

## SUMMARY

In May 2007 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.

Total area of farms sums more than 1822 ha, the included productive area is 956 ha, a total of 340 ha are not included yet due to the young age. The included productive area consists of 7 plantations with 13 production areas in the Northern zone of Costa Rica. The total effective plantation area consist of 956.37 hectares Teak planting. 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	199.4	2002
Mairena	29.0	25.9	25.9	2002
El Parque	519.3	348.1	348.1	2003
Olger	15.2	11.8	11.8	2004
Concho	120.3	73.3	0.0	2005
Carrizal	132.1	93.6	0.0	2006
Combate	221.6	173.5	0.0	2007
Amparo	101.9	88.8	88.8	2000/2001
Arco Iris	265.0	173.8	173.5	2001/2002
<b>Total</b>	<b>1822.7</b>	<b>1297.2</b>	<b>956.4</b>	

*Table 1 Farm name and size*

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

The Teak was established in the years 1997, 1998, 1999, 2000, 2001, 2002, 2003 and 2004, with exception of two farms, an initial planting density of 1111 trees/ha (3m by 3m).

In total 9 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.



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

Overall, performance of the stands is according to monitoring reports. Mean annual increment varies from 21 to 9 m<sup>3</sup>/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 m<sup>3</sup>/ha, 198 m<sup>3</sup>/ha, and 144 m<sup>3</sup>/ha which seems reasonable.

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 an statistical deviation of + or - 4% (well within the recommended 10% deviation), however within the various strata the deviation is higher which indicates that higher sampling intensity is necessary.



*figure 2 Young plantations*

Analyses of the monitoring data over the years 2005 – 2007 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 3) 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.

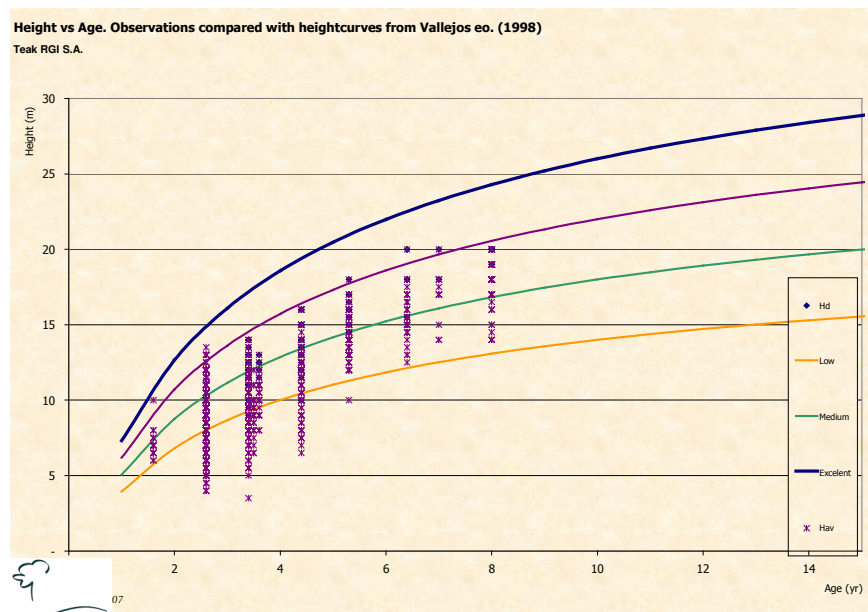


figure 3 Height distribution compared to Vallejos

Present value of total included plantation area is calculated at \$ 44.306.316,-, which results in a net present value of \$ 46.327,<sup>59</sup> per productive hectare. This seems considering the outcome and experiences of the review to reflect the current actual situation of the plantations.