



## Offer for Shares (No. 14)

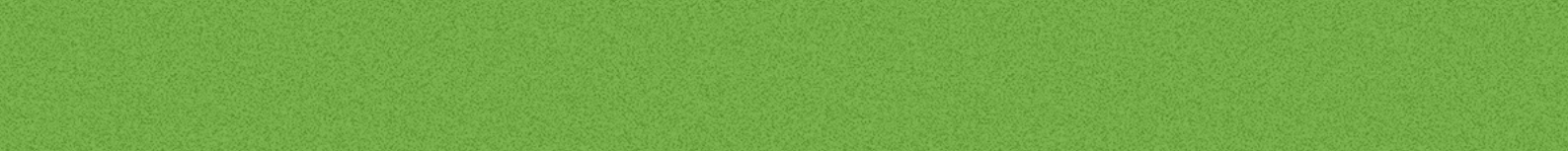
### The Cochabamba Project Limited

Opening date: 10<sup>th</sup> October 2015

Closing date: 31<sup>st</sup> December 2015



The Cochabamba Project Ltd. is an industrial and provident society that was formed to enable socially minded investors to invest in the reforestation of one of the world's most valuable and bio-diverse habitats - the Bolivian Amazon Rainforest - whilst also providing poor communities with genuine sustainable alternatives to farming that would otherwise lead to further deforestation and loss of biodiversity



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## Directors' Declaration:

The Directors whose names are set out above accept responsibility for the information contained in the Offer Document. To the best of the knowledge of the Directors, who have taken all reasonable care to ensure that this is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect its import.

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## Letter From Our Founder

Dear Investor

After more than two decades in financial services, and fourteen years advising on ethical investment, the collapse of the stockmarket in 2008 finally persuaded me that there had to be a better way for ordinary people to put capital to work for the long term, in order to tackle the ever worsening social and environmental problems of our time.

Since our Society was established in 2009 we have all witnessed the alarming fragility and volatility of financial markets, along with growing social unrest and increasing evidence of the devastating consequences of unbridled consumerism, the loss of our natural habitat and of course climate change. Yet over the same period, we have consistently channelled financial support, amounting to over \$5m, to over 1,000 families from disadvantaged communities across the Bolivian tropics in a spirit of international co-operation, as an example of how enterprise can be conducted for the wider benefit of society rather than a select few.

The Society's ArBolivia project, covers so much more than commercial forestry. It is a whole new model of co-operative enterprise, land management and conservation that combats poverty, empowers communities and tackles the root cause of deforestation, which is a major cause of climate change at both a local and global level. This model can serve as a template for international co-operation and for land management projects throughout the Amazon region and the wider developing world.

In the last year, with the aid of a major grant from the Netherlands Enterprise Agency, our project management organisation, Sicirec Bolivia has acquired new tractors, trucks, portable saw mills and a range of other equipment that has enabled us to develop our timber harvesting, processing and marketing services. We are now actually selling our first timber and this should now start to accelerate steadily from here on.

We are also now starting to see real progress with our carbon credits and with the help of two large recent orders worth over \$250,000 have now sold all our available credits for each year to date, as well as half of those available for 2016.

Sicirec Bolivia has also secured its first commercial loan from a conventional, local bank and, despite a high interest rate, this is another significant milestone in our development that we hope will lead in time to securing additional capital and lower interest rates as we create a track record of revenues and we are currently in discussions with a number of institutional investors.

We do not pretend that there are not significant ongoing risks to our ultimate success but the progress we have made over the last 6 - 7 years in overcoming the many hurdles placed in our way has been quite remarkable. We are now within touching distance of our goal - but we still need further investment to see us through the next few years to break even.

As the founder of The Cochabamba Project Ltd I believe that a "Community Benefit Society" model provides the most appropriate structure available for socially minded investors in the UK to achieve their social and environmental objectives whilst maintaining the prospect of a reasonable, modest financial return. This is because the social objectives of the society are the reason for its existence and are enshrined in its rules. It is a democratic and transparent institution in which both its members and its officers are duty bound to make the society's social objectives their priority.

We invite you to join with us, to help us through the final period towards our break-even point, when we can repay those who had the courage and commitment to support us at the start of our journey. Your participation will help us to maintain the forestry parcels that have been planted to date and carry out our plans for further related activities. Our continued progress can only encourage further investment from other private investors, thereby enabling the project to expand further in the future. I hope you can support our efforts and on behalf of our members and families in Bolivia I look forward to welcoming you as a partner.

Yours faithfully

*Dalvincent*

## Executive Summary

This document is issued by The Cochabamba Project Ltd. It details and contains an invitation to subscribe for ordinary withdrawable shares in The Cochabamba Project Limited, a society, incorporated in England and Wales on the 9th March 2009 and registered with the Financial Conduct Authority under the Co-Operative and Community Benefit Societies Act 2014 (no. 30642R).

