

Valuation Report

Proteak Uno S.A.B. de C.V.



January 2014

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I. **Executive Summary**

Executive Summary

Introduction

- 414 Capital is pleased to present an independent valuation exercise for the Ordinary Participation Certificates ("CPOs") of Proteak Uno S.A.B. de C.V.
- Proteak is a company that presents particular difficulty when performing a valuation exercise due to a number of factors which will be discussed later on in this report; including:
 - Long value realization horizon for the teak business line
 - Opaque international market for teak products
 - Uncertainty (limited) on the performance of forestry assets
 - Additional value of the new MDF business line
- Per the request of some members of Proteak's investor base, we developed the following sections focusing on:
 - Deepening the understanding of the business and its key variables
 - Detailing our considerations and steps used to reach a value conclusion
- It is worth mentioning that during the life of the company the expected cash flows will change continuously as the teakwood estimated growth and the current market prices are dynamic and subject to change

Valuation exercise conclusion

Based on our analysis and applied methodology, 414 Capital considers that the fair value range of the CPOs as of January 2014 is:

MXN 21.90 – 24.90

*Please refer to Section V for a discussion on the methodology used
Exchange rate USD/MXN: 13.08 (31/12/2013). Source: Banxico*

II. Company Overview

Company Overview

Introduction

- Proteak Uno S.A.B. de C.V. ("Proteak") is one of the most important companies in the forestry industry in Mexico. It engages in the plantation, exploitation and marketing of teak products in Mexico and abroad
 - As of the date of this report, Proteak's biological assets total more than 9,000 teak planted hectares (has)
 - Most of its plantings are located in Mexico, with additional parcels in Colombia and Costa Rica
- Proteak has three business segments, which are:
 - Forestry
 - Trading
 - MDF

Distribution and business operation



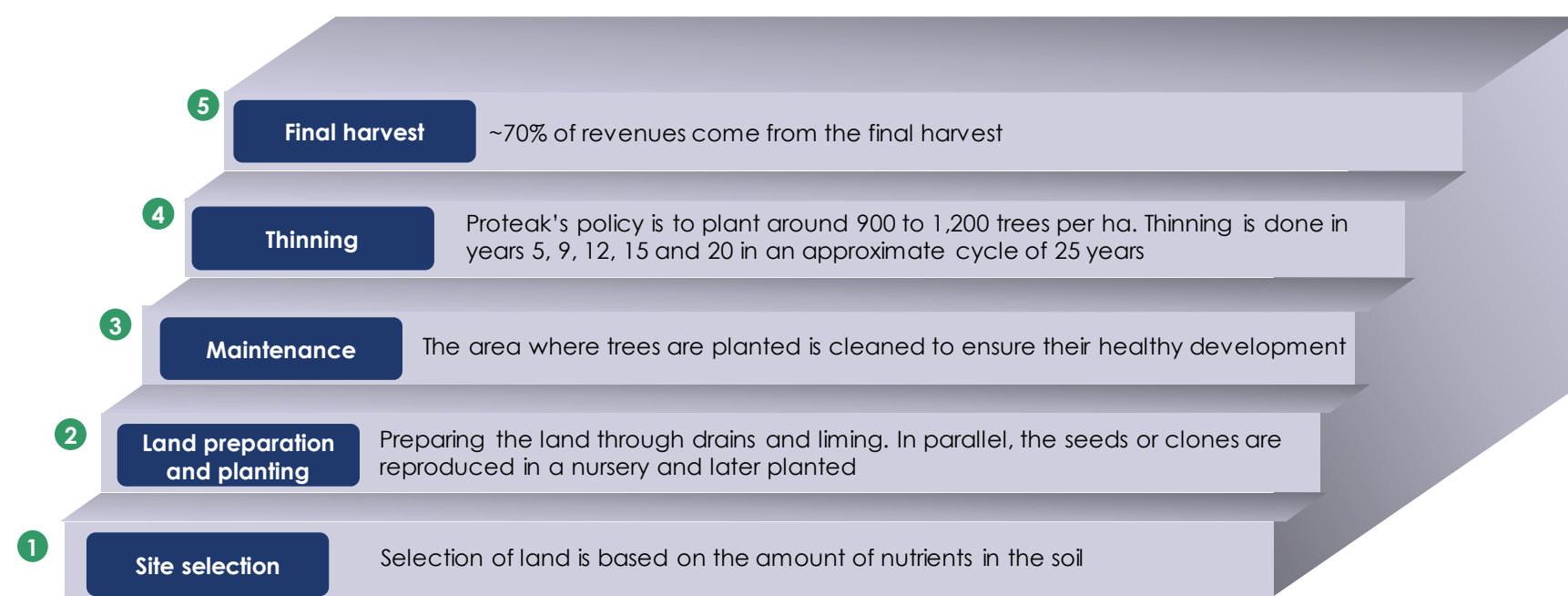
- Recently, the company developed a new business line dedicated to the production and commercialization of medium density fiber (MDF) boards
 - In order to boost this business line, the company acquired 3,777 hectares of Eucalyptus (species characterized by its accelerated growth)
 - Additionally, the company rents 4,833 hectares where Eucalyptus trees are grown

Company Overview

Teak forestry business

Forestry

- Proteak's forestry activity is mainly teak plantation (also known as Tectona Grandis)
- The teak forestry business consists of five phases:



Trading

- This business line is engaged in the commercialization of roundwood (at higher volumes) primarily in the southeast Asian market
 - One goal of this segment is to achieve a better understanding of the global teak market behavior in order to exploit new business opportunities
 - The Trading division was created in late 2011 to commercialize roundwood obtained in the final harvests of the Colombian plantations

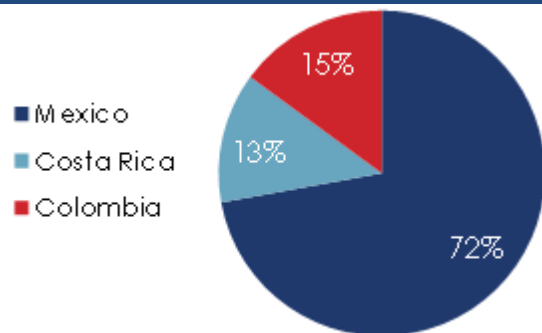
Company Overview

Geographic coverage

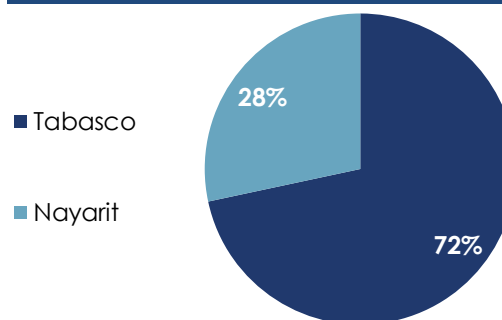
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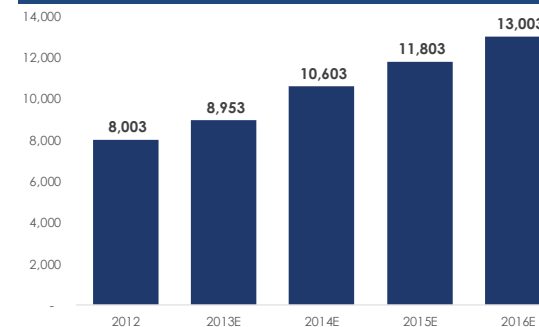
Has total distribution



Distribution of has in Mexico



Total has per year



Company Overview (IPL)

MDF business

¿What is MDF?

- MDF is a board made of a mixture of wood sawdust and resin, compacted with high pressure and heat
- This product is mainly used for the production of office furniture, kitchens, closets, doors, frames and moldings. Due to its light weight, it is easy to cut and has an ideal smooth surface which can be painted or covered with melamine or wooden sheets
- The standard board in the Mexican market has a density between 650 and 750 kg/m³, width of 1.22m and height of 2.44m, with a thickness between 12mm and 18mm
- Recently, MDF has substituted natural wood and other kinds of boards, such as triplay and agglomerate wood boards
 - Natural wood is becoming scarce and reducing its quality because there are less trees with the required diameter to produce a board with the necessary size and hardness. Furthermore, the production costs of natural wood furniture are significantly higher
 - Even though the agglomerate wood boards are between 35% and 40% cheaper than MDF, they have a disadvantage in the sense that they can only be cut straightly and their surface is rough

