

A photograph of a Musang King durian plantation. The trees are arranged in neat rows, with green grass and shadows cast on the ground. The sky is bright blue with scattered white clouds. A large, semi-transparent blue rectangle is overlaid on the left side of the image, containing the main text.

# OWN A MUSANG KING PLANTATION TODAY

Investing in your very own Musang King durian plantation is now both affordable and hassle free. Enjoy low risk, high returns for 20 years

INVESTMENT BROCHURE  
2022



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## OVERVIEW

Established in 2015, Agroforestry Group have applied their thirty years of private forestry management into the development of new Malaysian plantations that welcomes private investors. All Musang King durian plantations are strategically located in Johor, Malaysia to give easy access to the export markets of Singapore, Hong Kong and mainland China.

## BUSINESS MODEL

The Musang King durian business is driven by two profit maximising criteria. First is the development of an export focused infrastructure across the entire operation. Second is the development of large plantations to increase bargaining power that lowers operating costs and increases export wholesale prices. It is this quest for growth that allows us to open part of our plantations to private investors.

### Export Focus

Malaysia is known as the home of the durian, offering high agricultural expertise with low operational costs. It is also home to the world's most prolific durian consumers, eating nearly four times the volume of their nearest rival. This massive consumption lowers the country's wholesale price per kg to a fraction of the international market. All plantation infrastructure is therefore based in Malaysia but targeted to the more lucrative international market.

### Volume Driven

In the agricultural sector volume drives profitability, which is why Agroforestry Group is focused on rapid growth. Each plantation has 1500 trees, of which 500 are sold to private investors. This capital injection drives a faster expansion and greater durian production, giving greater leverage in the wholesale durian sales market. These volume driven prices benefit both Agroforestry Group and small investors as both parties enjoy the same reduced operational costs and increased export price.

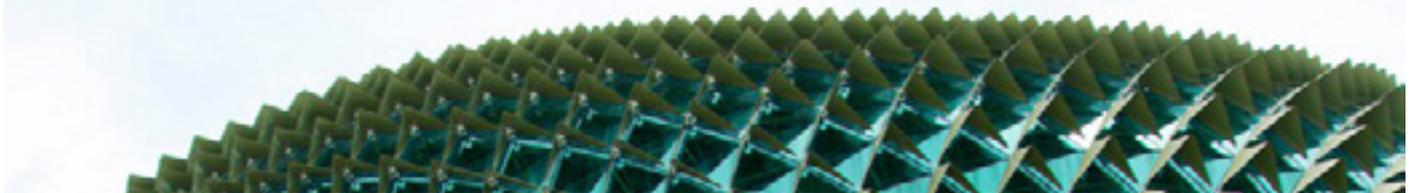


OUR MUSANG KING DURIAN BUSINESS MODEL IS EXPORT FOCUSED AND VOLUME DRIVEN

# DURIAN

For centuries the durian was a treasured delicacy amongst South East Asian cultures, with little knowledge of the fruit beyond these borders. That changed as tourism and global trade discovered its distinctive aroma and delicious, succulent flesh. The change has been so drastic that today the durian has become the most expensive fruit commercially available on the planet.

The fruit is wholly dependent upon the tropical climate of South East Asia which means the increasing global demand will out-strip supply for the foreseeable future.



## MUSANG KING DURIAN

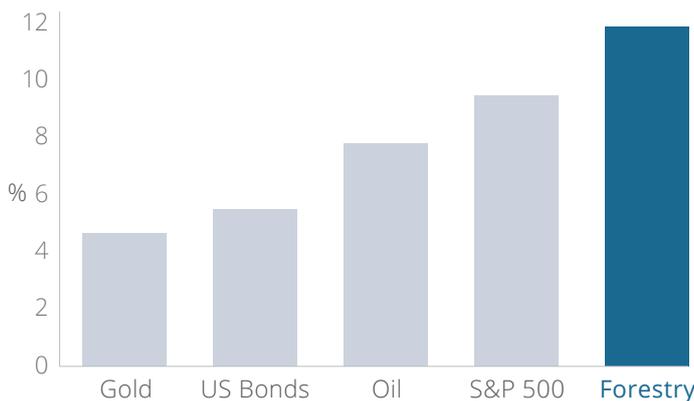
Malaysia's Musang King durian (aka Mao Shan Wang or D197) is the world's most demanded durian fruit variety.