Investing in The Cochabamba Project Ltd should be seen primarily as a social rather than a financial investment. Your money will fund a public-spirited "not-for-profit" organisation which was formed for the specific purpose of supporting an established reforestation project known as ArBolivia. This project is a true partnership with Bolivian farmers, as net revenues from the timber are shared equally between investors and the farmers, with the former providing investment capital and the latter providing land and labour. ArBolivia has also been acknowledged for its role in mitigating the impact of climate change, improving both biodiversity and the lives of local communities through certification by both the Plan Vivo and Gold Standard Foundations

The society uses investor funds to pay the on-going project costs associated with growing trees until they are ready to be harvested for timber. In exchange the society is entitled to a 50% share in the future net revenues generated from timber sales. The society intends to offer every investor a fair return, based on the duration of their investment. To this end it currently awards a modest rate of interest to shareholders each year but is not able to pay it out until it achieves a surplus of timber revenues. In certain circumstances, the society may not be able to pay any interest at all. The society is also investing in further related activities as funds allow in order to enhance revenues and services for its target communities.

This document is important and requires your detailed attention. If you require advice you should consult an Independent Financial Adviser (IFA). Other documents available include:

- "Investing with The Cochabamba Project" - general information about the society and the project
- The Rules of The Cochabamba Project Ltd
- Audited Financial Statements and Directors Report (to 31/10/14)
- Social Impact Report



*Above: Many of our farmers are women and are well represented on our Forestry Committees. Tree lots are interplanted with cash crops*

### About The Offer - in brief:

- The Offer period will run initially from 10<sup>th</sup> October 2015 to 31<sup>st</sup> December 2015
- Interest on ordinary shares is variable but will not exceed 5%. It will be rolled up and not paid until a surplus is available.
- You may waive interest in order to benefit the project.
- Shares are only available in British pounds but there is no geographic restriction on membership.
- The minimum investment is £250. This can be paid in instalments of the investor's choice.
- This is a very long term investment and you are unlikely to be able to withdraw your capital and any accumulated interest until the more mature timber is sold or else further investment allows us to meet requests for withdrawals..

## Why We Need Your Investment

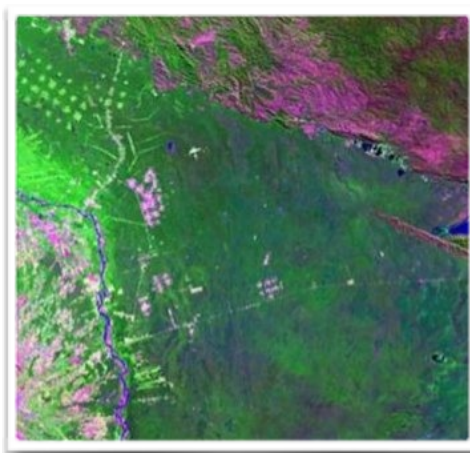
The Amazon Rainforest is one of the most valuable and important single habitats on our planet making a vital contribution in maintaining the balance of oxygen in our atmosphere and providing unrivalled biodiversity. Over the last few decades, however, the western fringes of the Amazon have suffered some of the most aggressive rates of deforestation in the world. Driven by desperation, migrants have moved down from the Andes and have now been granted official title to land within the perimeter of the rainforest, enabling them to exploit the valuable timber and establish their own smallholdings in order to eke out a living from the land. After decades of adopting poor agricultural practices and without the capital to invest in a viable alternative, these smallholders are still forced to continue their "slash and burn" methods in order to maintain their meagre existence. Without an alternative, these problems will persist.



*Above: View across the Beni river towards Madidi National Park, near Rurrenabaque at the northern end of the project area.*

Since 2009 the Society has been investing in just such an alternative. The ArBolivia Project has been established to tackle the multiple problems of poor land management, deforestation and poverty and is the culmination of many years of consultation between local co-operatives, regional and international development agencies and ecological consultants. The Society's work in Bolivia not only makes a clearly quantifiable contribution to combating climate change through the sequestration of carbon, but it is also contributing to the protection, repair and enhancement of biodiversity in the region. Most importantly, however, it is providing substantial and sustainable economic benefits to individual families and local communities in Bolivia.

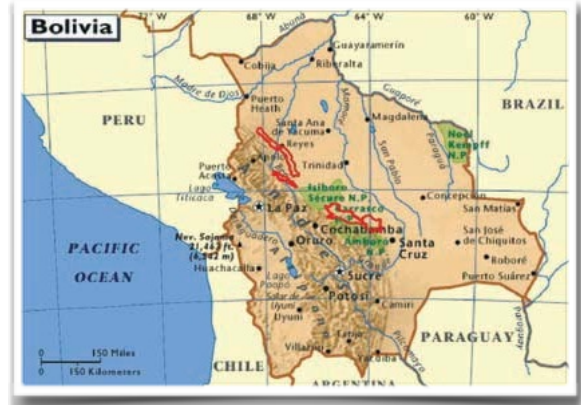
The immediate objective of the Share Offer is to provide ongoing funding for the core costs of the ArBolivia Project as well as the management costs of The Society. With the development of our timber harvesting, processing and marketing service having secured a grant from the Netherlands Enterprise Agency' we estimate that the total amount of capital from all sources still required to achieve profitability, including as yet unsecured carbon revenues and grants, is around £1.5m.



