



Graham Stuart & Associates

18 Month Old Agarwood 4 Year Investment Option



4 Year Agarwood Investment Option Why invest in existing established Agarwood as opposed to new plantings?

By buying established trees you shorten the time it takes for your investment to reach maturity by approximately two years. During the first 12 months of growth, a small number of trees can fail. Oxigen will of course replace these, but while your total number of trees remains constant, the saplings which have been replaced will be slightly smaller than those in the original planting. It may therefore make sense to stagger harvesting for a further six months.

Agarwood, eaglewood, gaharu, aloeswood and "Wood of the Gods" - these are just a few of the names for the resinous, fragrant highly valuable heartwood produced by *aquilaria malaccensis*. The trees are large evergreens native to South East Asia.

The following projections will help illustrate the likely harvest schedule and yields from growing 300 agarwood on the tree farms.

Under Patent 6,848,211 it is now possible to harvest in six years, making this tree commercially viable for our plantations. The tables below reflect the actual results from original, historically-based data.

If, after you review these projections, you have any questions about Oxigen growing trees for you, please call or e-mail us.

The harvest date is for projections only. The actual harvest dates will be up to you, the tree owner (within the terms of the lease).

Agarwood Tree Price List

Quantity	Price per 1,000 trees (1 Unit)
1 Units	£75,000
10 Units	Call for a quote

Please note that all prices are correct at time of going to press and are quoted in UK Pounds Sterling.

These projections are based on 1,000 Trees @ 18 months old

Investor Buys 1,000 Trees @ 18 months old = £75,000
 Maintenance x 4 Years = £10,000
 Total Outlay over 4 Years = £85,000
 Tree Value Year 4 = £200 (6 years old)
 Total Harvest Value Year 4 = £200,000 (1,000 trees harvested)
 Net Harvest Value = £190,000
 Profit = £105,000

The ownership formula is simple. Oxigen owns the plantations and individual blocks of trees can be bought and leased direct from Oxigen with management provided either by Oxigen, or any other company of your choice, payable either quarterly, annually or in advance.

The lease is valid until you decide to harvest your trees (with a maximum of six years) at which point your trees would be harvested and payment forwarded to you. We suggest optimum harvest at Year 6 utilising an intensive maintenance/management programme.

The projections below show your potential returns based on a complete harvest at Year 6. You can at any time choose to harvest a proportion of your trees and leave the rest in the ground for a later harvest.

Agarwood Projections - 1,000 Trees

Number of Trees	Price Per Tree	Total Value	Care & Maintenance Fee (Over 4 Years)	Total Outlay (Over 4 Years)	Projected Harvest Value @ 4 Years	Less Profit Share @ 5%	IRR%	Total Net Return
1,000	£75	£75,000	£2,500	£85,000	£200,000	-£10,000	22.27%	£105,000

This table shows the projected growth, harvests and yields from planting 1,000 agarwood trees.

These projections are based upon a conservative price of £446 per kilo for the agarwood chips, and are calculated using the lowest grade of chip available. The process of extracting the agarwood is very labour-intensive.

The 5% profit share is retained by Oxigen as our harvest profit.

The annual maintenance fees are what we charge for growing and managing your trees. This is paid by you quarterly, annually or upfront upon initial purchase, and includes the cost of harvest and extracting the valuable parts of your trees.



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Notes to projections

THE PROJECTIONS IN THESE TABLES, AND THE EXPLANATORY NOTES, ARE PROVIDED FOR YOU TO BETTER UNDERSTAND THE PROCESS OF GROWING AND HARVESTING AQUILARIA TREES. WHILST WE BELIEVE THESE ESTIMATES OF GROWTH, COSTS AND YIELDS TO BE FAIR AND REASONABLE, WE CANNOT GUARANTEE THE FUTURE VALUE OF YOUR TREES, NOR THE PROCEEDS YOU WILL RECEIVE FROM THEIR HARVEST. WE ENCOURAGE YOU TO SEEK THE COUNSEL OF AN INDEPENDENT PROFESSIONAL WHO CAN EVALUATE THE REASONABLENESS AND ACCURACY OF THESE PROJECTIONS.

1. The projections above are based upon a conservative estimate of yield based upon using 40 trees with diameters at breast height that ranged from 10 to 19 cm. Four groups of ten trees were treated with varying application methods using the technology presented in U.S. This technology has been licensed to Cultivated Agarwood LLC. In September 2006, one year after the demonstration began, the trees were evaluated and some trees cut. One year later (two years after the start of the demonstration) in October 2007 the remaining trees were harvested and assessments of agarwood development as well as analyses of the agarwood.

2. The projections in Table 1 are based upon the price of agarwood chips extracted from the agarwood, from a 10 cm section of the trees revealed 15 to 88 grams of resinous wood chips depending on the type of application used. This equals approximately 150 to 880 grams.

3. The amount that can be produced may vary depending on local conditions but a conservative estimate based on harvests of treated trees is approximately 10 to 50 grams of high quality resinous wood chips, 200 to 250 grams of medium quality agarwood chips and a kilo or more of lower quality agarwood chips and powder per tree.

Our professional foresters, who monitor the growth profiles of your trees in the plantations, will report on the condition of your trees and help you determine the actual harvests of your trees.

Please also note that a period of time after any harvest will be required to process, extract and prepare the agarwood for the international export market if it is to be sold.

4. The usable height and diameter growth estimates are based upon growth rates obtained from plantations, studies and technology under Patent 6,848,211.

5. Our estimated volume per tree is calculated by: cross sectional area of the tree x the usable height of the tree or πr^2 times the usable height of the tree. These projections are based upon the volume of the trunks and include the additional wood volume that has been infected.

6. The amount of marketable wood per tree is stated in kilos. as this is how the end product is sold. The estimated amounts of marketable wood are based upon the estimated volume per tree in kilos. Then reduced by the estimated amount of processing waste, which is sawing losses and damage to the logs while being harvested, transported and processed.

7. The value per tree is arrived at by multiplying the number of marketable kilos per tree times the price per kilo at the time of harvest. See Notes 1 and 2 above.

8. Net harvest proceeds - The estimated net value of the infected timber from each harvest is arrived at by multiplying the estimated value per tree times the number of trees harvested.

9. Sales costs and profit share are the costs of harvesting your trees, extracting the agarwood and processing into the marketable product, maintenance and sale of your trees.

10. Net proceeds is a running total of your estimated returns from the harvests of your trees.

