



AGREED-UPON PROCEDURES REPORT
FLORESTECA S.A
PERIOD FROM JANUARY 1, 2017 TO DECEMBER 31,
2017



Contents

Agreed-upon procedures report.....	3
Appendix I – Floresteca S.A. Operations.....	6
Appendix II – Harvest Report results 2016	7
Appendix III – Harvest Report results 2017	8
Appendix IV – Harvest Report accumulated until 2017	9



Agreed-upon procedures report

To the Directors of
Floresteca S.A.
Jangada - MT

Period from January 1, 2017 to December 31, 2017.

We have performed the procedures agreed with you and enumerated below with respect Final Cut Results and the Thinning Results for the year ended December 31, 2017 to Floresteca S.A. "Company", set forth in the accompanying schedule, Appendix II – Harvest Report results 2016, III – Harvest Report results 2017 and Appendix IV – Harvest Report accumulated until 2017. Our engagement was undertaken in accordance with the International Standard on Related Services ISRS 4400, issued by IFAC applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of the Harvest Report is summarized as follows:

1. We compared the accumulated amount in the Harvest Report until December 31, 2016 to the initial amount in the Harvest Report from 2017. The K8 and SIL95 projects are no included in this report since they were finalized in 2016 and are no longer under management. We have not carried out any procedure on these projects. No differences were identified.
2. The Harvest Report from 2017 contains sales of logs and firewood, transfers of logs from farms to sawmill, or vice versa, and sales returns – presented as contra revenues. Regarding sales, we obtained the analytical breakdown of sales for 2017 and for the months of January and February from 2018 and compared the full invoices of the breakdown with the accounting balances. Then we compared if all invoices included in the harvesting report are in the breakdown of sales, and vice versa. We also compared if the cubic meter included in the harvesting report is the same described in the breakdown of sales. No differences were identified.
3. Regarding sales returns, we obtained the analytical breakdown of sales returns for 2017 and compared the full invoices of the breakdown with the accounting balances. Then we compared if all sales returns from sawmill to farms included in the harvesting report are in the breakdown of sales returns, and vice versa. We also compared if the cubic meter included in the harvesting report is the same described in the breakdown of sales returns. No differences were identified.
4. Regarding transfers, we obtained the analytical breakdown of transfers for 2017. Then we compared if all transfers of logs from farms to sawmill, or vice versa, included in the harvesting report are in the breakdown of transfers, and vice versa. In the Harvest Report are included only transfers regarding cuts from 2017, so the transfers booked in 2017 regarding cuts from 2016 were not included. This segregation was performed according to the invoice history entered in the accounting system. We also compared if the cubic meter included in the harvesting report is the same described in the breakdown of sales returns. No differences were identified.
5. We compared the firewood price described in the "cockpit" with the average price practiced in the sales of 2017. No differences were identified.
6. We compared the short-logs prices with average market prices in the Teak Timber Price Report, emitted by the consulting Company "Consufor". No differences were identified.
7. We verified that the price premium for medium and long logs are calculated based on the "rate card" from July 2017, which is sent to Floresteca by its sales representative in India. The calculation of the price premium is the difference between average sales price applied to short logs and the average sales price applied to medium and long logs, classified by circumference.



