

Purchase and service contract



Provided that the customer is interested in acquiring, growing and exploiting mahogany trees, he can complete and sign the application for the purchase of mahogany trees (Application Form at the end of this brochure) and offer Majestic-Trees Inversiones S.R.L. the conclusion of the following purchase and service contract. If Majestic-Trees Inversiones S.R.L. accepts the contract, it is legally binding concluded.

Preamble

Majestic-Trees Inversiones S.R.L., road entrance to Plaza Bahía Tropical 8003, Sosúa, Puerto Plata, Dominican Republic (hereinafter also MTI or Majestic-Trees) is a limited liability company domiciled in the Dominican Republic (legal form comparable to a German limited liability company) which is dedicated to the planting and growing of mahogany trees of the variety *Swietenia Macrophylla* (so-called American mahogany) in that country. It is registered at the Commercial Register, i.e. the Cámara de Comercio y Producción de Puerto Plata (Chamber of Commerce of Puerto Plata). In the context of its activities, MTI sells mahogany seedlings, mahogany trees of different ages and offers an integral service for the growing of mahogany trees. In the course of growing, MTI plants the mahogany seedlings and maintains the mahogany trees from the time of planting until the time of utilization. In addition, the mahogany trees are exploited by MTI. In this sense, exploitation means either the felling of the mahogany tree and the sale of mahogany wood or the sale of the standing tree.

Under the law of the Dominican Republic the use of land and soil by persons who are not owners of the land is possible, provided usufruct has been granted. This so called "la Mejora" right is independent of the type of planting and grants an irrevocable usage and ownership right during the term of the contract, that the owner of land and soil cannot modify, suspend or revoke. The right is registered in an official register and continues to exist even in case of pledge, sale or foreclosure of land and soil. MTI acquires "la Mejora" from the respective owners of the land long-term for the cultivation of mahogany trees.

The customer is interested in acquiring mahogany seedlings as well as a right similar to the "la Mejora" right and to hire MTI for the growing of the seedlings as well as the exploitation of the mature mahogany trees ready for felling. With completion and signing of the application for the purchase of mahogany trees (hereinafter also application form), the person referred to therein (hereinafter also customer) offers MTI the conclusion of the following purchase and service contract. The application form for the purchase of mahogany trees is part of this purchase and service contract.

§ 1. Object of Purchase

MTI is selling mahogany seedlings of the type *Swietenia Macrophylla* (American mahogany) to the customer in the amount that has been indicated by the customer in the application form.

§ 2. Service

1. MTI undertakes to plant the mahogany seedlings sold to the customer under § 1 in a plantation operated by MTI within 90 days. Before planting, MTI will prepare the soil for planting as best as possible. Planting and growing has to be done in areas where MTI has a long-term "la Mejora" right for the duration of the cultivation.

2. MTI is committed to take care of the mahogany seedlings planted pursuant to paragraph 1 from planting until felling maturity. The tasks taken over by MTI include in particular regular removal of grass, undergrowth and weeds from the area, regular pruning of the mahogany trees, regular fertilization and pest control.

3. MTI is committed to utilize the mahogany trees planted under paragraph 1 on behalf of the customer and then pay out the total proceeds to the customer, less any eventual utilization costs. Should MTI manage to achieve proceeds over its forecast (§15, 8), it receives a bonus of 25% of the additional proceeds.
4. In principle, MTI is entitled to use third parties to fulfill its tasks.

§ 3. Granting of Rights

With respect to land and soil, on which the mahogany seedlings sold to the customer under paragraph 1 are planted, MTI grants the customer a right equivalent to the "la Mejora" right for the use of land and soil in the Dominican Republic. This sub-right to "la Mejora", which MTI holds with respect to land and soil to be planted, is valid until the date of utilization of the mahogany trees planted thereon for the customer.

§ 4. Registration and Certification

1. MTI undertakes to identify all planted mahogany seedlings with a unique registration number. For each registration number the following registration data must be stored in a tree register at MTI: Current owner, planting date, GPS data of the position of the tree. Date of certification by the Ministry of the Environment, data of land deed, number of purchase contract.
2. In the Dominican Republic, the felling of mahogany trees is only permitted with government approval. This authorization (right to fell) is granted with a certificate of the Ministry of the Environment of the Dominican Republic (Ministerio de Medio Ambiente) for newly planted mahogany trees. It is issued once the mahogany trees have reached a height of about 60 cm. MTI undertakes to have all planted mahogany trees verified, counted and certified by the Ministry of the Environment of the Dominican Republic on reaching certification capacity (about 1 year after planting).

§ 5. Remuneration, Payment Processing, Escrow Account

1. The customer pays MTI for supply and services regulated in § 1, § 2, § 3 and § 4 € 150 (in words: Euro one hundred and fifty) per mahogany seedling.
2. The following discounts apply for larger quantities: from 10 trees: -10% (price 135. - € per tree); from 25 trees: -16% (price 126. - € per tree); from 50 trees: -18% (price 123. - € per tree); from 100 trees: -20% (price 120. - € per tree).
3. The payments shall be made to the account specified in the application form. For payment to the escrow account, the trustee is only required to make a payment to the entitled entity (i. e. MTI) when all necessary documents signed by the customer are obtained and the statutory cancellation period of the customer has expired without a revocation.

§ 6. Location and Register Data

1. MTI will assign trees in 4 different regions (sectors) to the customer.
2. Upon request, MTI will also provide the customer with an extract from the tree register kept by MTI once a year by e-mail. The extract guarantees to cover all mahogany trees acquired by the customer with this contract.
3. The customer has the right to visit his trees at any time. This shall be agreed with the Farm Management.