It can only be grown within certain regions of mainland Malaysia and is sought after for its delicious, creamy, bitter-sweet flavour. With its rugby ball shaped husk, well defined seams and strong yellow coloured flesh it is not just tasty but also very photogenic, and used for most generic durian photos.

Over the last decade the international recognition of Musang King across Asia has become so pronounced that F&B companies such as McDonald's, Nestlé, KFC, Pizza Hut and Starbucks have all released durian products to capture regional sales. These products span ice cream, mochis, coffee and chocolate and look to take an ever-increasing share of the USD 275 billion F&B industry.

### INVESTMENT RETURNS, 1987 - 2019

*MCREIF, Yahoo Finance, KITCO, BP and Bloomberg Barclays*



As an agricultural carbon neutral asset class, Musang King is largely immune to economic cycles and out-performs all other categories.

# MALAYSIA IS THE HOME OF DURIANS

Durian is known as the “King of Fruits”, and Malaysia is at its epicentre. The name durian comes from the Malay word *duri* which means thorn.

There are 27 recognised species; 11 from Peninsular Malaysia, 19 from Borneo (East Malaysia) and 7 from Sumatra, Indonesia. Only 6 are edible. Malaysia has produced 199 varieties, the most popular of which is Musang King.



**MALAYSIA IS MUSANG KING**

Musang King durian is known as the “King of Durians” due to its exquisite taste and premium positioning.

Due to the unique climate and soil type, Musang King can only be grown in 4 of the 13 states of Malaysia; Johor, Melaka, Pahang and Penang.



## GROWING MUSANG KING

Cultivating Musang King can be a difficult task particularly during the nursery stage where mortality rates are as high as 50%. Our farmers at Agroforestry Group keep the Musang King inside the nursery for as long as 6-months, to ensure the planted saplings are strong and stable.

The Musang King saplings are not moved to the plantation until they are over 1m tall. This helps us achieve our plantation survival target of 99%. To boost this survival to 100% for investors, we have written into the contract a tree replacement guarantee, to give absolute peace of mind.

The commercial reason for growing Musang King durian is driven by its high profit margin. But very few farmers or organisations can fully leverage its market potential as there is a need for correct farming techniques to be combined with a plantation infrastructure built on volume and export. When executed well, the profit margins are huge. The profits are driven by 3-factors:

### **International demand**

The distinctive creamy bitter-sweet texture has made this Malaysian variety an international hit. It also benefits from its easily recognisable bright yellow fruit and its well-defined husk.

### **Limited supply**

Musang King can only be grown in certain states of Malaysia. Without this specific soil type the tree will only produce regular durians rather than the Musang King.

### **First fruits in year 5**

A durian tree grown from seed will bear fruit in year 7. The Musang King is grafted and therefore fruits in year 5, sometimes as early as year 4. Early fruiting rapidly boosts investor ROI.



As an experienced investor, I am always searching for new opportunities. Musang King is now an important part of my portfolio.

Tarek Hamada  
Egypt



## EXPORTS ARE THE FUTURE

Country	Production	Export v Import
Malaysia	25%	5% of production is exported
Indonesia	25%	10% of production is exported
Thailand	50%	85% of production is exported
Taiwan	0%	Consumption is from imported durian
Singapore	0%	Consumption is from imported durian
Hong Kong	0%	Consumption is from imported durian
China	0%	Consumption is from imported durian

### CHINA TARGET MARKET

Almost unknown to the Chinese a decade ago, this prized delicacy has become China's most imported fruit. It has almost single-handedly driven South-East Asian export demand which has grown at an incredible 26% per year between 2010-2019.

