

Milieudeskundige Peter Wass investeert in Floresteca's teakplantages

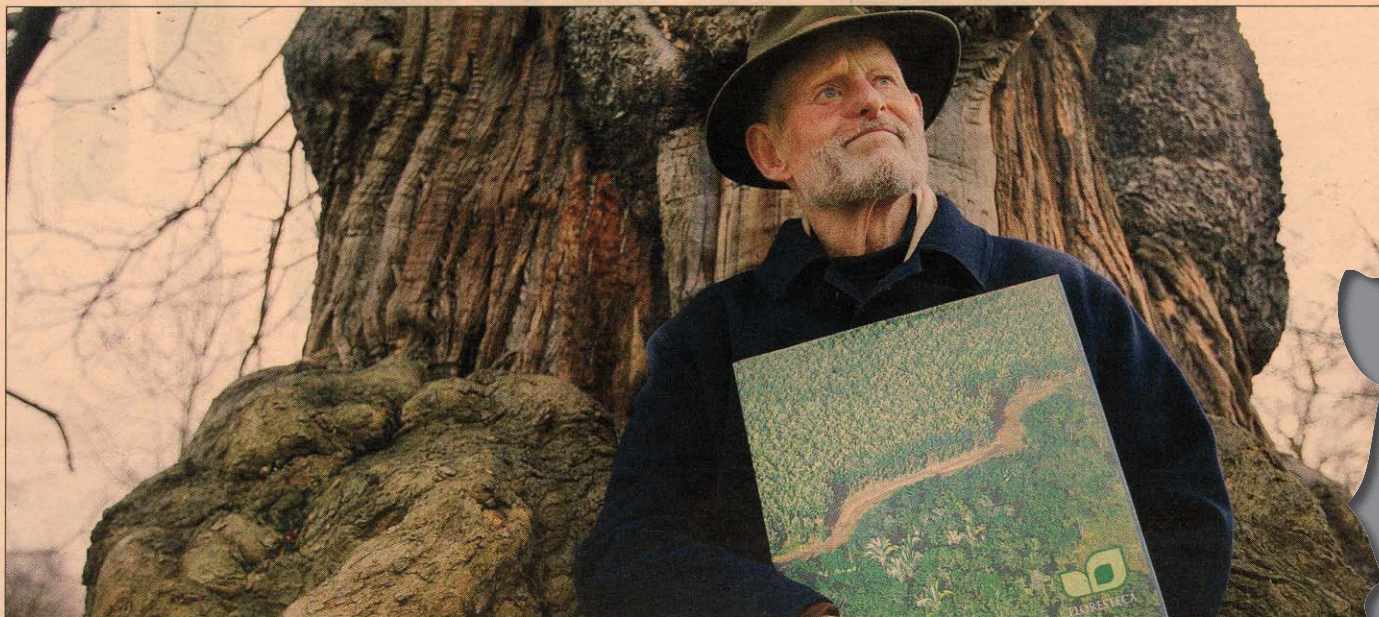
Onlangs verscheen er in de European Financial Times een artikel waarin een Britse milieudeskundige vol lof spreekt over Floresteca's inzet voor mens en natuur. Wass heeft zich als milieudeskundige jarenlang ingezet voor de wederopbouw van de bossen in Kenya. Nu gepensioneerd, en nog altijd gepassioneerd door bosbouw,

koos Wass ervoor om zijn spaargeld te investeren in de teakhoutplantages van Floresteca! Over zijn investering zegt Wass het volgende: "Het is iets waarin ik oprecht geloof en waarvan ik geniet. Mijn vrouw en ik zijn blij dat wij op deze manier kunnen bijdragen aan het milieu. Ik raad het iedereen aan."

MONEY MAVERICK SUSTAINABLE FORESTRY

The most natural place for his savings

An environmentalist who invested in a Brazilian teak plantation found it personally and professionally satisfying, writes Ellen Kelleher



Teak mystique: "Teak is a wonderful, wonderful tropical wood," says Peter Wass.

Charlie Bibb

From his study in Bishopstone in Wiltshire, Peter Wass often looks out and admires the teak benches that line his garden. "Teak is a wonderful, wonderful tropical wood," he says.

A philosopher by training and an environmentalist by profession, Wass remains, at 67, a curious academic. The benches are reminders of the years he spent overseeing the restoration of the Mau and Aberdare forests of Kenya and also his investment portfolio. Wass's approach to investing is scholarly and he has been able to channel his interest in conservation and forestry into his financial planning for retirement.