MDF



Agglomerate wood

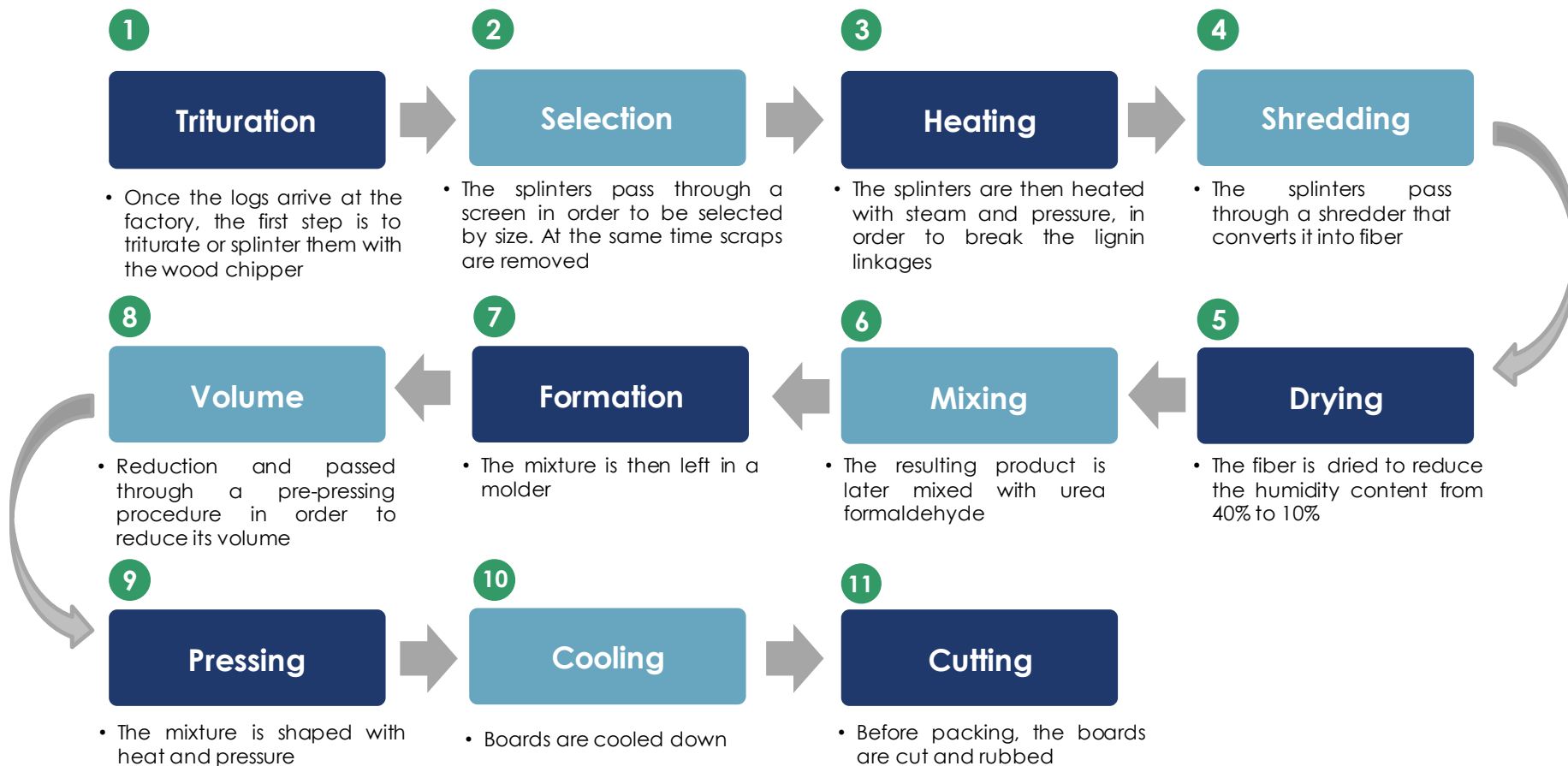


VS

Business Description

MDF business

Production process of MDF boards



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Company Overview

MDF business

¿Why will Proteak commercialize MDF?

- Taking advantage of its forestry platform in order to continue its growth, Proteak acquired the only existing private Eucalypt plantation in Mexico and is installing a factory to produce MDF with wood coming from this plantation
- 88% of MDF consumed in Mexico is imported mainly from Chile and the U.S., resulting in the logistics costs that represent ~ 45% of the price paid by distributors. Currently, there are no MDF continuous process lines in Mexico and the consumption per capita is still low in comparison with most countries in the world. Given this opportunity, Proteak decided to diversify its growth strategy
 - Mexico has the potential to become an important wood exporter because of its geographical location, climate, domestic market growth potential and trade agreements
- Additionally, the boards that Proteak will commercialize include melamine sheets, which increase their selling price by ~ 68%
 - Only 15% of the MDF boards sold in Mexico include melamine sheets
- Proteak's objective is to reach 25% market share and become the only provider of low-cost MDF by replacing imports

Company Overview

Company phases

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Scale generation

- Operating procedures are established to secure the appropriate cost and expense structure
- 1,700 has are seeded in 23 plantations in the states of Nayarit and Tabasco. 90% of the land is privately owned and 10% communal land

Feasibility analysis

- Strategic and financial study in which engineers and consultants are retained to establish the type of timber that will be harvested, calculate IRR for investors and set the site for the pilot plantation

Stabilization of the company

- A new business segment is created called "Trading" for roundwood commercialization at an international level
- Consolidation of operations



Project scalability

- Incorporation of small investors to start planting between 150 and 200 has per year
- 580 has are planted in the state of Nayarit and the certification from FSC (Forestry Stewardship Council) is obtained

MDF Project

- FOMEXs' plantation acquisition, conceptualization and engineering design
- Plant installation in 2014
- Production tests expected to begin in 2015

IPO and institutional growth

- The company's institutionalization process begins
- The company opened subsidiaries in Panama, Costa Rica and Colombia. Also, a new plant in Estado de Mexico begins to process timber
- 119 has of mature plantations are acquired in Tabasco (16 years), 950 has in Mexico, 1,450 has in Costa Rica and 890 in Colombia

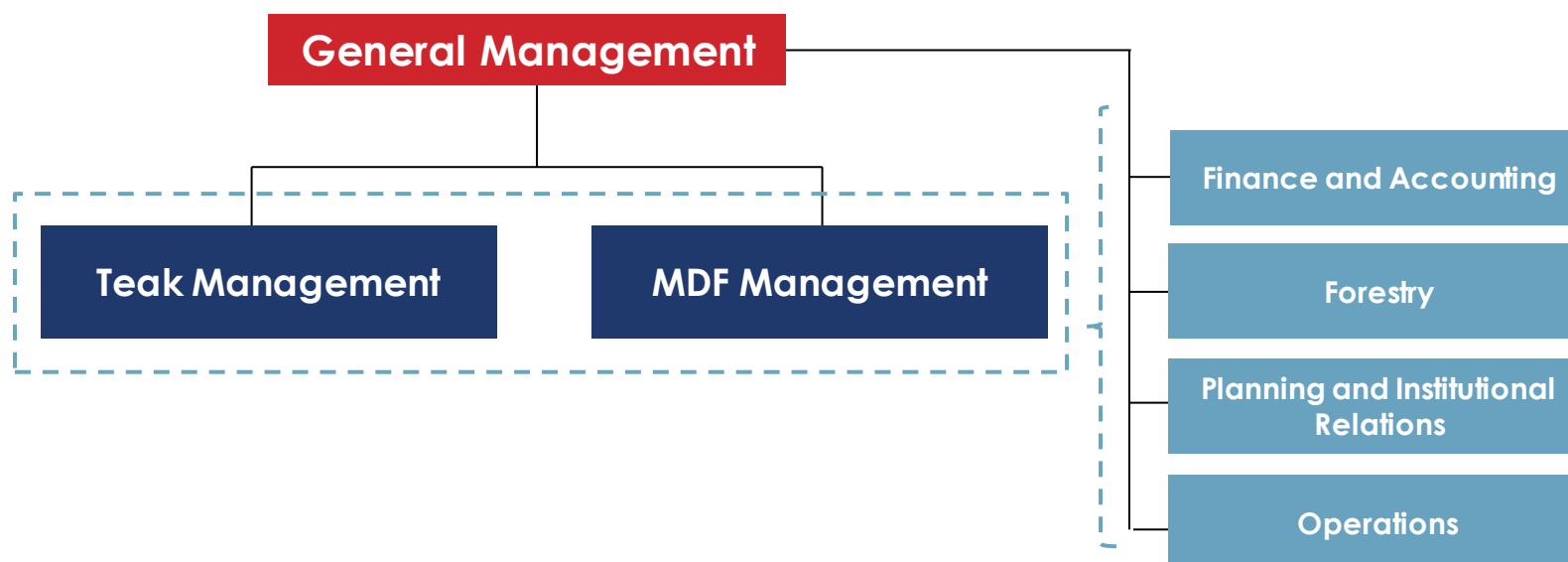
Company Overview

Management and corporate structure

Management

Name	Position
Gaston Mauvezin	CEO
Enrique Espinosa	Teak General Director
Omar Nacif	MDF General Director
Jurgen Stock	Forestry Director
Adolfo Fuentes	CFO
Ingrid Cerwinka	Planning and Institutional Relations Director

Corporate structure



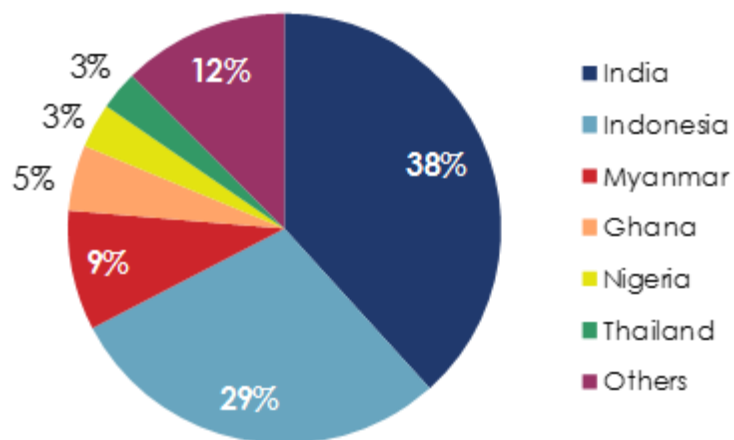
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Industry Overview

