

23 March 2016



To all Investors (by e-mail)

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Ethical Forestry Group of Companies – In Liquidation

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Dear Sir/Madam

Further to my previous emails, I write to provide a further update in relation to the Liquidation of the above named companies.

I am aware of the recent reports in the Press and would like to clarify for you the current position. The companies that are in Liquidation are Ethical Forestry Limited, EF Forestry Management Limited, EF Sales and Marketing Limited and Ethical Forestry (Holdings) Limited. These are companies that are based in the UK.

The company that undertakes the management of the plantations is Ethical Forestry S.A. This company is based in Costa Rica and continues to trade. The trees that Investors have purchased are planted on plantations owned by Ethical Forestry S.A.

As you will recall from my previous updates, 80% of the shareholding of Ethical Forestry S.A. is owned by EF Forestry Management Limited – In Liquidation. These shares now vest in me as Liquidator. I have undertaken a comprehensive marketing exercise to identify a suitable purchaser of these shares and after extensive negotiations have provisionally agreed a sale. I would confirm that none of the directors of the UK companies are the prospective purchaser, although at this stage, as matters are confidential, I cannot provide any further information.

My solicitors and I are in discussion with the prospective purchaser and their Lawyers in order to finalise a contract for the sale and to enable the preservation of Investors' trees. Unfortunately, in view of the differences between Costa Rican law and UK law, this is taking longer than originally anticipated. I remain confident however, that the sale can be achieved and completed within two months.

On a final point, whilst I am not suggesting that there has or has not been any wrongdoing, I would confirm that it is a Liquidator's duty to investigate the conduct of directors and to take appropriate action should there be any instances of wrongdoing. This duty also extends to providing the authorities with all information as necessary for them to consider criminal proceedings.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Shane Biddlecombe', with a long horizontal flourish extending to the right.

Shane Biddlecombe MABRP
Joint Liquidator