*Landsat images of part of the project area taken in 1995 (left) and 2005 (right). Areas of deforestation are shown in purple.*

# ArBolivia

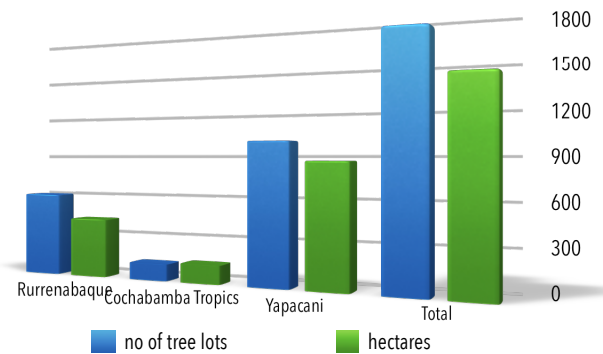
ArBolivia has been established as a commercial, plantation timber project, currently with 1,400 established hectares of predominantly native tree species in previously deforested areas of the Bolivian Amazon. The 1400 hectares consist of over 2,600 small individual tree lots on land owned by almost 900 individual families spread across an area the size of England (shown in red, right) and stretching across the "agricultural frontier" along the edge of the Amazon rainforest where it meets the cloud forests, which form the foothills of the Andes.



It is a pioneering model of sustainable land management, incorporating these small tree parcels as a component of a much wider sustainable land management plan aimed at increased food security, poverty reduction and conservation. Revenues from this forestry enterprise will be shared equally between the society and the participating farmer. This improved land management is aimed at reducing the need to clear further areas of virgin forest for crops and providing sufficient financial incentive to plant new forestry parcels on a portion of their land which had been previously cleared.

It should be clear that the level of technical assistance, organisation and management needed to ensure success is substantially higher than for a conventional forestry project. However there are a number of risk mitigation factors that compensate for this approach - namely the natural limitation to the spread of any disease or fire risks which are otherwise concentrated in homogenous forestry. We are also able to harness substantial grants and financial support for the non commercial aspects of our work.

The society's project management team in Bolivia provides the technical support, training and capacity building for our farmers as well as monitoring and reporting services for the society and other stakeholders. Further information about the environmental and social benefits of this model are available in the leaflet "Investing with the Cochabamba Project".



Above: Chart showing the number of individual tree lots and the aggregated surface area of trees planted for commercial forestry within the regions of the ArBolivia project.

Left: Image captured from the interactive map on the project's website at [www.arbolivia.org](http://www.arbolivia.org)

It shows the outlines (in red) of smallholdings belonging to some of the 1,000+ farmers participating in ArBolivia in its northern most sector around Rurrenabaque with the mountains of Madidi and Pilon Lajas National Parks to the south.

## Other Developments

ArBolivia is managed by a commercial society called Sicirec Bolivia Limitada, in which the society has a controlling interest in addition to its rights to a 50% share all of the revenues from ArBolivia. Sicirec Bolivia is also able to pursue other revenues, which the society believes will contribute to fulfilling its wider objectives and which are funded separately from its ordinary share capital, including specific loan stock issues such as the one currently running alongside this share offer.

Over the years Sicirec Bolivia has developed excellent working relationships with and attracted a significant amount of grant funding from a number of NGOs including, Cordaid, Hivos, Hanns Seidel Foundation, EOCA, IUCN and the Trees for All Foundation. This success is built on the secure financial foundation provided by the society. Sicirec Bolivia is now increasingly looking to use its considerable expertise, experience and capacity to offer complementary commercial services such as consultancy, plant materials and ecosystem services.

For example, the society has recently secured grant funding of up to 750,000 Euros from the Dutch government for the establishment of "Arbo Real" - an independent timber harvesting, processing and marketing unit servicing the specific needs of our smallholders and others in the region. This grant has enabled us to purchase more equipment and start to scale up this activity. Arbo Real's primary customers will of course be our own participating farmers in the ArBolivia project. By providing this service "in house" Sicirec Bolivia can utilise machinery, which is more suited to the needs of small farmers and is far more efficient than the local mills, which are designed to serve the conventional, large logging concessions. We can also bypass unreliable contractors, who can otherwise cause delays and additional costs. The society has a loan stock offer to raise match funding for this specific purpose, rather than using ordinary share capital.

An example of the work being funded through grant payments is the project Sicirec Bolivia is working on in the Chiquitania region with funding from IUCN. It is currently working with six communities within the indigenous territory of Monte Verde. Under new land reforms each community is allowed to extract timber from an area of their territory for timber each year and also to clear an area for agriculture. Sicirec Bolivia has been able to put its portable sawmills to profitable use by recovering substantial further volumes of merchantable timber from trees, which previous contractors have felled but left behind as waste. Sicirec Bolivia will now extend its involvement by providing a more sustainable and more environmentally sensitive forest management plan for the future. Again, no share capital has yet been used for this.

In both cases there is an obvious synergy, which not only contributes to the society's objectives but also to its own financial security and long term sustainability



*In Monte Verde Sicirec Bolivia is helping indigenous communities by using our portable sawmill to recover merchantable timber from trees felled and left as waste by local logging companies.*



## About The Society

The Cochabamba Project Ltd is a society registered with the Financial Conduct Authority under the Co-Operative and Community Benefit Societies Act 2014. It operates on a 'one member one vote' principle, irrespective of the size of a member's shareholding and is governed by its rules which are available on the society's website at [www.cochabamba.coop](http://www.cochabamba.coop). The purpose of the society is to benefit the communities of the departments of Cochabamba, Santa Cruz, Beni and La Paz in Bolivia. The directors intend to achieve this by investing the society's funds for the foreseeable future in the ArBolivia project.

