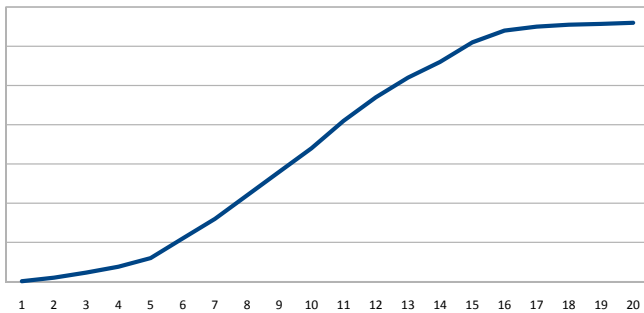




In this news letter we will, among others, inform you, about the current situation regarding the growth of the trees in the different plantations. This information needs some additional explanation to prevent misunderstandings.

The growth of a teak plantation follows the pattern of a S-curve. This type of curve is characteristic for almost all biological growing processes and is subdivided into three phases: First, the early youth growth, followed by a speeding up hollow curve, through the fastest growth phase; a linear relation between time and growth. When the plantation matures the growing speed is slowly declining. The growth increment thus changes during the life cycle of a plantation; the growth increment of projects planted on different moments can have large differences and can consequently not be compared.



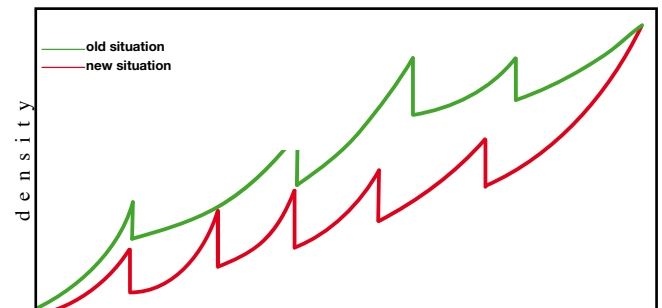
A plantation consists of as many individual growth rhythms as there are trees. They are therefore to be grouped into growth classes. These classes have been translated for the management into an average growth curve for the entire plantation. The management translates the data into prognoses and harvest moments. This rhythm is an average and applies per definition just for the mathematics.

Faster growing tree clusters acquire a different management than slower growing groups because of the compactness (density) of a plantation, this is essential for the health of the teak. A faster growing cluster will suffocate and becomes in need of advanced thinning. Certainly on younger ages the determination of these differences are difficult to spot, however it is essential. Since the very young teaks on a hectare stands can suffocate by a small extra growth increment, fast action is needed. Therefore the management must consequently be highly alert. Suffocation brings about a high humidity and therefore cause molds and illnesses.

During the past years climate in Costa Rica has changed, in the sense that the dry as well as the wet periods have become more intensive and shorter. This means that the impact in the wet period is greater than in the 'former' situation; more millimeters of rain in shorter time. Because of this, the periodical humidity in the plantations has also increased.

In relation to the growth scheme on a limited numbers of plantations interventions were necessary have been done to prevent the direct effects of the combination of compactness and humidity, namely illness impacts. These climate changes

have forced us to change the management scheme to lower the density in the plantations through upfront thinning of the planned 8th year thinning; in other words parts has been omitted from the potential yields of the 8th year thinning through early thinning of low diameters teak. The diameters were too small for commercial purpose. This counts for the Teakwood Investment Plans with a rotation time of 20 year in which a payment of the 8th year thinning were foreseen. Through the necessary interventions the 8th year thinning in Monte Verde IV (plant year 2001 and 2002), Monte Verde V (2002) and El Parque (2003) is (partly) omitted. The total Plans with a 10th year thinning will not, or in limited extent, become influenced. RGI Sa expects that at the end of the rotation period, the prognoses of the total volume will not have to be adjusted.



B. A. Jakobsen CEO RGI S. A.



At the next pages the different projects will be reviewed. The presented values are general plantation data concerning growth and diameter en should be seen as a plantation average. Statistics are not suited for more detailed information on lot level.