8. We recalculated the "harvesting and land clearing costs" according to the report "Costs of final cuts and harvest activities", exported from the "Cadastro Florestal" system, for the period from January 1st to December 31 2017. Such costs were not confronted with the accounting balances. The "harvesting and land clearing costs" is calculated as described below:
 - "Total Cost": Is the "Costs of final cuts and harvest activities" to get the timber to the roadside, plus land clearing costs ("stump removal" and "raking cost" cost). The "Total Cost" excludes costs from the roadside forward ("unloading" and "transportation" costs), as the sales basis is roadside.
 - Costs per m³: Is the "Total Cost" divided by the volume of final cuts sold in 2017.
 9. We recalculated the average exchange rate applied in the Harvest Report, considering the data exported from IPEA website. No differences were identified.
 10. Considering the information in the database sheet ("DB"), we summarized "CMB", "Revenues", "Harvesting costs" and "Performance fee" per project and compared with the Harvest Report. We identified that there were sales in the amount of R\$ 42,864 that refers to projects finished in 2016. According to Floresteca's management, such sales refer to firewood remaining from those projects and are not relevant; therefore, these sales were not included in the report.
 11. We verified that the revenues withheld by Floresteca S.A. are calculated as described below:
 - In case of 20 year plantation cycle, USD 4,500.00 per hectare, divided by 12 years (years 8 to 20 after plantation).
 - In case of 25 year plantation cycle, the amount of USD 3,000.00 per hectare, divided by 5 years, is added to the withholding mentioned above.
 12. We did not perform any procedures regarding the information in "Results pre-paid to date" because, according to local management, the control about these amounts is kept by Floresteca B.V. Therefore, we did not perform any procedures regarding the information in "Finalized projects" either, since this information is directly affected by the amounts in "Results pre-paid to date".
 13. We asked to local management if the statements disclosed in Appendix II – Harvest Report results 2016; III – Harvest Report results 2017; and Appendix IV – Harvest Report accumulated until 2017 was applied in all above mentioned calculations, and there were no negative responses.
- (*) All the financial information is presented in thousands of Reais and was rounded out to the nearest thousand when included in this report
- (**) Attached to this report there is an appendix regarding Company's operations to information purposes only not reviewed by us and written by Company.
- (***) The "Cockpit", "BD", "Results", "AuxAreaColhida" and "Products" files are base data to Harvest Report summary calculation.

Because the above procedures do not constitute either an audit or a review made in accordance with International and Brazilian Standards on Auditing or International and Brazilian Standards on Review Engagements, we do not express any assurance on the Harvest Report as of December 31, 2017.

Had we performed additional procedures or had we performed an audit or review of the Harvest Report in accordance with International and Brazilian Standards on Auditing or International and Brazilian Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.



Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties, that have not assumed responsibility for the adequacy, or have not agreed to, the above procedures. This report relates only to the accounts and items specified above and does not extend to any financial statements of Floresteca S.A., taken as a whole.

Jangada, May 2, 2018

Mazars Auditores Independentes
CRC 2SP023701/O-8

Paulo Alexandre Misse
Accountant CRC 1SP268349/O-5



Appendix I – Floresteca S.A. Operations

Executive Summary

Floresteca S.A. was incorporated on January 12, 1994 and is headquartered in the Municipality of Jangada, State of Mato Grosso - MT, Brazil. The main operations of Floresteca S.A. are carried out in various municipalities of the State of Mato Grosso - MT and its main activities comprise the forestation, planting, felling and clearing of *Tectona Grandis* (Teak) forests owned by third parties and proprietary forests.

Objectives

Harvest Report were prepared for the purpose of demonstrating to the investors who hold an interest in the volumes, gross sales revenues, taxes on sales revenues, direct selling expenses and net revenue in Real and Dollar for the year ended December 31, 2017.

Scope

We have performed the procedures agreed with you and enumerated below with respect to the Thinning and Final Cut Results for the year ended December 31, 2017 of Floresteca S.A., set forth in the accompanying schedules. Our engagement was undertaken in accordance with the International Standard on Related Services ISRS 4400, issued by IFAC and NBC TSC 4400, issued by the Federal Accounting Council in Brazil, both applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of the Thinning Results and Final Cut Results.

Sales revenues

Revenues from the sale of the thinning and final cut are recorded on the accrual basis of accounting, as of the date on which the rough wood is delivered to customers and the Company is entitled to invoice them.

Translation of Brazilian Reais to US dollars

The net sales revenue amounts presented in U.S. dollars in Harvest Report were determined by the conversion from real to dollar in a daily basis, in accordance with the official rates from IPEA. These translations are being presented for the convenience of the reader only.