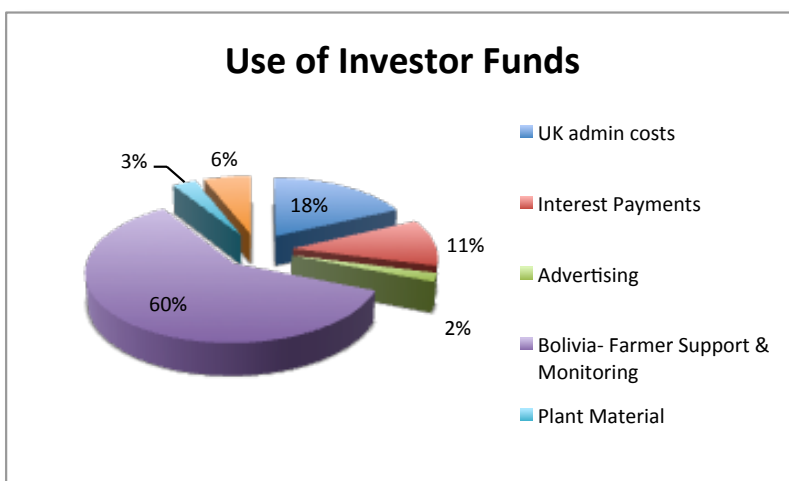
The current directors of the society are David Vincent, John Fleetwood and Daniel Brewer, who between them have considerable experience and expertise in advising on sustainable forestry and other investments with a high social impact. David and John have been with the project since the start and spend time in Bolivia each year in order to remain in touch with circumstances and developments on the ground. Daniel provides the experience and objectivity to monitor the financial control of the society. The society has also appointed an advisory committee to provide guidance to the directors on different aspects of the project.

As a mutual, not for profit society we encourage our members to participate in and contribute to our activities as far as it is practical to do so. Unlike most (but not all) community benefit societies our members are not concentrated in one geographic location but we are nevertheless all bound by a mutual desire to combat poverty and climate change. We host a number of events throughout the year at which our members can meet socially and learn more about our work in Bolivia. We also run occasional trips to Bolivia, which offer a truly unforgettable experience for those concerned.



*Members weekend, Borderwood Farm, Herefordshire.*

Members assist us in many ways by volunteering their time and professional expertise, for example: translation services, introductions to important organisations, arranging talks and presentations, additional fundraising, hosting fellow members at our AGM - or simply providing helpful suggestions and feedback. We hope that, as our revenues start to grow, the society will be able to devote more resources in the future to this part of our activities.



*Above: Data based on UK expenditure for the year to 31/10/14 and estimates of Sicirec Bolivia's expenditure over the same period.*

As at 30th June 2015 the society had issued share capital of £2,576,233 and had 487 members, including Rathbones Investment Management and Ethical Investments Ltd, who act as nominees on behalf of a number of private clients.

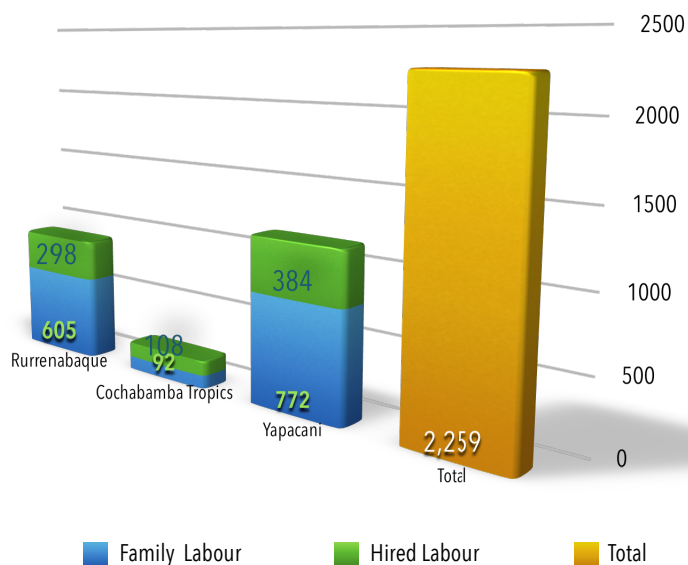
Membership of the society is afforded to holders of ordinary shares. These shares can be withdrawn in accordance with the society's rules but cannot be sold or transferred and there is no prospect of them ever being worth more than their nominal value).

# Social & Environmental Returns

The society's funds support a pioneering model of community based forestry which confers major social and environmental benefits for its target communities including:

## Social Returns

- Increased short term income from cash crops & improved farming techniques
- Increased long term income from forestry
- Increased incomes from better access to market, fair trade accreditation and collective bargaining
- Employment
- Establishment of micro-finance scheme using trees as loan collateral
- Capacity building through forestry committees, marketing support and technical assistance
- Education and practical training in farm and forestry management



Above: Chart showing the number of people in each of our target communities who benefit directly through their involvement with ArBolivia.

Left: Farmers taking part in a practical fire-fighting course.

Below: Most families plant their trees for the benefit of their children or grandchildren.



## Environmental Returns

- High rates of carbon capture through reforestation in the Tropics
- Avoidance of further deforestation
- Enhanced biodiversity
- Nature conservation
- Protection of stocks of native seed
- More sustainable agricultural practices
- Intercropping to produce food as well as timber
- Carbon capture through intercropping

Many of these benefits have been independently verified and through [www.arbolivia.org](http://www.arbolivia.org), it is possible to connect with individual farmers by viewing the details of both farmers and tree species associated with individual plots. For further details on social and environmental impacts see our leaflet "Investing with the Cochabamba Project" and our formal Corporate Social Responsibility policy, both of which are available to download on our website or from the secretary.

