



Silvanus Csoport Kft.
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Brief Company Introduction

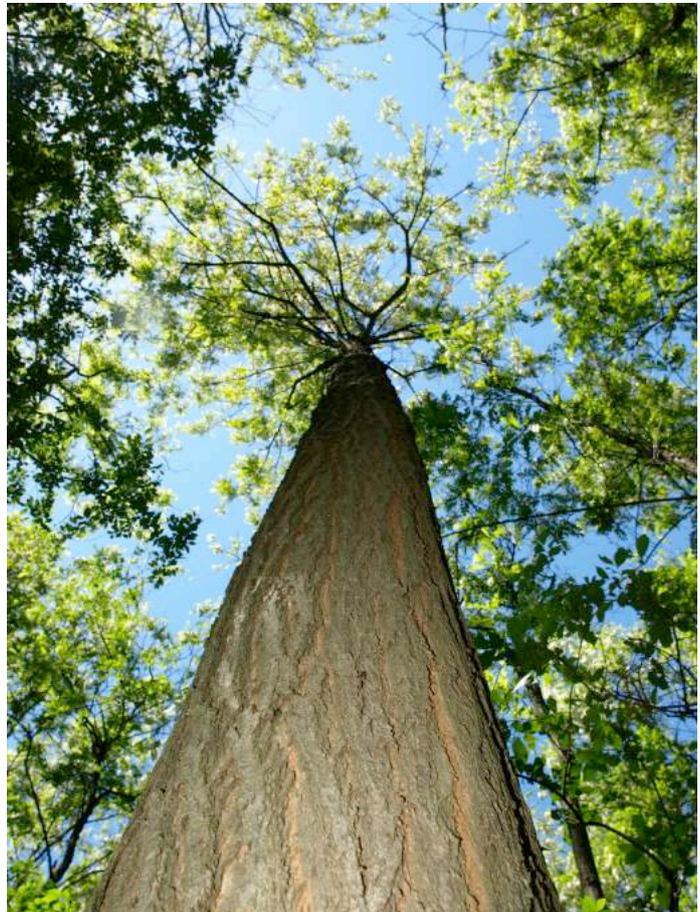
Silvanus and Hungaroplant Kft. have been present in the Hungarian and European ornamentals production and trade market for more than 30 years. Together, along with a few other companies, they make up the Silvanus Group. During the last 10-15 years, the company has diversified into the forestry industry, in which we aimed at breeding new, fast growing varieties of Black Locust with straight stem growth, as well as developing new, special cultivation technologies.

The result of decades of cultivation and research are several Black Locust varieties with outstanding qualities which make it the best variety group in

the world. Our propagation material is produced through vegetative propagation, which means that the resulted propagation material maintains its qualities 100% as all of the trees are genetically identical, unlike when trees are propagated from



seeds. Black Locust is not only one of the most common varieties in the world, but it also has extremely good quality hardwood, which makes it unique in the continental climate. With our new varieties, the otherwise 25-30 year rotation period can be reduced to 12-15 years. Furthermore, our special cultivation technology ensures a defect free, valuable





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hardwood end product.

In afforestation, the environmental aspects and the success of hard wood production are in line with current trends in the world. Market entry can be considered rather easy due to the uniqueness of the product and due to the high demand of quality Black Locust hardwood. The end product can be sold all over the world; there is especially high interest from Far Eastern nations.



There are also further possibilities in processing the end product before sale, thus increasing the overall profits.

As Black Locust generally grows unevenly, the fact that the Turbo Obelisk variety grows with a straight stem creates a unique product which is unavailable at the moment. Using our cultivation techniques and our varieties, due to the straight stem characteristic, the industrial utilization of the hardwood is much higher.



As mentioned before, such quality logs do not exist on the market at the moment, and won't for the upcoming 15 years, as Silvanus and Hungaroplant Kft. are the sole owners of the rights for both the varieties and the cultivation technology which make such an end product possible.



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Turbo Obelisk Black Locust Variety Characteristics

- Robinia is a fast-growing hardwood tree that is in demand as a viable alternative to teak.
- The wood of Robinia has outstanding technical characteristics, high natural durability and often a decorative appearance.



- The heartwood has high natural resistance against wood destructive fungi and insects. Robinia is the only kind of wood growing in Europe having resistance class 1-2 according to DIN EN 350-2.
- Weight (fresh): - 930 kg/m³
Weight (kiln dried): 0,66 - 0,79 g/cm³
Compression strength*: 55 - 75 N/mm²
Bending strength* : 120 - 160 N/mm²
Impact resistance*: 110 - 210 kJ/m²

**air dried (12-15% wood moisture)*

- Planting spacing: 3*3 m or 4*4 m
- Short rotation period: 12-15 years
- Expected yield: 500-600 m³/ha
- 60-70% industrial wood



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Financial Plan Outline (Please consider the attached Financial Plan)

Before beginning any sort of afforestation project, a conclusive soil analysis is inevitable as the soil composition and quality must be determined in order to ensure the success of the project. During such an examination, the expert soil survey report explores the chemical and physical conditions which have a great effect on the growth rate of the trees.

If the soil analysis deems the conditions appropriate for such a large scale Black Locust afforestation, the next phase consists of planning the plantation itself, during which the cultivation techniques as well as the implementation methods are determined.

In most cases, afforestation projects need to be registered with the local governmental bodies. In case there are any EU or governmental subsidies available for such projects, these also need to be initiated at the very beginning of the project.

In the meanwhile, the soil must be prepared for planting: this includes procedures such as trenching, disking and smoothing of the soil. It is also of vital importance to build a fence around the plantation in order to prohibit wild life from causing damage, which is especially easy in the early stages of the project.

Following a successful planning and soil preparation phase in the autumn, the actual planting of seedlings can commence in the spring. In the first couple of years, more intensive maintenance is necessary, but as time passes by, the plantation requires less and less nursing. These are of course but forward in strict guidelines to ensure the highest quality hardwood production. These maintenance procedures, especially the cutting of competitive shoots, needs to be performed very precisely, as this will have a big effect on the quality of the end product.

Not considering any revenue from subsidies, revenue arises in 3 phases from the sale of wood from the pruning process. From a technical perspective, pruning is necessary in order to provide more space for growth for the strongest, most beautiful trees. Pruning happens 3 times over the course of the 15 years, always providing more and more space for the strongest trees. The wood from this process is of



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course already a stream of revenue prior to the final cutting.

At the end of the 15 rotation period, log size hardwood is the end product, which due to our special cultivation and maintenance technologies, has a much higher than average quality, therefore can be sold at a much higher price. Furthermore, our technologies result in a wood defect free product, therefore following processing, the final products can also be of higher value.

It is also noteworthy to mention that the plantation can reforested from sprouts to provide a similar production in the following rotation cycle. Black Locust honey can also be produced (or the forest can be loaned out to beekeepers), which can generate a further income of approximately 8000 EUR/hectare income over the course of 15 years. In case the hardwood is processed after the final cutting, profits can be further increased.