Monte Verde I



Planting year	1997
Hectares	58.6
Actual growth m3 per year	*
Initial number of trees per ha	1400
Actual number of trees per ha	391
Rotation	20 year
Average height	17 mtr
Average diameter	21.7 cm
FSC certified	Yes

Internal roads have been improved due to thinning practices. Thinning has been delayed longtime due to market conditions, financial constrains and weather issues. The operation is completed.

The market for Teakwood is still on the down side due to global crisis, but by combining internal and export market we finally have conducted complete these sales the best we can. Financial constraints have been with the buyer who has had some serious delays in payment, in which case RGI stoped the extraction. Weather coditions has been nasty, rains made it sometimes impossible to operate, but the plantation did not give us anymore time.

Stand density and modeled future growth probably surges with one more small size thinning operation before termination the 20 year cycle in 2017.

Vasconia



Planting year	1998
Hectares	21.9
Actual growth m3 per year	6
Initial number of trees per ha	1100
Actual number of trees per ha	331
Rotation	20 year
Average height	21mtr
Average diameter	22.9 cm
FSC certified	Yes

Things have been quiet on this farm. Normal maintenance is running as it has to. RGI has modified the house and improved the electrical installation.

At least a few times a year RGI receives a very hungry timber buyer, as Vasconia logs have built a good name in the market for their color and physical properties. Nevertheless, the project is meant to take as long as planned and trees will be left to mature even more and gain some volume.

* Growth marked with asterix indicates data to be very unreliable due to recent thinning.

Monte Verde II



Planting year	1999
Hectares	28.35
Actual growth m3 per year	5
Initial number of trees per ha	1400
Actual number of trees per ha	438
Rotation	20 year
Average height	18 mtr
Average diameter	19.4 cm
FSC certified	Yes

Pretty much the same issues let us struggle with the thinning of this year in this 1999 plantation. Also here we achieved relatively better results by combining national and export market. Though building activities in Costa Rica are at a very low level right now, we managed to sell peeled logs to local construction projects.

Problems with the neighboring pineapple industry, leading to contaminated water flowing into the plantation, has now been halted. The industry has dug a draining channel avoiding the water to come into this plantation.

* Growth marked with asterix indicates data to be very unreliable due to recent thinning.

Monte Verde III - 2000



Planting year	2000
Hectares	55.66
Actual growth m3 per year	*
Initial number of trees per ha	1100
Actual number of trees per ha	367
Rotation	20 year
Average height	17 mtr
Average diameter	19.2 cm
FSC certified	Yes

At the beginning of this year "Amparo" as the plantation is called, has been thinned. Mayor infrastructural improvements were necessary to support the heavy loaded trucks carrying the logs out of the different areas.

In all harvested plantations the post-thinning monitoring showed little damage to the plantations due to the thinning practices. In total less than 3% of the road, less than 0.1% of surrounding natural forest and less than 1% of the remaining teak trees have suffered damages. This issue is quite relevant due to the FSC criteria and self-set limitations and allowances.

Good news is the fact that RGI reached an agreement with all buyers to prevent the buyer's habit to apply punishment to the volume as measured. Under normal situations, the Indian buyers tend to calculate the volume of a log in such a way the paid-for volume shrinks. They defend this activity by claiming that the commercial volume is less than the physical volume of the log. As before, RGI denied any buyer deducting volume and invoiced the true amount of cubic meters.

Monte Verde III - 2001



Planting year	2001
Hectares	32.46
Actual growth m3 per year	*
Initial number of trees per ha	1100
Actual number of trees per ha	529
Rotation	20 year
Average height	18 mtr
Average diameter	15.2 cm
FSC certified	Yes

The part of Amparo planted in 2001 will likely be thinned at the end of this year.

* Growth marked with asterix indicates data to be very unreliable due to recent thinning.