## Financial Return & Funds Raised To Date

Provision is made in The Cochabamba Project Ltd Rules for paying interest on the share capital at such rate or rates as may be determined by the board of directors from time to time. In line with the Rules and the current guidelines issued by the Financial Conduct Authority, the directors intend to allocate annual interest on its ordinary shares but not pay any interest out until the society is in surplus. The directors bear in mind to some extent the level of risk of investing in a developing country the extended period of investment and the potential illiquidity of forestry assets. However, investors should not expect an interest rate which mirrors the returns of fully commercial investments. In addition, bearing in mind the number of members who have invested considerable sums for several years already, investors should not expect to be able to withdraw their shares for at least five years and possibly longer.

From time to time the society also issues loan stock with a fixed rate and term, which is generally issued for specific development activities, requiring an additional budget (whilst investment in shares supports the core activity of tree maintenance). Loan stock holders are creditors of the society and do not have membership rights unless they also hold ordinary shares.

For the avoidance of doubt, we reiterate that although the society is very much a trading business, its main purpose is to benefit our target communities in Bolivia and not simply to provide investors with a vehicle for making financial gains from forestry. The management team is also fully committed to enhancing the profitability of the underlying business. Nevertheless members should be aware that whilst they may benefit from an increased level of financial security from any increase in profitability, they cannot expect to benefit subsequently from any corresponding increase in the rate of interest rate proposed. If anything, greater financial security is more likely to lead to a lowering of the interest rates proposed. In short, we are committed to establishing a sustainable and “profitable” business so that we can continue to recycle any surplus into our Bolivian communities for their benefit.



*Above: Typical commune with Amoro National Park in the background.*

*Below: In addition to a 50% share in future timber revenues farmers receive a regular payment for maintenance work, assuming they meet the strict standards required. The technician records the data which is input into the project's web-based database for monitoring purposes.*

### Funds Raised To Date

As at 30<sup>th</sup> June 2015 the total funds raised by the society were as follows:

Issued Share Capital	£2,576,233
A Shares	£376,450
Loans & Loan Stock	£1,391,803
Grants	£14,430
Carbon Credits & Tree Sponsorship	£305,861
<b>Total</b>	<b>£4,664,777</b>



## Financial Information

The table below shows the further costs and net revenues arising in Bolivia that the society anticipates in the period 2015 to 2021 and the impact on our cashflow. In addition the society has annual costs in the UK of around £100,000.

YEAR	COSTS				INCOMING CASH					CASHFLOW	
	ArBolivia	ArBoreal	Tax	Total	Grants	Loans	ArBolivia	ArBoreal	Total	Annual	Cumulative
2015/2016	\$775,688	\$851,678	\$0	\$1,627,366	\$293,303	\$53,000	\$48,141	\$227,180	\$621,624	-\$1,005,742	-\$1,005,742
2016/2017	\$775,688	\$807,743	\$0	\$1,583,431	\$220,350		\$158,713	\$504,606	\$883,668	-\$699,762	-\$1,705,504
2017/2018	\$775,688	\$806,484	\$0	\$1,582,172			\$609,553	\$934,784	\$1,544,337	-\$37,835	-\$1,743,339
2018/2019	\$775,688	\$636,356	\$0	\$1,412,044			\$404,329	\$1,049,003	\$1,453,332	\$41,288	-\$1,702,051
2019/2020	\$775,688	\$631,829	\$0	\$1,407,517			\$212,757	\$1,049,003	\$1,261,759	-\$145,757	-\$1,847,808
2020/2021	\$775,688	\$627,302	\$67,146	\$1,470,135			\$622,569	\$1,049,003	\$1,671,572	\$201,437	-\$1,646,372
2021/2022	\$698,119	\$622,775	\$354,553	\$1,675,447			\$1,690,103	\$1,049,003	\$2,739,105	\$1,063,658	-\$582,713

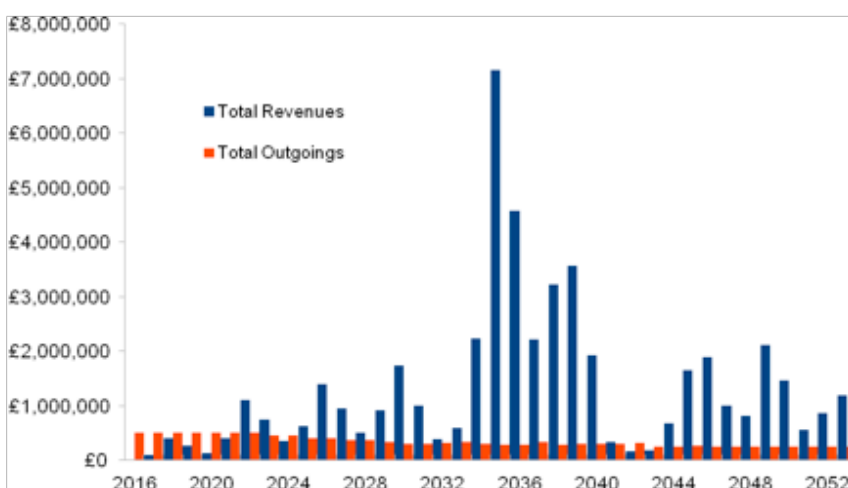
The table shows a requirement of \$1m (£650,000) for the current financial year starting 01/07/15 but this date the society held \$300,000 so the cash still actually needed was in fact only \$700,000. However, further working capital of \$90,000 is also now needed because of a potential delay of up to 2 months in receiving payment on some timber sales. We have also already secured contracts for carbon credits to the value of \$255,000 and have paid costs totalling \$88,000 which therefore now leaves a net funding requirement of only \$365,000 for the remainder of 2015/16 and reduces the total additional funding actually still required in Bolivia to just under \$1.3 million (£850,000).