To help satisfy China's growing appetite for durian, in August 2019 the Malaysian government signed a trade agreement to export frozen whole durians. China currently imports around 300,000 metric tons of durian each year, a figure that is set to grow. Demand for premium durian is now so high that Musang King has sold for an astonishing USD 120 per kg.

FOR CHINA TO REACH 3.0 KG PER  
CAPITA CONSUMPTION, WORLD PRODUCTION  
NEEDS TO INCREASE BY 4,000 MILLION KG

### GLOBAL DEMAND

In addition to the increasing demand from China, new markets continue to open around the world including Australia and the USA. The imbalance between demand and supply will remain for the foreseeable future due to the lack of planting time, the time it takes trees to grow, and the ever-increasing demand for durian.

## INVESTMENT PROJECT

Agroforestry Group provides a turn-key solution for investors. Our vertically integrated solution gives a transparent armchair view of the investment. Investors receive 20-year land-use rights and contractual physical ownership to the trees on that land.

Purchasing of the trees makes you the investor, a plantation owner in every sense of the word. With one exception, 'the work'. Agroforestry does all the hard work.

Each plantation is built with 1,500 trees, of which 500 are sold to private investors. This capital injection allows Agroforestry Group to grow faster thereby enabling greater export volumes. Currently the 6th plantation is being sold.

Large volume sales are a key driver in leveraging the lucrative Chinese market and to help secure better pricing in wholesale export negotiations.

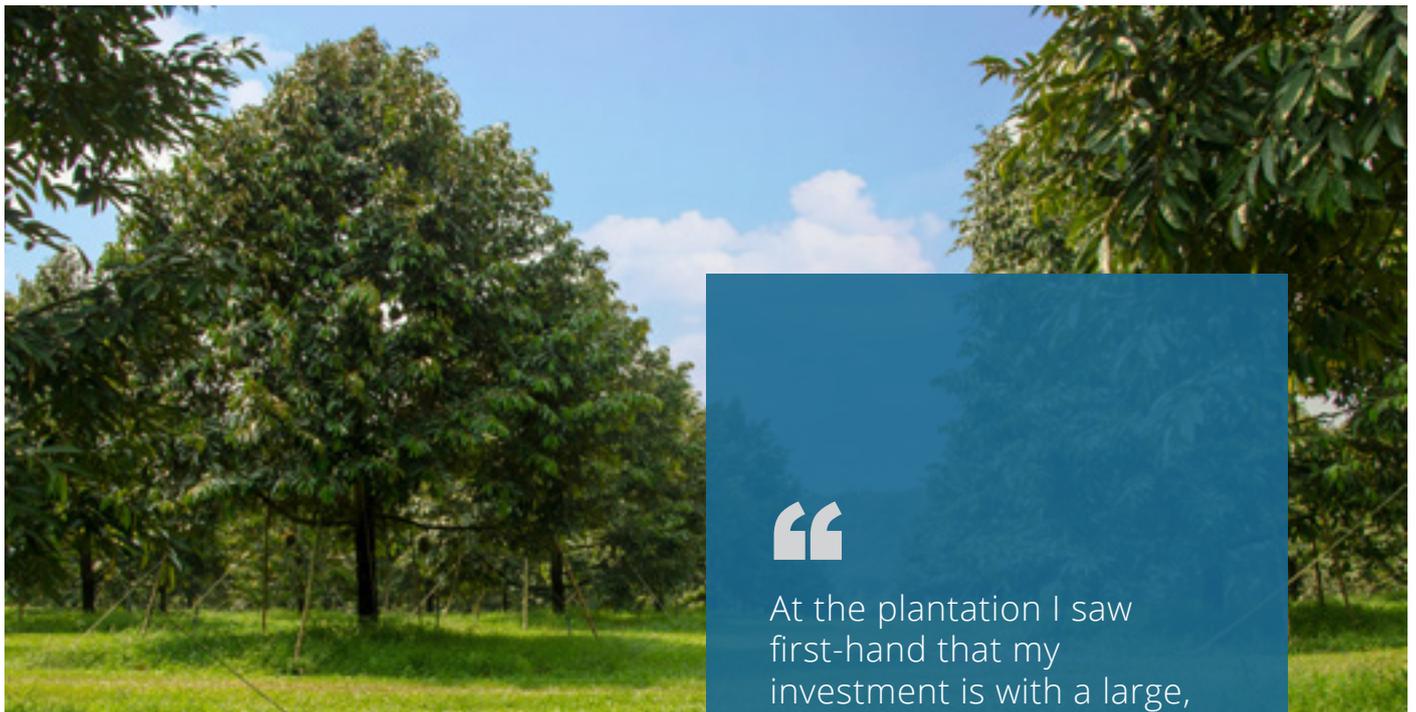
The Musang King was selected as the durian of choice for the plantations due to its premium price positioning,