The Receivable constitutes of the part of SG&A expenses which could not yet be recovered by Floresteca S.A. from the Total Net Revenue.

Further the Receivable consists of the total of the Retainers Floresteca is claiming based on agreements with Investors, minus Total Roadside revenues of all projects and minus the amount Accum Paid to Investors.

Appendix II – Harvest Report results 2016¹

YEAR PLANT	PROJECT	AREA (HA)	ACCUMULATED RESULTS THRU 2016 (USD)						
			TO DATE THINNING VOLUME (m ³)	TO DATE FINAL CUT VOLUME (m ³)	TO DATE THINNING REVENUES	TO DATE FINAL CUT REVENUES	TO DATE SILVICULTURAL COSTS	TO DATE FINAL CUT COSTS	TO DATE 5% INCENTIVE FEE
1994	BUR	592,29	32.005	-	815.535	-	(3.376.053)	-	-
1996	COC	374,88	1.446	-	32.221	-	(1.686.960)	-	-
1996	PIM	693,42	78.015	5.135	4.430.165	773.386	(3.120.390)	(115.731)	(32.883)
1996	TEN	191,42	3.372	-	85.830	-	(861.390)	-	-
1997	PAI	297,92	18.721	-	362.647	-	(1.340.640)	-	-
1997	PAR	555,05	7.917	-	260.152	-	(2.497.725)	-	-
1998	BOC	431,65	33.257	-	3.142.991	-	(1.780.556)	-	-
1998	CAN	44,62	1.709	-	58.287	-	(184.057)	-	-
1998	COC	133,84	6.926	-	375.280	-	(552.090)	-	-
1998	PAI	93,95	10.012	-	210.714	-	(387.544)	-	-
1998	SIL	24,41	1.352	-	43.553	-	(100.691)	-	-
1998	SJT	26,76	5.455	-	232.004	-	(110.385)	-	-
1998	VDO	351,68	16.636	-	766.869	-	(1.450.680)	-	-
1999	ARA	98,88	7.133	-	150.943	-	(370.800)	-	-
1999	BAM	549,07	242	-	1.251	-	(2.059.013)	-	-
1999	BOC	108,18	8.421	-	821.023	-	(405.675)	-	-
1999	CAS	88,49	6.928	-	192.399	-	(331.837)	-	-
1999	CPB	507,87	46.062	-	1.864.700	-	(1.904.512)	-	-
1999	SER	105,01	2.427	-	64.538	-	(393.787)	-	-
1999	VDO	48,59	1.859	-	92.712	-	(182.212)	-	-
2000	BAM	513,83	3.681	-	19.956	-	(1.734.176)	-	-
2000	DLG	1.527,51	74.590	-	1.187.886	-	(5.155.346)	-	-
2001	DLG	2.136,42	50.238	-	1.198.017	-	(6.409.260)	-	-
2001	SMG	97,52	3.888	-	72.981	-	(292.560)	-	-
2002	BAR	970,20	20.369	-	168.842	-	(2.546.775)	-	-
2002	CMB	571,08	34.503	-	1.204.270	-	(1.499.085)	-	-
2002	DLG	48,41	4.072	-	143.022	-	(127.076)	-	-
2002	SMG	5,71	61	-	1.217	-	(14.989)	-	-
2002	SMJ	1.085,18	41.197	-	686.062	-	(2.848.597)	-	-
2003	BAR	12,95	596	-	7.437	-	(29.137)	-	-
2003	CMB	10,19	924	-	22.204	-	(22.928)	-	-
2003	SMJ	207,87	11.267	-	170.051	-	(467.707)	-	-
2003	STF	2.562,71	85.366	-	1.793.000	-	(5.766.097)	-	-
2004	BAR	1.021,00	15.074	-	68.825	-	(1.914.375)	-	-
2004	TST	1.143,17	49.774	-	1.043.373	-	(2.143.444)	-	-
2005	DLG	207,67	5.033	-	19.295	-	(311.505)	-	-
2006	DLG	233,88	3.694	-	15.612	-	(263.115)	-	-
2007	MUT	539,18	10.879	-	171.842	-	(404.385)	-	-
2007	SAJ	301,30	6.025	-	26.793	-	(225.975)	-	-
2008	SMJII	99,87	-	-	-	-	(37.451)	-	-
		18.613,63	711.126	5.135	22.024.499	773.386	(55.310.984)	(115.731)	(32.883)

¹ The K8 and SIL95 projects are no included in this report since they were finalized in 2016 and are no longer under management.



