

We are trying to save the plantations in Panama and invite you to participate in our efforts. We hereby hope to preserve your tree investment and to generate reasonable returns.

Dear Tree Partner

We, a group of tree partners around Carol Franklin, a former Member of the Board of Prime Forestry Switzerland Ltd, are shocked and disappointed by the bankruptcy of Prime Forestry Switzerland. We have decided to get together to try to rescue what we can. This means first and foremost that the plantations in Panama must be preserved.

The situation today

As the official liquidators inform you in the accompanying letter, Prime Forestry Switzerland Ltd is bankrupt. We are therefore at risk of suffering a total loss on our tree investment, as, according to the liquidators, the tree partners can hardly expect to receive a payout from the liquidation of Prime Forestry Switzerland. They also tell us that it is uncertain that the individual tree partner can prove that he is the owner of specific trees and can then enforce his rights against the landowner in Panama.

Prime Forestry Panama S.A. has always relied on money from Switzerland for its survival. Such money no longer flows since Prime Forestry Switzerland Ltd's bankruptcy and without this regular input, the Panamanian company and the plantations are doomed. This means that, if there is no solution for Prime Forestry Panama S.A., it will fall into bankruptcy and the total loss of the tree partners' investment is imminent.

Fortunately, Prime Forestry Panama S.A., which is in charge of looking after our plantations is not insolvent. We have decided to grasp this opportunity and this is the reason we have committed ourselves to finding a more attractive solution! Our proposal has been accepted by the Swiss Banking Commission and the official liquidators.

Our first action was to send US\$ 250,000 of our own money to Panama so that the wages of the Prime Forestry Panama employees are paid and the plantations can be tended to in the coming weeks. We will make a further payment of about USD 80,000 this week.

Our rescue plan

Our rescue plan is for the 3,500 tree partners to take over the plantations and to continue to maintain them. To this end, five tree partners are in the process of buying Prime Forestry Panama S.A via a new company in Switzerland, „Forests for Friends Ltd". By doing so, we are trying to assure that our trees will continue to be well looked after and that a good number of people can keep their jobs in Panama.

What does this mean for you as a tree partner? We are asking you to transform your tree investment into an investment in Forests for Friends Ltd and thereby become one of its shareholders. The Swiss Banking Commission supports this solution. In economic terms, the former tree partners will own both the land and the trees and will be able to determine the fate of the plantations. While tree partners will no longer own individual trees, they will own a share in all the existing plantations.

For tree partners who do not wish to participate in this scheme, Forests for Friends Ltd is offering the same compensation for their tree investments that has been put forward by a competitor, i.e. to provide a one-time

payment of 5% of the original investment. This offer is conditional upon a sufficient number of tree partners participating in our rescue plan.

Our plan encompasses the following steps:

- Forests for Friends Ltd enters into a contract with the liquidators to buy Prime Forestry Panama S.A. The Swiss Banking Commission has already agreed to this contract. In the agreement, Forests for Friends Ltd commits itself to endeavour to maintain the teak plantations in Panama; it also commits itself to submit a fair offer to all the current tree partners.
- To this end as many tree partners as possible become share-holders in Forest for Friends Ltd.
- In the short-term, our main challenge is to mobilize sufficient funds to keep the operation in Panama running until the payments from the tree partners start flowing. Along with other tree partners, we are, therefore, making additional funds available to Forest for Friends Ltd.
- Longer-term, Forests for Friends Ltd will require at least Swiss Francs 9.5 million (approx. € 6.15 million, US\$ 7.8 million) to pay for the land in Panama, to pay off Prime Forestry Panama's debts, to run a very lean administration and to tend to the trees. These funds must tide us over until the first income can be generated from the sale of teak. Under the assumption that 80% of the tree partners will participate in the future Forests for Friends Ltd, this total sum corresponds to roughly 16% of the tree partners' original investment. In other words, the shareholders would have to invest approximately an additional Swiss Francs 590.- (€ 380.-, \$ 484.-) per 1/10 hectare to assure the preservation of the plantations. This corresponds to Swiss Francs 5.30 (€ 3.40, \$ 4.40) per tree. (The exact amount can only be determined once it becomes clear, how many of you will participate in the future Forests for Friends Ltd).
- The tree partners will then receive shares in the future Forests for Friends Ltd. The number of shares will vary somewhat with the age of the trees purchased: as older trees have greater value, their owners will receive a greater number of shares. The precise basis for the share allocation will be presented to you in the binding offer by the end of July.
- Forests for Friends Ltd will only comprise the existing plantations. If, at any time, new land were to be bought and additional plantations set up, we would try to avoid a dilution of your shares.

Please get back to us soon

Please fill in the attached form and indicate to us **by Monday, 12 June, 2006**, whether you

- are interested in joining us as a shareholder of Forests for Friends Ltd in order to help preserve the plantations and, in doing so, would be prepared to make a payment of approximately Swiss Francs 590.- (€ 380.-, \$ 484.-) per 1/10 hectare of your tree investment. Your reply is not legally binding at this point in time. We will approach you before the end of July, 2006, with a binding offer which will include a waiver of all your rights as defined in the contract of purchase and maintenance with Prime Forestry Switzerland AG.
- do not wish to take up this option and agree now to forego your rights as defined in the contract of purchase and maintenance with Prime Forestry Switzerland AG in exchange for a payment of 5% of your original tree investment, if the rescue plan is implemented.
- decide today not to take up either of these offers. In this case, it is highly unlikely that you will receive any dividend from Prime Forestry Switzerland.

Our promise

We cannot, of course, guarantee that our rescue plan will succeed, as the current situation is quite difficult. But we can promise that we are fully committed to do our best to maintain your trees in Panama and to preserve the jobs of the workers that maintain the plantations. We will endeavour to preserve your investment as best we can and to generate whatever returns are possible.

We also promise you that we will inform you in an open and transparent manner of all important developments in Forests for Friends Ltd and that you as a shareholder will be able to co-determine the future of this venture.

For this we need your support and your help. If a sufficiently large number of tree partners participate, we will succeed. We will certainly try our best to make this happen!

The future board members:

Oliver Adler

Frank Werner Bosshardt

Ruedi Engler

Carol Franklin

Roland Mehringer

Ulrich Pistor

Please return this form **before Monday, 12th June, 2006**, to the liquidators

Wenger Plattner

Postfach 32

CH-8702 Zollikon-Station

Fax: +41 44 914 27 87

- Yes, I am interested in becoming a shareholder of Forests for Friends Ltd in order to help preserve the plantations and, in so doing, would be prepared to make a payment of approximately Swiss Francs 590.- (€ 380.-, \$ 484.-) per 1/10 hectare of my tree investment.

In this case, you will receive a detailed offer until the end of July, 2006, from Forests for Friends Ltd. which will include a waiver of all your rights as defined in the contract of purchase and maintenance with Prime Forestry Switzerland AG. Only then will you have to make a binding decision.

- I do not wish to take up this option and agree now to forego my rights as defined in the contract of purchase and maintenance with Prime Forestry Switzerland in exchange for a payment of 5% of my original tree investment by the end of 2006, if the rescue plan is implemented.

- I decide today not to take up either of these offers. In this case, it is highly unlikely that I will receive any dividend from Prime Forestry Switzerland.

City, date _____ Signature _____

Surname, first name :

Street and number :

Country, Zip code, City :

E-mail address :

Telephone :

Fax :

Number of hectares :

Name of plantation :

Project ID :

Price paid :