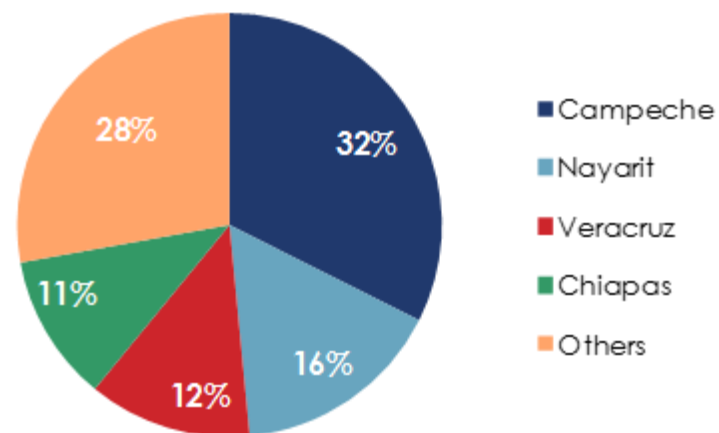
Teak supply and demand

- Teak represents a small proportion of the world's timber production; the estimated supply of teak logs in the market is less than 2%. However, the teak industry is important in this market due to its high value
- Teak from natural forests is no longer marketable after prohibitions were implemented in Myanmar, India, Laos and Thailand regarding natural teak deforestation
- The teak global market has historically been governed by trends in the Asian market. Asia has more than 90% of the world's resources while India alone hosts 38% of the planted teak forests worldwide

Percentage of teak plantation areas by country



Teak plantations in Mexico



Source: FAO, 2012

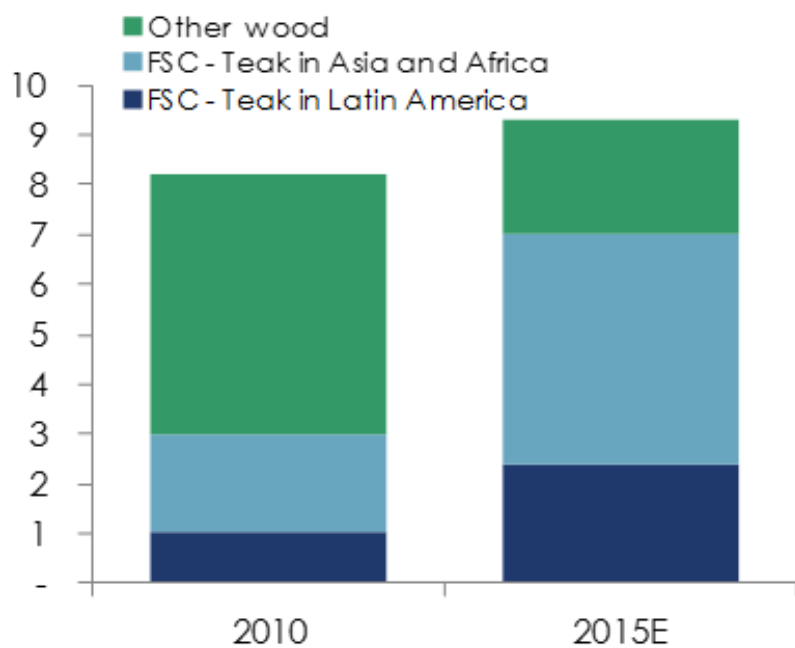
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Industry Overview

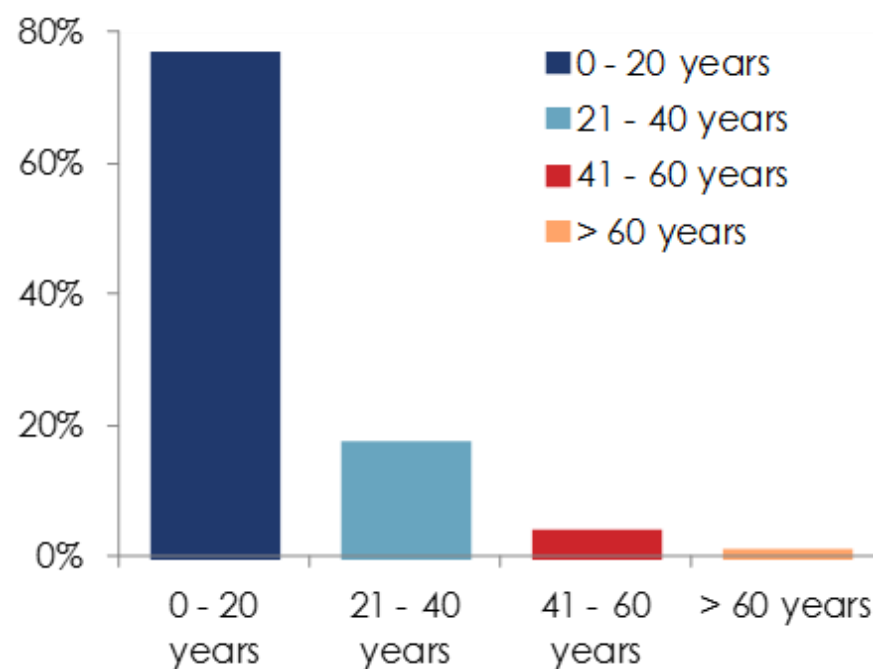
Teak supply and demand

- 77% of teak plantations and teak forests are under 20 years old due to the recent growth of investments in commercial teak plantations. It is expected that the trend to maintain teak trees at a low age will continue in order to monetize such investments in the medium-long term
- Current global teak production is estimated between 9-10 million m³ of which about 85% is supplied by teak plantations (most of them with no chance of being certified) and 15% by natural forests

Demand for hardwoods in China, India and US



Age distribution of teak plantations



Source: FAO, 2012

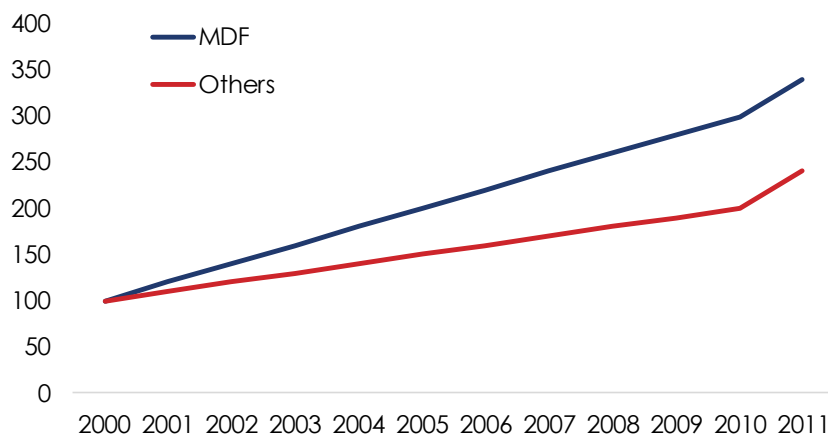
Industry Overview

MDF supply and demand

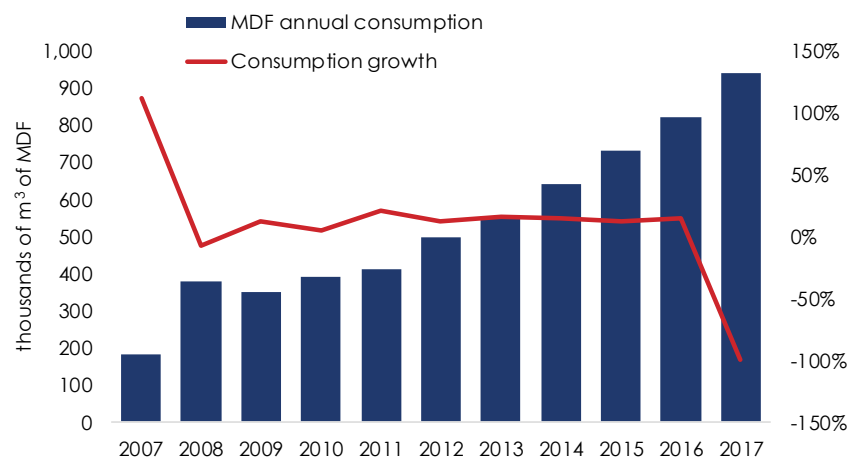
- The forestry sector in Mexico has a huge trade deficit, by importing 80% of wood products consumed
- In 2012, the Mexican MDF market size was of 490,000 m³/year and grew at an average annual rate of 12% (2000 and 2012). It is expected that this trend will continue over the next years
- MDF global demand has increased almost four times in the last 11 years, while natural wood and other boards have increased by 50%. MDF has become the preferred board among carpenters and furniture manufacturers

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MDF market evolution vs others



MDF annual consumption in Mexico



Source: SIAVI and FAO

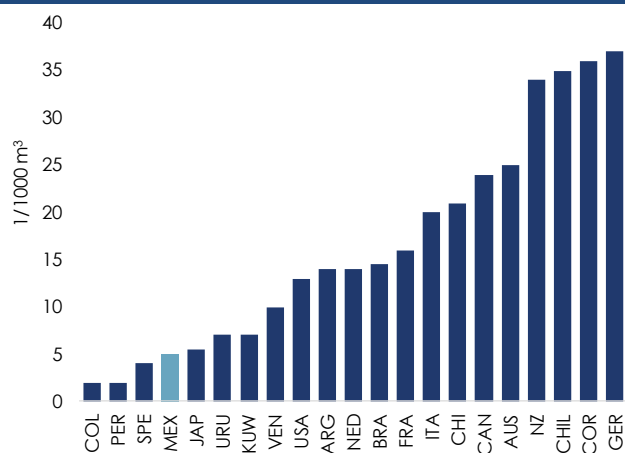
Industry Overview

MDF supply and demand

- The Mexican MDF market is still young. Therefore, per capita consumption is relatively low
 - Using Brazil as reference, per capita consumption in 2002 was of 4 m³. In 2010 it grew to 14 m³ after an increase in installed capacity from 1,000k m³/year to 4,500k m³/year. Currently, Mexico has an installed capacity of 60k m³/year
- There are five current MDF producers to supply Mexico's demand
 - Emman: National producer based in Jalisco, has an old production line and chinese machinery. The wood used is pine
 - Macosa: Only produces thin MDF (6mm of thickness) in an older factory in Estado de Mexico. The wood used is pine
 - Flakeboard: US wood manufacturing company with operating facilities in Charlotte, Oregon and Arkansas
 - Arauco: It is part of a Chilean group dedicated to four industrial sectors: forestry, pulp, lumber and boards
 - Masisa: One of the largest wood boards producers in Latin America