its strong international demand and fast ROI. At harvest the profits are split between Agroforestry Group and the investor at a ratio of 30:70.

All figures quoted are net, ie after the harvest fee has been deducted. The Musang King generates incredible returns that are achievable over the long-term. For investors that are prepared to wait for the trees to grow, the ROI is extraordinary.

In the first four years the Musang King trees are still relatively small. As such an inter-crop of local bananas is planted between the trees. Their main purpose is to provide nutrients for the Musang King to grow, but they do also generate a small income.

The banana intercrop gives a bank-type return of 1.04% each year for years 1 to 4. From year 5 the Musang King harvests start. Each year as the trees grow, the yields increase. Across the twenty-year period annualized returns can be expected to be over 20%. And as much as 98%. A full breakdown of harvest returns is found on page 10.



At the plantation I saw first-hand that my investment is with a large, robust company, with a well-executed agroforestry plan.

Craig Wilkinson  
United Kingdom

# OWNERSHIP BENEFITS

The major attraction of agricultural and forestry investments are their inherent high returns and low risk. For those that want a passive income across the long-term there is no better investment.

- Tangible asset
- Annual income
- Never decreases in value
- 100% ownership
- Multiple end-products
- Uncorrelated to financial markets



- 19.86%+ average annual net returns
- Complete transparency and secure
- Existing end user off-take agreements in place
- Durian industry worth USD 20 billion annually
- Proven & experienced management team
- Fully managed “Hands-Free” business

-  **GPS located**  
Each tree is GPS located with the unique coordinates logged on individual tree certificates
-  **Export Focused**  
To maximise profits, sales are export focused towards China, Hong Kong and Singapore
-  **Tree Allocation**  
Each plantation has 1,500 trees, one third of which are sold to private investors
-  **Eco-Friendly**  
We are strictly against deforestation, using only reconditioned disused palm oil plantations
-  **24x7 Monitoring**  
Online access to the latest information on individual trees is available via our app
-  **Bar Coded**  
Each tree is individually barcoded and logged on hard and soft copies of ownership
-  **Supply Constraints**  
To maximise profits, durian sales are export focused to China, Hong Kong and Singapore
-  **Increasing Demand**  
China is driving demand. New markets are also emerging around the world
-  **FMCG**  
Musang King products are found at companies such as McDonald's and Pizza Hut across SE Asia
-  **Reforestation**  
For every tree purchased, AFG will plant a tree in your name as part of the Corridor of Life initiative