Appendix III – Harvest Report results 2017

YEAR PLANT	PROJECT	AREA (HA)	2017 RESULTS (USD)						
			2017 THINNING VOLUME (m ³)	2017 FINAL CUT VOLUME (m ³)	2017 THINNING REVENUES	2017 FINAL CUT REVENUES	2017 SILVICULTURAL COSTS	2017 FINAL CUT COSTS	2017 5% INCENTIVE FEE
1994	BUR	592,29	-	6.799	-	654.207	(355.374)	(218.249)	(21.798)
1996	COC	374,88	-	-	-	-	(224.928)	-	-
1996	PIM	693,42	-	37.973	-	6.047.045	(416.052)	(1.218.968)	(241.404)
1996	TEN	191,42	-	-	-	-	(114.852)	-	-
1997	PAI	297,92	-	-	-	-	(111.720)	-	-
1997	PAR	555,05	-	-	-	-	(208.144)	-	-
1998	BOC	431,65	207	-	1.018	-	(161.869)	-	-
1998	CAN	44,62	-	-	-	-	(16.732)	-	-
1998	COC	133,84	-	9.804	-	1.632.999	(50.190)	(314.707)	(65.915)
1998	PAI	93,95	-	-	-	-	(35.231)	-	-
1998	SIL	24,41	-	-	-	-	(9.154)	-	-
1998	SJT	26,76	-	-	-	-	(10.035)	-	-
1998	VDO	351,68	199	101	982	18.439	(131.880)	(3.235)	(760)
1999	ARA	98,88	-	-	-	-	(37.080)	-	-
1999	BAM	549,07	-	-	-	-	(205.901)	-	-
1999	BOC	108,18	-	-	-	-	(40.568)	-	-
1999	CAS	88,49	-	-	-	-	(33.184)	-	-
1999	CPB	507,87	455	-	2.242	-	(190.451)	-	-
1999	SER	105,01	-	-	-	-	(39.379)	-	-
1999	VDO	48,59	-	-	-	-	(18.221)	-	-
2000	BAM	513,83	-	-	-	-	(192.686)	-	-
2000	DLG	1.527,51	-	-	-	-	(572.816)	-	-
2001	DLG	2.136,42	-	-	-	-	(801.157)	-	-
2001	SMG	97,52	-	-	-	-	(36.570)	-	-
2002	BAR	970,20	-	-	-	-	(363.825)	-	-
2002	CMB	571,08	-	-	-	-	(214.155)	-	-
2002	DLG	48,41	-	-	-	-	(18.154)	-	-
2002	SMG	5,71	-	-	-	-	(2.141)	-	-
2002	SMJ	1.085,18	-	-	-	-	(406.942)	-	-
2003	BAR	12,95	-	-	-	-	(4.856)	-	-
2003	CMB	10,19	-	-	-	-	(3.821)	-	-
2003	SMJ	207,87	-	-	-	-	(77.951)	-	-
2003	STF	2.562,71	-	-	-	-	(961.016)	-	-
2004	BAR	1.021,00	-	-	-	-	(382.875)	-	-
2004	TST	1.143,17	649	-	70.737	-	(428.689)	-	-
2005	DLG	207,67	-	-	-	-	(77.876)	-	-
2006	DLG	233,88	-	-	-	-	(87.705)	-	-
2007	MUT	539,18	3.610	-	118.015	-	(202.192)	-	-
2007	SAJ	301,30	8.978	-	503.332	-	(112.987)	-	-
2008	SMJII	99,87	-	-	-	-	(37.451)	-	-
		18.613,63	14.098	54.676	696.327	8.352.690	(7.396.813)	(1.755.158)	(329.877)