§ 7. Felling Maturity, Extension of Life of the Tree

1. The felling maturity of a mahogany is reached with its biological maturity (flowering of tree). A mahogany tree only fulfills the requirements regarding firmness and timber quality and can be traded as genuine mahogany upon reaching felling maturity. Mahogany trees of the species Swietenia Macrophylla achieve felling maturity about 15 years after planting. As soon as a mahogany has reached felling maturity, MTI will inform the customer in writing by e-mail.
2. Upon reaching of felling maturity, the customer has the options to either let his mahogany trees be felled, to leave one or more of his mahogany trees standing in the plantation, or to sell one or more of his live mahogany trees. He must inform MTI within 14 days after receiving the information about the felling maturity in writing and let it know which of the three options he chooses. If the customer does not reply within the specified period, this is considered as selecting the option "leave all of my trees standing". In this case, MTI will ask him again to select one of the options after one year.
3. If a customer lets one or more mahogany tree standing on the plantation, he has to pay an annual expense allowance for usage of land and soil and maintenance of the mahogany trees, approximately € 5.- per mahogany tree, payable to MTI. MTI is entitled to adjust the annual expense allowance to future price developments and will inform the customer of the current amount. The expense allowance is payable annually in advance to an account specifying by MTI with the information (see. § 5) and must indicate the intended usage. The customer is entitled to pay the expense allowance for longer periods in advance by prior arrangement.
4. If the customer does not pay the expense allowance due pursuant to paragraph 3, despite a request by MTI, MTI is entitled to an immediate utilization of one or more mahogany trees of the customer to cover the payment of the expense allowance. Alternatively, MTI is entitled to take the accrued expense allowance out of the proceeds of utilization of the mahogany trees at a later date. In both cases MTI is obliged to pay the surplus of the proceeds to the customer after deduction of the expense allowances due.

§ 8. Growing Guarantee

1. MTI guarantees the customer uninterrupted growing and care of the mahogany trees purchased pursuant to § 1 over the entire growth period until utilization. Should one or more mahogany tree die before reaching felling maturity, MTI undertakes to replacement the dead mahogany trees with new seedlings and to grow and care for these until felling maturity free of charge.
2. Destruction by force majeure, for example, natural disasters such as forest fires or earthquakes, is not a „dying" within the meaning of this provision.

3. In case of destruction by force majeure within five years after planting, MTI undertakes a free replanting, provided that it is possible on the respective areas.

4. In case of destruction by force majeure from the sixth year after planting, MTI undertakes a replanting, provided that it is possible on the respective areas and provided that the customer so desires. In this case, the cost of replanting and growing will be reimbursed by the customer to MTI; it will be communicated to the customer in advance. When calculating the expenses, possibly still existing reserves of the customer from earlier payments are taken into account.

§ 9. Term of Contract and Termination

1. The contract has a fixed term until utilization of the last mahogany tree purchased by the customer pursuant to § 1.

2. The right to extraordinary termination remains unaffected. A reason for an extraordinary termination by MTI is especially given if the customer fails to pay the amount payable under § 5 or the expense allowance payable under § 7, paragraph 3.

§ 10. Right to Resell

The customer can sell his mahogany trees to a third party at any time (trees not under "EVB") or only some of these (including the services to which he is still entitled) and to transfer the property to it. The customer undertakes to notify MTI by means of the tree transfer form of the sale or transfer of the trees. The tree transfer form, which can be requested by e-mail, as well as the original tree-ownership certificate, shall be sent to MTI. Upon receipt of the communication as well as the ownership certificate, the respective buyer will receive an ownership certificate issued to him upon payment of 35 €, and the data of the new owner will be entered in the tree register.

§ 11. Formation of Contract

1. The customer shall be bound by his offer to conclude the purchase and service contract for a period of four weeks as of signing of the application form. During this time, this offer can be accepted by MIT. The purchase and service contract comes about with the acceptance declaration of MTI within the acceptance period.

2. The acceptance declaration comes about with the signature on the application form of the managing director of MTI or a representative authorized to this effect. Receipt of the acceptance declaration by the customer is not necessary for its effectiveness. MTI will however inform the customer promptly after the acceptance with a separate letter of acceptance of his offer. In principle, MTI can also deny acceptance.

3. The date of signature by MTI is considered the date of conclusion of the contract.

§ 12. Confidentiality

MTI is committed to handle all information required and the data obtained and knowledge of the customer confidentially during the contract period and after termination of this contract and to only make use of this information to the extent that it is necessary for the execution of this contract. A transfer of data to third parties only takes place insofar as MTI instructed these for the execution of this contract or if MTI is legally obliged to do.

§ 13. Miscellaneous

1. German law applies, but without reference to foreign law.

2. Contract language is German.

3. Ancillary oral agreements do not exist.

4. Changes and additions to this contract must be in writing. This also applies to a waiver of the requirement for written form.

5. The customer must inform MTI immediately of changes to his personal data, for example, postal address, e-mail address, etc. (for example by e-mail to info@mti-srl.com). The dispatch of documents / information to non-current postal or e-mail addresses is at the expense of the customer, if he has not previously made the required notification.

6. Documents shipped by MTI to the customer are considered delivered three days after dispatch.

7. Should a provision of this contract be or become invalid, the validity of the remainder of this contract will not be affected. The parties are in fact obliged to replace an ineffective provision with a provision that economically comes closest to the ineffective provision in a legally permissible way. The same applies in case of loopholes.

8.

YEAR	FORECASTS	
	m ³ (master volume)	PROCEEDS
15	0.7	600.00 €
16	0.82	700.00 €
17	0.93	800.00 €
18	1.06	910.00 €
19	1.17	1050.00 €
20	1.4	1200.00 €
21	1.6	1375.00 €
22	1.84	1580.00 €
23	2.12	1815.00 €
24	2.43	2080.00 €
25	2.8	2400.00 €