

MATERIAL CHANGE REPORT

Item 1: Reporting Issuer

PRT Forest Regeneration Income Fund
101-1006 Fort St.
Victoria, BC
V8V 3K4

Item 2: Date of Material Change

February 05, 2007

Item 3: Press Release

Issued via Canada News Wire on February 05, 2007.

Item 4: Summary of Material Change

The Fund announced its intention to discontinue production at its Nevada nursery site.

Item 5: Full Description of Material Change

See attached Press Release

Item 6: Reliance on Confidentiality Sections of the Securities Acts:

n/a

Item 7: Omitted Information

n/a

Item 8: Senior Officers

For more information contact: Rob Miller, VP Finance/CFO at (866) 553-8733 x227

Item 9: Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.
Dated at Victoria this 5th day of February, 2007.

PRT Forest Regeneration Income Fund

Per: "Robert Miller"
Name: Robert Miller
Title: VP Finance, CFO



Press Release

For Immediate Release
February 5, 2007

Contact: Robert Miller, VP Finance/CFO
(866) 553-8733 ext. 227

PRT Announces Closure of Nursery Site

VICTORIA, BC – PRT Forest Regeneration Income Fund today announced its intention to discontinue production at its Nevada nursery site in order to improve production costs and crop production reliability.

The Nevada nursery is PRT's smallest facility, at approximately 50,000 seedling blocks, or 2% of PRT's expected annual production volume. The site was established in 2003 to take advantage of warm temperatures and high light levels in the Nevada desert to produce conifer crops outdoors that are traditionally grown in greenhouses, and to increase access to the US market. However, recent process and crop culture improvements have enabled the Company to grow similar crops outdoors at other PRT locations, which have less extreme climates and closer proximity to customers. This potentially lowers weather risks, and increases site volumes for improved economies of scale. Transportation costs will also be reduced in some cases. In addition, with strong real estate price appreciation in the vicinity of the nursery, the Company expects to be able to close the site with minimal impact on earnings.

President and CEO John Kitchen commented on the announcement: "We believe our decision to close the Nevada nursery at this time makes sense for several reasons. We have been working hard at developing reliable long-term low-energy production strategies throughout PRT, including the use of mini-plug technologies, and these efforts have advanced our ability to grow more species outdoors. Outdoor production was the fundamental premise for establishing PRT Nevada, and we are now better positioned to do this cost-effectively elsewhere."

PRT expects to see softer order volumes this year, as certain key customers are adjusting their planting programs, and as it implements price increases on certain products. This provides the opportunity to consolidate Nevada's production to other nurseries, which will maintain better capital utilization. The combined effect of price adjustments and planned cost reductions are expected to largely offset the impact of volume changes, and therefore management does not anticipate any reduction in regular monthly distributions.

"Many of our people have contributed to our energy reduction efforts, including extensive work to demonstrate seedling production potential in the Nevada desert environment. I want to thank them all wholeheartedly for that effort" Kitchen added.

The PRT Forest Regeneration Income Fund, through its operating subsidiary, Pacific Regeneration Technologies Inc., is the largest producer of container grown forest seedlings in North America. PRT operated 16 nurseries and managed approximately 220 million seedlings in 2006. The Fund's units are listed for trading on the Toronto Stock Exchange under the symbol PRT.UN.

Forward Looking Statements

Certain statements in this press release constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. These statements include statements relating to estimated future production volumes, prices and revenues, as well as the financial impact of the site closure. Words such as "anticipate", "expect," "potential," "intends," "opportunity," "believes," "may," "will" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and actual events or results may differ materially.

There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements, including, but not limited to, our potential inability to successfully execute our site closure and property sale strategies or achieve planned overhead synergies.

Forward-looking statements are based on current expectations and the company assumes no obligation to update such information to reflect later events or developments, except as required by law.