Appendix IV – Harvest Report accumulated until 2017

ACCUMULATED RESULTS UNTIL 2017 (USD)								
YEAR PLANT	PROJECT	AREA (HA)	PRE-TAX RESULT	TAX PROVISION (15%)	TOTAL AFTER-TAX RESULT	RESULTS PRE-PAID TO DATE	FINALIZED PROJECTS	TOTAL AFTER-TAX RESULT (USD/HA)
1994	BUR	592,29	(2.501.732)	-	(2.501.732)	(1.575.371)		
1996	COC	374,88	(1.879.667)	-	(1.879.667)	-		
1996	PIM	693,42	6.105.168	(915.775)	5.189.393	(415.416)	4.773.977	7.484
1996	TEN	191,42	(890.412)	-	(890.412)	-		
1997	PAI	297,92	(1.089.713)	-	(1.089.713)	-		
1997	PAR	555,05	(2.445.717)	-	(2.445.717)	-		
1998	BOC	431,65	1.201.584	(180.238)	1.021.346	-		
1998	CAN	44,62	(142.503)	-	(142.503)	-		
1998	COC	133,84	1.025.378	(153.807)	871.571	-	871.571	6.512
1998	PAI	93,95	(212.061)	-	(212.061)	-		
1998	SIL	24,41	(66.292)	-	(66.292)	-		
1998	SJT	26,76	111.584	(16.738)	94.846	-		
1998	VDO	351,68	(800.264)	-	(800.264)	-		
1999	ARA	98,88	(256.937)	-	(256.937)	-		
1999	BAM	549,07	(2.263.663)	-	(2.263.663)	-		
1999	BOC	108,18	374.780	(56.217)	318.563	-		
1999	CAS	88,49	(172.622)	-	(172.622)	-		
1999	CPB	507,87	(228.022)	-	(228.022)	-		
1999	SER	105,01	(368.628)	-	(368.628)	-		
1999	VDO	48,59	(107.722)	-	(107.722)	-		
2000	BAM	513,83	(1.906.906)	-	(1.906.906)	-		
2000	DLG	1.527,51	(4.540.276)	-	(4.540.276)	-		
2001	DLG	2.136,42	(6.012.400)	-	(6.012.400)	-		
2001	SMG	97,52	(256.149)	-	(256.149)	-		
2002	BAR	970,20	(2.741.758)	-	(2.741.758)	-		
2002	CMB	571,08	(508.970)	-	(508.970)	-		
2002	DLG	48,41	(2.208)	-	(2.208)	-		
2002	SMG	5,71	(15.913)	-	(15.913)	-		
2002	SMJ	1.085,18	(2.569.478)	-	(2.569.478)	-		
2003	BAR	12,95	(26.557)	-	(26.557)	-		
2003	CMB	10,19	(4.544)	-	(4.544)	-		
2003	SMJ	207,87	(375.608)	-	(375.608)	-		
2003	STF	2.562,71	(4.934.114)	-	(4.934.114)	-		
2004	BAR	1.021,00	(2.228.425)	-	(2.228.425)	-		
2004	TST	1.143,17	(1.458.023)	-	(1.458.023)	-		
2005	DLG	207,67	(370.086)	-	(370.086)	-		
2006	DLG	233,88	(335.208)	-	(335.208)	-		
2007	MUT	539,18	(316.720)	-	(316.720)	-		
2007	SAJ	301,30	191.162	(28.674)	162.488	-		
2008	SMJII	99,87	(74.903)	-	(74.903)	-		
		18.613,63	(33.094.544)	(1.351.448)	(34.445.993)	(1.990.787)	5.645.549	