In addition to these costs though, the society's in the UK also needs about £100,000 a year to operate.

However, as mentioned, we have already concluded contracts worth over \$255,000 in the first part of the financial year, meaning that we have now sold all the carbon credits available for each year to date, as well as over half our 2016 vintages and all those due from 2021 onwards. We still have around 93,000 credits available and expect a further 40,000 credits to be issued early next year from the 200 hectares planted in 2013. This now presents a far more confident picture than in previous years and in practice it would now seem likely that a fair proportion of the cash still needed will indeed come from carbon sales.

We also fully intend to build on our recent successes in attracting very substantial grant funding and institutional finance on both sides of the Atlantic. However since none of these source of finance are guaranteed we must in the interim continue to plan for the "worst case scenario".

In conclusion, after allowing for our costs in the UK, we estimate that we need a total from all sources of around £1,100,000 to reach break even.



The chart (left) is a simplified illustration of the level of investment the society may have to make over the project term against the level of revenues that ArBolivia (excluding ArBo Real's revenues) is predicted to generate for its investor. The Bolivia costs have been adjusted for inflation until breakeven. However, since no allowance has been made for inflationary increases to timber revenues, no further adjustment for inflation has been made for operating costs after 2022.

## Information for the Issuance of Shares

Please read this section carefully – it sets out the details of becoming an investor in The Cochabamba Project Ltd. All applications are subject to the terms set out in the Rules of The Cochabamba Project Ltd, which are available on request. The Society is offering up to £500,000 of ordinary withdrawable shares for purchase to fund the maintenance of trees growing for the period to 31st December 2016

No specific minimum threshold is required to proceed. The initial closing date for the current offer is 31<sup>st</sup> December 2015 but this may be extended.

The offer for ordinary shares is open to:

- Individuals over the age of 16
- Joint investors (e.g. who wish to pool funds to meet the minimum investment)
- Trusts, including a bare trust arrangement for children
- Self Invested Personal Pension Plans
- Nominee Services (which are able to personal details of the underlying investors and the amounts subscribed)
- Corporate entities, groups and associations (such as schools, faith groups or clubs)

### Shareholdings

Each ordinary share in The Cochabamba Project Ltd has a nominal value of £1.00. The minimum shareholding, which you can apply for under this prospectus is £250. In order to appeal to as wide a membership as possible you may pay the minimum amount in instalments at whatever rate suits your budget. The maximum investment (except for other industrial and provident societies) is £100,000.

### Minimum Investment:

Although the society is unable to issue a share certificate for less than £250 it wishes to appeal to as wide a membership base as possible and has provisions for those for whom this amount is not affordable:

- i) Instalment Plan: investors can pay in instalments to suit their own budget and can set up a regular standing order of any amount. The only stipulation is that a certificate can only be issued once £250 has been received.
- ii) Group Plan: The society can accept applications for up to four individuals together on the same application form. The only stipulation here is that only the first named applicant will receive communications on behalf of the group.

All applications are subject to the terms set out in the society's rules. There is only one class of ordinary withdrawable share. The shares are not transferable. The Directors have the right to write down the value of shares, if the societies liabilities (and its share capital) should exceed the value of its assets. Shareholders who then withdraw their shares will only receive the written down value of their shares. In the event of The Cochabamba Project Ltd ceasing to trade, shareholders will be re-paid up to a maximum of £1.00 for every £1.00 share owned, once all creditors have been repaid in full.

The Directors also reserve the right to scale down and/or refuse some applications. Shares cannot be listed on any market and cannot be sold or transferred to any other party

### Nomination option

In the event of the death of a shareholder, the repaid value of the shares will normally be added to the estate for probate purposes. For investments up to £5,000 you may elect to nominate a recipient for the value of the shares and thus (under current legislation) remove the value of the shares (up to £5,000) from your estate for probate (but not tax) purposes.

### Voting

Each member has one vote regardless of the size and value of their shareholding. Investor members will be kept informed of the activities of the Cochabamba Project Ltd through an occasional newsletter, a website, the annual reports and the Annual General Meeting.

In particular you should note the following costs, which still apply:

- The Directors have elected to defer 40% of their full salaries until such time as the society is in a position to pay a fully commercial rate. Consequently the combined salary cost for the three directors for the current year is £38,888.
- Advertising and direct promotional costs are anticipated to be in the region of £10,000 for the year.