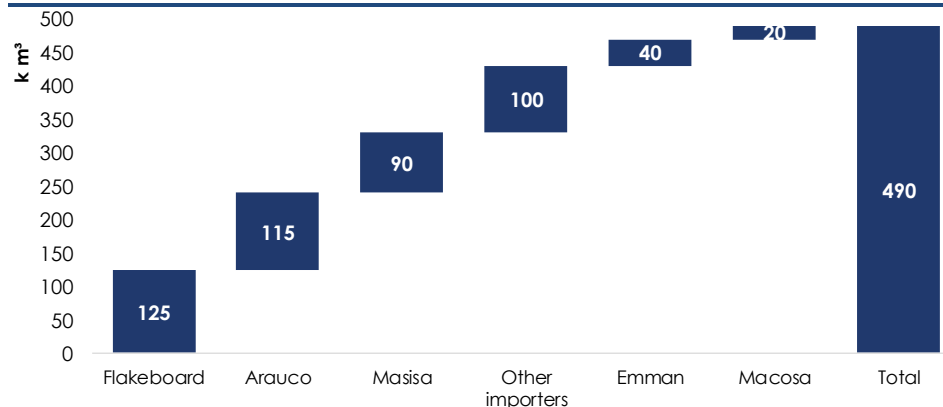
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MDF per capita consumption by country (2010)



Source: SIAVI, BlueDrop y Proteak

MDF supply by producer (2012)



Industry Overview

Relevant news

The MDF industry has grown in recent years due to its demand in the furniture industry. Current MDF demand reached 500 thousand cubic meters, of which 90 percent is covered by imports from the US and South America

Reforma, August 6, 2013

The Secretary of Environment and Natural Resources, Juan Jose Guerra Abud said the forest policy of the current federal administration seeks to conserve and preserve these ecosystems and reactivate the sustainable forest growth

NOTIMEX, April 6, 2013

A project developed by the School of Forest Engineering from Technological of Costa Rica (TEC) aims to achieve an increase in wood durability to prevent insect and fungi attacks through the use of silver nanoparticles and carbon nanotubes

DiCYT, July 4, 2013

Mexico has a public and private environmental infrastructure investment deficit, which needs to be addressed urgently given the country's growth and climate change, said Rodolfo Lacy, undersecretary of Planning and Environmental Policy

Grupo Reforma, April 13, 2013

Jorge Rescala, responsible for Conafor, reported 5,582 wildfires from January to date that have affected 95,926 hectares, of which 97 percent were originated by human causes and 3 percent by natural causes. The states with the larger number of fires this year are State of Mexico, 22; Michoacan, 15; Chiapas, 11; Puebla, 7 and Hidalgo, 7

NOTIMEX, April 15, 2013

Conafor is studying the possibility to create real programs which allows to double current wood production in the next five years, after 14 years of bad support for forestry. Semarnat reviews strategies to boost Yucatan's timber potential

Milenio, June 18, 2013

Semarnat invested over 62 million pesos in the government of Queretaro in order to support the state in its forest development and natural resources conservation. The investment was channeled through Conafor under a collaboration agreement between Juan Jose Guerra Abud, responsible for Semarnat and Queretaro's governor, Jose Eduardo Calzada Roviroso

NOTIMEX, April 3, 2013

The forestry sector annually contributes five billion dollars to Mexican GDP (0.81% of total GDP). In 1998, the forestry sector contributed 1.2%; this downward trend is due to deforestation, organized crime and illegal forest purchases

El Sol de México July 4, 2013

III. Investment Case

Investment Case

Investment highlights and key risks

Investment highlights

Diversified income sources

- Proteak has developed a vertically-integrated business model based on the following points:
 - The company has secured financial resources to ensure the feasibility of its business model through loans, subsidies and positive cash flows generated by recently-acquired mature plantations
 - Diversification of inventory in terms of economic value
 - The company has been able to commercialize teak without the need to negotiate with intermediaries through its Trading division, while also gaining a better understanding of the teak market
- Recently, Proteak decided to open a new business line that consists of MDF production
 - With this strategy, the company will further diversify its income, mitigating the risk of relying solely on the demand for teak
 - In November 2013, the construction of the high-tech plant began (supplied by Dieffenbacher, a highly specialized German company), with a production capacity of 200,000 m³ per year

Acquisition of mature biological assets

- Proteak timely acquired biological assets in Cosa Rica from a Dutch company, Eco Direct Nederland B.V., which at that time was in a bankruptcy process
 - 2,862 has were acquired for USD 16.5 mm, of which 240 has were mature teak (strategic value) and the rest was land for sale
- 940 has of teak were purchased in Colombia of which 560 has are ready for final harvest
- In September 2013, Proteak concluded the acquisition of Fomex (the largest private forestry company in Mexico)
 - Aproximety 8,600 has of eucalyptus were acquirred, along with the tecnology, research and all the components to supply the raw material for the new MDF business line

Investment Case

Investment highlights and key risks

Private and confidential information

Limited competition

- There is only one scale competitor in Mexico (Agropecuaria Santa Genoveva) and since the teak market is global, these two Mexican companies do not represent significant competition to each other
- Due to the insufficient wood supply currently available in Mexico, the company may be one of the few domestic providers for the next 5 to 10 years with local wood sources, obtaining lower costs and thus higher margins

Operation

- The learning curve in terms of forest plantations has increased significantly in recent years
 - The company has learned to select adequate land at the right price, which translates into better quality and more profitable plantations

Geographical presence

- Proteak has plantations in Mexico, Costa Rica and Colombia to diversify some risks and has different distribution centers
- The company has its own sales office in Mexico. Also, it has offices under an outsourcing scheme in China, India and Colombia to serve different teak markets

Management board and directors

- Eight out of nine board members are independent and are mostly recognized entrepreneurs or senior executives
- Officials leading Proteak's operations have experience and a successful track record in businesses across different industries

Certifications

- Proteak is certified by the FSC (Forest Stewardship Council) due to the sustainable forestry practices it handles
 - Having this certification allows the company to build a higher credibility and reputation

Investment Case

Investment highlights and key risks

Key risks

Asset illiquidity

- Proteak's biological assets contemplate a long-term horizon and are illiquid as of today given the nature of the forestry business
- Moreover, Proteak's shares have little liquidity (3-month ADTV MXN 63,978)
- We believe that in the near future Proteak's ADTV will increase due to the fact that the company is facing an expansion phase and in 2015 the company will receive positive cash flows (thanks to harvests from mature plantations and from the beginning of MDF operations)

Regulatory framework

- Proteak is subject to strict environmental regulations, both domestic and abroad, due to an increase in illegal logging
 - Proteak has the necessary specifications to mitigate this risk
- Changes in environmental regulations in countries where Proteak operates could adversely affect their business operation

Macroeconomic conditions

- Most sales are overseas so Proteak is subject to MXN's appreciation or depreciation
 - Currently the main markets for teak are located in China, India and US

Growth with acquisitions

- Proteak's growth has been partly driven by acquisitions of new biological assets, that in turn depend on terms and conditions in which they were acquired. The company's enhanced growth could be affected in case these terms and conditions are not met in the future
 - The company has acquired ~95% of the mature plantations that were contemplated in the OPC prospectus

Investment Case

Investment highlights and key risks

Private and confidential information

Price volatility

- The International Tropical Timber Organization (ITTO) publishes on a monthly basis teak prices recorded on the market, based on the Myanmar rating system. However, this information is based on few transactions and teak that comes only from Myanmar, so it is difficult to predict its behavior
- We believe a rise in demand for teak from plantations is expected because natural teak forests have slowly been extinguishing
 - The current production of teak in the world is estimated between 9-10 mm m³ of which ~ 85% is supplied by teak plantations (most of them with no chance of being certified) and ~ 15% of natural forest
- 414 Capital has conducted one of the most wide-ranging studies regarding teak prices and uses it to validate the prices used in the financial projections

Meteorological phenomena, pests and fires

- Like any other forestry asset, Proteak's biological assets are subject to pest-related risks
 - However, Proteak's plantations are in various properties and the larger ones are interspersed with native vegetation to keep pests from expanding
- Regions where Proteak's plantations are located (tropical climates near the sea) are exposed to different weather events such as hurricanes and storms that could negatively affect trees
- Heavy rains help growth but require unplanned maintenance and exhaustive land preparation
- There is a risk that plantations suffer from fire. However, to mitigate this risk, Proteak took some preventive measures such as:
 - Create roads to divide plantations and constantly cleaning young plantations (where there is greater risk due to lack of shade)
- All these risks are mitigated due to the fact that teak is generally resistant to pests and fires

