Teak Investment Proposal

A PROFITABLE INVESTMENT OPTION

Cultivated teak - a profitable investment

Teak has a centuries-old reputation as the king of timbers. It is highly durable, easily worked, attractive, strong and relatively light. With the decreasing availability of teak from natural forests, plantations are an increasingly important source of timber to meet the demand. The growing environmental awareness ha created a substantial opposition towards using teak from natural forests - the answer is of course cultivated teak.

Today teak is the only specie of fine dark wood being planted massively. As the international market will face mainly a supply of white woods, a dark wood like teak will have little competition. With teak remaining one of the world's most valuable timbers, interest in growing and investing in the species will remain high.

Since 1987, the timber industry has outperformed the S&P, according to the National Council of Real Estate Investment Fiduciaries (NCREIF). The timber index produced average annual returns of more than 15 percent during the past 20 years, compared with less than 12 percent for the S&P.

Many of our investors view cultivated teak as a low-risk, high-return investment. They believe it will produce capital growth comparable to equities while only requiring bond-level risk. Teak plantations have been a popular investment for decades and is owned and managed by private companies as well as governments in Central America, Asia and Africa.

Plantation management

Forwood owns and operates considerable teak plantations in the regions of Daríen and Colón in Panama. Forwood purchase fallow pasture or agricultural land and establish teak plantations using FSC[1] certified teak saplings from our own nursery.

Our general objectives is to establish and manage forest plantations utilising appropriate technical methods and to ensure that the replanting of forests is a sustainable process for production of high value timber. Production will be based on interplay between the environment and the company that will result in improved, long-term conservation of existing natural resources within the managed area.

The species that is planted by Forwood is teak (Tectona grandis). The quality of this timber is recognised the world over. The species has adapted extremely well in Central America. Forwood apply high density planting to achieve tall straight trees, therefore we initially plant 1110 trees per hectare. To promote development of the diameter, which produces better saw logs, three thinnings are carried out during the plantations 20-year rotation.

Forwood has formulated a series of strategies for the operation with the aim of attaining the necessary profitability and minimising the impact on the environment. The strategies can be generally summarised according to the following:

Forwood has complied with and will comply with all laws and regulations issued by Autoridad Nacional del Ambiente (ANAM), the regulatory and supervisory body for the replanting of forests in the Republic of Panama. Forwood is firmly committed to following all principles and criteria that are issued by the FSC (Forest Stewardship Council A.C.), for teak plantation management.

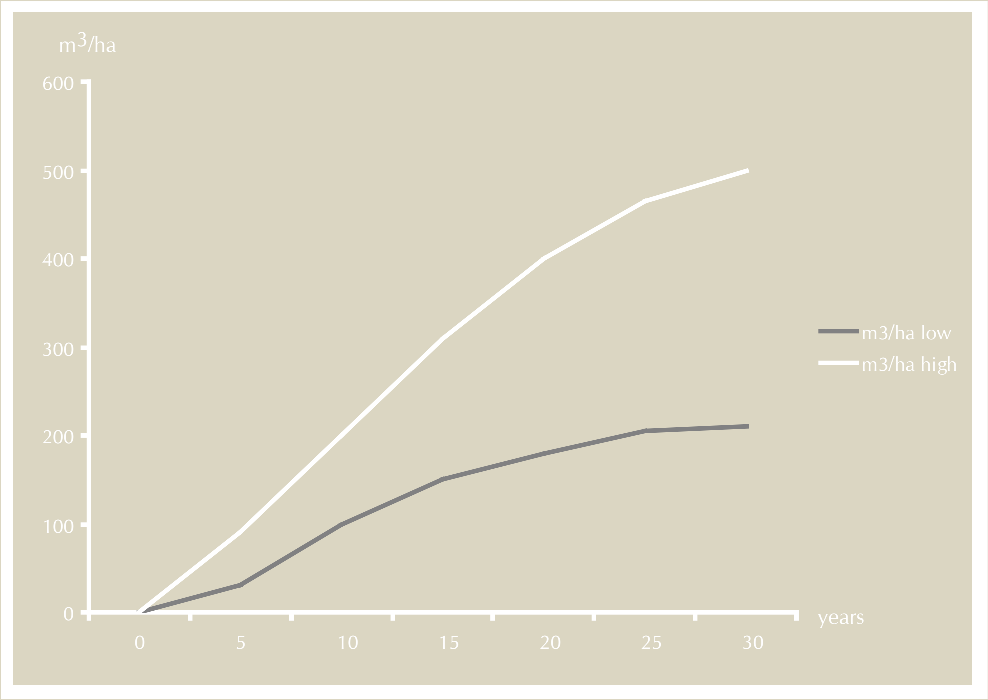
Forest plantations
All chosen sites for teak plantations are particularly suitable for good growth, thereby guaranteeing a perfect relationship between site-species. The company uses a combination of mechanical and manual methods for preparing the ground for planting to ensure the best possible utilisation of the soil resources for the plants. High quality seeds are used to guarantee the best possible stock and a good start to the production process. Only FSC certified seeds are used.

