



SUMMARY

In December 2008 Reforestación Grupo Internacional S.A. (Reforestation Group International) a Costa Rican plantation developer, asked DHForest S.A. to do a review of the financial evaluation of their plantations in Costa Rica. The evaluation is produced by Silvo Consult Srl, and is dated November 2008. DHForest S.A. did a similar review last year as well.

The productive area of RGI is currently 1298 ha, but due to limitations by young age, 1116.5 ha are included in the valuation.. These productive areas consists of 12 plantations in the Northern zone of Costa Rica. The total effective plantation area consist of 1086.4 hectares of Teak planting, and 20.3 hectares of Acacia. One can observe this in Table 1 Farm name and size.

Location	Total	Reforested	Included	Planting
Corazon Jesus 1	77.8	58.7	58.7	1997
Vasconia	29.9	21.9	21.9	1998
Corazon Jesus 2	34.2	28.4	28.4	1999
Cristorey	276.4	199.6	199.6	2002
Mairena	29.0	25.9	25.9	2002
El Parque	519.3	348.1	347.5	2003
Olger	15.2	11.8	11.4	2004
Concho	120.3	73.3	73.2	2005
Carrizal	132.1	93.6	87.0	2006
Combate	221.6	173.5	0.0	2007
Amparo	101.9	88.1	88.1	2000/2001
Arco Iris	265.0	174.9	174.9	2001/2002
Total	1822.7	1297.7	1116.5	

Table 1 Farm name and size

Detail maps from productive areas were reviewed and during sampling proven trustworthy.



Photo 1 Forester Frank van den Brink, DHForest S.A., is measuring trees

The Teak was established in the years from 1997 thru 2006. Most farms had initial planting density of 1111 trees/ha (3m by 3m), but 1400 and 1540 trees per hectare were used also. The Acacia is planted with a density of 800 trees per hectare.

In total 13 plots for Teak were measured and checked in the field, and do not show significant deviation nor systematic errors.



All plots were well defined in the field, easily to locate and with sufficient and accurate descriptions.

Overall, performance of the stands is according to monitoring reports. Mean annual increment varies from 21 to 9 m³/ha/yr. Preliminary growth models for the Teak areas are presented but need to be adjusted accordingly to the executed thinning regime. Total commercial volume for the three models calculated by SilvoConsult is respectively 253 m³/ha, 198 m³/ha, and 144 m³/ha which seems reasonable for the local site conditions. However, most of projects are still young and production prognoses need to be adjusted in time.

Total standing volume reported by SilvoConsult was calculated to have a statistical deviation of + or - 3% (well within the recommended 10% deviation), however within the various strata the deviation is higher which indicates that higher sampling intensity is necessary.



Photo 2 Young Teak plantation recently thinned

Analyses of the monitoring data over the years 2005 – 2008 show consistency and no indications were found to doubt the method nor measurements.

To determine the present value of the objects, based on the distribution of current growth (this is graphically illustrated in Figure 1) over the growth models, final harvest for the different strata was calculated and used as input of a specially designed model to determine current value. The actual wood prices were used to calculate revenues from thinning and final harvest. A conservative increment of wood prices was used. Recent price stabilization, under pressure of the world financial crises could influence next years valuation.

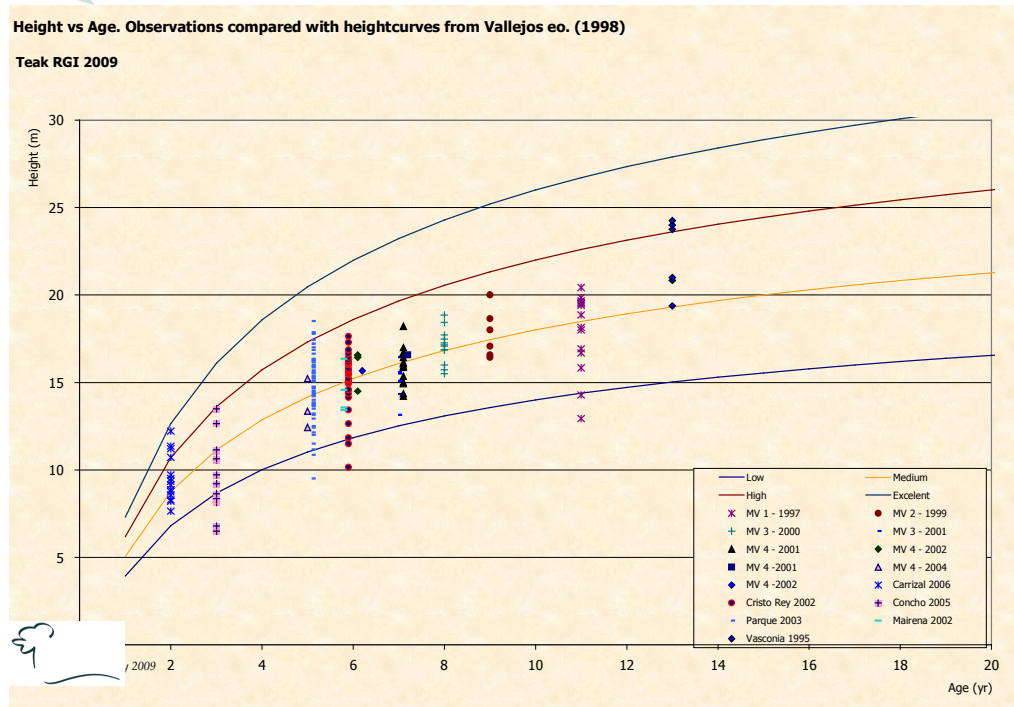


Figure 1 Height distribution compared to Vallejos

The Present Value calculated per hectare vary from \$ 50.470,- to \$ 32.759,-, for the Acacia this is \$ 6,014,- per hectare. Total Present Value¹ of the total production area calculates \$46.825.463,⁰⁰ or \$41.939,⁸⁹ per productive hectare.

The total value presents an increment of \$2.519.147,- compared to the year 2007.

Considering all the before mentioned assumptions on the input data and variables, this Present Value reflects fairly well the actual plantation situation.



Photo 3 Young plantation

¹ The Present Value is based on revenue information currently available and provided by RGI S.A. , the tree measurements and assumptions for growth and prognostics. No rights can be derived from these values.