbellglobal.com/downloads/public/TimberPrimer_Final_07192017.pdf (Accessed: September 2018)
- ¹⁰ NCREIF Timberland Index <https://www.ncreif.org/>
- ¹¹ World Wildlife Fund Deforestation Overview, Available at, <https://www.worldwildlife.org/threats/deforestation> (Accessed: 2018)
- ¹² Based on quoted Malaysian agarwood pricing in 2003 and 2016 sourced from:
Lim Teck Wyn and Noorainie Awang Anak (2010) Wood for the Trees: A Review of the Agarwood (Gaharu) Trade in Malaysia: TRAFFIC. Sustainable Asset Management, 2018. Quarterly Market Price Report; Q4 2017. Singapore: Sustainable Asset Management.
- ¹³ Wyn and Anak (2010) Wood for the Trees: A Review of the Agarwood (Gaharu) Trade in Malaysia, Petaling Jaya, Selangor, Malaysia: TRAFFIC (CITES). Joachim Gratzfeld and Bian Tan (2008) ,Agarwood - saving a precious and threatened resource', Botanic Gardens Conservation International, 5(1).
- ¹⁴ Trading Economics (2018) Credit Ratings, Available at: <http://www.tradingeconomics.com/country-list/rating> (Stand: 2018).
- ¹⁵ Trading Economics (2018) Credit Ratings, Available at: <http://www.tradingeconomics.com/country-list/rating> (Accessed: 2018).
- ¹⁶ The World Bank (2018) GDP growth (annual %), Available at: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG> (Accessed: 2018).

Disclaimer:

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The APC Group in Numbers

\$650M

Over USD 650 million of company property and plantations owned and/or managed

\$9M+

Over USD 9 million in returns delivered to clients since inception

160+

Over 160 plantations with more than 1 million aquilaria trees owned/and or managed

18

Operations in 18 different countries

16

Operating for 16 years (2002 to date)*

8500++

The APC Group serves over 8,500 clients globally

\$200M++

Over USD 200 million of trees sold to date

0

Zero bank debt

*Established officially in 2008, although operating privately since 2002

APC Profile

The Asia Plantation Capital Group is the owner and operator of a diverse range of commercial plantation and farming businesses globally. The group has provided sustainable forestry and agricultural land acquisition and development services to the global forestry and agricultural sector for more than 10 years.

The group owns its own freehold and long-term leasehold plantations. Its wholly owned land portfolio is free from any bank debt, and has been purchased with the company's own funds.

APC Group Awards



WINNER

BEST SUSTAINABLE FORESTRY MANAGEMENT TEAM GLOBAL 2014, 2015, 2016 & 2018



WINNER

MOST INNOVATIVE FORESTRY BOND ISSUER GLOBAL 2015



WINNER

FORESTRY INVESTMENT COMPANY OF THE YEAR ASIA 2015



WINNER

FORESTRY INVESTMENT COMPANY OF THE YEAR 2016 & 2017



AWARDED FOR OFFERING RESPONSIBLE INVESTMENTS - 2017



2018 GLOBAL EXCELLENCE AWARDS:

ASIA PLANTATION CAPITAL HOLDINGS CO., LTD. (APC) AS MOST INNOVATIVE SUSTAINABLE PLANTATION MANAGEMENT COMPANY 2018, AND APC'S BARRY RAWLINSON AS CEO OF THE YEAR 2018 – THAILAND.

APC Shariah Compliance



SELECTIVELY DESIGNATED BY THE ISLAMIC BANKING & FINANCE INSTITUTE MALAYSIA IN 2014 FOR ONE OF IT'S PRODUCTS

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