IV. Determination of Teak Prices

Teak Price Determination

Introduction

- Teak prices are closely related to quality which is in turn determined by size, roundness, straightness, growth rings regularity, number of knots, color, texture, and log health
 - Teak that comes from native forests possesses many of these qualities, therefore it is often sold at high prices
 - Dimensions of commercial plantation logs are typically small and they hardly reach the physical properties and prices of logs produced in native forests
- Although an international system to determine quality of teak coming from plantations has not been established, there is a rating system for natural teak that helps us set a parameter to identify the quality of teak produced by the company

Rating system for teak quality in Myanmar	
AY Teak (Special)	■ At least 4.88 m in length and 60 cm in diameter. Logs have zero defects
First Quality (4 Stars)	■ At least 2.44 m in length and 50 cm in diameter. The difference between these grades is qualitative and varies according to the number of defects observed in the log
Second Quality (3 Stars)	
Third Quality (2 Stars)	
Fourth Quality (1 Star)	
Sawing Grade – 1 & 2	■ At least 2.44 m in length and 49 cm in diameter
Sawing Grade – 3	■ At least 2.44 m in length and 39 cm in diameter
Sawing Grade – 4 to 6	■ At least 2.44 m in length and 49 cm in diameter
Sawing Grade – 7 & 8	■ The measures are variable and logs present significant defects

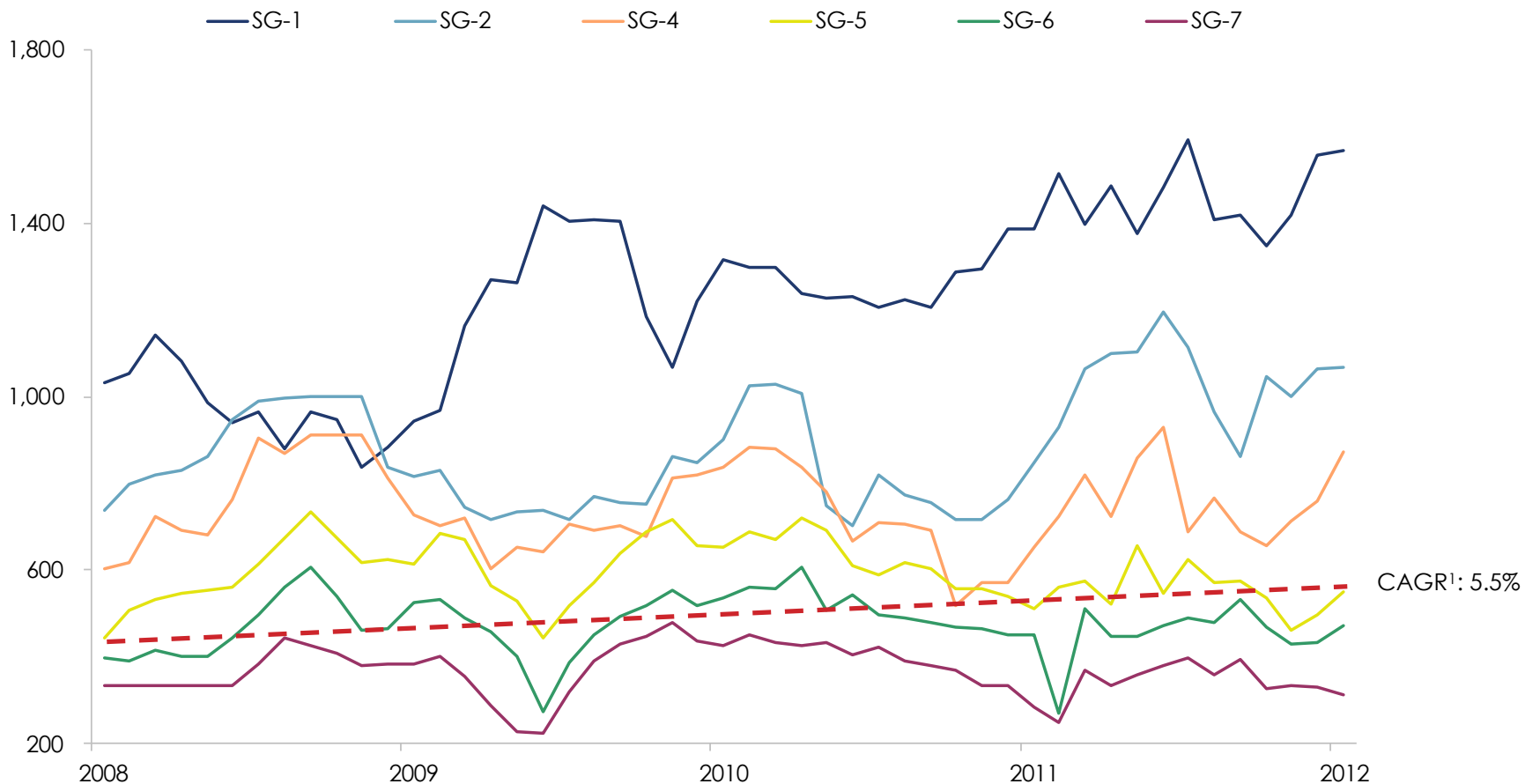
Teak Price Determination

Prices reported by ITTO

ITTO publishes teak prices again

- In March 2013, the International Tropical Timber Organization (ITTO) began publishing teak prices again, based on the rating scheme of Myanmar
- The information gathered by ITTO is based on few transactions and with teak from Myanmar. Therefore, we only considered their information as a reference for teak price growth rate in our projections

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Prices FOB in USD / m³

¹ Average of SG-5 and SG-6 from the last four years

V. Valuation Summary

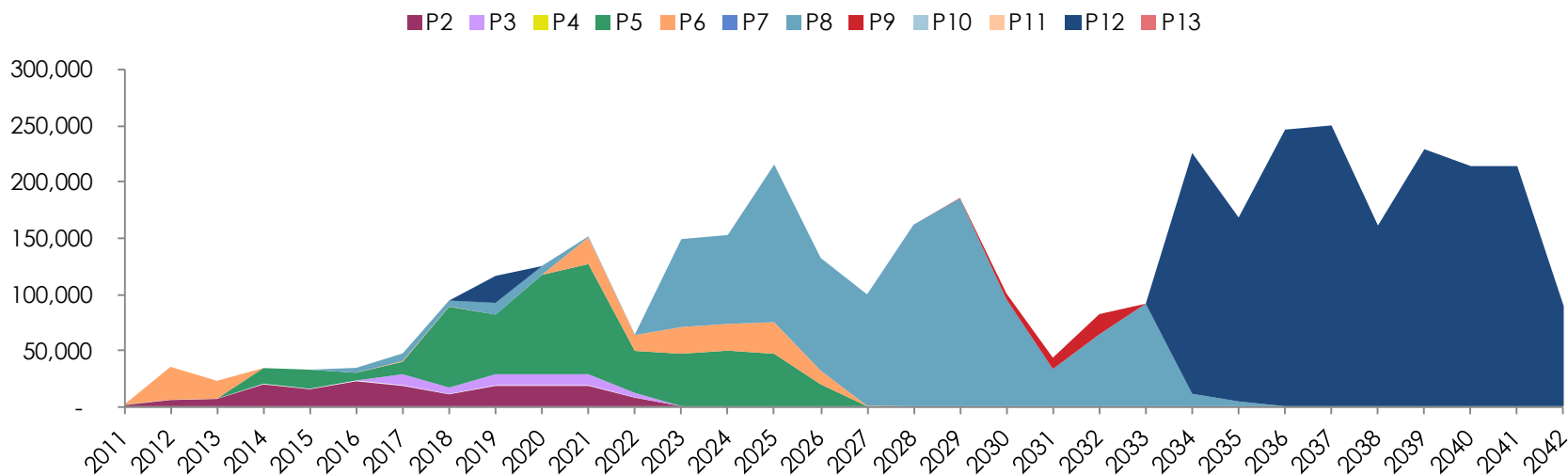
Introduction

- We conducted a valuation exercise according to standard methodologies and the application of criteria based on the nature of the assets
- We performed a sum of the parts valuation estimating the company's levered free cash flows for each of its business lines
 - For purposes of this exercise we took the teak's business line as a finite project. In turn, we used a 10-year projection and assumed a perpetual growth rate of 3.0% for the MDF business line
 - We applied different discount rates for each business line taking into account the risks for each business
- While the company is likely to continue its activities beyond the forecasted period (2043):
 - A growth plan is not easy to project beyond what is already known and has been published by the company
 - We would have to adjust the company's investment plan for the next years without any basis or sufficient information to do so
 - We assigned a terminal value to the land once the final harvest of each plantation is concluded
- Note that, as discussed below, the projected cash flows and the weighted average cost of capital are modeled in USD (USD is the currency used in the global teak market)
 - Cash flows are converted to MXN once they are discounted and unleveraged
 - We have expressed a valuation range of +/- 0.3% based on a sensitivity analysis in the discount rate
- In conclusion, we expect upside potential for Proteak's stock that could be triggered by an increase in its trading activity and a better understanding of the drivers that determine the value of the company
 - We attribute – at least partially – the stock's low liquidity to the fact that ~84% of the company's value (at present value) is materialized after 2025

