



PRECIOUS WOODS

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Zug, April 28 2011

**Invitation to 20th ordinary Annual General Meeting
Thursday, 19 May 2011, 3.15 p.m., in the Metropol, Fraumünstergasse 12, Zurich**

Dear Shareholders

We are pleased to invite you to our Annual General Meeting on 19 May 2011, and hope that you will be able to participate in person. Otherwise, you can also delegate your voting rights again this year. The meeting will be chaired by Ernst A. Brugger, Chairman of the Board of Directors.

Agenda

1. Greeting, items on the agenda, information about the Annual General Meeting
2. Report covering the 2010 financial year
3. Review of the year, Consolidated Financial Statements and Annual Financial Statements for 2010
4. Auditor's Report
5. Compensation Report (see Annual Report, chapter Financials regarding Precious Woods Holding AG)
6. Disposition of the profit/loss for the year
7. Discharge of the Members of the Board of Directors and of the Group Management for the 2010 financial year
8. Creation of financing capacity through the elimination of conditional capital for shareholders' options, and increasing of conditional capital for the issuance of conversion rights and option rights

Motions from the Board of Directors

- Acknowledgement and discussion
- Approval of the Review of the Year, Consolidated Financial Statements and Annual Financial Statements
- Acknowledgement
- Approval (non-binding consultative vote)
- Carry forward to new accounts
- Grant the discharge
- Approval

9.	Sale of operational assets in Central America (Motion from the Board of Directors, as suggested by various Shareholders)	Approval (non-binding consultative vote)
10.	Election of the Board of Directors	Election of the recommended candidates
11.	Election of the Auditor	Re-election of Ernst & Young
12.	Capital decrease with reduction of nominal value and set-off with loss carry forward and allocation into reserves from capital contributions/elimination of loss of half of capital	Approval
13.	Outlook	
14.	Miscellaneous	

Following the Annual General Meeting, we warmly invite you to a presentation of G r me Tokpa (Head of Certification, Precious Woods Gabon) and the photographer Max Hurdebourcq, which gives you an insight in the life of the gorillas around Bambi die. The presentation is scheduled to start after the statutory part and will last until roughly 6.45 pm and will be held in German and French. Afterwards we invite you to an ‘ap ro riche’.

Comments to items on the agenda and the motions of the Board of Directors

Item 4: Auditor’s Report

In its report, the Auditor has ascertained a loss of half of capital as defined in article 725 para. 1 of the Swiss Code of Obligations (“SCO”). To eliminate it, the Board of Directors submits the measures described in agenda item 12.

Item 6: Disposition of the results for the year

The company’s accumulated results as at 31 December 2010 amount to:

Carry forward from the previous year as at 1 January 2010	CHF -41 250 000
Net loss for the 2010 financial year	CHF -105 805 000
Accumulated loss as at 31 December 2010	CHF -147 055 000

The Board of Directors proposes to carry forward the accumulated loss of CHF –147 055 000 to the new accounts.

Item 8: Creation of financing capacity through the elimination of conditional capital for shareholders’ options and increasing the conditional capital for the issue of conversion rights and option rights

Based on the remarks made under the agenda item ‘Report covering the 2010 financial year’, the Board of Directors considers the creation of additional available financing capacity as indispensable, and thus proposes the following adjustments to conditional capital:

The Board of Directors moves to eliminate without replacement the existing conditional share capital for the issue of shareholders’ options according to article 3c of the Articles of Association; this conditional capital has not been used to date.

The Board of Directors moves to increase from CHF 60,000,000 to CHF 72,500,000 the existing conditional

share capital for the issue of conversion rights and option rights according to article 3a of the Articles of Association which are granted in connection with bonds or similar debt instruments of the company or Group companies.

With the proposed increase of the conditional capital by 250,000 shares according to article 3a of the Articles of Association, the company should have the ability to react quickly to financing needs. It is planned to make full use of the maximal amount of this increase (conditional capital according to article 3a and approved capital according to article 3d) of a total of CHF 112,500,000 only once, i.e. either through the issue of bonds or similar debt instruments, or through the issue of new shares from approved capital. The proposed adjustment to the Articles of Association anticipates a corresponding tie-in clause.

‘Article 3a – Conditional capital

The company’s share capital will be increased by a maximum amount of CHF 72,500,000 through the issue of at most 1,450,000 fully paid-in registered shares with a nominal value of CHF 50 each through the exercising of conversion rights and option rights, which will be granted in connection with bonds or similar debt instruments from the company or from the Group companies. To the extent that new shares will be issued according to article 3d of the Articles of Association, no new conversion rights or option rights may be granted to a corresponding extent. The shareholders have no subscription rights.