Three years ago, while in a library in Salisbury, Watts read an advertisement in Zac Goldsmith's magazine *The Ecologist*. "If you're not happy about investing in things you don't understand or approve of, why not invest in a teak forest in Brazil?" it read. "I thought well, that's absolutely fantastic," Wass remembers.

So, Wass and his wife Diane, whom he describes as a "good, cautious Scot not prone to spending frivolously", handed a chunk of their savings over to Ian Hook, director of the Quadris Environmental Fund in the Netherlands. The fund invests directly in Floresteca Agroforestral, a Brazilian business which mines tens of thousands of hectares of teak wood in the province of Matto Grosso, west of Rio de Janeiro.

Before doing so, Wass asked a forester friend for counsel. He told him to be careful as he had heard the Netherlands was a base for sham forestry investments. So, Wass checked Quadris's credentials with the Forest Stewardship Council, an international non-profit organisation. "I was ultra-careful. ... I just wanted to make sure it was all kosher," Wass says.

The investment in Quadris was appealing to Wass for several reasons. The most important of these was his yen to give back to causes he supported throughout his career.

In addition to running a forestry programme in Kenya, Wass worked in community development in Botswana and the Middle East and served as an environmental adviser to the Ministry of Defence before he

retired a few years ago. "I have had wonderful jobs, marvellous ones. I found them all so fascinating. The interesting things about forests in developing countries is that they are as much about the people as they are about the trees. They supply work," he says. "Think about the role of trees in the environment. How they help to protect our water and purify our air."

Thus far, he and his wife have been quite pleased with the performance of their stake in Quadris. "It's not a get-rich-quick thing. It's something I truly believe in and enjoy. We're very, very happy that it's helping the environment. I would recommend it to anyone," he says.

"We were disillusioned with our investments. We were so fed up with other investments because our savings always seemed to go down. I mean I was so sick of reading those bloody magazines and watching our savings fall."

TAX BENEFITS GROW ON TREES FOR LONG-TERM UK INVESTORS

If you live in the UK, investing in forestry could make sense when the time comes to pay taxes.

As long as you are supporting the development of the timber market inside the UK, most forestry investments permit you to forgo paying inheritance tax after two years. After that time, if you own the plot outright or have shares in a collective forestry portfolio, you qualify for a business property relief exemption which means it falls outside your estate for inheritance tax purposes.

Another perk is that you don't have to pay UK income tax or corporate tax on the sale of timber and you are exempt from paying capital gains tax on the increase in the value of the trees. However, any increase in the value of the land is subject to capital gains tax.

One of a handful of environmentally-conscious funds, Quadris invests in forestry projects that try to regenerate timber where forests have been destroyed. In many cases, the land is taken back from cattle ranches that support the giant beef industry in Brazil. "These cattle ranches have destroyed huge tracts of forest," Wass says.

Teak is a wonderful wood for sustainable forestry projects because it is one of the few suitable for being grown on a plantation. "It is bug-resistant and it doesn't change shape," Wass says. "Woods like mahogany aren't appropriate because they usually have to be taken from indigenous forests so that means people get in the habit of raiding and taking out the best trees."

Once teak is grown, it can be harvested repeatedly. Its plantations are also protected by Brazilian law, so they can never be exploited again. Another appealing point is that Floresteca employs hundreds of people

in Matto Grosso, one of the poorest provinces in Brazil.

In the last five years, the fund has returned 76.61 per cent to its investors, who are now about 500-strong. So, a £20,000 investment made in 2001 would be worth about £35,322 today. Quadris offers variable and fixed-yield share classes to cater to investors' appetites for risk. The variable ones, which returned 16 per cent in the last year, invest in the equity of the plantation and the fixed-yield shares paid out 6.5 per cent in the same period. "Because you're following the fortunes of the plantation, investors in variable shares should have more of a taste for risk," Hook reports.

The fund, which opened in 2001, is intended for investors who want long-term growth as it takes between 20 and 25 years for a plantation to grow and be ready for harvest. Though there are no initial charges, the fund, listed in the Isle of Man, does charge a fee if you want to take out money in the first five years. The minimum investment is £1,000. Travelling to Matto Grosso to take a peek at the progress of the teak wood was another perk of investing with Quadris, which sponsored a promotional trip. Accompanied by Hook and fellow investors and independent financial advisors, Wass and his wife made the trip two-and-a-half years ago.

"I thought the management was terrific," Wass says. "They were extremely conscious of the impact of the environment and very conscious of their social responsibilities to workers and the surrounding communities." Quadris directors, including Ian Hook, will be speaking at Invest06, a conference of investment companies at the Business Design Centre in Islington, north London today. For more information, refer to: www.invest06.com.

MONEY MAVERICK

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