# PEACE OF MIND

## Tree Replacement Guarantee

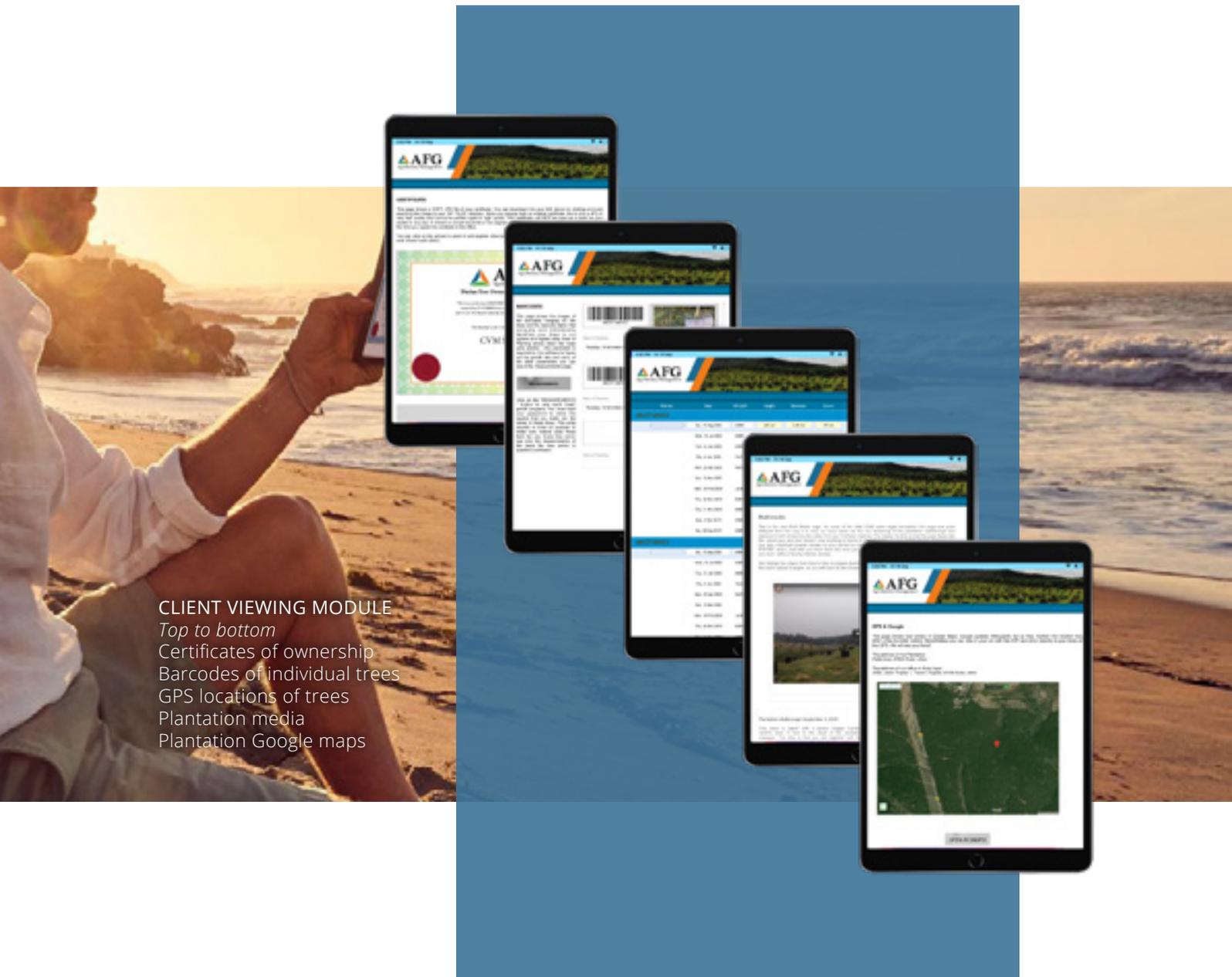
Saplings are only moved to the plantation when they are strong and sturdy. As such they have a 99% survival rate. To raise this to 100% there is a tree replacement guarantee, so if anything happens to your tree, we will give you one of ours.

## Plantation Tour

Investors are the owners of their plantation, and as such they are free to visit their plantation at any time. Once Covid allows, Agroforestry Group will restart the popular Plantation Tours. The full-day tour covers a site visit to the individual owner's plantations, viewing of the company infrastructure, farmer Q&A session and a trip to existing Agroforestry plantations both mature and in-development.

## Client Viewing Module

All plantation owners, no matter how many or how few trees they own, enjoy an armchair view of their plantation. Each month the farmers will update dimensions and take photographs of the trees. Once mature they will also log the number of fruit, photograph the fruit and input all details of the harvest yield.



**CLIENT VIEWING MODULE**  
*Top to bottom*  
Certificates of ownership  
Barcodes of individual trees  
GPS locations of trees  
Plantation media  
Plantation Google maps

# HARVEST RETURNS

The ongoing maintenance, nurturing and harvesting is executed by Agroforestry Group with full transparency.