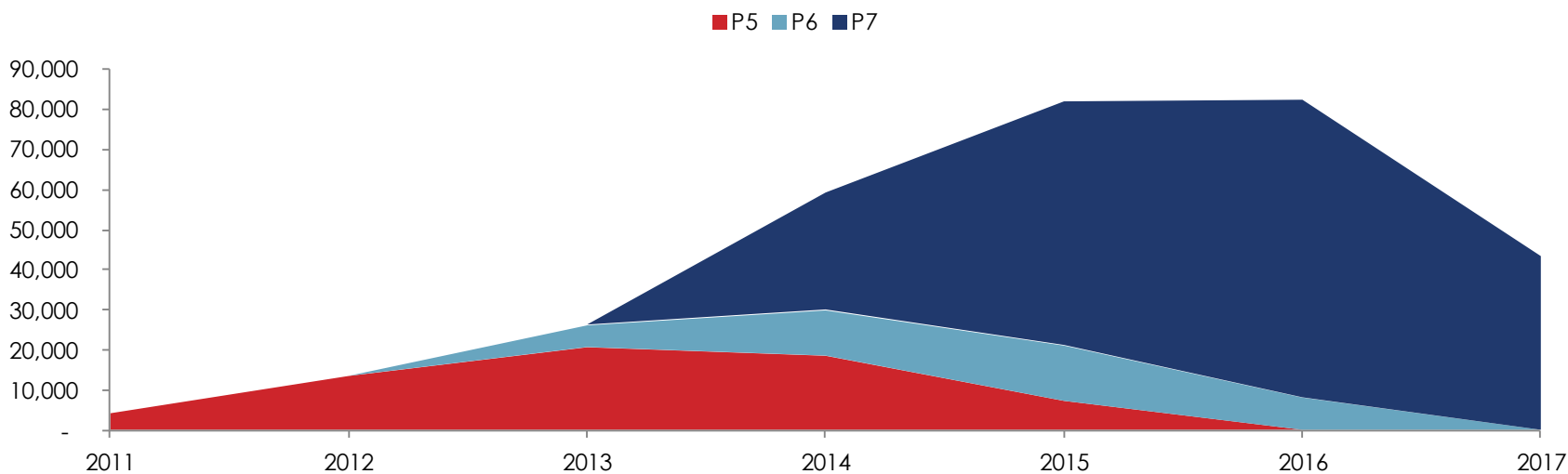
Production Volume Projections

Teak volume (m³)

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Acacia volume (m³)



Considerations on Exchange Rate and Cost of Capital

- The base currency is USD due to the fact that the teak market is dictated by international buyers and sellers
- We estimated a different discount rate for each business line considering the following:
 - We used the unlevered beta of comparable global public companies and re-leveraged to Proteak's capital structure
 - The teak business cycle is ~25 years and MDF is 5 to 7 years, which represents a lower risk
 - We used a discount rate adjusted for the underlying asset's low liquidity and country risk
 - We adjusted the market cap value for each business line considering the amount of capital invested in each one

Teak WACC

Equity	
Cost of equity	17.3%
Debt	
Weighted average cost of debt	8.6%
Effective tax rate	23.0%
Cost of debt	6.6%
Market capitalization	157
Total funding debt	17
WACC	16.2%

MDF WACC

Equity	
Cost of equity	16.1%
Debt	
Weighted average cost of debt	4.4%
Effective tax rate	27.0%
Cost of debt	3.2%
Market capitalization	70
Total funding debt	72
WACC	9.5%

Note: capitalization value in millions of USD

Discounted Cash Flows (Teak)

USD 000s

Discounted cash flows	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Teak													
Operating income	(1,806)	16,248	18,588	15,318	19,152	33,325	27,270	57,919	35,104	48,537	77,997	132,426	101,267
Taxes	-	(3,307)	(3,889)	(3,175)	(4,113)	(7,438)	(6,087)	(13,209)	(8,026)	(11,163)	(17,939)	(30,458)	(23,291)
Depreciation and amortization	243	248	254	260	255	242	230	219	208	197	188	178	169
Changes in working capital	3,371	(4,094)	691	2,309	769	(2,252)	911	(5,490)	3,976	(2,431)	(5,254)	(9,547)	5,574
Capex	(30,187)	(9,353)	(9,013)	(11,910)	(8,714)	(6,993)	(8,405)	958	725	39	56	-	-
EBITDA	(1,563)	16,496	18,842	15,578	19,407	33,567	27,500	58,138	35,312	48,734	78,185	132,604	101,436
Free cash flows	(28,379)	(258)	6,632	2,802	7,349	16,885	13,918	40,396	31,987	35,179	55,047	92,598	83,719
Discounted flows	(26,311)	(206)	4,550	1,654	3,732	7,376	5,230	13,059	8,896	8,416	11,329	16,395	12,751

2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E	2041E	2042E	2043E
118,147	139,560	116,778	183,766	142,080	277,984	285,983	494,975	434,159	630,305	586,607	458,746	431,803	393,271	415,680	174,243	(15,269)
(27,174)	(32,099)	(26,859)	(42,266)	(32,678)	(63,936)	(65,776)	(113,844)	(99,857)	(144,970)	(134,920)	(105,512)	(99,315)	(90,452)	(95,606)	(40,076)	-
161	153	145	138	131	124	118	112	107	101	96	91	87	83	78	74	71
(2,927)	(3,770)	3,904	(11,474)	7,212	(23,565)	(1,402)	(35,319)	10,398	(33,463)	7,478	21,741	4,720	6,559	(3,822)	41,087	32,228
2,550	-	1,014	593	384	1,012	1,196	5,910	6,266	10,352	8,226	12,719	19,256	16,550	21,229	22,291	13,213
118,308	139,713	116,924	183,904	142,211	278,109	286,101	495,087	434,265	630,406	586,703	458,838	431,890	393,353	415,758	174,317	(15,199)
90,757	103,844	94,982	130,757	117,129	191,619	220,119	351,834	351,073	462,325	467,487	387,786	356,551	326,010	337,559	197,619	30,242
11,892	11,705	9,210	10,908	8,406	11,830	11,690	16,075	13,799	15,632	13,598	9,703	7,675	6,037	5,378	2,708	357

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Discounted Cash Flows (MDF)

USD 000s

Discounted cash flows	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E
MDF										
Operating income	(11,858)	(3,914)	34,674	35,949	37,476	39,536	39,827	41,144	42,545	44,041
Taxes	-	-	(8,408)	(8,858)	(9,376)	(10,039)	(10,223)	(10,685)	(11,169)	(11,679)
Depreciation and amortization	1,852	8,882	10,675	10,598	10,386	10,178	9,974	9,858	9,661	9,467
Changes in working capital	390	(4,254)	(7,328)	(392)	(370)	(435)	(196)	(391)	(402)	(421)
Capex	(67,698)	(26,812)	(9,905)	(8,478)	(8,308)	(8,142)	(8,808)	(7,886)	(7,728)	(7,574)
EBITDA	(10,006)	4,967	45,349	46,547	47,862	49,714	49,802	51,002	52,206	53,508
Free cash flows	(77,314)	(26,098)	19,708	28,819	29,807	31,098	30,574	32,039	32,906	33,835
Discounted flows	(73,851)	(22,757)	15,688	20,942	19,773	18,832	16,902	16,169	15,159	14,229
Terminal value - perpetuity growth										223,970

Private and confidential information

Discounted Cash Flows

USD 000s

Enterprise value	498,528
Debt	89,159
Cash	31,366
Net debt	57,794
Equity value	440,734
	USD
Implied share price	1.78
	MXN
	23.35