Monte Verde IV



Planting year	2001
Hectares	84.47
Actual growth m3 per year	*
Initial number of trees per ha	1100
Actual number of trees per ha	519
Rotation	20 year
Average height	16 mtr
Average diameter	17.8 cm
FSC certified	Yes

Due to a disputed FSC criteria, RGI had to drain a lake comprising almost one hectare. The lake was already there when RGI acquired the property in 2000 but our certification manager ordered RGI to drain the lake for being artificial. FSC criteria stipulates the preservation of nature as it is, but on the other hand does not allow natural water flows to be blocked. In this case the previous owner had built a road supported by a thirty meter long little dyke, partly obstructing the water flow.

The lake has now virtually dried up, causing flora and fauna to change.

This plantation has received a small thinning in the 2001 part, last year.

Monte Verde IV - 2002



Planting year	2002
Hectares	90.47
Actual growth m3 per year	12
Initial number of trees per ha	1100
Actual number of trees per ha	450
Rotation	20 year
Average height	15 mtr
Average diameter	18 cm
FSC certified	Yes

The part planted in 2002 will probably see a thinning at the end of 2011 or the beginning of 2012.

Unfortunately leaf cutting ants have caused damage to some teak trees. Such nests are difficult to control as RGI is limited in the use of pesticides by the FSC regulations. New organic products have emerged in the market and are currently tested for their long term implementation.

Also in this plantation, infrastructural improvements have been made, the plantation roads are now ready to carry heavy weight truck for log extraction.

Mairena



Planting year	2002
Hectares	25.93
Actual growth m3 per year	15
Initial number of trees per ha	1100
Actual number of trees per ha	424
Rotation	Variable
Average height	14 mtr
Average diameter	16.8 cm
FSC certified	Yes

Monte Verde IX



Planting year	2004
Hectares	11.44
Actual growth m3 per year	13
Initial number of trees per ha	1100
Actual number of trees per ha	642
Rotation	20 year
Average height	13 mtr
Average diameter	14.6 cm
FSC certified	Yes

The neighbouring farms Monte Verde IX and Mairena have not yet received any commercial thinning due to their limited age.

Monte Verde V, Cristorey



Planting year	2002
Hectares	199.56
Actual growth m3 per year	16
Initial number of trees per ha	1100
Actual number of trees per ha	483
Rotation	20 year
Average height	16 mtr
Average diameter	17.5 cm
FSC certified	Yes

Since the last non-commercial thinning, activities have been quiet on this farm. The normal work of pruning, mowing and control have been applied. Depending the growth monitoring report, this farm will be entered for commercial thinning either in 2011 or 2012.

The non-commercial thinning of 2008 had partly been submitted to a squaring process to sell half fabricate blocks, but the production was rapidly rejected by the buyer due to the absence of colored heartwood, as for such an age of log is quite normal.

The old wooden house has been replaced by a new house, resulting in a very content family watching over the farm. The foreman, Luis, has this year completed a full ten years employment for RGI.

The past years, this plantation has shown in the growth statistics to be one of the fastest growing plantations of RGI.

Monte Verde VI, El Parque



Planting year	2003
Hectares	347.46
Actual growth m3 per year	13
Initial number of trees per ha	1100
Actual number of trees per ha	480
Rotation	15 and 20 year
Average height	15 mtr
Average diameter	17.3 cm
FSC certified	Yes

El Parque is the operational center of RGI for wood processing and other logistics due to the infrastructural characteristics and available buildings. Here, all of local market poles have been processed.

Depending the growth measuring results, this farm will be thinned 2011 or early 2012 depending on its growth.

New to the FSC certification needs, is a bi-annual inventory of red-list species of flora and fauna. RGI has now developed a Geographical Information System in which the allocation of such species is administered. Red list species can be found on all farms, and they are as such under full protection.

Due to this campaign RGI has diminished illegal hunting activities on farms, especially on the large scale plantation of El Parque. In collaboration with local police force, most of the notorious hunters have been caught red handed, and undone from their weapons and dogs and some of them have been legally prosecuted.