The calculations for harvest returns are very conservative.

- The Musang King is a large durian and can weigh up to 3kg. However, the harvest returns calculation is based on 1.5kg
- A mature tree will usually have two harvests during the fruiting season of July-September and sometimes a third small harvest in January. However, the harvest returns calculation is based on just one harvest
- The number of fruit will normally peak at 150. However, the harvest returns calculation is based on a maximum of 120
- Finally the price achieved in the wholesale market is guaranteed to be USD 10 or higher. The export wholesale market is usually USD 20 - USD 40

## CALCULATION PARAMETERS

- 10 tree package
- Cost, USD 35,000
- \$10 per kg
- Each durian 1.5 kg
- 1 harvest per year
- Harvest fee at 30%
- All figures USD

Year	Number of Fruit	Gross Returns	Agroforestry Harvest Fee	Investor Net Return	
--	#	\$	\$	\$	%
1	-	520	156	364	1.04%
2	-	520	156	364	1.04%
3	-	520	156	364	1.04%
4	-	520	156	364	1.04%
5	20	3,000	900	2,100	6.00%
6	30	4,500	1,350	3,150	9.00%
7	35	5,250	1,575	3,675	10.50%
8	45	6,750	2,025	4,725	13.50%
9	50	7,500	2,250	5,250	15.00%
10	70	10,500	3,150	7,350	21.00%
11	90	13,500	4,050	9,450	27.00%
12	100	15,000	4,500	10,500	30.00%
13	100	15,000	4,500	10,500	30.00%
14	100	15,000	4,500	10,500	30.00%
15	100	15,000	4,500	10,500	30.00%
16	110	16,500	4,950	11,550	33.00%
17	110	16,500	4,950	11,550	33.00%
18	110	16,500	4,950	11,550	33.00%
19	120	18,000	5,400	12,600	36.00%
20	120	18,000	5,400	12,600	36.00%
--	<b>1,310</b>	<b>198,580</b>	<b>59,574</b>	<b>139,006</b>	<b>19.86%</b>

19.86%+  
AVERAGE  
ANNUAL  
RETURNS  
ACROSS  
20 YEARS



Ave durian weight

x



Number of fruit

x



Price per kg

=



Harvest Yield



# PROJECTED RETURNS

The following table uses the same conservative parameters as the previous page, with one exception, the price per kg of the durian fruit. The table shows three scenarios ranging from worst-case to best-case.

- USD 10 per kg – this is our price guarantee. It shows a ‘worst-case scenario’ (Full table, see previous page)
- USD 25 per kg – mid-point (Full table see page 14)
- USD 50 per kg – best-case scenario (Full table, see page 15)

## CALCULATION PARAMETERS

- 10 tree package
- Cost, USD 35,000
- \$10, \$25, \$50 per kg
- Each durian 1.5 kg
- 1 harvest per year
- Harvest fee at 30%
- All figures USD

Years	Number of Fruit	Gross Returns	Agroforestry Harvest Fee	Investor Net Return	
--	#	\$	\$	\$	%
<b>USD 10 per kg</b>					
--	1,310	198,580	59,574	139,006	<b>19.86%</b>
<b>USD 25 per kg</b>					
--	1,310	493,330	147,999	345,331	<b>49.33%</b>
<b>USD 50 per kg</b>					
--	1,310	984,580	295,374	689,206	<b>98.46%</b>

## PRICE PER KG & ANNUALISED RETURNS

Accessing the export markets of Singapore, Hong Kong and China dramatically increases returns



USD 10 per kg  
**20%**



USD 25 per kg  
**49%**



USD 50 per kg  
**98%**



## SUMMARY

As a company established in 2015 with decades of agroforestry experience, you can be rest assured your investment is in safe hands. Our vertically integrated solution gives you a transparent armchair view of your plantation. To maximise peace of mind there is a tree replacement guarantee, plantation tours and the client Viewing Module App.