[Para. 2 and 3 remain unchanged]’

Item 9: Sale of operational assets in Central America (Motion from the Board of Directors, as suggested by various Shareholders; non-binding consultative vote)

For the purposes of a substantial debt reduction and an improved liquidity of the Precious Woods Group, the Board of Directors, based on its strategic decisions, intends to sell part of or the entire business unit plantation (real estate and plantations in Costa Rica and Nicaragua). In order to find the best solution, the Board of Directors will establish a task force presided by Mr. Ernst A. Brugger, Chairman of the Board.

The non-binding consultative vote concerns the question whether the Board of Directors shall support the transfer of the business unit plantation (which shall either partially or entirely be alienated) to a separate company and offer a priority right for a participation therein to all Shareholders but also third parties at market price.

Item 10: Election of the Board of Directors

The Board of Directors proposes to reduce and partially renew the Board of Directors.

The following members of the Board of Directors are not putting their names forward for re-election:

- Daniel Girsberger
- Rolf Jeker

The following members are finishing their positions, prior to the end of their terms, and will resign from the Board of Directors:

- Inge Jost (for professional reasons)
- Claude Martin (Mr. Martin will become Chairman of the newly established “Sustainability Advisory Committee” of Precious Woods)

The following member of the Board of Directors is putting its name forward for re-election for a term of three years:

- Katharina Lehmann

The following individuals are being recommended as new members of the Board of Directors for a term of three years:

- Marga Gyger
- Markus Breitenmoser

The CVs of the two new candidates are published on the website of the company.

If the candidates proposed by the Board of Directors will be elected by the Annual General Meeting, the Board of Directors will be composed of as follows:

- Ernst A. Brugger (Chairman)
- Rudolf Wehrli
- Katharina Lehmann
- Thomas Hagen

New:

- Marga Gyger
- Markus Breitenmoser

Item 12: Capital decrease with a reduction of nominal value and set-off with loss carry forward and allocation into reserves from capital contributions/elimination of loss of half of capital

At this point in time, it is not possible for the company to issue new shares because the nominal value of CHF 50 per share is higher than the current share price, and for the creation of new shares at least the nominal value must be paid in. It is likewise not possible at this point in time to convert the convertible loans into shares with a conversion price less than the nominal value of CHF 50. From the point of view of the Board of Directors, it is important to re-establish the company's ability to access the capital market.

The planned reduction in nominal value does not result in a distribution, but rather only results within the scope of the reduction in nominal value, in the set-off with the loss carry forward and the change in accounting from share capital into the company's reserves. For shareholders, this makes no change with regard to the value of the shares they hold. Furthermore, with the recommended reduction in nominal value, the loss of half of capital according to article 725 para. 1 SCO and as mentioned in the Auditor's report should be eliminated (the total net loss exceeds one-half of the share capital and the legal reserves).

Accordingly, the Board of Directors moves to undertake a capital decrease with a reduction in nominal value by reducing the nominal value of each share from CHF 50 to CHF 1. Correspondingly, the Board of Directors makes the following specific motions:

1. to reduce the company's ordinary share capital by CHF 168,479,395 from CHF 171,917,750 to CHF 3,438,355;
2. to establish, as a result of the separate audit report, that the claims on the part of the creditors are fully covered despite the aforementioned capital decrease;

3. to reduce all share capital, which may possibly be newly created until the implementation of the capital decrease by the application of articles 3a - 3d of the Articles of Association, by CHF 49 per share;
4. to implement the decrease of the ordinary share capital through the reduction of the nominal value of each of the 3,438,355 registered shares by CHF 49 from the existing CHF 50 to a new value of CHF 1 per share, and by setting-off the entire loss carry forward of CHF 147,055,000 and by allocating the difference of CHF 21,424,395 into reserves from capital contributions (legal reserves);
5. to implement the decrease of all share capital which may possibly be newly created by the application of articles 3a - 3d of the Articles of Association until the date of the implementation of the capital decrease, through the reduction of the nominal value of each such share by CHF 49 per share from the existing value of CHF 50 per share to a new value of CHF 1 per share, and by allocating CHF 49 per share into reserves from capital contributions (legal reserves);
6. to change the Articles of Association based on the resolutions passed according to agenda item 12 as follows:

‘Article 3 – Share capital

The share capital amounts to CHF 3,438,355 and is divided into 3,438,355 registered shares, each with a nominal value of CHF 1. The share capital is fully paid in.

[Para. 2 remains unchanged]’

‘Article 3a – Conditional capital

The company’s share capital will be increased by a maximum amount of CHF 1,450,000 through the issue of at most 1,450,000 fully paid-in registered shares with a nominal value of CHF 1 each, through the exercising of conversion rights and option rights, which will be granted in connection with bonds or similar debt instruments from the company or from the Group companies. To the extent that new shares are issued according to article 3d of the Articles of Association, no new conversion rights or option rights to the corresponding extent may be granted. The shareholders have no subscription rights.