#### Withdrawal of Shares

Our rules allow for shares to be withdrawn at the discretion of the board, subject to 180 days' notice. This rule was designed to allow the directors time to plan the most appropriate method of realising the capital required. However, whilst the directors will treat any request with a degree of empathy, in practice we are also bound by the nature of our business, which requires us to wait for many years until our trees are able to provide the revenues we need to meet our costs and start paying back our commitments. In addition, even when revenues are available, it is only fair that those who invested first are given the opportunity to withdraw their shares ahead of more recent investors. For these reasons the directors currently impose an absolute restriction on any withdrawals in the first 5 years. At this stage the minimum investment term that investors should expect is likely to be nearer 10 years.

Once the society has surplus revenues (which we are cautiously predicting to be in 2021), you may be able to withdraw your shares on 180 days notice. However, if the Society does not have sufficient cash to meet your request, it is not obliged to do so and will place the needs of the Project above those of shareholders, repaying investors only when the Project has adequate funding.

If you withdraw your shares The Cochabamba Project Ltd will not repay more than you originally paid for your shares (over and above any interest due).

#### Interest

For the same reasons outlined above, any interest awarded now has to be accrued until the shares are withdrawn. However, once revenues are sufficient to pay out interest, we may elect to do so, although any payment of interest will reduce the amount we have for repaying share capital. Each year's interest rate will be set at the discretion of the directors and is not guaranteed. By law the interest rate cannot be more than that is required to attract and retain the capital we need to conduct our business.

#### Risks to Capital

Investment in the society should be regarded as long term in nature and involving a substantial degree of risk. Accordingly, investors should consider carefully all the information set out in this prospectus and the risks attaching to their investment in the Society including those described on page 18. As a result of these risks you may lose the value of your shares and any interest accrued.

Shares in this industrial and provident society cannot be sold or traded and there is no prospect of them ever being worth more than their nominal value. In some circumstances, the directors may be compelled to write down the value of your shares. Should you then wish to withdraw your shares, you should expect to receive only their written down value.

#### Authorisation

As an industrial and provident society, The Cochabamba Project Ltd does not need to be authorised by the Financial Conduct Authority to take deposits by issuing these withdrawable shares.

## Interest & Carbon Offset Option

### Interest Waiver.

Investors may select to forego future interest on their shares if they wish to maximise the impact of their investment and allow the society to benefit from a lower cost of capital.

### Carbon Offset Option.

Members may also elect to receive a carbon credit certificate each year instead of an interest payment. We will issue a certificate each year for 3 tonnes per £1,000 invested for as long as your investment is held.

As a rough guideline, the carbon footprint of the average household in the UK is about 12 tonnes - on this basis you would need to invest a single sum of £4,000 in order to offset your annual household emissions indefinitely.

We will retire our credits from the register each year, either in your own name or in the name of your chosen beneficiary ( i.e. to provide a novel gift for a relative or friend).

### Interest Rate Policy

When interest is eventually paid it will be applied annually in arrears and based on the members holding at the start of each quarter date - 1st October, 1st January, 1st April, 1st July.



*Above: 3 year old Verdolago trees (terminalia amazonica) planted in 2010. Verdolago is one of the slower growing species that will take about 35 years to mature. Pig beans have been planted between the trees to provide nitrogen for the soil and to prevent attack by leaf cutter ants.*

## Terms & Conditions for applying for shares

### Your Application

You cannot withdraw your application for shares after we receive your application form. The directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you less shares than you applied for. They do not have to give any reason for their decision. Your application will be considered for approval at the first convenient Board of Directors meeting after the closing date for the offer, and therefore you should not expect an immediate response.

### Your Payment

The directors will acknowledge receipt of your cheque and application (where possible by email). They may cash your cheque as soon as it is received. The Cochabamba Project Ltd will hold your money on trust for you in a separate account until the directors consider your application. The directors will return your money to you (within twenty eight days of the Board of Directors meeting at which we consider your application) if they decide not to issue shares to you. If they decide to issue fewer shares to you than you applied for, they will return the balance to you (within twenty eight days of that Board of Directors meeting). The money will belong to The Cochabamba Project Ltd (and the directors will no longer hold it on trust for you) as soon as the directors issue shares to you (to the extent that they take it as payment for shares). The company will not pay you interest on any money it returns to you.

### Your promises to us

You promise that:

- Your cheque will be honoured on presentation.
- You, as an individual, are at least 16 years of age.
- You have authority to sign the application form. If you are signing it for another person, you will provide the directors with evidence of your authority to sign if they ask to see it.
- You will supply us with proof of your identity and address, if we ask for it. We may need to do this to comply with the Money Laundering Regulations 2003. We may have to hold back your shares until we see this.

### Demutualisation – protection from “carpet-baggers”

You may not benefit financially from your shares if The Cochabamba Project Ltd converts, or transfers its business or is wound up. In this case, the only financial benefits you may receive from your shares are:

- The possibility of interest (at a low rate)
- The possibility of the return of the money you pay for your shares

The directors draw your attention to your obligations under rule 14 regarding the windfall if the Society converts, transfers its business, or is wound up. Should any greater financial benefit come into your hands, it will belong to such charity or community benefit Society as we may nominate from time to time. You are to hold the benefit on trust for that charity or community benefit Society. To secure that (and your obligations under Rule 14.2 of our Rules) you appoint as your attorney the person holding office (from time to time) as our Secretary. That appointment is irrevocable. Your attorney has power to sign – on your behalf – an undertaking for which we may ask in accordance with Rule 14.3.