### Ownership Packages

The most popular entry point is the 5-tree package priced at USD 17,500. But whatever your investment level, our team will accommodate your needs, from purchasing single trees to a full acre. Each tree is priced at USD 3,500.

Trees	USD Price	Gross Returns	Agroforestry Harvest Fee	Investor Net Return
--	\$	\$	\$	%
<i>Returns based on the minimum guaranteed price of USD 10 per kg</i>				
20	70,000	397,160	119,148	278,012 <b>19.86%</b>
10	35,000	198,580	59,574	139,006 <b>19.86%</b>
5	17,500	99,290	29,787	69,503 <b>19.86%</b>

### Market Prices & How Returns Are Calculated

Musang King durian is largely aimed at the highly lucrative markets of Singapore, Hong Kong and mainland China. The higher the selling price, the higher your returns will be. The 19.86% should realistically be considered a worst-case scenario.

Below is a comparison of market scenarios that you can achieve depending on the export market. The calculations are based on 10 trees, costing USD 35,000.

Country		USD price per kg	Investor Net Returns		
			Amount	Annualised	Average
		\$	\$	\$	%
Malaysia	Worst-case	10	139,006	6,950	<b>19.86%</b>
Hong Kong	Mid-point	25	345,331	17,267	<b>49.33%</b>
China	Best-case	50	689,206	34,460	<b>98.46%</b>



