



Fifth letter to shareholders

Dear shareholder

First of all, let us say "Thank you" for your reaction to our last Letter to shareholders. The echo was very positive, over 50 % of the shareholders sent us an answer.

Unfortunately, we seem to have alarmed some few shareholders with our clear language. Let us repeat that Forests for Friends is in good shape. At the moment, we have no debts; we have a lot of land and enough assets which are growing continuously. Cash (or solvency, as the technical term would be) to pay for maintenance and management is what we need.

Your reaction to our request was as follows:

a) Option "Loan"	46 acceptances	850,000 CHF	33 %
b) Option "Convertible bond"	157 acceptances	1,270,000 CHF	49 %
c/d) Option "Participation in The Tree Partner Company Ltd or The Tree Partner Company GmbH & Co KG"	45 acceptances	480,000 CHF	18 %

We received 15 acceptances either without a name or with an illegible name and no indication who the sender might be. If you are expecting a filled-in Agreement and the enclosure is an empty one, please let us know.

Regarding Option c/d, we are in negotiation with The Tree Partner Company to decide how the money might best be made available to Forests for Friends and which land would be most suitable to sell. The Tree Partner Company has pledged itself to furnish us with cash equity when we need it. Those of you who chose this option have been contacted in the meantime by The Tree Partner Company.

Upon receipt of the promised 2.6 million Swiss Francs, we will be solvent up until summer 2012. We will then need another 1.5 million Swiss Francs until the first revenues from the sale of wood comes in.

About the enclosures

- Those shareholders who chose **Option a) "Loan"** will find a filled-in Loan Agreement.
- Those shareholders who chose **Option b) "Convertible Bond"** will also find a filled-in Loan Agreement. We have been able to meet all the requests.
- All the shareholders who did **not** choose Option b) "Convertible Bond" will find an empty Loan Agreement. It is not our intention to approach you again and put pressure on you to participate, but the law stipulates that we must offer this Agreement to all shareholders following the decision of the AGM.
- Those shareholders who receive a filled-in Agreement are kindly asked to sign both copies and return them both back to us. You will receive one counter-signed copy by return. The account number for the payment can be found in the Agreement; the lenders living in Switzerland will also find a payment slip enclosed. The interest payment period starts on the day the payment is credited to our account.

- The shareholders, who informed us that they were not able to support the Company with cash funds, need not reply to these documents. But of course, all of you may take up the offer now or at a later point in time.

We are relieved and very happy that - with your support - it will be possible to solve approximately two thirds of the solvency problem. We hope to be able to sell some land in the coming three years and that the CO₂-certificate market starts moving at last.

Best regards



Dr. Carol Franklin Engler
Chairman of the Board



Rudolf Engler
Delegate of the Board
and manager

Enclosures

Empty Loan agreement with the right to convert