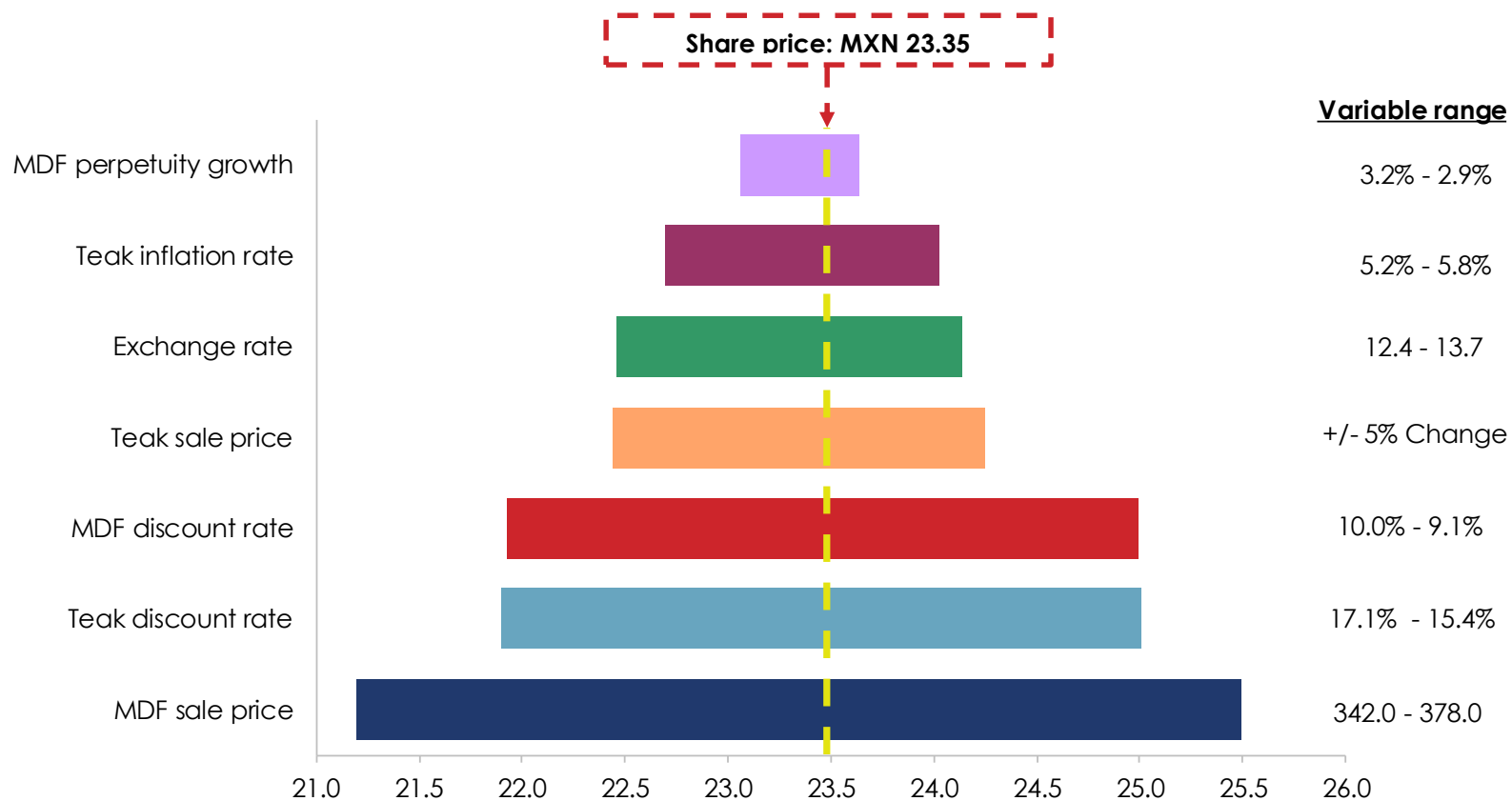
		Discount rate (MDF)						
		8.6%	8.9%	9.2%	9.5%	9.8%	10.1%	10.4%
Discount rate (feak)	15.3%	28.55	27.32	26.21	25.20	24.29	23.45	22.68
	15.6%	27.89	26.67	25.56	24.55	23.64	22.80	22.03
	15.9%	27.27	26.05	24.94	23.93	23.02	22.18	21.41
	16.2%	26.69	25.46	24.35	23.35	22.43	21.59	20.82
	16.5%	26.13	24.90	23.79	22.79	21.87	21.03	20.27
	16.8%	25.60	24.37	23.26	22.26	21.34	20.50	19.73
	17.1%	25.09	23.87	22.76	21.75	20.84	20.00	19.23

Sensibilidad a Variables Clave

MXN

- In order to detect which variables impact valuation the most we sensitized the key variables in by +/- 5.0%

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VI. Segmented Financial Statements

Projected Income Statement (Teak)

USD 000s

Income Statement	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Forestry revenues	8,130	27,734	30,741	26,407	29,594	44,437	38,896	71,835	47,771	62,263	93,680	150,965	117,520
Other revenues	643	1,062	1,062	1,087	1,145	703	719	735	-	-	-	-	-
Extraction costs	1,217	2,560	2,732	2,251	2,511	2,873	3,321	5,499	3,269	3,996	5,662	8,275	5,666
Forest costs	4,403	4,860	5,178	4,437	3,409	3,099	2,998	2,933	2,981	3,107	3,182	3,202	3,293
Gross profit	3,152	21,376	23,894	20,806	24,818	39,168	33,297	64,137	41,521	55,161	84,836	139,488	108,562
Total expenses	4,958	5,129	5,305	5,488	5,666	5,843	6,027	6,218	6,417	6,624	6,839	7,063	7,295
EBIT	(1,806)	16,248	18,588	15,318	19,152	33,325	27,270	57,919	35,104	48,537	77,997	132,426	101,267
EBITDA	(1,563)	16,496	18,842	15,578	19,407	33,567	27,500	58,138	35,312	48,734	78,185	132,604	101,436
Comprehensive financing cost	(1,787)	(1,870)	(1,681)	(1,512)	(1,272)	(985)	(803)	(487)	(210)	(0)	(0)	(0)	(0)
Income before taxes	(3,593)	14,378	16,907	13,806	17,880	32,340	26,467	57,432	34,894	48,537	77,997	132,426	101,267
Taxes	-	(3,307)	(3,889)	(3,175)	(4,113)	(7,438)	(6,087)	(13,209)	(8,026)	(11,163)	(17,939)	(30,458)	(23,291)
Net income	(3,593)	11,071	13,019	10,631	13,768	24,902	20,380	44,223	26,869	37,373	60,058	101,968	77,976

2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
135,081	157,700	134,279	203,122	159,848	301,239	309,648	521,560	459,169	659,945	615,080	484,634	456,313	416,957	439,890	193,368	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,980	6,854	5,939	7,515	5,524	10,696	10,884	13,449	11,548	15,930	14,614	11,848	10,162	9,091	9,409	4,058	-
3,417	3,500	3,516	3,527	3,651	3,675	3,599	3,641	3,645	3,558	3,360	3,182	3,117	2,979	2,785	2,638	2,411
125,683	147,346	124,824	192,081	150,673	286,867	295,166	504,470	443,977	640,457	597,106	469,605	443,033	404,887	427,695	186,672	(2,411)
7,536	7,786	8,045	8,314	8,594	8,883	9,184	9,495	9,818	10,152	10,499	10,858	11,231	11,616	12,016	12,430	12,858
118,147	139,560	116,778	183,766	142,080	277,984	285,983	494,975	434,159	630,305	586,607	458,746	431,803	393,271	415,680	174,243	(15,269)
118,308	139,713	116,924	183,904	142,211	278,109	286,101	495,087	434,265	630,406	586,703	458,838	431,890	393,353	415,758	174,317	(15,199)
(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
118,147	139,560	116,778	183,766	142,080	277,984	285,983	494,975	434,159	630,305	586,607	458,746	431,803	393,271	415,680	174,243	(15,269)
(27,174)	(32,099)	(26,859)	(42,266)	(32,678)	(63,936)	(65,776)	(113,844)	(99,857)	(144,970)	(134,920)	(105,512)	(99,315)	(90,452)	(95,606)	(40,076)	-
90,973	107,461	89,919	141,500	109,401	214,048	220,207	381,131	334,302	485,335	451,687	353,235	332,488	302,819	320,073	134,167	(15,269)

Private and confidential information

Projected Balance Sheet (Teak)

USD 000s

Balance Sheet	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Assets													
Cash	-	-	-	-	-	10,474	30,757	66,308	93,706	125,791	180,782	273,380	359,649
Accounts receivable	4,815	9,025	8,324	5,970	5,170	7,406	6,483	11,972	7,962	10,377	15,613	25,161	19,587
Inventory	556	618	659	557	493	498	527	703	521	592	737	956	747
Biological assets	61,262	66,962	73,572	77,848	82,221	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694
Net fixed assets	55,125	58,189	63,235	67,413	69,778	73,468	72,280	71,336	71,089	70,836	70,648	70,470	67,751
Other assets	7,244	5,433	3,622	1,811	-	-	-	-	-	-	-	-	-
Total Assets	129,002	140,228	149,413	153,600	157,663	178,540	196,741	237,013	259,972	294,290	354,475	456,662	534,428
Liabilities													
Revolving credit line	14,969	14,010	12,183	7,675	792	-	-	-	-	-	-	-	-
Suppliers	623	802	833	686	590	579	595	771	554	610	737	956	747
Other liabilities	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314
Long-term credit	21,964	22,899	20,861	19,073	16,346	13,125	10,930	6,804	3,111	0	0	0	0
Total Liabilities	46,870	47,025	43,191	36,747	27,042	23,018	20,839	16,889	12,979	9,924	10,051	10,271	10,061
Equity													
Shareholder's equity	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459
Share premia	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320
Retained earnings	2,354	13,425	26,444	37,074	50,842	75,744	96,123	140,346	167,215	204,588	264,646	366,613	444,589
Total equity	82,132	93,203	106,222	116,852	130,620	155,522	175,901	220,124	246,993	284,366	344,424	446,392	524,367
Total liabilities & equity	129,002	140,228	149,413	153,600	157,663	178,540	196,741	237,013	259,972	294,290	354,475	456,662	534,428

2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
447,857	552,715	647,276	777,824	895,580	1,087,383	1,312,216	1,664,406	2,019,566	2,479,765	2,951,745	3,346,067	3,699,912	4,030,602	4,369,222	4,557,763	4,580,573
22,513	26,283	22,380	33,854	26,641	50,206	51,608	86,927	76,528	109,991	102,513	80,772	76,052	69,493	73,315	32,228	-
783	863	788	920	765	1,198	1,207	1,424	1,266	1,624	1,498	1,252	1,107	1,006	1,016	558	201
86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694	86,694
67,590	66,424	65,686	65,164	64,021	62,701	56,673	50,295	39,836	31,509	18,694	(653)	(17,289)	(38,601)	(60,970)	(74,257)	(80,109)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625,438	732,979	822,824	964,456	1,073,702	1,288,182	1,508,398	1,889,746	2,223,890	2,709,583	3,161,144	3,514,134	3,846,476	4,149,194	4,469,277	4,602,986	4,587,359
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
783	863	788	920	765	1,198	1,207	1,424	1,266	1,624	1,498	1,252	1,107	1,006	1,016	558	201
9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314	9,314
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10,097	10,177	10,102	10,234	10,079	10,512	10,521	10,738	10,580	10,938	10,812	10,567	10,421	10,320	10,330	9,872	9,515
35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459	35,459
44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320	44,320
535,562	643,024	732,943	874,443	983,845	1,197,892	1,418,099	1,799,230	2,133,532	2,618,867	3,070,554	3,423,789	3,756,277	4,059,096	4,379,169	4,513,336	4,498,066
615,341	722,802	812,721	954,221	1,063,623	1,277,671	1,497,877	1,879,008	2,213,310	2,698,645	3,150,332	3,503,567	3,836,055	4,138,874	4,458,947	4,593,114	4,577,844
625,438	732,979	822,824	964,456	1,073,702	1,288,182	1,508,398	1,889,746	2,223,890	2,709,583	3,161,144	3,514,134	3,846,476	4,149,194	4,469,277	4,602,986	4,587,359