Growth is promoted by harrowing the soil before plantation and then by regularly removing the vegetation from around the plant. To optimise the tree's growth, they are pruned and thinned when necessary. To guarantee high quality and productivity in the forest plantations, the company consistently consults professional advice.

Forwood drafts an operational plan for each one of its holdings. This plan defines all the activities that are to be carried out in the schedule and gives the performance indicators for verification. The plan for each holding is implemented by the foreman in conjunction with the company's technical and consultancy personnel.

[1] FSC is an independent, non-governmental, not for profit organization established to promote the responsible management of the world's forests.

Yield potential of teak plantations



Source: The management of teak plantations, Julio César Centeno, PhD

Compared to natural forest grown teak, wood from plantation teak grown under rotations of 20 years contains a higher proportion of sapwood and juvenile wood as well as different visual characteristics such as colour, grain, and texture. However, some studies suggest that these differences may not always be large; hence rotation length of fast-grown teak can be reduced without affecting certain wood properties, such as timber strength.

Global demand for plantation teak is expected to continue to increase as restrictions continue to be placed on the harvesting of native teak. It has been demonstrated that when best management practices are utilised, sustainable, high-grade hardwood plantation teak can produce a greater volume of timber, on the same area of land than natural forests.

The wide “growth ring” pattern that will develop with fast grown plantations may exclude this product from some markets where the narrow “growth rings” that occur from natural stands is an important feature.

Prices that will be achieved will depend on factors such as international demand, the availability of markets and the acceptance of this product in the marketplace. It is not possible to predict the prices that will be achieved in the future.

Reforestation Visa package

This is a unique package where you invest a minimum of $80,000 in an approved Panama reforestation program. You receive ownership of 6 acres (2,6 hectares) of teak plantation with a 20-year rotation and all expenses covered.

The investment allows you to obtain a visa for yourself and your spouse, as well as dependent children. The reforestation package leads to a permanent residency after one year, allowing the investor to apply for Panamanian citizenship. This is an extremely inexpensive way to obtain a Panama permanent residency.

Reforestation visa benefits

- Investment return is free of tax
- In Panama there are fiscal incentives for reforestation projects.
- Newcomers who buy or build a new house are exempt from property taxes for 20 years.
- Residents pay no taxes on foreign-earned income.
- Tourism investments have 20-year exemptions from import duties, fees for construction materials and equipment, and income, real estate and other taxes.

Panama reforestation visas and Law 24

Law 24 encourages foreign investment with a reforestation visa in order to replenish the rapidly diminishing tropical forests of Panama. National Authority of the Environment (ANAM). is the governmental department responsible for accepting and registering these projects as well as authorizing the reforestation visas.

The basic features of Law 24 state: All wood that is harvested from an approved reforestation visa project is free from taxes for 25 years. Capital gains are exempt and all direct and indirect investment in the business is completely deductible from income within Panama.

All required equipment, including vehicles, heavy equipment and other necessary items can be brought into Panama tax-free.

Permanent residency and a Cedula are available after only one year from investment. Investors in this plan are also eligible for citizenship and a Panama passport.

The investment requires establishing a forest plantation of an approved type of trees. The most common type of tree for forestation projects is Teak. Teak is an extremely valuable tropical hardwood which is generally regarded as an endangered species.The growing cycle for Teak is more aggressive than some other hardwoods and because of this it is possible to realize very impressive profits over a twenty year cycle.

Requirements: To initiate the visa application the investor will need to be in Panama a minimum of five working days. After registering in immigration and presenting all required documentation, immigration will issue a three to four month provisional visa.