[Para. 2 and 3 remain unchanged]’

‘Article 3b – Conditional capital

The company’s share capital will be increased by a maximum amount of CHF 140,488 through the issue of at most 140,488 fully paid-in registered shares with a nominal value of CHF 1 each, through the exercising of option rights which the Board of Directors can grant to employees of the company or of Group companies. The Board of Directors is authorised to determine the detailed conditions associated with exercising the rights. The shareholders have no subscription rights with regard to these registered shares.’

‘Article 3c – Conditional capital’

[empty]

‘Article 3d – Approved capital

The Board of Directors is authorised, until 20 May 2012, to at any time increase the share capital by a maximum amount of CHF 800,000 by issuing at most 800,000 fully paid-in registered shares with a nominal value of CHF 1 each. Increases while advancing to firm underwriting as well as increases in partial amounts are permitted. To the extent conversion rights and option rights are newly granted according to article 3a of the Articles of Association after 20 May 2010, no new shares shall be issued in the corresponding amount. The date of issuance of these new shares, the corresponding issuing amount, the conditions of the exercising of subscription rights, the start of dividend entitlement and the type of the deposits will be determined by the Board of Directors.

[Para. 2 remains unchanged]’

The capital decrease can be implemented only after the publication of the call on creditors according to article 733 SCO. This call on creditors will be published in the Swiss Official Gazette of Commerce following the Annual General Meeting. The creditors can register their claims within two months after the date of the third publication of the call on creditors, and demand that any claims be settled or guaranteed according to article 734 SCO. The share capital may be reduced only after the deadline for the registration of claims has passed, and all registered claims have been settled or guaranteed. Further, the decrease may be entered in the Commercial Register only after a notarised certificate establishes that these requirements have been fulfilled. Given these conditions, it is expected that the capital decrease will be completed by the end of July 2011.

General

The 2010 Annual Report (Review of the Year, Annual Financial Statements, Consolidated Financial Statements and Auditor’s Report) has been available for inspection since 29 April 2011 at the company’s headquarters at Baarerstrasse 79, CH-6300 Zug. Copies are available by calling +41 44 245 8111 or through communications@preciouswoods.com.

Shareholders who do not participate in the Annual General Meeting personally can be represented as follows:

1. through bodies (Board of Directors or dependent individuals) by filling out the proxy form on the admission card and sending it to the Share Register (see the enclosed envelope);
2. through the independent proxy (Dr Urs Egli, Egli Isler Partners Attorneys-at-Law Ltd., Puls 5, Hardturmstrasse 11, CH-8005 Zurich) by filling out the proxy form on the admission card and sending it to the independent proxy;
3. through another person with legal capacity (who need not be a shareholder) by filling out the proxy form on the admission card and handing it over to their representative;
4. through a depositary bank by filling out the proxy form on the admission card and handing it over to the depositary bank.

Without any other specifically expressed instructions, the voting right will be carried out in accordance with the motions of the Board of Directors; this is also valid for the case that replacement motions or additional motions are presented to the Annual General Meeting.

Depot representatives according to article 689d SCO are requested to inform the company as to the number and nominal value of the shares they represent as early as possible, but at the latest before entrance verification. Depositary representatives considered eligible are those institutions which are subject to the Swiss Federal Act of 8 November 1934 on Banks and Savings Banks as well as licensed asset managers.

Those shareholders who are entered in the Share Register as having voting rights on 11 May 2011 are considered eligible to vote. In the period from 11 to 19 May 2011, no entries will be made in the Share Register.

We request that you return the enclosed registration card to Nimbus at the latest by Wednesday, 11 May 2011.

Best regards

The Board of Directors

Enclosures:

- registration card for the AGM with the opportunity to order the 2010 Annual Report
- reply envelope addressed to Nimbus
- entry card/proxy
- map showing directions to the Metropol in Zurich

LOCATION

Distances to Zurich main station

Bern	125km
Luzern	57km
Geneva	292km
Chiasso	250km

Public Transport in Zurich:

Zurich offers an outstanding public transport system. The easiest way to reach the Metropol:

- from the Zurich main station is via Tram number 11 (direction "Rehalp"), get off at the stop Borsestrasse
- from Paradeplatz or Bürkliplatz the Metropol is within walking distance (3 minutes)



By Car:

Zurich is accessible via autobahn from any direction. You can find public parking areas close by in the Fraumünsterstrasse, at the Münsterhof or following multi-story car parks are nearby:

- 1 Hyatt car park
- 2 Bleicherweg car park
- 3 Hohe Promenade car park

By plane:

Various train connections take you in only 10 minutes time from the airport Zurich directly into the heart of Zurich. The easiest way to reach the Zurich main station is by S-Bahn numbers S2 and S16, or by intercity rapid trains.

By ship:

Disembark from any vessel at the Bürkliplatz. From there it is a very short 3 minutes walk to the Metropol.