*Above: View north across the Amazon basin from above Rurrenabaque. Forest fires are still a daily occurrence.*



Investment in the society should be regarded as long term in nature and involving a substantial degree of risk. Accordingly, investors should consider carefully all the information set out in this prospectus and the risks attaching to their investment in the Society including, in particular, the risks described below. As a result of these risks you may lose the value of your shares and any interest accrued.

The directors consider that the following are the most important risks to the project;

- The project needs to raise a significant amount of capital each year to meet its operational costs before the timber revenue are sufficient to cover them. If the society is not able to keep raising the funds needed during this period this may place the project in financial jeopardy.
- The project depends in part on revenues from the sale of carbon credits or environmental services to help fund the maintenance of the trees and farmer payments for the first 5 - 8 years of growth prior to first commercial thinnings. Should the market for these credits and services deteriorate or disappear it would, at best, take longer than predicted to pay back investors and at worst the project may become unviable.
- ArBolivia is pioneering the introduction or reintroduction of a number of native tree species into the domestic and international timber market. Future volumes, quality, end uses and prices for these timbers are all unknown and estimates are based on comparisons with other current commercial timbers. There is a risk that one or more of the species being developed does not meet Sicirec Bolivia's expectations and the ability to meet future costs and to repay investors is very heavily dependent on realising projected timber revenues.
- Inflation has risen significantly in recent years and although in the long term we expect our timber revenues to match any inflationary increases, this does affect our cash flow in the shorter term.

However, the directors will seek to protect against such risks through the following:

- Maintaining a balance of funding and revenue sources including equity investment, debt instruments,
- Selling a mix of carbon credits, environmental services and timber.. The amount could be reduced if additional potential funding streams materialise, and our plans for ArBo Real are realised
- Working with a number of partners to secure long-term funding
- Adopting conservative estimates of future timber prices based solely on local markets and low annual increases. In addition the society is able, after consultation with the forestry manager, to time the harvesting of trees to benefit from the most favourable market conditions
- Co-operating closely with the local population, non-governmental organisations and the Bolivian Government
- Carefully selecting site locations, matching species and soil types and the use of flood-resistant tree species where appropriate
- Establishing legal contracts with farmers and collective organisations of farmers, which include permanent land use restrictions and long term financial incentives
- Establishing Forestry Committees consisting of representatives from the participating farmers as part of the risk management strategy. An Arbitration Board is made up of 2 members of Sicirec Bolivia and 2 members from the participating farmers. This board has binding powers to settle disputes between farmers and the project.
- Adopting "Fair Trade" principles: Due to the scale of the project access to markets by Sicirec Bolivia will be much better than for individual farmers. In addition operational costs can be shared, resulting in prices, which might be 3 to 8 times higher than those achievable by one smallholder acting alone. It should be clear that even though they will only receive 50% of the higher price, there is a very clear financial incentive for smallholder to meet their contractual obligations, thereby reducing the risk of "back door" sales.
- Implementing a microcredit scheme through the National Bank, Banco Union, which gives participating farmers, who conform to ArBolivia's quality standard and approved land use plans, access to low-interest loans

THE FOLLOWING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED. POTENTIAL INVESTORS SHOULD READ THIS OFFERING DOCUMENT IN ITS ENTIRETY BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR ORDINARY, WITHDRAWABLE SHARES.

#### Liquidity

The liquidity of investments held by the Society cannot be guaranteed and, in certain circumstances, any illiquidity may prevent the redemption of investments.

#### Country Risk

The Society invests in Bolivia, which is regarded as a developing country. This means its legal, financial and political systems may also be less well developed or trustworthy.

#### Physical risks associated with timber

Natural causes such as fire, insect infestation, extreme weather, disease and other causes beyond the control of the Society may have an impact on the timing of harvests, or reduce the volume and value of timber harvested from the Society's parcels.

#### Physical Risks associated with carbon

Loss of timber stocks also directly affects the levels of carbon stored and thus the validity of some of the credits owned. Both Plan Vivo and Gold Standard insists on ArBolivia withholding a buffer of available credits to act as an insurance against any such failures.

#### Economic risks associated with timber

The Society's revenues are dependent on prevailing market prices for wood products, which can fluctuate over time and are affected by changes in supply and demand, especially within a particular geographic area.

#### Economic risks associated with carbon credits

The carbon credit market is still relatively young and is vulnerable to high levels of volatility.

#### Personnel Risks

The ability of the Society to achieve its investment objective is significantly dependent upon the expertise of the current directors of both the society and its partner organisations.

#### Currency Risk

The Society will primarily invest in rights to a share in timber revenues, which are denominated in US dollars and thus the equivalent sterling value of these assets will fluctuate in line with exchange rates.

#### Title Risk

The individual parcels of land upon which the forestry assets are planted are owned by a large number of individual smallholders. It is part of the independent certification process to verify title to the land upon which these forestry assets are planted. If these safeguards fail, there may be an adverse impact on the value of the forestry assets in the event of any dispute arising out of such joint ownership or leasehold possession.

#### Legal, regulatory and tax risks

Legal and regulatory changes, particularly those concerning taxation, could occur that may adversely affect the Society. Changes in the regulation of industrial and provident societies may adversely affect the value of the Society's timber rights. Laws governing transactions and contractual relationships are or may be new and largely untested in Bolivia.



*The staff of Sicirec Bolivia  
Head Office, Cochabamba*



*View across the River Beni into Madidi National Park near Rurrenabaque*