Within four months of the expiration date the investor need to revisit Panama to apply for the one year immigrant visa card. This time the investor only is required to spend three working days in the country. After registering in immigration and presenting the required documents, provided by our law firm, the Panama immigration will issue a one year Resident Immigrant Card.

You have to come to Panama to apply in person but you do not need to live here to receive the reforestation visa.

When you invest in Forwoods reforestation visa program ***Teak Invest*** you can rest assured that you invest in a approved well documented and managed program. All teak investments made with Forwood include full maintenance service for the plantations 20-year rotation. With the investment Forwood also provide fire insurance for a period of three years, counted from the date of the transfer of the ownership of the land. The insurance covers all costs for re-planting in case of fire.

The staff at Forwood will be happy to guide you through the procedures, at the same time we always recommend the investor to use an independent attorney to keep your interests protected.

We now extend the possibility to invest in our reforestation visa package Teak Invest, with highly managed cultivated teak on a 20 year rotation.

The Investment

- With your investment of $80,000.00 or more, you may apply for resident status in Panama

- All legal fees are included to register the plantation in your name

- Investment return is free of tax

- You become the owner and direct beneficiary of all revenues from teak timber on you plantation. Both from thinnings and final felling

- You receive the deed and topographic work drawn up showing landmarks

- Forwood guarantees first class maintenance and surveyance during the whole 20-yar rotation

- Forwood organize guided tours of the plantation for all investors

- Insurance - A fire insurance is included for the first three years from planting date with a re-planting guarantee. Forwood will cover the cost of re-planting

The Forwood Forestry Group

Forwood provides investments in cultivated teak complete with management services with focus on growth, quality and environmental care.

Founded in 1986, Forwood hold a solid position in forestry investments. In 2006 the group expanded with two new subsidiaries focused on cultivated teak in Panama; Forwood Forestry Panama S.A., and Forwood Production S.A. In 2007 Nordic Management Group, teak plantation owner established in 1999, was incorporated into the Forwood group. Subsequently the companies name was changed to Forwood Management Group. The head office of the Panamanian branch of Forwood is in the Torre Global Bank Nueva building in Panama City, with a operative sub-office in Tortí.

Forwood Forestry Panama S.A., owns more than 1 370 hectares of land, which of the majority is already established teak plantations. The company concentrates on finding and afforesting land suitable for the production of high value timber (teak) and establishing first-class managed teak plantations.

Forwood Production S.A., established in 2006 is the start of a small sawing mill in Tortí. The plant today holds basic equipment for training and education of personnel. Focus is on creating a set-up that can take care of teak wood from thinnings to enhance value.

Forwood Management Group S.A., is the counterpart for all investments made in teak and land provided by Forwood Forestry Panama S.A.

Cultivated teak - an ethical choice

It is estimated that the world's forests store 283 gigatonnes (Gt) of carbon in their biomass alone and 638 Gt of carbon in the ecosystem as a whole (to a soil depth of 30 cm). Thus forests contain more carbon than the entire atmosphere. Plantations are an important potential source of timber to narrow the growing gap between supply and demand for teak."

In Central America there was a decrease in forest area of about 350 000 hectares per year for the period 1990–2005. The total net change in forest area in the period 2000–2005 is estimated at -7.3 million hectares per year – an area the size of Panama or Sierra Leone – or equivalent to a loss of 200 km^2 of forest per day.

It is predicted that more than 60 percent of the sustainable wood supply in Latin America and the Caribbean will come from planted forests by the year 2020, leaving more natural forests untouched.

"The more wood that comes from planted forests, the more natural forests in Latin America and the Caribbean will be conserved. This is definitely a positive trend,"
Source: Olman Serrano, *FAO (Food and Agriculture Organization of the United nations) 2006-08-01*

Timber trade

Tropical timber imports of logs from ITTO members totalled 15.8 million m^3 in 2005. Two of the largest global importers of teak logs are China and Thailand, where the timber is manufactured into semi-finished and finished products, either for export or domestic consumption. India, a substantial producer of teak in its own right, also imports a large amount to meet the growing requirements of its domestic market.