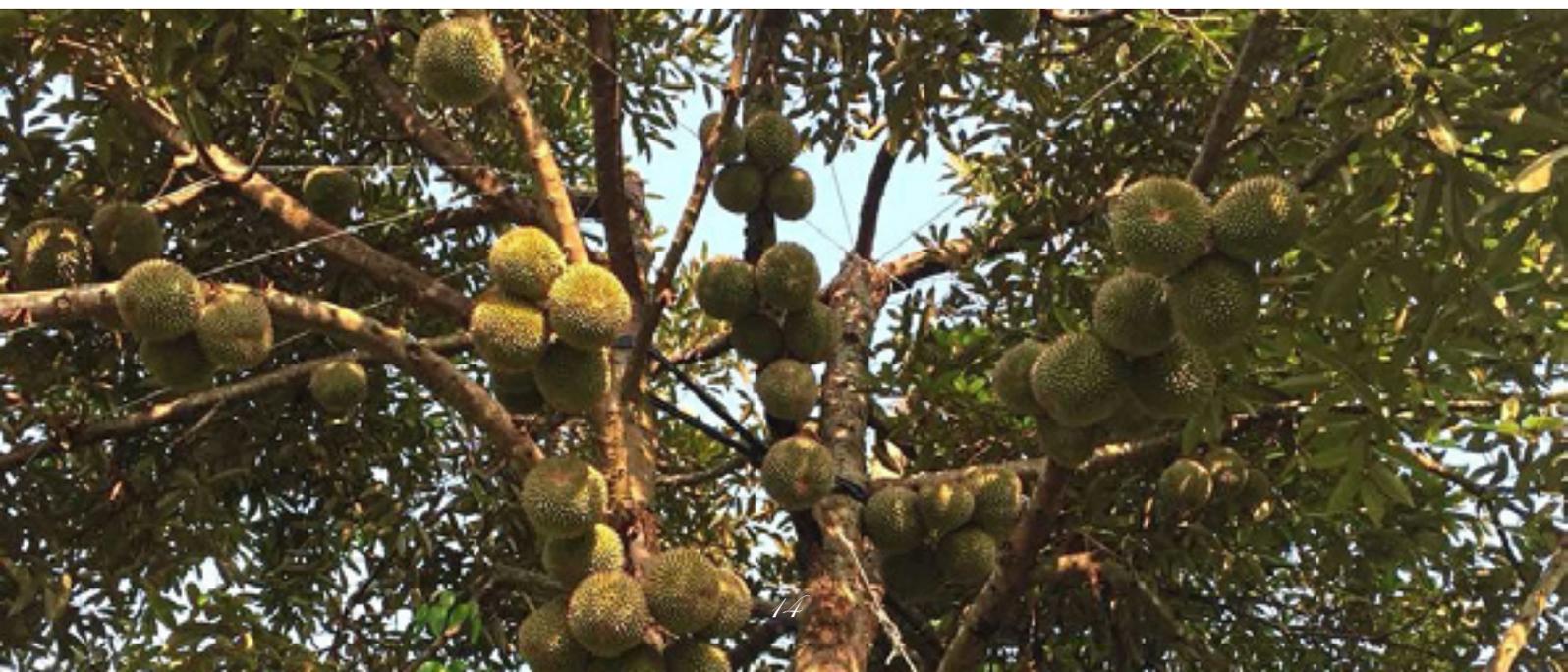
# APPENDIX 1

USD 25 PER KG

## CALCULATION PARAMETERS

- 10 tree package
- Cost, USD 35,000
- \$25 per kg
- Each durian 1.5 kg
- 1 harvest per year
- Harvest fee at 30%
- All figures USD

Year	Number of Fruit	Gross Returns	Agroforestry Harvest Fee	Investor Net Return	
--	#	\$	\$	\$	%
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2	-	520	156	364	1.04%
3	-	520	156	364	1.04%
4	-	520	156	364	1.04%
5	20	7,500	2,250	5,250	15.00%
6	30	11,250	3,375	7,875	22.50%
7	35	13,125	3,938	9,188	26.25%
8	45	16,875	5,063	11,813	33.75%
9	50	18,750	5,625	13,125	37.50%
10	70	26,250	7,875	18,375	52.50%
11	90	33,750	10,125	23,625	67.50%
12	100	37,500	11,250	26,250	75.00%
13	100	37,500	11,250	26,250	75.00%
14	100	37,500	11,250	26,250	75.00%
15	100	37,500	11,250	26,250	75.00%
16	110	41,250	12,375	28,875	82.50%
17	110	41,250	12,375	28,875	82.50%
18	110	41,250	12,375	28,875	82.50%
19	120	45,000	13,500	31,500	90.00%
20	120	45,000	13,500	31,500	90.00%
--	<b>1,310</b>	<b>493,330</b>	<b>147,999</b>	<b>345,331</b>	<b>49.33%</b>



## APPENDIX 2

USD 50 PER KG

### CALCULATION

#### PARAMETERS

- 10 tree package
- Cost, USD 35,000
- \$50 per kg
- Each durian 1.5 kg
- 1 harvest per year
- Harvest fee at 30%
- All figures USD

Year	Number of Fruit	Gross Returns	Agroforestry Harvest Fee	Investor Net Return	
--	#	\$	\$	\$	%
1	-	520	156	364	1.04%
2	-	520	156	364	1.04%
3	-	520	156	364	1.04%
4	-	520	156	364	1.04%
5	20	15,000	4,500	10,500	30.00%
6	30	22,500	6,750	15,750	45.00%
7	35	26,250	7,875	18,375	52.50%
8	45	33,750	10,125	23,625	67.50%
9	50	37,500	11,250	26,250	75.00%
10	70	52,500	15,750	36,750	105.00%
11	90	67,500	20,250	47,250	135.00%
12	100	75,000	22,500	52,500	150.00%
13	100	75,000	22,500	52,500	150.00%
14	100	75,000	22,500	52,500	150.00%
15	100	75,000	22,500	52,500	150.00%
16	110	82,500	24,750	57,750	165.00%
17	110	82,500	24,750	57,750	165.00%
18	110	82,500	24,750	57,750	165.00%
19	120	90,000	27,000	63,000	180.00%
20	120	90,000	27,000	63,000	180.00%
<b>--</b>	<b>1,310</b>	<b>984,580</b>	<b>295,374</b>	<b>689,206</b>	<b>98.46%</b>



## APPENDIX 3 PLANTATION TOURS

Plantation tour guests stay at the Jen hotel, by Shangri-La in Johor, Malaysia. The plantation tour is in nearby Kulai and includes plantation visits, infrastructure inspection and farmer Q&A.