Private and confidential information

Projected Cash Flow (Teak)

USD 000s

Cash flow statement	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
EBIT	(1,806)	16,248	18,588	15,318	19,152	33,325	27,270	57,919	35,104	48,537	77,997	132,426	101,267
Comprehensive financing cost	(1,787)	(1,870)	(1,681)	(1,512)	(1,272)	(985)	(803)	(487)	(210)	(0)	(0)	(0)	(0)
Payable taxes	-	(3,307)	(3,889)	(3,175)	(4,113)	(7,438)	(6,087)	(13,209)	(8,026)	(11,163)	(17,939)	(30,458)	(23,291)
Depreciation and amortization	243	248	254	260	255	242	230	219	208	197	188	178	169
Other assets	1,811	1,811	1,811	1,811	1,811	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in working capital	3,371	(4,094)	691	2,309	769	(2,252)	911	(5,490)	3,976	(2,431)	(5,254)	(9,547)	5,574
Total cash from operations	1,831	9,036	15,774	15,011	16,603	22,892	21,520	38,951	31,052	35,140	54,991	92,598	83,719
Capex	(5,925)	(6,065)	(6,987)	(4,438)	(4,373)	(4,473)	-	-	-	-	-	-	-
Capex in biological assets	(5,574)	(5,701)	(6,610)	(4,276)	(4,373)	(4,473)	-	-	-	-	-	-	-
Income from fixed assets	2,146	2,753	1,687	-	1,754	541	958	725	39	56	-	-	2,550
Total cash from investment	(9,353)	(9,013)	(11,910)	(8,714)	(6,993)	(8,405)	958	725	39	56	-	-	2,550
Equity contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in long-term debt	4,866	935	(2,038)	(1,788)	(2,726)	(3,221)	(2,195)	(4,126)	(3,693)	(3,111)	-	-	-
Total cash from financing	4,866	935	(2,038)	(1,788)	(2,726)	(3,221)	(2,195)	(4,126)	(3,693)	(3,111)	-	-	-
Net change in cash	(2,656)	959	1,827	4,508	6,883	11,266	20,283	35,551	27,398	32,084	54,991	92,598	86,269

2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
118,147	139,560	116,778	183,766	142,080	277,984	285,983	494,975	434,159	630,305	586,607	458,746	431,803	393,271	415,680	174,243	(15,269)
(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
(27,174)	(32,099)	(26,859)	(42,266)	(32,678)	(63,936)	(65,776)	(113,844)	(99,857)	(144,970)	(134,920)	(105,512)	(99,315)	(90,452)	(95,606)	(40,076)	-
161	153	145	138	131	124	118	112	107	101	96	91	87	83	78	74	71
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2,927)	(3,770)	3,904	(11,474)	7,212	(23,565)	(1,402)	(35,319)	10,398	(33,463)	7,478	21,741	4,720	6,559	(3,822)	41,087	32,228
88,207	103,844	93,968	130,164	116,745	190,607	218,923	345,924	344,807	451,973	459,261	375,067	337,295	309,460	316,330	175,328	17,029
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	1,014	593	384	1,012	1,196	5,910	6,266	10,352	8,226	12,719	19,256	16,550	21,229	22,291	13,213	5,781
-	1,014	593	384	1,012	1,196	5,910	6,266	10,352	8,226	12,719	19,256	16,550	21,229	22,291	13,213	5,781
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
88,207	104,858	94,561	130,548	117,756	191,803	224,833	352,190	355,159	460,199	471,980	394,323	353,845	330,690	338,620	188,541	22,810

Private and confidential information

Projected Income Statement (MDF)

USD 000s

Income Statement	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
MDF revenues	-	32,857	79,828	82,622	85,513	88,506	91,604	94,810	98,129	101,563
Other revenues	-	1,282	3,585	4,063	4,140	4,355	3,359	3,476	3,598	3,724
Total revenues	-	34,139	83,413	86,685	89,653	92,862	94,963	98,287	101,727	105,287
MDF Forest costs	5,963	10,815	11,914	12,993	13,696	14,069	15,065	16,135	17,281	18,411
Production costs	-	12,380	21,896	22,663	23,456	24,277	25,127	26,006	26,916	27,858
Total costs	5,963	23,194	33,811	35,656	37,152	38,346	40,192	42,141	44,197	46,269
Gross profit	(5,963)	10,944	49,602	51,029	52,501	54,516	54,771	56,145	57,529	59,018
Total expenses	5,894	14,859	14,928	15,080	15,025	14,979	14,944	15,001	14,984	14,977
EBIT	(11,858)	(3,914)	34,674	35,949	37,476	39,536	39,827	41,144	42,545	44,041
EBITDA	(10,006)	4,967	45,349	46,547	47,862	49,714	49,802	51,002	52,206	53,508
Comprehensive financing cost	(3,171)	(3,926)	(3,534)	(3,141)	(2,748)	(2,356)	(1,963)	(1,571)	(1,178)	(785)
Other income (expenses)	-	-	-	-	-	-	-	-	-	-
Income before taxes	(15,028)	(7,841)	31,141	32,808	34,728	37,181	37,864	39,574	41,367	43,256
Taxes	-	-	(8,408)	(8,858)	(9,376)	(10,039)	(10,223)	(10,685)	(11,169)	(11,679)
Net income	(15,028)	(7,841)	22,733	23,950	25,351	27,142	27,641	28,889	30,198	31,577

Private and confidential information

Projected Balance Sheet (MDF)

USD 000s

Balance sheet	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cash and cash equivalents	6,858	-	1,259	18,014	36,148	55,967	75,654	97,199	120,004	144,129
Accounts receivable	-	5,690	13,902	14,448	14,942	15,477	15,827	16,381	16,954	17,548
Inventory	497	1,933	2,818	2,971	3,096	3,196	3,349	3,512	3,683	3,856
Biological assets	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900
Net fixed assets	91,515	109,445	108,675	106,556	104,478	102,443	101,276	99,305	97,373	95,479
Total Assets	117,770	135,967	145,554	160,888	177,565	195,982	215,007	235,297	256,914	279,912
Liabilities										
Revolving credit line	-	5,992	-	-	-	-	-	-	-	-
Suppliers	994	3,866	5,635	5,943	6,192	6,391	6,699	7,024	7,366	7,712
Long-term credit	72,062	89,236	80,313	71,389	62,466	53,542	44,618	35,695	26,771	17,847
Total Liabilities	73,056	99,094	85,948	77,332	68,658	59,933	51,317	42,718	34,137	25,559
Equity										
Shareholder's equity	14,654	14,654	14,654	14,654	14,654	14,654	14,654	14,654	14,654	14,654
Share premia	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375
Retained earnings	(16,315)	(24,155)	(1,423)	22,527	47,878	75,020	102,661	131,550	161,748	193,325
Total equity	44,714	36,873	59,606	83,556	108,907	136,049	163,690	192,579	222,777	254,353
Total liabilities & equity	117,770	135,967	145,554	160,888	177,565	195,982	215,007	235,297	256,914	279,912

Projected Cash Flow (MDF)

USD 000s

Cash flow statement	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EBIT	(11,858)	(3,914)	34,674	35,949	37,476	39,536	39,827	41,144	42,545	44,041
Comprehensive financing cost	(3,171)	(3,926)	(3,534)	(3,141)	(2,748)	(2,356)	(1,963)	(1,571)	(1,178)	(785)
Payable taxes	-	-	(8,408)	(8,858)	(9,376)	(10,039)	(10,223)	(10,685)	(11,169)	(11,679)
Depreciation and amortization	1,852	8,882	10,675	10,598	10,386	10,178	9,974	9,858	9,661	9,467
Changes in working capital	390	(4,254)	(7,328)	(392)	(370)	(435)	(196)	(391)	(402)	(421)
Total cash from operations	(12,787)	(3,213)	26,079	34,156	35,367	36,884	37,419	38,355	39,457	40,623
Capex	(72,148)	(26,812)	(9,905)	(8,478)	(8,308)	(8,142)	(8,808)	(7,886)	(7,728)	(7,574)
Capex in biological assets	-	-	-	-	-	-	-	-	-	-
Income from sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Sale of fixed assets	4,451	-	-	-	-	-	-	-	-	-
Total cash from investment	(67,698)	(26,812)	(9,905)	(8,478)	(8,308)	(8,142)	(8,808)	(7,886)	(7,728)	(7,574)
Equity contributions	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-
Changes in long-term debt	72,062	17,174	(8,924)	(8,924)	(8,924)	(8,924)	(8,924)	(8,924)	(8,924)	(8,924)
Total cash from financing	72,062	17,174	(8,924)	(8,924)	(8,924)	(8,924)	(8,924)	(8,924)	(8,924)	(8,924)
Net change in cash	(8,423)	(12,850)	7,251	16,754	18,135	19,818	19,687	21,545	22,805	24,126

Private and confidential information