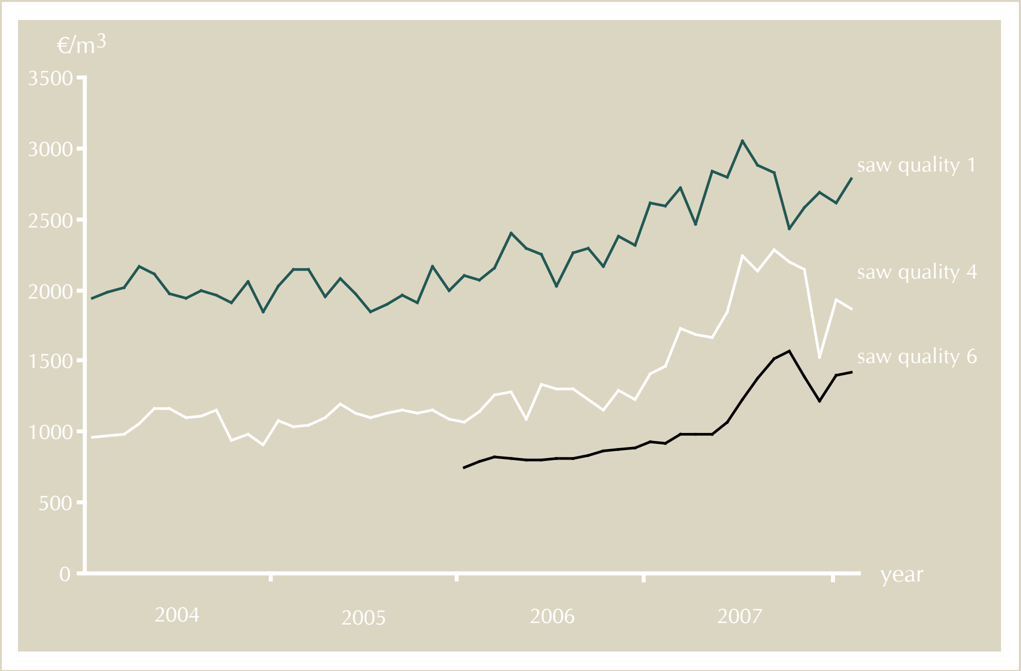
The majority of native teak is produced in the Southeast Asian nations of Myanmar, India, Laos and Thailand. Harvesting and logging of native teak is either banned or severely restricted in most supplying countries with the exception of Myanmar which currently dominates the global teak export trade, and where it is perceived that supplies are beginning to rapidly diminish.

There are at least 36 countries growing plantation teak across Asia, Africa and South America although most of this production is currently used for domestic consumption. Export bans on both native and plantation teak also apply to most of the larger producers resulting in only a small volume being available to supply the global market. Just 17% of total roundwood teak production was exported during 2000. The growth in international demand has broadened the traditional teak supply base to include plantation-grown small diameter logs, especially from Africa and Latin America.

Of all the high value timber, teak exudes a particular fascination, somewhat like gold among the precious metals. Appreciated for more than 2 000 years, teak is coveted worldwide for its extremely good dimensional stability and aesthetic qualities. The growth in international demand has broadened the traditional teak supply base to include plantation-grown small diameter logs, especially from Latin America and Africa.

Based on overseas experience the price for plantation grown teak generally tends to be less than native forest though prices vary depending on the quality and supplier of the timber. However, there are no established prices in plantation teak. In the international market premium prices are paid for teak due to the limited availability of natural teak. The considerable decline in available native supply is anticipated to even increase in the future. Log prices for native grown teak are regularly reported by ITTO[1]).

Myanmar teak log prices, natural forest



Source: ITTO (International Tropical Timber Organization)

1) International Tropical Timber Organization, ITTO is an intergovernmental organization promoting the conservation and sustainable management, use and trade of tropical forest resources. Its 60 members represent about 80% of the world's tropical forests and 90% of the global tropical timber trade.

Welcome to your plantation!

If you would like your capital to work both sensibly and long term, with a higher return than average, - then our investment alternative Teak Invest and/or TeakUnit are a prudent choice.

While visiting your plantation you both see and experience your investment and as your forest grows, you are in addition contributing to a better environment and the creation of job opportunities for the local population.

You will receive further information regarding our investment proposals on our web site http://www.forwood.com or by contacting our local sales office.

Welcome to a unique investment

Source: Food an Agriculture Organization of the United Nations (FAO)
International Tropical Timber Organization (ITTO)
The Intergovernmental Panel on Climate Change (IPCC)

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