The annual field burning activities with the neighboring sugar cane producers now takes place under supervision of RGI and the danger of incurring fires has been diminished. Also, RGI has welcomed the legal shutdown of the neighboring rubbish dump of the Los Chiles community. The trash handling has always caused many problems and is now likely to stop. A special force of the ministry of health has halted the use of this dumping-ground due to infringement of environmental law.

In collaboration with them RGI is now looking for a sort of reforestation plan to convert these soils to forest, after the belt has been cleaned as ordered by the judge.

Carrizal



Planting year	2006
Hectares	86.95
Actual growth m3 per year	15
Initial number of trees per ha	816
Actual number of trees per ha	737
Rotation	15 year
Average height	11 mtr
Average diameter	12.3 cm
FSC certified	Yes

This farm is also awaiting the growth report, but is likely to be thinned the beginning of 2012. Just cause for this 'delay' is the wider planting distance as chosen so by the former owner who layed out this plantation.

News is that the expected over-growth of the farm has halted. Growth has been vigorous at the beginning. RGI feared a problem with the overall stability of the farm. Last data from July 2010, shows clearly that growth has happily slowed down.

The most intense mowing, as needed on these slopes and wider planting distance has now diminished and the farm is now entering a more quiet period of maintenance focusing on pruning, and overall control.

On some parts, roads will be widened this year. The logged trees will probably have a pole destiny. Overall RGI will continue her publicity campaign to obtain a larger area of distribution for poles. The campaign of 2009 and 2010 has led to a direct increase of demand but nevertheless will be intensified over 2011. A special web site was launched to aid this campaign.

Combate



Planting year	2007
Hectares	134
Actual growth m3 per year	11
Initial number of trees per ha	1100
Actual number of trees per ha	978
Rotation	15 year
Average height	6 mtr
Average diameter	6.7 cm
FSC certified	Yes

Planting year	2008
Hectares	39
Actual growth m3 per year	9
Initial number of trees per ha	1100
Actual number of trees per ha	992
Rotation	15 year
Average height	
Average diameter	
FSC certified	Yes

This farm has been a battle the past years. A combination of strong rains and bad weeds, has caused RGI to invest heavily in mowing, aiding the trees to compete with these grasses. Finally, we seem to have won this fight and trees are free of competition. The reason of the presents of this abundant bad weeds is related to the former land management.

A serious problem with erosion has been dealt with, but was nevertheless taken by the GFA (FSC) visit this year to seen as a CAR. A CAR means a "yellow card", handed by the GFA to RGI, giving RGI a certain time limit to handle and correct the problem. Since the switch from the Rainforest Alliance towards the GFA group, as being the FSC accredited certifier, RGI has passed a phase of improvements. Rainforest Alliance has always been quiet reluctant to strict handling of the criteria, in contrast to the German based GFA being very strict on all set regulations.

Gaillito



Planting year	2009
Hectares	48.9
Actual growth m3 per year	
Initial number of trees per ha	1100
Actual number of trees per ha	1049
Rotation	15 year
Average height	
Average diameter	
FSC certified	Yes

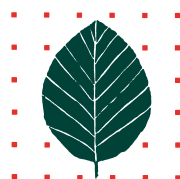
This project is in its first cycle of growth. Around the trees circles are being kept clean from weeds. The development is according to expectations. The seedlings that died have been replaced.

Planting year	2010
Hectares	10.7
Actual growth m3 per year	
Initial number of trees per ha	1100
Actual number of trees per ha	1093
Rotation	15 year
Average height	
Average diameter	
FSC certified	Yes

If you want to know more about the FSC and GFA, please check www.gfa-certification.de.

RGI has decided for cost reductions and efficiency to distribute newsletters and general communication only by means of the Internet sites www.teakwood.nl and www.rgisa.com. We kindly request you to regularly visit these sites.

Our new FSC code is now GFA-FM/COC-001893.



The natural way

Teakwood International bv

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